

FEC Fines Company for Reimbursed PAC Contributions

July 2007

On May 16, the Federal Election Commission (FEC) announced that Crop Production Services, Inc. (CPS) had agreed to pay a \$17,000 fine for improperly reimbursing employee contributions to the Agriculture Retailers Association Political Action Committee (ARA PAC).

As reported in Matter Under Review (MUR) 5638, this action stemmed from annual fundraising auctions that ARA PAC held from 2001 through 2003. At each auction, CPS employees placed the winning bids on pieces of agricultural equipment, as well as made donations to the PAC. CPS reimbursed the employees for their contributions and took possession of the agricultural equipment, which it often traded back to the vendors who had provided the items for the auction. The reimbursements totaled roughly \$30,000. According to the conciliation agreement, such reimbursements constituted improper corporate contributions. Under federal law, corporations may not reimburse their employees for their political contributions.