

Large FEC Fines for Corporate Contributions in the Name of Another

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During the past year, the FEC has assessed civil penalties of over \$1.3 million in two separate compliance cases for reimbursement of contributions to federal candidates and committees. Such reimbursements, either by a corporation or by another individual, violate the federal statutory prohibition contained in 2 U.S.C. § 441f. Corporate contributions are also prohibited. 2 U.S.C. § 441b. These two cases serve to remind corporations and other organizations of the potential liability associated with employees (renegade or not) using corporate and personal funds to reimburse others or themselves for political contributions.

In MUR 4931, the Commission entered into conciliation agreements with Audiovox Corporation, one of its executive vice presidents, other executives and several of its distributors, for aggregate civil penalties of \$849,000. In the case, individual contributions to federal candidates were reimbursed by Audiovox, its subsidiaries, the executive vice president, and others (including reimbursements out of petty cash). Among the various settlements, the Audiovox executive vice president agreed to a personal civil penalty of \$130,000.

In MUR 5187, the Commission assessed civil penalties of \$477,000 in the aggregate against Mattel, Inc., one of its former senior vice presidents and a former consultant. The two individuals agreed in conciliation agreements to personal civil penalties of \$188,000 and \$195,000, respectively. In this case, the reimbursements were concealed by the employee from Mattel. Nevertheless, the source of the funds was the corporation itself, and Mattel ended up paying substantial civil penalties. According to the FEC, the corporation and individuals also faced substantial fines from California's Fair Political Practice Commission and the Los Angeles Ethics Commission arising

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from the same or similar facts.