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February 25, 1994

Registered Mail/RRR

Federal Election Commission
Office of General Counsel
999 E Street, N.W.
Washington, D.C. 20463

AOR 1994-03

Re: Request for Advisory Opinion

To the Commission:

On behalf of our client, EnviroSource, Inc., we submit this request for an advisory opinion concerning the application of the Federal Election Campaign Act of 1971 (the "Act"), as amended, and Commission regulations with regard to a proposed charitable donation plan.

EnviroSource Political Action Committee ("EnviroSource PAC") is the separate segregated fund of EnviroSource, Inc., a Delaware corporation, and is registered with the Commission as a political committee. The principal office of the EnviroSource PAC is located at Five High Ridge Park, Stamford, Connecticut.

In order to encourage a higher level of voluntary participation in the PAC and to increase the scope and level of corporate donations to charities, EnviroSource PAC would like to begin a matching charitable contribution plan (the "Plan"), the details of which are set forth in Exhibit 1. Under the Plan, each person making a voluntary contribution to the PAC may direct EnviroSource, Inc. to donate an equal amount to a qualifying 501 (c)(3) charitable organization. Persons participating in the Plan will may not receive a financial, tax or other tangible benefit from either EnviroSource, Inc. or the recipient charities as a result of the matching charitable contribution.

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The Plan proposed by EnviroSource PAC is similar to other matching donation plans previously reviewed and approved by the Commission. See Advisory Opinions 1989-9, 1987-18, 1986-44. One difference from those plans is that, rather than being limited to the Restricted Class, EnviroSource PAC's matching charitable donation plan will be open to all of its employees, including the non-executive and non-administrative employees of its subsidiaries, divisions or branches, referred to as the "Expanded Class." By making participation in the Plan available to members of the Expanded Class, EnviroSource PAC hopes to encourage broader participation in the PAC and spur increased charitable giving. In administering the Plan, EnviroSource PAC will abide by all Commission rules and regulations concerning solicitation of the Expanded Class, including those relating to twice yearly solicitations, 11 C.F.R. 114.6(a), and those requiring the appointment of a custodian to receive contributions and the maintenance of a separate custodial arrangement. 11 C.F.R. 114.6(d). While EnviroSource PAC's plan for matching charitable donations differs factually from the plans previously approved by the Commission, the differences do not constitute material distinctions.

We respectfully request that the Commission review this request for an Advisory Opinion and advise us whether the Plan proposed by EnviroSource PAC complies with the Act and applicable Commission regulations.

If you have any questions about this request for an advisory opinion, please contact me at (215) 994-2942.

Sincerely,


M. Joel Bolstein

cc: Trisha A. Mayhew (w/enc.)
EnviroSource, Inc.

EXHIBIT 1

**ENVIROSOURCE, INC.
POLITICAL ACTION COMMITTEE
VOLUNTARY MATCHING CONTRIBUTION PLAN**

The EnviroSource, Inc. Political Action Committee (the "PAC") is a voluntary non-profit unincorporated association sponsored by EnviroSource, Inc., a Delaware corporation ("EnviroSource").

1. **Purpose.** The purpose of this Voluntary Matching Contribution Plan (the "Matching Plan") is to enhance the level of participation in and the amount of contributions to the PAC by eligible contributors through matching contributions to certain charitable organizations and to increase the scope and level of corporate charitable giving.

2. **Administration.** The Matching Plan shall be administered by the PAC Administrative Committee. EnviroSource shall defray all costs and expenses incurred in the administration of the Matching Plan.

3. **Eligibility.** Any person shall be eligible for participation in the Matching Plan (the "Eligible Participants") if he or she:

- (a) is a citizen of the United States or is lawfully admitted for permanent residence as defined by Section 101(a)(20) of the Immigration and Nationality Act;
- (b) is a stockholder, director, administrative or executive employee (as defined in 11 C.F.R. § 114.1(c)) (the "Restricted Class Members") or other employee (the "Expanded Class Members") of EnviroSource or any of its

subsidiaries, divisions or branches.

A person who contributes to the PAC through the Matching Plan is hereinafter called a "Participant".

4. Contributions. All contributions to the Matching Plan shall be voluntary. Contributions may be made through payroll deductions (for Restricted Class Members only), by personal check or other means, as permitted by the Federal Election Campaign Act, regulations of the Federal Election Commission and applicable election campaign laws and regulations of states in which the PAC is registered. No cash contributions of any amount shall be accepted. For convenience of administration, the Administrative Committee may determine the appropriate times and means of soliciting contributions from Eligible Participants.

Expanded Class Members shall be given the opportunity to make contributions to the Matching Plan through a custodial arrangement established by EnviroSource.

5. Matching Plan Fund. All contributions to the PAC made through the Matching Plan shall be placed and maintained by the PAC in a fund, hereinafter called the "Matching Plan Fund".

6. Disbursement Guidelines. All contributions to the Matching Plan Fund shall be used in accordance with the purposes set forth in Article V of the Articles of Association of the PAC. In addition to the requirements set forth in Article X of the Articles of Association of the PAC, which are expressly incorporated herein by reference, funds shall be distributed from the Matching Plan Fund only to candidates in those jurisdictions having expressly approved voluntary charitable contribution

matching plans. Such approval may be evidenced by law, regulations or advisory opinions of such jurisdictions.

7. Confidentiality. Except to the extent disclosure is required by federal or state law and except to the extent disclosure is authorized by a Participant pursuant to Subsection 8(d) hereof, the identity of any contributor to the Matching Plan shall be strictly confidential and shall be known only to the officers of the PAC.

8. Charity Match. Each Participant may direct an amount equal to such Participant's annual contribution to the Matching Fund to charitable organizations that meet the requirements of Section 501(c)(3) of the Internal Revenue Code (the "Code") (hereinafter referred to as "Qualified Charities"). The Administrative Committee shall review a list of Qualified Charities selected by Participants to determine the appropriateness of a contribution by EnviroSource to such Qualified Charities and to verify the qualified status of such charities under Section 501(c)(3) of the Code. All determinations of the Administrative Committee regarding the qualification or appropriateness of such charities will be final and binding.

(a) Participants shall not receive any benefit of any kind, including, but not limited to, federal, state or local tax deductions, from the selected Qualified Charity as a result of or resulting from EnviroSource's matching contribution to such Qualified Charity. Eligible Participants shall be so advised in material soliciting contributions to the Matching Plan Fund.

- (b) In the case of contributions made to the Matching Plan Fund by Participants through payroll deduction, matching charitable contributions shall be made by EnviroSource no later than February 15 of each year with respect to contributions made during the immediately preceding fiscal year. In the case of all other contributions made by Participants to the Matching Plan Fund, EnviroSource shall make matching charitable contributions no later than 45 days after receipt of the contribution to the Matching Plan Fund.
- (c) Participants who contribute to the Matching Plan Fund through payroll deductions may change their Qualified Charity designation at any time. Participants who contribute to the Matching Plan Fund by check or other permitted means may change their Qualified Charity designation with each contribution.
- (d) Unless a Participant otherwise indicates, EnviroSource shall mail a letter to the selected Qualified Charity indicating that the contribution is made at the Participant's direction through the Matching Plan. To maintain confidentiality, Participants may elect for the matching contribution to be made without reference to his/her name.

**ARTICLES OF ASSOCIATION
OF THE
ENVIROSOURCE POLITICAL ACTION COMMITTEE**

ARTICLE I

Name

This voluntary association shall be known as the ENVIROSOURCE POLITICAL ACTION COMMITTEE (hereinafter called the "PAC").

ARTICLE II

Principal Office and Address

The principal office of the PAC shall be located at, and its address shall be, Five High Ridge Park, P.O. Box 10309, Stamford, CT 06904-2309.

ARTICLE III

Organization

Section 1. This Association shall be a voluntary, non-profit unincorporated association composed of members, who shall be individuals. The PAC shall be independent of any political party, candidate or organization.

Section 2. The operations and affairs of the PAC shall be managed by an Administrative Committee.

Section 3. The officers of the PAC shall act and discharge their responsibilities under these Articles independently of any other relationship or responsibility they may have in connection with their employment with EnviroSource, Inc. ("EnviroSource"), its subsidiaries or affiliates.

Section 4. EnviroSource shall defray all costs and expenses incurred in the establishment and administration of the PAC and in the solicitation of contributions to the extent and in the manner permitted under applicable law. All other costs and expenses of the PAC shall be paid from the general funds of the PAC as permitted by law.

ARTICLE IV

Officers; Administrative Committee

Section 1. The officers of the PAC shall be a Chairman, a Vice Chairman, a Treasurer, none of whom shall be the same individual (except to the extent provided in Section 4 of Article IV) and all of whom shall constitute the Administrative Committee, as well as a Secretary, and an Assistant Treasurer. The Chairman, the Vice Chairman and the Treasurer shall be appointed from time to time by the Board of Directors (or the Executive Committee thereof) of EnviroSource. The Secretary shall be appointed from time to time by the Chairman and the Assistant Treasurer shall be appointed from time to time by the Treasurer. The Administrative Committee may appoint up to three additional members to the Committee; provided, that notice thereof shall be furnished to the Board of Directors of EnviroSource no later than the date of the meeting of said Board next succeeding the appointment of any such additional member. Each officer of the PAC shall continue to serve until resignation or receipt of notice from the Secretary of EnviroSource that a successor has been appointed.

Section 2. The Chairman, Vice Chairman and Treasurer then in office and a majority of the members of the Administrative Committee, if the Administrative Committee is constituted by greater than three members, shall be required to constitute a quorum for the transaction of business at any meeting, and the act of a majority of the members of the Administrative Committee present shall be the act of the Administrative Committee. In the absence of a quorum, a majority of the members of the Administrative Committee present may adjourn any meeting from time to time until a quorum be had. Notice of any adjourned meeting need not be given.

Section 3. Any action required or permitted to be taken at any meeting of the Administrative Committee, or of any committee established by the Chairman pursuant to Section 10 of this Article IV, may be taken without a meeting, if a written consent thereto is signed by all members of the Administrative Committee or of such other committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Administrative Committee.

Section 4. The Chairman shall preside at meetings and perform such other duties as are prescribed by these Articles or by law. During the absence or incapacity of the Chairman, the Vice Chairman shall automatically assume the duties and exercise the powers of the Chairman, and shall be deemed to be the Chairman for all purposes of the Federal Election Campaign Act of 1971, as amended, or any successor provision of law. The Vice Chairman shall perform such other duties as may be assigned to him by these articles or by the Chairman.

Section 5. The Treasurer shall be the chief financial officer of the PAC. The Treasurer shall have general responsibility for all contributions made or forwarded to the PAC, shall cause all contributions made to the PAC to be deposited in the General Fund established by Article IX hereof, and shall cause all books of accounts to be kept in accordance with applicable federal and state laws or by the Administrative Committee. The Treasurer shall also prepare, sign, file and maintain copies of all reports required by applicable federal and state laws. Reports to contributors shall be made in such form and at such times as the Administrative Committee may deem appropriate or as otherwise required by law. The Treasurer shall also keep detailed account of:

a. Contributions to the PAC.

- i. Donor's full name and address, job title, employer, amount and date of receipt.
- ii. In the case of an unsolicited contribution from another political action committee, the full name and address of such committee and the amount and date of receipt.
- iii. In the case of possibly illegal contributions, the basis for concern, investigative and remedial actions taken.

b. Other Receipts.

- i. In the case of transfers from affiliated political action committees, if any, interest and dividends received on invested PAC funds, if any, the full name and address of the source and the amount and date of receipt.

c. Disbursements to Other than Political Candidates.

- i. The date and amount of payment, full name and address of payee and the purpose of the disbursement.
- ii. In the case of disbursements greater than \$200, the date and amount of payment, full name and address of payee, the purpose of disbursement and a receipt, invoice or cancelled check.
- iii. In the case of a transfer of funds to affiliated political action committees, if any, the date and amount of such transfer and the full name and address of the recipient committee.

d. Disbursements to or for a Political Candidate or Committee.

- i. For all contributions to and expenditures made on behalf of political candidates, the date and amount of such contribution or expenditure, full name of the office sought and the election for which the contribution or expenditure was made.

Section 6. During the absence or incapacity of the Treasurer, the Chairman shall perform the duties and functions and exercise the powers of the Treasurer and shall be deemed to be the Treasurer for all purposes of the Federal Election Campaign Act of 1971, as amended, or any successor provision of law.

Section 7. The Secretary shall maintain all minutes of the PAC and shall assist in the preparation and submission of all reports as may be required by the applicable federal or other laws and by the PAC.

Section 8. The Assistant Treasurer shall perform such recordkeeping and other duties as shall be prescribed from time to time by the Treasurer.

Section 9. Meetings of the Committee may be called orally or in writing by the Chairman and shall be called by the Chairman upon the request of any two members of the Committee. No notice period shall be required so long as the quorum requirements of Section 2 of this Article IV are satisfied.

Section 10. The Chairman may establish such other committees as may be necessary or desirable in the conduct of the business of the PAC.

Section 11. Any vacancy in the Administrative Committee caused by death, resignation, removal, an increase in the number of members of the Administrative Committee or any other cause may be filled by the majority of the remaining members of the Administrative Committee at the next meeting or any special meeting called for the purpose. Each member of the Administrative Committee so elected shall continue to serve until resignation or receipt of notice from the Secretary of EnviroSource that a successor has been appointed.

ARTICLE V

Purposes

The purposes of the PAC shall be: (i) to encourage the protection and enhancement of individual constitutional

liberties; (ii) to encourage the protection and development of the democratic system of government and the private enterprise system in the United States, including encouragement of the understanding and appreciation of both; (iii) to promote the election of federal, state and local candidates who demonstrate appreciation and understanding of EnviroSource's position on environmental issues affecting its businesses; and (iv) to promote the good citizenship of the employees of EnviroSource, its subsidiaries and affiliates through personal and financial participation in the federal and state elective processes. To achieve these purposes, the PAC is empowered to solicit and accept voluntary contributions pursuant to Section 2 of Article VI. The PAC may accept unsolicited contributions from persons and committees. The PAC may do such other things not inconsistent with the foregoing as may be necessary or desirable for the attainment of these purposes. In carrying out the foregoing, the PAC is empowered, within the limits prescribed by the Federal Election Campaign Act of 1971, as amended, and the regulations of the Federal Election Commission, to make contributions to, or expenditures on behalf of, candidates for Federal elective public office, to political committees supporting such candidates, to committees or organizations favoring or opposing national issues, and to national, state and local committees of national political parties. The PAC is also empowered, within the limits prescribed by the election campaign laws of the state(s) in which the PAC is registered, and any regulations of such state's election commission, to make contributions to, or expenditures on behalf of, candidates for state or local elective public office, to make contributions to, or expenditures on behalf of, political committees supporting such candidates and to committees or organizations favoring or opposing state or local issues. In addition, the PAC is empowered to make expenditures other than contributions on behalf of such candidates or organizations, with or without their express authorization, to the full extent allowed by applicable federal or state laws.

ARTICLE VI

Membership

Section 1. Subject to Section 2 of this Article VI, any person shall qualify for membership if he or she:

- a. is a citizen of the United States or is lawfully admitted for permanent residence as defined by Section 101 (a)(20) of the Immigration and Nationality Act; and
- b. makes a contribution of whatever size to the General Fund, thereby qualifying as a member of the PAC for the calendar year in which the

contribution is made.

Section 2. The PAC may solicit contributions from all employees, stockholders and executive and administrative personnel (and their respective families) of EnviroSource, its subsidiaries, branches, divisions, and affiliates. Contributions may be made through payroll deductions, by personal check or other means permitted by the Federal Election Campaign Act, regulations of the Federal Election Commission and applicable election campaign laws and regulations of states in which the PAC is registered. The PAC may accept unsolicited contributions from persons and committees permitted by the Federal Election Campaign Act and other applicable election campaign laws to contribute to the PAC.

Section 3. Any member may designate, by notice in writing to the Treasurer, the political candidate or organization to whom his contribution should be contributed by the PAC. Such designation shall remain in effect until modified or revoked by the member in writing to the Treasurer.

Section 4. Membership in the PAC shall be totally and completely voluntary. No coercion, threat, job discrimination, bonus, promotion, or other illegal or improper method shall be employed directly or indirectly, to solicit, require or encourage any person to become a member or make payments to the PAC.

ARTICLE VII

Termination of Membership

A member may terminate his membership at any time by written notice to the Administrative Committee.

ARTICLE VIII

Contributions

Section 1. All contributions to the PAC shall be voluntary. For convenience of administration, the PAC may determine the appropriate times and means of soliciting such contributions from eligible persons. All contributions shall be used in accordance with the purposes set forth in Article V. Except to the extent disclosure is required by federal or state law, the identity of any contributor to the PAC shall be strictly confidential and shall be known only to the officers of the PAC.

Section 2. No cash contributions in any amount shall be accepted.

Section 3. No officer or member of the PAC shall have a right to share personally in any funds or assets in the General Fund or in any contributions to be forwarded by the PAC, upon its dissolution or at any other time.

ARTICLE IX

General Fund

All contributions to the PAC shall be placed and maintained by the PAC in a fund, herein called the "General Fund". All contributions and expenditures by the PAC in support of candidates, committees or issues, and all costs and expenses of the PAC not defrayed by EnviroSource, shall be paid from the General Fund and no other source.

ARTICLE X

Disbursement Guidelines

In determining how funds shall be distributed, the Administrative Committee shall consider the recommendations of other members and such additional factors as the Administrative Committee deems appropriate, including, but not necessarily limited to, the following:

- (a) the integrity and character of the candidate;
- (b) whether the candidate holds a leadership or policy-shaping position in his party or on a legislative committee or is likely to hold such a position in the future;
- (c) the candidates's position and/or voting record on issues involving the private enterprise system and on economic and social questions of national and international importance;
- (d) the nature and strength of the candidate's opposition in primary or general elections;
- (e) other sources of financial assistance available to the candidate.

ARTICLE XI

Complaint Procedure

Any member who contributes to the PAC may lodge a complaint in writing with the Assistant General Counsel of EnviroSource in the event such member believes he or she was

subject to coercion of any sort whatsoever in connection with a contribution to the General Fund. All complaints shall specify the details of each such occurrence as well as the person or persons involved. Upon receipt of any such complaint, the Assistant General Counsel of EnviroSource shall cause an investigation to be conducted and may appoint an impartial commission to examine the results of such investigation. If the Assistant General Counsel concludes that coercion was present with respect to any contribution or contributions to the General Fund, he or she shall direct the Treasurer to return the full amount of such contribution or contributions to the contributors, and shall disclose the results of the investigation to the Chairman of the Board and the President of EnviroSource.

ARTICLE XII

Audits

The books and records of the PAC shall be audited by internal auditors of EnviroSource at such intervals as may be approved from time to time by the Audit Committee of the Board of Directors of EnviroSource.

ARTICLE XIII

Dissolution

The PAC may be dissolved at any time by the Board of Directors of EnviroSource or the Executive Committee thereof. In the event of such dissolution, the balance remaining in the General Fund, after payment of any remaining expenses of the PAC, shall be promptly distributed to recipients as permitted by Article V hereof.

ARTICLE XIV

Adoption and Amendments

Section 1. These Articles shall be effective upon their adoption by the Board of Directors of EnviroSource.

Section 2. These Articles may be amended from time to time by action of the Board of Directors of EnviroSource or the Executive Committee thereof; provided, however, that Article VIII shall not be subject to amendment or repeal.