

NEWSLETTER

FEC Advisory Opinion Corner

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January 2013

The Federal Election Commission (FEC) ended 2012 by issuing one advisory opinion and failing to reach a conclusion on a second advisory opinion request.

AO 2012-34: Federal Candidates May Transfer Excess Campaign Funds to Super PACs

In Advisory Opinion 2012-34, a former federal candidate asked whether it was permissible for his campaign to make a contribution of \$10,000 or more to a Super PAC. The FEC answered the question affirmatively, explaining that federal campaign funds may be used for any lawful purpose, including for contributions to a Super PAC.

AOR 2012-37: FEC Unable to Reach a Decision on Restricted Class Question

In Advisory Opinion Request 2012-37, the United States subsidiary of Yamaha Motors explained its intent to create a federal corporate PAC, or separate segregated fund, and asked whether the newly created PAC could solicit contributions from the executive and administrative personnel of its extensive network of dealers and service centers, through which Yamaha primarily sells its products. Although these dealers and service centers are independently owned, they are closely associated and Yamaha exercises a substantial amount of control over the business practices, policies, and procedures of its dealers and, to a lesser degree, its service centers.

The FEC provided two opposing drafts for public comment and, ultimately, was unable to reach a decision. The opposing drafts differed on whether Yamaha and its dealers and service centers were "affiliated" under FEC regulations, similar to the affiliation

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demonstrated in franchise and license arrangements. One draft found that the relationship was more akin to a typical business relationship between two independent business entities. The other draft disagreed, finding that Yamaha exercised significant control over the dealers and services that went well beyond the typical business relationship between two independent business entities.

This advisory opinion request demonstrates that determining a PAC's restricted class remains a difficult determination that must be examined on a case-by-case basis.

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