

CompuServe

Stephen M. Heaton
General Counsel and Secretary

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World Headquarters
5000 Arlington Centre Blvd.
P.O. Box 20212
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April 2, 1996

Mr. N. Bradley Litchfield
Associate General Counsel
FEDERAL ELECTION COMMISSION
Washington, D.C. 20463

Supplement To
AOR 1996-2

APR 3 10 30 AM '96

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Dear Mr. Litchfield:

Pursuant to my letter to you dated February 6, 1996, please find enclosed evidence of a significant pattern by CompuServe to make the CompuServe® Information Service available to a wide variety of persons and organizations on a cost-free basis. The enclosures indicate that we may have only scratched the surface with the specific examples I am providing you with this letter. Nevertheless, the enclosures show our provision of sponsored accounts to a wide variety of charitable and philanthropic organizations. Some of these include the boy Scouts, the United Way, the National Center for Missing and Exploited Children and the United Negro College Fund to name a few. Also supported in this way are a large number of schools, museums, religious organizations, municipalities, historical societies, and organizations supporting needy families, disabled persons and the homeless. Sponsored accounts also go to a variety of medical groups and institutions, and even to the Smithsonian. Although emphasis appears to be heaviest in the U.S., the enclosures show that this approach applies to countries outside the U.S. as well, such as New Zealand, Hungary and Canada, as well as to institutions operating under the auspices of the UN.

In my January 15, 1996 letter to you, I referred to the Commission's own analysis (in AOR 1976-56 [September 8, 1976], cited in Advisory Opinion 1978-60 [September 1, 1978] n.4) as further support for CompuServe's position that it is permitted to extend these short-term accounts to candidates. In doing so, I noted, as follows, that:

"[. . .] the Commission concluded that an offer of complimentary hotel accommodations to a Federal candidate would not be presumed to be a prohibited corporate contribution upon a showing that complimentary accommodations are offered by the hotel in the ordinary course of business to non-candidates as well as candidates and that the hotel reasonably could expect to derive commensurate commercial return from the offer. Like the hotel, CompuServe does not limit free member accounts to Federal candidates but rather provides free accounts on a regular basis to persons such as journalists covering the online industry who might generate publicity for CompuServe services. Publicity obtained through such users heightens CompuServe's prestige, serves to stimulate usage by existing CompuServe members, and encourages nonmembers to subscribe to CompuServe. Like the

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Mr. N. Bradley Litchfield
Page 2

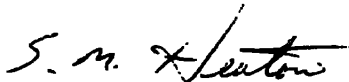
hotel's offer of free accommodations to Federal candidates, CompuServe's public service offer of free accounts to Federal election candidates on a nonpartisan basis serves a legitimate purpose in the ordinary course of business by generating additional publicity, stimulating member usage, and encouraging more people to subscribe to CompuServe."

Not only do the enclosures show that CompuServe's well established pattern extends far beyond merely journalists, they also evince a consistent application of practicality with respect to this pattern of using sponsored accounts for both charitable and business (and goodwill) generation purposes.

As mentioned in my first letter to you, CompuServe's offer of free accounts on a nonpartisan basis to Federal election candidates would constitute an important public service in that it would encourage the broader dissemination and exchange of information relating to the elections among the American public. CompuServe's nonpartisan offer would not be made for the "purpose of influencing" a Federal election and should not be deemed an impermissible corporate contribution. CompuServe again respectfully requests that the Commission issue an advisory opinion to that effect.

Thank you for your continuing consideration in this regard, and please inform me at your earliest convenience of the schedule that this request will follow within the FEC. Thank you.

Sincerely,

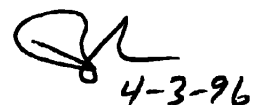


Stephen M. Heaton

SMH:ms

[60401shy.doc]

* The enclosures number 43 pages. OGC has attached for circulation a sample of typical pages in the interest of conserving paper and avoiding some duplication. The entire set of 43 pages is in OGC Docket file. The pages attached herewith are:
5, 7, 8, 11, 16, 18, 21, 26, 31, 32, 36, 43.



FROM: Kim Scher, KSCHER
TO: Steve Heaton, SHEATON
DATE: 2/15/96 10:10 AM

FRC

Re: Misdirected ..

----- Forwarded Message -----

From: Dave Eastburn, DE
TO: Scher. Kim, KSCHER
DATE: 2/13/96 11:40 AM

RE: Misdirected ..

Kim,

Sorry I didn't get this to you last week.... I was on the road and inadvertently replied to ALL.

DE

----- Forwarded Message -----

From: ALL-USA, ALL-USA
TO: de, DE
DATE: 2/11/96 11:45 AM

RE: Misdirected ..

You replied to ALL-USA which is a holding mailbox from which broadcast messages for all USA associates are forwarded. You need to reply to the originator of the message.

Forwarded Message 6195-47345
Reply to: URGENT info needed

Kim,

I don't have a list of all of these anymore, but there are hundreds of them. The only one I personally sponsor right now is Jim Wallace at the Smithsonian Institution. I also got us involved with the National Center for Missing and Endangered Children (a group that is sponsored and funded directly by the US Congress) and that is handled out of the DC office now.

When I headed up Product Marketing I received a complete report on ALL sponsored accounts. However, that report became unmanagable -- it was about 2 inches thick, over 2 years ago. I don't know whether any receives that complete report or not, but I suspect you won't get anywhere near a comprehensive response to your message.

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PCC

FROM: Kim Scher, KSCHER
TO: Steve Heaton, SHEATON
DATE: 2/15/96 10:26 AM

Re: Sponsor account

Steve,

They just keep coming in...

Kim

----- Forwarded Message -----

From: KMD, KMD
TO: kscher, KSCHER
DATE: 2/14/96 12:30 PM

RE: Sponsor account

The NYC office has provided two sponsored accounts to the Institute of International Education. It is a non-profit group that provides Educational services through the UN.

It has been provided for about a year.

Kris

Forwarded Message 6194-71864
Subj: URGENT info needed

To: ALL-USA Associates
Fr: Kim Scher

Subj: URGENT info needed

As soon as possible, General Counsel Steve Heaton needs to know whether CompuServe currently provides sponsored accounts to non-profit, tax-emempt charitable organizations or schools.

If you have provided sponsored accounts to any of the above groups, would you please provide me with:

- The name of the organization/group
- A description (broad category) of the service it provides
- The length of time the sponsored account has been provided
- The basis or theory on which we provide these sponsored accounts

The information will be helpful in presenting our arguments to the Federal Election Commission on behalf of our "Election Connection" offering to candidates running for state or federal office.

I would appreciate your response by Wednesday, 2/7/96 PM please at
e-mail:
KSCHER.

(Do not reply to ALL-USA. ALL-USA is a holding mailbox from which
broadcast messages are forwarded to all USA associates.)

ALL-USA for KMD 17:08 EST 06-Feb-96 Message 6194-71864 forwarded by

FROM: Miriam Seijo, MSEIJO
TO: Steve Heaton, SHEATON
DATE: 2/9/96 9:04 AM

Re: Sponsored Accounts

Steve,

Here is Rick's reply to your message.

Miriam

----- Forwarded Message -----

From: Rick Van Amam, RVAN
TO: Miriam, MSEIJO
DATE: 2/8/96 11:53 PM

RE: Sponsored Accounts

Miriam,

I sent this to the wrong IPX - do you know who needed this - info on sponsored accounts for non-for-profits>

Rick

Forwarded Message 6194-115851
Reply to: URGENT info needed

5 sponsored accounts to the Volunteers of America
Since 11/95
To provide access to the internet and compuserve for underpriveleged families
for educational reasons.

40 Sponsored accounts to Professors and students @ the U. of Michigan Business
School
3/95 - 7/95
To support the students research and remote assignments as part of their MBA
curriculum.

Rick

Distribution:

To: ALL-USA > ALL-USA

H

From: Dave Bezaire, DLB
To: KIMBERLY SCHER, kscher
Date: Tue, Feb 6, 1996, 7:03 PM
RE: Sponsored accts

Kim,

Some of the sponsored accounts I have given out include:

Larry Mixon, Columbus Public Schools, Superintendent
Curt Bishop, Columbus Public Schools, MIS Director
Stephen Miller, Ohio State University
Michael Bourne, Ohio State University
Robert Debula, Ohio State University
Bernadette Mason, St Agatha Elementary School
Don Andrie, St. Thomas Moore Newman Center
Richard Weese, Greater Columbus Habitat for Humanity
Evy Locklin, Greater Columbus Habitat for Humanity

-dlb

Distribution:
Kim Scher KSCHER

From: KIMBERLY SCHER, kscher
To: Kim Scher, csi:KScher
Date: Wed, Feb 7, 1996, 9:22 PM
RE: URGENT info needed

----- Forwarded Message -----

From: Kevin Eaglet, KEAGLET
To: Kscher, KSCHER
Date: Tue, Feb 6, 1996, 5:40 PM
RE: URGENT info needed

I am providing sponsored CIS accts to the United Negro College Fund. They have signed a large \$3.6 million contract, and my reasons for offering these accts include.

network traffic

1. Increase good-will / build the relationship with UNCF.
2. Increase the value / benefits attained by UNCF for \$3.6 mil
3. Provide enhanced communications between UNCF / CPS via E-Mail.
With a large acct like this, E-Mail makes CPS / UNCF more efficient in managing the solution.

Other Non-Profit organizations I support and provide sponsored accts to include: National Library of Medicine, American Society of Hospital Pharmacists, and The Coalition for Goals 2000. My motives for providing sponsored id's were similar to those above.

Kevin Eaglet
Account Representative

From: KIMBERLY SCHER, kscher
To:
Date: Wed, Feb 7, 1996, 10:32 PM
RE: URGENT info needed

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From: Kelly Souply, [70004,2041]
To: Kim Scher, KSCHER
Date: Wed, Feb 7, 1996, 5:07 PM
RE: URGENT info needed

Kim,

We have NARAS and Kidsnet

NARAS is the The National Association of Recording Artists.... (I think this is close). They are the organization that does the Grammy Awards each year. They have had sponsored accounts for only a few months. They gave us access the the Grammys this year and will have a private forum online within the next few months.

KIDSNET is the only national, non-profit computerized clearinghouse devoted to children's television, radio, audio, video and multimedia programming. They publish and distribute print and electronic versions of the KIDSNET MEDIA GUIDE, a monthly listing of media programming; MEDIA NEWS, a quarterly resource of events and services related to educational media; and a variety of STUDY GUIDES designed for classroom use. KIDSNET also writes monthly columns for NEA Today, The School Administrator (AASA), and The Social Studies Professional (NCSS).. They have had sponsored accounts for the past few months.

KIDSNET's subscribers include education associations, schools, libraries, parents, media centers, television and radio programmers and operators, cable access stations, public broadcasting agencies, producers and distributors, hospitals and researchers. Their area will be live on Feb 15th - GO KIDSNET (GO KDN until it is live).

Thanks!
Kelly

From: Amy Vickroy, AVICKROY
To: KIMBERLY SCHER, kscher
Date: Wed, Feb 7, 1996, 2:16 PM
RE: Sponsored Account Info.

Kim,

As per our conversation earlier today, I have provided you with just a few of our clients that have sponsored accounts. In all instances, we provided the User ID numbers to these users for contractual reasons. All Private Forum accounts are entitled to five sponsored accounts. The information is as followed:

DOT - Department of Transportation - these are tax exempt government agencies. Each state has their own forum and contract. The sponsored accounts date back from 4/16/93. The following states have DOT Forums:

- 1 Georgia D.O.T. Forum**
- 2 Iowa D.O.T. Forum**
- 3 Missouri H&TD Forum**
- 4 Nebraska D.O.R. Forum**
- 5 Indiana D.O.T. Forum**
- 6 Texas DOT Forum**
- 7 Colorado DOT Forum**
- 8 Wyoming DOT Forum**
- 9 Arkansas DOT Forum**
- 10 Alabama DOT Forum**

AHA - American Hospital Association - This a tax-exempt organization. Sponsored accounts date back to 8/24/93.

AVMA - American Veterinary Medicine Assoc. - This is a nonprofit organization. Sponsored accounts date back to 2/24/94.

State Bar of Texas - This is a tax exempt organization. Sponsored accounts date back to 10/20/94.

Hope you find this information helpful. If you need more information, please contact me.

Amy Vickroy

Distribution:
Kim Scher KSCHER

Cc:
Amy AVICKROY
Nanu Desai BSDAY
Tina Schmidlapp TINA

From: KIMBERLY SCHER, kscher
To: Kim Scher
Date: Wed, Feb 7, 1996, 10:11 PM
RE: Non-profit sponsored ID's.

From: LINK
To: KSCHER
SCHALK
LINK
Date: Wed, Feb 7, 1996, 8:55 AM
RE: Non-profit sponsored ID's.

Steve,

We have provided approximately 70 sponsored accounts to the National Center for Missing and Exploited Children in Washington DC. Each state NCMEC center has a sponsored account and access to a Free FORUM area to aid in the recovery of missing or Exploited Children. These accounts were established over 2 years ago.

We also provide sponsored accounts to many non-profit associations as a component of their sysop duties for Private and Public Forums.

Hope this helps.

Dave

From: Stuart White, >INTERNET:swhite@spry.com
To: KIMBERLY SCHER, kscher
Date: Tue, Feb 6, 1996, 5:57 PM
RE: Charity stuff ...

Sender: swhite@spry.com
Received: from homer.spry.com (homer.spry.com [165.121.12.50]) by arl-img-2.compuserve.
id RAA07733; Tue, 6 Feb 1996 17:26:32 -0500
Received: from spry (stuart [198.185.1.251]) by homer.spry.com (8.6.9/8.6.9) with SMTP
Tue, 6 Feb 1996 14:27:10 -0800
MIME-Version: 1.0
Content-Type: text/plain; charset=ISO-8859-1
Content-Transfer-Encoding: 7Bit
X-Mailer: BeyondMail for Windows/SMTP 2.2
To: KSCHER@csi.compuserve.com
From: Stuart White <swhite@spry.com>
Subject: Charity stuff ...
Date: Tue, 6 Feb 1996 14:25:49 -0800
X-BeyondMail-Priority: 1
Message-Id: <BMSMTP82364545424swhite@homer.spry.com>
Conversation-Id: <BMSMTP82364545425swhite@homer.spry.com>
Reply-To: Stuart White <swhite@spry.com>

The Internet Division currently provides hosting for the National Center for
Missing Kids web site at no fee.

-Stuart

Distribution:
KSCHER

From: KIMBERLY SCHER, kscher
To: Kim Scher
Date: Wed, Feb 7, 1996, 9:59 PM
RE: Non-Profits

From: J.BANHAM
To: KSCHER
SCHALK
Date: Wed, Feb 7, 1996, 8:15 AM
RE: Non-Profits

Kim,

Until recently, I was a marketing manager in ISD and was responsible for the religious marketplace. We had IP agreements with a number of denominations and provided sponsored accounts to SYSOPs and various executives and/or marketing contacts within those organizations. The organizations which would probably fall under your described categories included:

The Christian Interactive Network (a 501c3 corporation)
Catholic Online (a non-profit)
The Aid Association for Lutherans (a non-profit)
The Sunday School Board of the Southern Baptist Convention

The accounts have existed for anywhere from 5 years through as little as 6 months. Jeff Schalk in the DC office (CSI:Schalk) is now responsible for managing these relationships and can probably provide you with further info if needed.

...Jeff

From: BBEATTY, BBEATTY
To: KIMBERLY SCHER, kscher
Date: Tue, Feb 6, 1996, 5:47 PM
RE: Sponsored accounts for non-profit organizations

Kim,

We provide a large number of sponsored accounts to various levels of Boy Scouts. These are broken down as follows:

Approximately 67 sponsored accounts to our own Explorer Post members.

8 sponsored accounts to members of the Simon Kenton Explorer Advisor Committees.

3 sponsored accounts to the Simon Kenton Boy Scout Council (23 counties surrounding Columbus).

1 sponsored account to the Regional Director of the Boy Scouts, in Chicago.

1 sponsored account to the National Boy Scouts of America, in Irving, Texas.

The purpose of the Boy Scouts Explorers includes training in computers as a potential career (for our post). Explorers in general train youth in many potential careers. Simon Kenton Council has 53 different Explorer posts. The purpose of the Boy Scouts is generally well-known.

The sponsored accounts have been provided to the scouts since February, 1994.

The purpose of providing these accounts to the troop members is to aid them in learning computers and on-line services, and become skilled in the tele-communication fields. All of our Seniors of the class of 1995 in our troop went on to major in Computer Science at college.

The purpose of providing sponsored accounts to the Explorer District volunteers is to facilitate communications between members of this committee. The purpose of this committee is to train the current youth in Explorers, and expand the Exploring opportunity to other youth in the 23-county area.

The purpose of providing sponsored accounts to the Boy Scouts of America is to help them facilitate communications among themselves, and to enable them to become familiar with on-line communications as a means to speed information being sent to each other. We also sponsor the Scouting Forum on-line, where Scouts from around the world can share information among themselves.

We provide these accounts to be consistent with our mission to "Use services to improve education and expand student experiences."

I think we also provide a sponsored account to the United Way of America. I have communicated with Jim Yu there through his account. We sponsor a free section on-line to the United Way, where United Ways around the country can put up information about their own particular United Way, and accept contributions to the United Way on-line. This program, and the account has been available since October, 1994. We provide this service to be consistent with our mission to "apply our resources to the betterment of society."

We also provide 1 sponsored account to Mensa's National Development Director. The purpose of Mensa is to provide educational programs, research into education and intelligence, scholarships, and books to needy libraries around the country. This account has been in place since June, 1995. We provide this account to be consistent with our mission of "Using services to improve education and expand student experiences".

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[END]