

# Recent FEC Advisory Opinions

November 2005

## **FEC Allows Sugarbeet Growers PAC to Solicit Association Members**

On November 3, 2005, the Federal Election Commission (FEC) approved Advisory Opinion 2005-17, which provides fundraising guidance to sugarbeet growers from North Dakota and Minnesota. In the opinion, the FEC determined that an organization need not be a classified as a 501(c)(6) trade association with the IRS in order to be considered a "trade association" under the Commission's regulations. Accordingly, the FEC found the Red River Valley Sugarbeet Growers Association, a 501(c)(5) agricultural organization, to have fulfilled the requirements of a trade association.

In addition, the FEC found the Red River Valley Sugarbeet Growers Association to be affiliated with the American Crystal Sugar Company, a sugarbeet cooperative that purchases sugarbeets from growers and processes them into sugar. The FEC based its finding of affiliation on several factors, including a near total overlap between the members of the association and the owners of the company and the fact that the company collected the dues for the association by withholding the dues from the beet payments made to the farmers.

As a result of the above two findings—that the association was a trade association and that the association and company were affiliated—the FEC stated that the company could solicit contributions to its connected federal PAC from the restricted classes of the corporate members of the association that had provided prior, written authorization for such solicitations.

## **FEC Rules That KFC Franchisees Are a Federation**

In Advisory Opinion 2005-14, issued on October 20, 2005, the FEC found the Association of Kentucky Fried Chicken Franchisees, Inc., to be a federation of regional trade associations that are comprised of franchisees from around the country. Accordingly, the FEC permitted

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the federation to solicit contributions for its connected federal PAC from the owners and the executive and administrative personnel (and their families) of the incorporated franchisee members of the regional trade associations. The FEC also permitted the federation to solicit the unincorporated franchisee members, including individuals, of the regional associations.