



FEDERAL ELECTION COMMISSION
Washington, DC 20463

March 28, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1980-17

Mr. C. Peter Sorenson
Treasurer
The Alternatives Fund
P.O. Box 3938
Eugene, Oregon 97403

Dear Mr. Sorenson:

This responds to your letter of February 16, 1980, requesting an advisory opinion on behalf of The Alternatives Fund ("TAF") a registered political committee, concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act") to a proposed fundraising agreement.

According to your request TAF proposes to contract with individuals to solicit contributions. TAF would reimburse the individual for all receipt-verified expenses incurred in the solicitation. All contributions received as a result of the individual's effort would be deposited in TAF's checking account, which you state is normal practice. The individual would be paid a fixed percentage of all contributions received as a result of his effort. TAF plans to advertise for "grass roots political fundraisers" and negotiate the figure. You enclose a suggested agreement and ask if this proposed method and fundraising agreement is permissible under the Act and Commission regulations.

The Commission concludes that the proposed arrangement which provides for individuals to solicit contributions to TAF and receive a percentage of the total received as a result of those efforts is permissible under the Act and Commission regulations. The agreement provides that TAF reimburse the individual fundraiser on a timely basis for all receipt-verified expenses incurred in fundraising activities of TAF. This process avoids a contribution by the individual to TAF in the amount of those costs.

The agreement also provides for the individual fundraiser to be paid a percentage of the contributions he or she raises for TAF. TAF intends to negotiate that percentage with each

individual fundraiser. The Commission concludes that if the individual fundraiser may render uncompensated volunteer services, a negotiated arrangement with that individual would not result in a contribution of "anything of value." The definition of "anything of value" in Commission regulations at 11 CFR 100.4(a)(iii)(A) includes:

personnel, advertising, services... or other in-kind contributions provided without charge (other than volunteer services under 100.4(b)(2)) or at a charge which is below the usual and normal charge for the items. The amount of the contribution of a thing of value is the difference between the usual and normal charge for the goods or services at the time of the contribution and the amount charged the candidate or political committee.

Since the services rendered by individual fundraisers would qualify as volunteer services under 11 CFR 100.4(b)(2), the value of those services provided at a negotiated rate of compensation would not be considered a contribution to TAF by the individuals. Therefore, regardless of the percentage agreed upon by TAF and the individual, a contribution does not result.*

The Commission notes that the total amount raised by the fundraiser on behalf of TAF must be treated as a contribution and recorded and reported as such. The amount which is the percentage paid to the fundraiser, as well as the reimbursement of fundraising costs, are committee expenditures and must be so reported. See Advisory opinion 1979-39 (copy enclosed).

This response constitutes an advisory opinion concerning application of the Act, or regulations prescribed by the Commission to the specific transaction or activity set forth in your request. See 2 U.S.C. 437f.

Sincerely yours,

(signed)

Robert O. Tiernan
Chairman for the
Federal Election Commission

* If TAF contracts with a person who may not render volunteer services within 11 CFR 100.4(b)(2), such as a corporation or business organization, a different analysis applies which may yield a different result. A business organization rendering services would need to be paid the usual and normal charge of those services. Any difference between the usual and normal charge and the price paid by TAF to the fundraising organization would be a contribution by the organization to TAF subject to the limitations and prohibitions in 2 U.S.C. 441a and 441b. Moreover, the financial agreement must be of a type which is normal industry practice and contains the type of credit which is extended in the ordinary course of the organization's business. See Advisory Opinion 1979-36, copy enclosed.