

FEC Fines Corporations and Officers for Using Corporate Emails, Food and Drink for Obama Victory Fund Event

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On January 14, 2010, the Federal Election Commission (FEC) entered into a conciliation agreement in Matter Under Review 6127 with VIDA Fitness, Urban Salons, Inc., and David von Storch who is the president and sole shareholder of VIDA Fitness and the chief executive officer and principal owner of Urban Salons, Inc. The conciliation agreement resulted in a \$5,500 fine for violations of the federal campaign finance laws that were committed in connection with a fundraising event to benefit the Obama Victory Fund, a joint fundraising committee whose participants included Obama for America and the Democratic National Committee.

Federal campaign finance laws require that corporate resources used for candidate and political party fundraising events be paid for in advance. In addition, solicitations by corporations for contributions to federal candidates and political parties may only be directed to a corporation's shareholders and executive or administrative personnel as those terms are defined by FEC regulations.

On September 26, 2008, Mr. von Storch agreed to host a fundraising event for the Obama Victory Fund at a new facility owned by VIDA Fitness. Mr. von Storch sent an invitation to the event to a list of 20,000 email addresses of VIDA Fitness and Urban Salons, Inc. customers and others who were not employees or shareholders of the companies. The companies did not receive advance payment for the use of the email list that had a value of approximately \$3,000. VIDA Fitness also provided beverages in connection with the event, but did not invoice the Obama Victory Fund until after the event.

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Readers of *Election Law News* may remember that we reported on a similar violation in our September 2009 issue (see www.wileyrein.com/FEC_fines). This latest matter serves as yet another reminder that the use of corporate resources in connection with federal candidate fundraising is highly regulated and should only be conducted with full knowledge of the relevant legal requirements.