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THE WHITE HOUSE
WASHINGTON

*Campaign
Federal*

Eva:

Please remind
me to call Jim Brown
on this subject.

P.



THE WHITE HOUSE

WASHINGTON

February 28, 1975

MEMORANDUM FOR: PHIL BUCHEN
FROM: KEN LAZARUS ¹²²
SUBJECT: Corporate Political Contributions

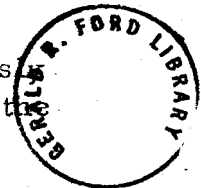
You requested some guidance on the limitations imposed by the Federal Election Campaign Act of 1971 relative to volunteer political efforts by corporate officials.

Statutory Provisions

18 U.S.C. §610 (Tab A) prohibits any corporation from making a "contribution or expenditure" in connection with any primary election, convention or caucus, or general election involving Federal elective office. Violations of this provision are punishable by felony sanctions as follows: (1) organizational liability may be imposed with a fine not to exceed \$5,000; (2) derivative individual liability of an officer or director who consents to such contribution may be imposed up to one year imprisonment and/or a fine not to exceed \$1,000 -- if "willful" culpability exists these sanctions are raised to two years and/or \$10,000; and (3) recipients are subject to the same sanctions as corporate officers and directors. This prohibition dates back to 1940.

The Federal Election Campaign Act of 1971 (Pub. L. 92-225) amended section 610 by codifying a definition of "contribution or expenditure" (Section 205, see Tab B) which earlier had been left to case law. By this definition, the phrase includes ". . . any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value . . ." (emphasis added).

Oddly enough, section 205 of the 1971 Act goes on to expressly exclude from the definition of "contribution or expenditure" the following:



* * *

"... the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation or labor organization: provided . . ."
[there is no element of coercion in the acquisition of contributions to the fund]

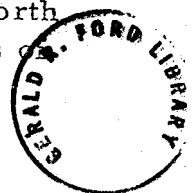
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Discussion

The underlying purpose of 18 U.S.C. §610 as it relates to corporate contributions is twofold: (1) to prohibit corporations from controlling elections; and (2) to protect stockholders from having corporate officers and directors endorse and support candidates or attempt to influence voters contrary to the wishes of individual stockholders. See U. S. v. Lewis Food Co., 236 F. Supp. 849 (D.C. Cal. 1964). With this purpose in mind, the statutory distinction which is drawn between the contribution of "any services" and the "establishment, administration and solicitation of contributions" is perhaps not chimerical.

By authorizing corporate officials to utilize business hours and bookkeeping resources to fund corporate political coffers, Congress has introduced a de minimis or indirect-cost exclusion into the law which tempers the sweep of the ban on the contribution of services by corporate officials. This leads me to the conclusion that the sanction is not designed to reach volunteer political activity by a corporate official in situations where it is clear that such activity does not derogate from his general contractual responsibilities to the corporation and its stockholders.

In considering the practical problem at hand, this conclusion may be nothing more than a cute legal argument that smacks of gimmickry. Although I am convinced that criminal liability can be avoided through compliance with the standard set forth above, it is likely not responsive to the larger dimensions of



the problem. In terms of public perception, the standard could be seen as an evasion rather than an avoidance.

Recommendation

First, corporate officials desirous of contributing their services to any political effort should be instructed to arrange for a formal leave of absence or a pro rata diminution of their salaries covering their periods of political service.

Second, I would suggest that you communicate this view to counsel at the RNC.



Ch. 29 ELECTIONS—POLITICAL ACTIVITIES 18 § 610

Any violation of this section by any political committee shall be deemed also to be a violation by the chairman and the treasurer of such committee and by any other person responsible for such violation and shall be punishable by a fine of not more than \$1,000 or imprisonment of not more than one year, or both; and, if the violation was willful, by a fine of not more than \$10,000 or imprisonment of not more than two years, or both. June 25, 1948, c. 645, 62 Stat. 723.

Historical and Revision Notes

Reviser's Note. Based on section 232 of Title 2, U.S.C., 1940 ed., The Congress and Title 18, U.S.C., 1940 ed., § 610 (Feb. 28, 1923, c. 368, Title III, § 314, 43 Stat. 1074; Aug. 2, 1939, c. 410, § 20, as added July 19, 1940, c. 640, § 6, 54 Stat. 723).

This section consolidates the provisions of section 232 of Title 2, The Congress, and section 610 of Title 18, both of U.S.C., 1940 ed.

The punishment provisions of section 232 of Title 2, U.S.C., 1940 ed., The Con-

gress, were incorporated at end of section upon authority of reference to them contained in words "and the penalties provided in sections 241-256 of Title 2 shall apply to violations of this section", now omitted.

Words "or both" were added to the second punishment provision to conform to the almost universal formula of this title.

Changes were made in phraseology. 80th Congress House Report No. 204.

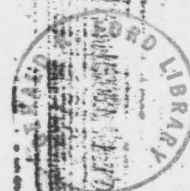
Cross References

Definitions of terms applicable to this section, see section 591 of this title.
Duties as to contributions; accounts and receipts; statements; limitations upon expenditures, see sections 242-243 of Title 2, The Congress.

§ 610. Contributions or expenditures by national banks, corporations or labor organizations

It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization to make a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section.

Every corporation or labor organization which makes any contribution or expenditure in violation of this section shall be fined not more than \$5,000; and every officer or director of any corporation, or officer of any labor organization, who consents to any contribution or expenditure by the corporation or labor organization, as the case may be, and any person who accepts or receives any con-



tribution, in violation of this section, shall be fined not more than \$1,000 or imprisoned not more than one year, or both; and if the violation was willful, shall be fined not more than \$10,000 or imprisoned not more than two years, or both.

For the purposes of this section "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exist for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work. June 25, 1948, c. 645, 62 Stat. 723; May 24, 1949, c. 139, § 10, 63 Stat. 90; Oct. 31, 1951, c. 655, § 20 (c), 65 Stat. 718.

Historical and Revision Notes

Reviser's Note. Based on section 231 of Title 2, U.S.C., 1940 ed., The Congress (Feb. 23, 1923, c. 368, Title III, § 313, 43 Stat. 1074).

The War Labor Disputes Act, June 25, 1943, c. 144, § 9, 57 Stat. 167, amends this section by making it temporarily applicable to labor organizations; therefore the effective date of this section will be postponed by a special provision of the enacting bill until the expiration of the amendatory act. (See sections 1509 and 1510 of Title 50, App.U.S.C., 1949 ed.)

Minor changes in phraseology were made. 80th Congress House Report No. 304.

Senate Revision Amendments. The special effective date provision was eliminated by Senate Amendment, inasmuch as the Act of June 23, 1947, ch. 120, § 304, 61 Stat. 159, which became an additional source of this section, made the provisions

of section 9 of the War Labor Disputes Act (50 U.S.C., App. § 1509), which had temporarily amended section 231 of Title 2 U.S.C., permanent legislation. This section was accordingly changed by Senate amendment so as to give effect to such Act of June 23, 1947, ch. 120, § 304, 61 Stat. 159. See 80th Congress Senate Report No. 1620, Amendments Nos. 4 and 5.

1951 Amendment. Act Oct. 31, 1951 inserted in second paragraph "and any person who accepts or receives any contribution" and the additional punishment provisions after the semi-colon.

1949 Amendment. Act May 24, 1949, added "or expenditures" to the catchline.

Legislative History: For legislative history and purpose of Act May 24, 1949, see 1949 U.S.Code Cong.Service, p. 1248. See, also, Act Oct. 31, 1951, 1951 U.S.Code Cong.Service, p. 2378.

Cross References

Definitions of terms applicable to this section, see section 531 of this title.

Notes of Decisions

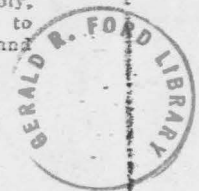
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1. Constitutionality

Congress has constitutional power to prohibit contributions to be made by cer-

tain corporations in connection with any election at which, among others, representatives in Congress are to be voted for. U. S. v. Brewers' Ass'n, D.C.Pa.1916, 220 F. 163.

Provision of former section 231 of Title 2 [now this section] making it unlawful for any labor organization to make expenditures in connection with election to federal office or for any officer of organization to consent to such expenditure is an unconstitutional abridgement of freedom of speech, the press, and assembly, notwithstanding power of Congress to control manner of holding elections and



CRIMINAL PROCEDURE

Contributions

As applicable with respect to a Representative, see sections 204(a), 205(b) of Pub.L. 92-225, Title II, Sept. 22, 1972, 86 Stat. 882, set out as notes under section 25 of Title 2, The Congress.

Contributions and expenditures

Expenditures from his personal or immediate family, in connection with election, or election, to Federal office in

of a candidate for the office of President

a candidate for the office of Senator;

a candidate for the office of Representative Commissioner to the Congress.

Section, "immediate family" means a parent, grandparent, brother, or sister such persons.

Committee shall knowingly accept any contribution in violation of the provisions

this section is punishable by a fine or not to exceed one year, or both. 92-225, Title II, § 203, 86 Stat. 9.

punishment of officers, directors, and managing heads of a partnership, company, association, corporation, or other organization or group of persons for knowingly and willfully participating in violations of this section.

Subsec. (d). Pub.L. 92-225 struck out provision defining term "contribution", now covered by section 501(e) of this title.

Effective Date of 1972 Amendment. Amendment of section by Pub.L. 92-225 effective sixty days after Feb. 7, 1972, see section 408 of Pub.L. 92-225, set out as a note under section 431 of Title 2, The Congress.

Legislative History. For legislative history and purpose of Pub.L. 92-225, see 1972 U.S. Code Cong. and Adm. News.

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Findings

Paragraph alleging that national campaign committees of political parties had been and were illegally circumventing section and section 609 of this title limiting individual political contributions and expenditures in support of campaigns for elective federal offices and that the Department was unable to enforce law was sufficient to state a civil action upon which relief could be granted. Common Cause v. Democratic Nat. Committee, D.C.D.C.1971, 333 F.

Number of plaintiffs, including those who alleged that they had been for reelection, brought

CRIMES AND CRIMINAL PROCEDURE 18 § 610

action against the major political campaign committees asserting that such committees had been and were illegally circumventing federal laws limiting individual political contributions and committee receipts and expenditures in absence of any allegations with respect to contributions or expenditures for specific currently active candidates. Complaint must be dismissed without prejudice as to such congressmen who would not suffer irreparable harm if they waited until specific activities they challenge became more evident. Id.

2. Jurisdiction

Federal district court had jurisdiction to consider equitable action brought by nonprofit corporation and others against national campaign committees of political parties which allegedly employed and conspired with each other to employ devices to illegally circumvent this section and section 609 of this title limiting individual political contributions and purchases and committee receipts and expenditures in support of campaigns for elective federal offices. Common Cause v. Democratic Nat. Committee, D.C.D.C.1971, 333 F.Supp. 803.

3. Parties

Head of nonprofit corporation concerned with promotion of social welfare, civic betterment and social improvement in United States and two United States congressmen, with intention of seeking

reelection, and other voters had standing to bring action against national campaign committees of political parties for declaratory and injunctive relief asserting that such committees were engaged in practices to illegally circumvent this section and section 609 of this title limiting individual political contributions and purchases and committee receipts and expenditures in support of campaigns for elective federal offices. Common Cause v. Democratic Nat. Committee, D.C.D.C.1971, 333 F.Supp. 803.

4. Class actions

Action by nonprofit corporation interested in civic betterment and other plaintiffs against major campaign committees of the national political parties alleging that such committees were illegally evading federal statutes limiting individual political contributions and purchases and committee receipts and expenditures in campaigns for elective federal offices would be designated as a class action as to all members of the nonprofit corporation who were also registered voters or who otherwise participated in campaigns for elective federal office, but the diverse interests made action inappropriate for class-plaintiff designation as to voters, contributors and campaign workers who had not joined such corporation and as to political parties or committees not individually named. Common Cause v. Democratic Nat. Committee, D.C.D.C.1971, 333 F.Supp. 803.

§ 609. Repealed. Pub.L. 92-225, Title II, § 204, Feb. 7, 1972, 86 Stat. 10

Section, Act June 25, 1948, c. 645, 62 Stat. 723, prescribed maximum contributions and expenditures limitation of \$3,000,000 for any calendar year.

Effective Date of Repeal. Section repealed effective sixty days after Feb. 7, 1972, see section 408 of Pub.L. 92-225, set out as a note under section 431 of Title 2, The Congress.

§ 610. Contributions or expenditures by national banks, corporations or labor organizations

As used in this section, the phrase "contribution or expenditure" shall include (any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value) (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any election to any of the offices referred to in this section; but shall not include communications by a corporation to its stockholders and their families or by a labor organization to its members and their families on any subject; nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and their families; or by a labor organization aimed at its members and their families; [the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation or labor organization] Provided, That it shall be unlawful for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a condition of membership in a labor organization or as a condition of employment, or by monies obtained in any commercial transaction.

As amended Feb. 7, 1972, Pub.L. 92-225, Title II, § 205, 86 Stat. 10.

1972 Amendment. Pub.L. 92-225 added paragraph defining "contribution or expenditure" and making it unlawful for the separate segregated fund to make a contribution or expenditure by utilizing money or anything of value secured by

physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a condition of membership in a labor organization or as a condition of employ-

THE WHITE HOUSE

WASHINGTON

Not filing
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THE WHITE HOUSE

WASHINGTON

February 28, 1975

MEMORANDUM FOR: PHIL BUCHEN
FROM: KEN LAZARUS *KL*
SUBJECT: Corporate Political Contributions

You requested some guidance on the limitations imposed by the Federal Election Campaign Act of 1971 relative to volunteer political efforts by corporate officials.

Statutory Provisions

18 U.S.C. §610 (Tab A) prohibits any corporation from making a "contribution or expenditure" in connection with any primary election, convention or caucus, or general election involving Federal elective office. Violations of this provision are punishable by felony sanctions as follows: (1) organizational liability may be imposed with a fine not to exceed \$5,000; (2) derivative individual liability of an officer or director who consents to such contribution may be imposed up to one year imprisonment and/or a fine not to exceed \$1,000 -- if "willful" culpability exists these sanctions are raised to two years and/or \$10,000; and (3) recipients are subject to the same sanctions as corporate officers and directors. This prohibition dates back to 1940.

The Federal Election Campaign Act of 1971 (Pub. L. 92-225) amended section 610 by codifying a definition of "contribution or expenditure" (Section 205, see Tab B) which earlier had been left to case law. By this definition, the phrase includes ". . . any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value . . ." (emphasis added).

Oddly enough, section 205 of the 1971 Act goes on to expressly exclude from the definition of "contribution or expenditure" the following:



* * *

" . . . the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation or labor organization: provided . . ."
[there is no element of coercion in the acquisition of contributions to the fund]

* * *

Discussion

The underlying purpose of 18 U.S.C. §610 as it relates to corporate contributions is twofold: (1) to prohibit corporations from controlling elections; and (2) to protect stockholders from having corporate officers and directors endorse and support candidates or attempt to influence voters contrary to the wishes of individual stockholders. See U. S. v. Lewis Food Co., 236 F. Supp. 849 (D.C. Cal. 1964). With this purpose in mind, the statutory distinction which is drawn between the contribution of "any services" and the "establishment, administration and solicitation of contributions" is perhaps not chimerical.

By authorizing corporate officials to utilize business hours and bookkeeping resources to fund corporate political coffers, Congress has introduced a de minimis or indirect-cost exclusion into the law which tempers the sweep of the ban on the contribution of services by corporate officials. This leads me to the conclusion that the sanction is not designed to reach volunteer political activity by a corporate official in situations where it is clear that such activity does not derogate from his general contractual responsibilities to the corporation and its stockholders.

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the problem. In terms of public perception, the standard could be seen as an evasion rather than an avoidance.

Recommendation

First, corporate officials desirous of contributing their services to any political effort should be instructed to arrange for a formal leave of absence or a pro rata diminution of their salaries covering their periods of political service.

Second, I would suggest that you communicate this view to counsel at the RNC.



TAB
A



Ch. 29 ELECTIONS—POLITICAL ACTIVITIES 18 § 610

Any violation of this section by any political committee shall be deemed also to be a violation by the chairman and the treasurer of such committee and by any other person responsible for such violation and shall be punishable by a fine of not more than \$1,000 or imprisonment of not more than one year, or both; and, if the violation was willful, by a fine of not more than \$10,000 or imprisonment of not more than two years, or both. June 25, 1948, c. 645, 62 Stat. 723.

Historical and Revision Notes

Reviser's Note. Based on section 252 of Title 2, U.S.C., 1940 ed., The Congress and Title 18, U.S.C., 1940 ed., § 611 (Feb. 28, 1925, c. 368, Title III, § 314, 43 Stat. 1074; Aug. 2, 1939, c. 410, § 20, as added July 19, 1940, c. 640, § 6, 54 Stat. 772).

This section consolidates the provisions of section 252 of Title 2, The Congress, and section 611 of Title 18, both of U.S.C., 1940 ed.

The punishment provisions of section 252 of Title 2, U.S.C., 1940 ed., The Con-

gress, were incorporated at end of section upon authority of reference to them contained in words "and the penalties provided in sections 241-256 of Title 2 shall apply to violations of this section", now omitted.

Words "or both" were added to the second punishment provision to conform to the almost universal formula of this title.

Changes were made in phraseology. 80th Congress House Report No. 304.

Cross References

Definitions of terms applicable to this section, see section 591 of this title.

Duties as to contributions; accounts and receipts; statements; limitations upon expenditures, see sections 242-248 of Title 2, The Congress.

§ 610. Contributions or expenditures by national banks, corporations or labor organizations

It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization to make a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section.

Every corporation or labor organization which makes any contribution or expenditure in violation of this section shall be fined not more than \$5,000; and every officer or director of any corporation, or officer of any labor organization, who consents to any contribution or expenditure by the corporation or labor organization, as the case may be, and any person who accepts or receives any con-

tribution, in violation of this section, shall be fined not more than \$1,000 or imprisoned not more than one year, or both; and if the violation was willful, shall be fined not more than \$10,000 or imprisoned not more than two years, or both.

For the purposes of this section "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exist for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work. June 25, 1948, c. 645, 62 Stat. 723; May 24, 1949, c. 139, § 10, 63 Stat. 90; Oct. 31, 1951, c. 655, § 20 (c), 65 Stat. 718.

Historical and Revision Notes

Reviser's Note. Based on section 251 of Title 2, U.S.C., 1940 ed., The Congress (Feb. 28, 1925, c. 368, Title III, § 313, 43 Stat. 1074).

The War Labor Disputes Act, June 25, 1943, c. 144, § 9, 57 Stat. 167, amends this section by making it temporarily applicable to labor organizations; therefore the effective date of this section will be postponed by a special provision of the enacting bill until the expiration of the amendatory act. (See sections 1509 and 1510 of Title 50, App.U.S.C., 1940 ed.)

Minor changes in phraseology were made. 80th Congress House Report No. 304.

Senate Revision Amendments. The special effective date provision was eliminated by Senate Amendment, inasmuch as the Act of June 23, 1947, ch. 120, § 304, 61 Stat. 159, which became an additional source of this section, made the provisions

of section 9 of the War Labor Disputes Act (50 U.S.C., App. § 1509), which had temporarily amended section 251 of Title 2 U.S.C., permanent legislation. This section was accordingly changed by Senate amendment so as to give effect to such Act of June 23, 1947, ch. 120, § 304, 61 Stat. 159. See 80th Congress Senate Report No. 1620, Amendments Nos. 4 and 5.

1951 Amendment. Act Oct. 31, 1951 inserted in second paragraph "and any person who accepts or receives any contribution" and the additional punishment provisions after the semi-colon.

1949 Amendment. Act May 24, 1949, added "or expenditures" to the catchline.

Legislative History: For legislative history and purpose of Act May 24, 1949, see 1949 U.S.Code Cong.Service, p. 1248. See, also, Act Oct. 31, 1951, 1951 U.S.Code Cong.Service, p. 2378.

Cross References

Definitions of terms applicable to this section, see section 591 of this title.

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State elections 6

1. Constitutionality

Congress has constitutional power to prohibit contributions to be made by cer-

tain corporations in connection with any election at which, among others, representatives in Congress are to be voted for. *U. S. v. Brewers' Ass'n*, D.C.Pa.1916, 239 F. 163.

Provision of former section 251 of Title 2 [now this section] making it unlawful for any labor organization to make expenditures in connection with election to federal office or for any officer of organization to consent to such expenditure is an unconstitutional abridgement of freedom of speech, the press, and assembly, notwithstanding power of Congress to control manner of holding elections and

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TAB
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CRIMINAL PROCEDURE

Contributions

As applicable with respect to a Representative, see sections 204(a), 206(b) of Pub.L. 91-405, Title II, Sept. 22, 1970, 84 Stat. 852, set out as notes under section 25 of Title 2, The Congress.

Contributions and expenditures

Make expenditures from his personal or immediate family, in connection with election, or election, to Federal office in

of a candidate for the office of President

a candidate for the office of Senator;

a candidate for the office of Representative Commissioner to the Congress.

Section, "immediate family" means a parent, grandparent, brother, or sister of such persons.

Committee shall knowingly accept any expenditure in violation of the provisions

this section is punishable by a fine or not to exceed one year, or both. 92-225, Title II, § 203, 86 Stat. 9.

Punishment of officers, directors, and managing heads of a partnership, committee, association, corporation, or other organization or group of persons for knowingly and willfully participating in violations of this section.

Subsec. (d). Pub.L. 92-225 struck out provision defining term "contribution", now covered by section 591(e) of this title.

Effective Date of 1972 Amendment. Amendment of section by Pub.L. 92-225 effective sixty days after Feb. 7, 1972, see section 406 of Pub.L. 92-225, set out as a note under section 431 of Title 2, The Congress.

Legislative History. For legislative history and purpose of Pub.L. 92-225, see 1972 U.S. Code Cong. and Adm. News,

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Pleadings

Complaint alleging that national campaign committees of political parties had been and were illegally circumventing section and section 609 of this title limiting individual political contributions and expenditures in support of campaigns for elective federal offices and that the Department was unable to enforce law was sufficient to state a civil action upon which relief could be granted. Common Cause v. Democratic Nat. Committee, D.C.D.C.1971, 333 F.2d 803.

A number of plaintiffs, including congressmen who alleged that they had been elected to run for reelection, brought

CRIMES AND CRIMINAL PROCEDURE 18 § 610

action against the major political campaign committees asserting that such committees had been and were illegally circumventing federal laws limiting individual political contributions and committee receipts and expenditures in absence of any allegations with respect to contributions or expenditures for specific currently active candidates, complaint must be dismissed without prejudice as to such congressmen who would not suffer irreparable harm if they waited until specific activities they challenge became more evident. Id.

2. Jurisdiction

Federal district court had jurisdiction to consider equitable action brought by nonprofit corporation and others against national campaign committees of political parties which allegedly employed and conspired with each other to employ devices to illegally circumvent this section and section 609 of this title limiting individual political contributions and purchases and committee receipts and expenditures in support of campaigns for elective federal offices. Common Cause v. Democratic Nat. Committee, D.C.D.C.1971, 333 F.Supp. 803.

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Head of nonprofit corporation concerned with promotion of social welfare, civic betterment and social improvement in United States and two United States congressmen, with intention of seeking

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Action by nonprofit corporation interested in civic betterment and other plaintiffs against major campaign committees of the national political parties alleging that such committees were illegally evading federal statutes limiting individual political contributions and purchases and committee receipts and expenditures in campaigns for elective federal offices would be designated as a class action as to all members of the nonprofit corporation who were also registered voters or who otherwise participated in campaigns for elective federal office, but the diverse interests made action inappropriate for class-plaintiff designation as to voters, contributors and campaign workers who had not joined such corporation and as to political parties or committees not individually named. Common Cause v. Democratic Nat. Committee, D.C.D.C.1971, 333 F.Supp. 803.

§ 609. Repealed. Pub.L. 92-225, Title II, § 204, Feb. 7, 1972, 86 Stat. 10

Section, Act June 25, 1948, c. 645, 62 Stat. 723, prescribed maximum contributions and expenditures limitation of \$3,000,000 for any calendar year.

Effective Date of Repeal. Section repealed effective sixty days after Feb. 7, 1972, see section 406 of Pub.L. 92-225, set out as a note under section 431 of Title 2, The Congress.

§ 610. Contributions or expenditures by national banks, corporations or labor organizations

As used in this section, the phrase "contribution or expenditure" shall include (any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value) (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any election to any of the offices referred to in this section; but shall not include communications by a corporation to its stockholders and their families or by a labor organization to its members and their families on any subject; nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and their families; [the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation or labor organization] Provided, That it shall be unlawful for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a condition of membership in a labor organization or as a condition of employment, or by monies obtained in any commercial transaction.

As amended Feb. 7, 1972, Pub.L. 92-225, Title II, § 205, 86 Stat. 10.

1972 Amendment. Pub.L. 92-225 added paragraph defining "contribution or expenditure" and making it unlawful for the separate segregated fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal, or by dues, fees, or other monies required as a condition of membership in a labor organization or as a condition of employment.

14-00000

THE WHITE HOUSE
WASHINGTON

INFORMATION

November 18, 1975

MEMORANDUM FOR: JIM CONNOR
THROUGH: PHIL BUCHEN
FROM: BARRY ROTH *BR*
SUBJECT: FEC Decision

Per your request, in a major decision, the FEC today gave corporations permission to set up political funds similar to those that are used by the major labor unions. In a 4 to 2 vote, which reversed a staff recommendation and followed an opinion from the Department of Justice, the FEC supported a proposal by Sun Oil Company to establish two political funds.

The first, SunPac, will solicit funds from employees and shareholders, and channel the donations to candidates chosen by corporate officers who head up the political committee. Although corporate funds cannot be used for the contributions, they can be used to defray the administrative costs of soliciting the funds. The second fund, SunEPA, involves the use of corporate funds to establish a trustee account which will collect voluntary political contributions from employees, to be given to the candidates chosen by the employees who participate. Corporate funds can be used for items such as payroll checkoff. However, the corporation cannot in any way direct how the money is to be expended. As you are aware, each political committee can give no more than \$5,000 to an individual candidate.

