



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-5

JUN 20 1997

Kenneth Bailey, Treasurer
Sundstrand Corporation Good
Government Program
4949 Harrison Avenue
Rockford, IL 61125

Identification Number: C00095422

Reference: October Monthly (9/1/96-9/30/96), 12 Day Pre-General (10/1/96-10/16/96) and 30 Day Post-General (10/17/96-11/25/96) Reports

Dear Mr. Bailey:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Please clarify whether the disbursements on Schedule B for Line 23 are earmarked contributions. Pursuant to 11 CFR §110.6(c), the original contributor for earmarked contributions must be disclosed on Schedule B. Please refer to the attached portions of the Federal Election Commission Campaign Guide for further guidance on the reporting of earmarked contributions and amend your report accordingly.

Any amendment or clarification should be filed with the Federal Election Commission. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 219-3580.

Sincerely,

A handwritten signature in cursive script that reads "Monica Johnson".

Monica Johnson
Reports Analyst
Reports Analysis Division

3. Forwarding Earmarked Contributions

10-Day Limit

The SSF must forward an earmarked contribution, along with a report (see below), to the recipient candidate committee within 10 days of receiving the contribution. 102.8(a) and (c); 110.6(c)(1)(iii).

Transmittal Report

Along with the funds, the conduit must also forward a transmittal report containing information that the candidate's campaign committee will need for its own records and reports. 110.6(c)(1).

Contributions Exceeding \$50

When an earmarked contribution exceeds \$50, the accompanying report must contain the name and address of the original contributor, the date the contribution was received by the conduit and the amount. 102.8(b). The report should also state the election designated by the contributor, if any. 110.1(b)(3).

Contributions Exceeding \$200

When an earmarked contribution exceeds \$200, the accompanying report must contain the name and address of the contributor, the contributor's occupation and employer, the date the contribution was received by the conduit and the amount. 102.8(b). The report should also state the election designated by the contributor, if any. 110.1(b)(3).

4. Reporting Conduit Activity

The conduit must comply with special reporting rules, which vary depending on whether the contribution was deposited in the conduit's bank account or was passed on directly to the campaign in the form of the original contributor's check. 110.6(c)(1)(v).

Report Filed with the Government

Separate Segregated Fund

A conduit SSF must disclose its activity on its next regularly scheduled FEC report. 110.6(c)(1)(ii).

Unregistered Entity

An individual or other unregistered entity acting as a conduit must disclose the activity in a letter to the FEC within 30 days after forwarding the earmarked contribution. 110.6(c)(1)(ii).

The letter should contain all the information listed below for SSF conduits.

Contributions Deposited in SSF's Account

Schedule A

If an earmarked contribution passes through an SSF's account, the committee reports the following information on Schedule A:

- The name and mailing address of each person making an earmarked contribution (including earmarked contributions of \$200 or less) (110.6(c)(1)(iv)(A));
- The occupation and employer of each individual making an earmarked contribution exceeding \$200 (110.6(c)(1)(iv)(A));
- The candidate designated by the contributor as the recipient of the contribution (110.6(c)(1)(iv)(B));
- The election for which the contribution was designated, if any (see 110.1(b)(3)(i));
- The amount of the earmarked contribution (110.6(c)(1)(iv)(B)); and
- The date the contribution was received by the conduit (110.6(c)(1)(iv)(C)).

Schedule B

Once the SSF has forwarded the contribution to the candidate (after depositing it in its own account), the committee reports on Schedule B:

- The candidate designated by the contributor (110.6(c)(1)(iv)(A));
- The date the contribution was forwarded (110.6(c)(1)(iv)(C));
- The amount forwarded to the candidate (110.6(c)(1)(iv)(B));
- The election designated by the contributor, if any (see 110.1(b)(3)(i));
- The name of the contributor (110.6(c)(1)(iv)(A));
- A notation that the contribution was forwarded in the form of a check drawn on the conduit's account (110.6(c)(1)(iv)(C)); and
- A statement indicating that the conduit's limit was also affected, if appropriate. (110.6(d)(2)).

Undeposited Contributions

If the SSF forwards the contribution without depositing it first (i.e., in the form of the contributor's original check), the committee must itemize the same information listed above in memo entries on Schedules A and B. The entries should indicate that the contribution was passed on in the form of the contributor's original check and, if appropriate, should indicate that the conduit's limits for that candidate were affected.

5. Payroll Deduction

A corporation or labor organization may permit members of its restricted class to earmark contributions for particular candidates after the contributions have been collected by the organization's SSF through payroll deduction. The information in this section is based on AOs 1981-29, 1981-57 and 1981-21.

Ledger Accounts

The SSF should keep a ledger account of each individual's payroll deductions.

Written Designation

The SSF must obtain a signed and dated statement from each contributor designating the particular candidate to receive the contribution, and the amount to be forwarded. Contributors should also designate the election for which they are contributing.

Reporting

The committee must report all funds collected through payroll deduction as contributions to the SSF, regardless of whether contributors will later have the option of earmarking them for specified candidates.

When contributors subsequently designate candidates to receive funds from their ledger accounts, the SSF should report the designations as memo entries on Schedule A. (See "Deposited Contributions," above.) The entries should also indicate that the funds were collected through payroll deduction.

The SSF should report the amount forwarded to the candidate on Schedule B (as explained above), including a notation that it was an earmarked contribution.

