



FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 14, 1984 (Reconsideration)
February 17, 1984*

ADVISORY OPINION 1983-48

Robert S. Lemle
Associate General Counsel
Cablevision
One Media Crossways
Woodbury, NY 11797

Dear Mr. Lemle:

This refers to your letters dated December 20, 1983, and January 13, 1984, requesting an advisory opinion concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), to the establishment and operation of a political action committee by Cablevision Systems Corporation ("CSC"). Supplemental information was also provided by three letters dated February 6 and 21, and March 19, 1984.

CSC proposes to form a separate segregated fund ("the PAC"), pursuant to 2 U.S.C. 441b, and to solicit contributions to the PAC from a variety of personnel. These personnel include stockholders, directors, officers, and management employees of CSC. They also include officers, directors, employees, as well as partners and stockholders, of partnerships and corporations that together with CSC constitute a privately held system of cable television system operators and companies involved in the production and distribution of various pay television programming services. You have asked (1) whether CSC may sponsor the PAC as a separate segregated fund, and (2) whether the PAC could solicit contributions from the foregoing personnel. By letter dated February 6, 1984, you have limited the categories of personnel that you wish the Commission to address in this opinion.

Your request explains that CSC is a New York corporation wholly owned by Charles F. Dolan who is chairman of the CSC Board of Directors. Mr. Dolan in his individual capacity is also a

* Although originally issued on February 17, 1984, this opinion was vacated by the Commission's decision to reconsider pursuant to Cablevision's request and Commission regulations at 11 CFR 112.6(a). The request for reconsideration was made by letter dated February 21, 1984. On September 13, 1984, the Commission adopted a motion to reconsider and issued a revised opinion on September 14.

general (or managing) partner in each of the several partnerships that own, finance, and/or operate cable television systems in New York, New Jersey, Connecticut, Massachusetts, Ohio, and Illinois. Mr. Dolan is also the general partner in a New York limited partnership that directly or indirectly (through other Dolan controlled, limited partnerships) provides a variety of pay television programming services, primarily sports programs, on a regional basis. In addition to Mr. Dolan's partnership interests, CSC has management agreements with the partnerships. Using its approximately 25 officers and employees, CSC provides management services pursuant to these agreements. The management services include marketing, engineering, accounting, legal, personnel, and other professional services. They also include general business planning, financial planning and general management.

Your request provides specific information with respect to the identity and management structure of the cable television system operators and programming distributors that comprise the Dolan controlled cable television companies. With respect to cable television systems, your request indicates that such systems presently operate in the metropolitan (and/or suburban) areas of New York City, Chicago, Boston, and Cleveland. All except one of the entities that operate these cable television systems are organized as limited partnerships pursuant to New York, Connecticut (New York City suburban systems), Illinois, and Massachusetts law. The exception is the Cleveland system which is an Ohio general partnership in which Charles F. Dolan and members of his family hold all partnership interests. As an individual, Charles F. Dolan is a general partner in all of these partnerships. In several partnerships, controlling general partnership interests are held by corporations that are not controlled by Mr. Dolan.¹ On the other hand, general partnership interests are held in the Boston and Chicago systems by corporations that are either wholly owned by Dolan or that he controls pursuant to a 10 year voting trust.² The

¹ In two of the New York City suburban systems (Bridgeport and Fairfield County, Connecticut), Mr. Dolan has a general partnership interest but other entities, not owned or controlled by Mr. Dolan, hold the controlling general partnership interests. A third New York City area system (Bergen County, New Jersey) is operated under a joint venture agreement that gives a controlling interest to Mr. Dolan and a noncontrolling interest to a separate corporation. The non-Dolan entities having interests in these three systems are: Scripps-Howard Broadcasting Company, Northern Valley Cable Company, Inc., and New Stamford Enterprises. By letter dated February 6, 1984, you have indicated that the PAC and CSC do not propose to solicit the personnel of the foregoing non-Dolan companies or their subsidiaries or affiliates. This opinion will accordingly not address those entities.

² In Boston the corporate general partners are two corporations wholly owned by Dolan: Cablevision Systems Boston Corporation and Cablevision System Brookline Corporation. In Chicago (and in some areas near New York) the corporate general partner is Communications Management Corporation in which Dolan holds a 10 year voting trust for all shares. In addition, the Chicago system apparently includes two limited partnerships with general partners (other than Dolan) who may have controlling general partnership interests: Chicago Cablevision Investments and Cablevision Headquarters Investments.

The Commission notes that the termination of the 10 year voting trust might significantly alter the facts upon which this opinion is based. If such be the case, then the validity of the conclusions contained herein would have to be reviewed, just as they would if any of the other major factual bases underlying this opinion should change.

limited partnership interests in the Dolan cable television operating companies are held by an assortment of persons.³

With respect to the Dolan system programming companies, which produce, market, and distribute pay television programming services, your request describes and identifies various entities. Two such entities predominate and appear to have management authority with respect to many of the programming and related cable television services: Cablevision Systems Holdings Corporation ("CSHC"), a New York corporation, and Cablevision 1984, that resulted from the consolidation or reorganization of other Dolan controlled companies. Mr. Dolan is Chairman of the Board of Directors of CSHC. All directors and officers of CSHC are identical to those of CSC. CSHC stock is held by Mr. Dolan, Communications Management Corporation (controlled by Mr. Dolan under a 10 year voting trust), and various other private investors. CPE functions as a general or limited partner in all programming company activities; its two general partners are Mr. Dolan and Communications Management Corporation. Programming companies, other than CSHC and CPE, are organized as general or limited partnerships.⁴ In some partnerships, controlling general partnership interests are apparently held by one or more companies not owned or controlled by Mr. Dolan.⁵

Your request explains that CSC proposes to establish the PAC as a vehicle to receive and make political contributions. You note that the complex allocations, required if partnership contributions were made, would entail "unduly burdensome" calculations given the organizational framework explained above. Accordingly, you ask whether the PAC may be established by CSC and whether it may solicit contributions from various categories of personnel who are employees or otherwise associated with any of the entities (corporations or partnerships) comprising the Dolan cable television system. The Commission concludes that, given its corporate status, CSC may establish and administer the PAC as a separate segregated fund in accordance with the Act and Commission regulations. See, in particular, 2 U.S.C. 441b and 11 CFR Part 114. The personnel who may be solicited for voluntary contributions to the PAC are described below.

³ By letter dated February 6, 1984, you have withdrawn from this request the solicitability of all entities and their personnel that have limited partnership interests in the various limited partnerships identified in your request. This opinion will not reach those issues; therefore, the Commission does not take a position with respect to the assertion in your February 6 letter that such personnel are solicitable.

⁴ In addition to Mr. Dolan's general partnership interest, general (or limited) partnership interests are also held in several of these programming companies by subsidiaries (or affiliates) of three entities that are outside of Mr. Dolan's control: the Washington Post Company, Cox Cable Communications, Inc., and Daniels Associates. Your letter of February 6, 1984, indicates that the PAC and CSC do not wish to solicit these entities or any of their personnel; therefore, you have withdrawn your request as to such personnel.

⁵ Specifically, the Washington Post Company (through a subsidiary) has general partnership interests in three of the programming partnerships in New York, Philadelphia, and Chicago: SportsChannel Associates, SportsChannel Prism Associates, SportsChannel Chicago Associates. An article published in The Washington Post indicates that its general partnership interests are equal to the Dolan interest in New York SportsChannel and controlling in Philadelphia (90%) and Chicago (85%). See "Washington Business," April 2, 1984, page 29. In a fourth partnership, SportsChannel New England, general partnership interests are apparently held by unidentified entities as well as by a Dolan controlled corporation. It is not apparent that Mr. Dolan's interest is controlling.

As you know, 2 U.S.C. 441b provides that a corporation may establish and administer a separate segregated fund for the purpose of receiving and making political contributions to influence Federal elections. Such a fund and its sponsoring corporation are limited as to the categories of personnel who may be solicited for contributions to the fund. In this case, since CSC is a for-profit corporation, with stock, the generally solicitable class would include Mr. Dolan (CSC's only stockholder) and CSC executive or administrative personnel,⁶ as well as the families⁷ of Mr. Dolan and such executive personnel. 2 U.S.C. 441b(b)(4)(A)(i), 11 CFR 114.5(g). The term "executive or administrative personnel" is defined in the Act and Commission regulations. 2 U.S.C. 441b(b)(7), 11 CFR 114.1(c). The term "stockholder" is defined in Commission regulations. 11 CFR 114.1(h).

The cited 114.5(g)(1) also provides that a corporation or its political fund may solicit the executive or administrative personnel of the corporation's "subsidiaries, branches, divisions, and affiliates and their families." The terms "subsidiaries" and "affiliates" are not defined in the regulations. However, in several previous advisory opinions the Commission has indicated that corporate affiliates would include corporations that are wholly owned or controlled by the same corporation(s) or individual(s). Advisory Opinions 1982-18 and 1980-18, copies enclosed. Similarly, other opinions have stated that corporate affiliates would also include the parent corporation of a subsidiary that established a separate segregated fund, as well as other subsidiaries of that same parent corporation. Advisory Opinions 1979-44 and 1978-75, copies enclosed. Moreover, affiliate status was accorded to the franchisees of corporations (granting the franchises), based on the nature of the franchise contracts. Advisory Opinions 1979-38, 1978-61, and 1977-70, copies enclosed.

Accordingly, in view of 114.5(g)(1) and the advisory opinions cited above (particularly Advisory Opinions 1982-18 and 1980-18), the Commission concludes that the PAC, or CSC on behalf of the PAC, may solicit otherwise lawful contributions from those individuals and their families who are stockholder or executive or administrative personnel⁸ of Dolan owned or controlled corporations, namely: Cablevision Systems Boston Corporation, Communications Management Corporation, Cablevision Systems Holdings Corporation, Atlantic Cable Television Publishing Corporation, Cablevision Systems Brookline Corporation, Cable Equity, Inc., Metro Financial Corporation, Cablevision Programming New England Corporation, Cablevision Systems New York City Corporation, Cablevision Systems Chicago Corporation, Cablevision Systems Harbor View Corporation, Cablevision Systems Philadelphia Corporation.

With respect to the solicitability of executive personnel of Dolan controlled partnerships that operate cable television systems, or that provide programming and related services to such systems, the Commission concludes that such personnel are solicitable subject to the following conditions and analysis.

⁶ Under prescribed conditions, the PAC (or CSC on behalf of the PAC) may also make written contribution solicitations to other CSC employees twice each year. 2 U.S.C. 441b(b)(4)(B), 11 CFR 114.6.

⁷ The Commission has held that the term "family" in this context is limited to members of the immediate family who reside in the same household. Advisory Opinion 1980-102, copy enclosed.

⁸ See definitions cited above.

As explained above, 114.5(g)(1) permits a corporation or its political fund to solicit contributions from executive or administrative personnel of its affiliates. The term affiliates is not expressly limited to other corporate entities. Moreover, in related Commission regulations⁹ implementing the contribution limits of the Act, specifically the anti-proliferation language in 2 U.S.C. 441a(a)(5), the concept of affiliation is applicable to a variety of relationships that may exist with respect to the control, direction, or influence between organizations that sponsor or establish political committees. 11 CFR 100.5(g)(2), 110.3(a)(1). For example, political committees established by the same person or group of persons are affiliated. 11 CFR 100.5(g)(2)(i)(E), 110.3(a)(1)(ii)(E). In addition, indicia of affiliation that apply to organizations, as regards their involvement in political contribution activity, include ownership of controlling interest in voting shares or securities; provisions in governing documents that give one entity authority, power, or ability to direct another entity; and authority or power to appoint or remove or influence decisions of officers or members of an entity. 11 CFR 100.5(g)(2)(ii), 110.3(a)(1)(iii).

In Advisory Opinion 1979-77 (copy enclosed) the Commission recognized the interplay between 114.5(g)(1) and the affiliation regulations (cited above). The Commission held that a political committee sponsored by a limited partnership and a political committee established by a corporation, owned by the partnership, were affiliated and that the corporate PAC could solicit the individual partners of the partnership. The Commission characterized the corporation and partnership as having an affiliated relationship based on the cited regulations. The facts in that opinion indicated that the same individuals had employment or controlling ownership interests in both entities.

This opinion presents a situation somewhat similar to that presented in AO 1979-77. Thus, the Commission concludes that all the limited or general partnerships in which Charles F. Dolan holds the controlling general partnership interest are viewed as affiliates of CSC. Accordingly, the executive or administrative personnel of those entities may be solicited by the PAC to the same extent and under the same conditions as executive or administrative personnel of CSC are solicitable. See discussion above. In addition to his controlling general partnership interests, Mr. Dolan has substantial (if not exclusive) authority and power to direct and influence the management and operations of the various cable television systems and the programming companies that service them. This dominant influence is augmented by the management agreements that exist between CSC and the various partnerships. With reference to the entities cited in your request, the specific partnerships included in this category of affiliates are: Cablevision of Boston, Cablevision of Chicago, Cablevision of Illinois, Cablevision Systems Company, Cablevision of Geauga County, Cablevision Systems Development Company, Cablevision Program Services Company, Cablevision of New Jersey, Cablevision of Brookline Limited Partnership, Cablevision Program Enterprises, Bravo Company, Rainbow Programming Services Company, Atlantic Transport Company.

The partnerships that are not affiliates in this category, because neither Dolan nor a Dolan controlled corporation have controlling general partnership interests, are: Cablevision of Connecticut Limited Partnership, Cablevision Systems of Southern Connecticut Limited

⁹ The Commission's Explanation and Justification for 114.5(g), when submitted to Congress, indicates that it is based in part on the affiliated status of political committees as specified in 2 U.S.C. 441a(a)(5).

Partnership, Cablevision Programming of Southern Connecticut Limited Partnership, SportsChannel Associates, SportsChannel Prism Associates, SportsChannel New England Limited Partnership, Chicago Cablevision Investments, Cablevision Headquarters Investments, SportsChannel Chicago Associates. Accordingly the executive and administrative personnel of these entities are not solicitable by the PAC unless they come within a solicitable category as elsewhere set forth in this opinion.

With respect to the solicitability of the general partners of the above listed partnerships, it appears that in every case, except one,¹⁰ Charles F. Dolan is the only general partner who is an individual. His eligibility for solicitation has been established by virtue of his relationship to CSC. The corporations that have general partnership interests are, of course, prohibited by 2 U.S.C. 441b from making contributions in connection with Federal elections. Solicitation of personnel of the corporations that are Dolan owned or controlled has been addressed above. The solicitation of personnel of independent corporations (see footnotes one and four) that have general or limited partnership interests has been withdrawn from this request.

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)

Lee Ann Elliott
Chairman for the
Federal Election Commission

Enclosures (AO 1982-18, 1980-102, 1980-18, 1979-77, 1979-44, 1979-38, 1978-75, 1978-61, and 1977-70)

¹⁰ The Cleveland system has general partners that appear to be members of the Dolan family. If that is so, their solicitability may be based on their family status and not their partnership interest. Additional facts would be necessary to determine the family status question. See footnote seven.