

ETEXT ATTACHMENT

03/06/2002 09:15

Regarding request for additional information for 2001 Mid-Year Report.

Concerning questions regarding disbursement on line 21(b):

The disbursement made to the various credit unions were not refund of contributions to the Michigan Credit Union League Legislative Action Fund. The recipients of these disbursements are credit union

members of the Michigan Credit Union League, the Fund's connected organization. The FEC regulations permit an incorporated membership organization, such as the League, to use general treasury funds

of the League, including monies or membership fees, to pay solicitation expenses on behalf of the Fund (11 CFR 114.5(b)). The Commission also indicates that corporate members of an incorporated

trade association, who meet the definition of 'members' under the FEC Act and regulations, may contribute funds or merchandise to defray administrative and solicitation expenses of the trade associations

separate segregated fund (Advisory Opinion 1989-18). For example, in Advisory Opinion 1982-36, the Commission permitted a trade association to encourage its corporate members to make in-kind

donations of corporate merchandise which would then be used by the trade association PAC for fundraising purposes. Accordingly, since the credit union members of the League meet the Commission's

requirements for 'members' of the League, the League and credit union members of the League may purchase or donate fundraising items as a solicitation expense to be sold to benefit the Fund. This is

what happened here. While payments associated with the Fund's fundraising activities made by the League and credit union members of the league are not reported to the Commission (see, for example,

Page 7 of the Campaign Guide for Corporations and Labor Organizations), if the Fund reimburses the League, or a credit union member of the League, in connection with such fundraising activities, then,

according to the Commission, this reimbursement is reported as an 'operating expense' of the Fund on Line 21(b). Accordingly, because of the nature of these disbursements, these disbursements are appropriately

reported as operating expenditures of the Fund on Line 21(b).

In reference to excess contributions, we note that the disbursement made on March 30, 2001 was not specifically designated to the 2000 election cycle. The contribution was made after the 2000 election cycle

and is to be credited to the next election cycle. We therefore, believe that this contribution was not excessive.

We have amended our report to reflect activity that should be included in line 29. Also, please note that we have contacted the Michigan Republican Senate Committee (MRSC). The MRSC is a state and

federal fund and when we made our contribution we asked that it be deposited to their federal account. We have asked them to correct their records.