

FEC Fines Company for Using Corporate Funds to Pay for Candidate Fundraising Events

May 2007

On April 11, the Federal Election Commission (FEC) announced the collection of nearly \$75,000 in fines from Highmark, Inc., an insurance company, and its former company vice president for improper usage of corporate funds. A fine of \$7,500 was imposed upon America's Foundation, a federal PAC, for failure to disclose the receipt of in-kind contributions from Highmark.

This action, as described in Matter Under Review (MUR) 5645, stemmed from various golf tournaments and other fundraising events held to support former Senator Rick Santorum and America's Foundation. Highmark's vice president chaired these tournaments, the expenses of which Highmark ultimately reimbursed. According to the conciliation agreement, these costs included greens fees, golf carts, food, drink, printouts, and invitations for the golf tournaments, as well as catering and alcohol for the other fundraising event. Such corporate contributions, even if merely reimbursements, are impermissible. Further, America's Foundation failed to report its receipt of the in-kind contributions—greens fees, golf carts, meals, prizes, handouts, and invitations—from Highmark that resulted from one of the aforementioned golf tournaments. For these violations, each entity received fines: \$54,000 for the company; \$20,000 for the vice president; and \$7,500 for the PAC. The Santorum campaign committee was not disciplined because the FEC did not believe that the committee had any reason to believe that an outside party had paid any prohibited costs, and, therefore, no knowing acceptance of a contribution from a prohibited source occurred.