

NYTimes  
**Elections Panel to Allow  
Companies to Raise Funds**

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WASHINGTON, Nov. 18—The Federal Election Commission cleared the way today for corporations to invest millions of dollars in contributions from their stockholders

and employees in the political campaigns of candidates regarded as friendly to business.

In a ruling that is expected to inject large amounts of money from conservatives into the 1976 Presidential and Congressional elections, the commission split 4 to 2 in deciding that operating expenses of political action programs could be financed from corporation treasuries.

While the commission's advisory opinion specifically authorized the Sun Oil Company to collect voluntary contributions from its shareholders and employees and distribute the money among candidates as it saw fit, it also gave a green light to hundreds of other corporations and business associations to do likewise.

With the new campaign law imposing limits of \$1,000 for individuals and \$5,000 for committees on political contributions next year, the proliferation of corporate political action committees should ease fund-raising for many Republicans and help to counter the powerful organized labor support of many Democrats.

Neil Staebler, a Democrat, joined all three Republican members—the chairman, Thom-

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# Election Panel Rules on Company Funds

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as B. Curtis, Vernon O. Thomson and Joan D. Aikens—in support of the ruling. The dissenters were Democrats, former Representative Robert O. Tiernan and Thomas E. Harris, former associate general counsel of the A.F.L.-C.I.O.

The labor federation and the United Auto Workers had urged the commission to restrict the solicitation of political contributions by corporate committees to stockholders, thus excluding employees.

In some cases, extending a corporation's political solicitation to its employees may make a relatively small numerical difference. The Sun Oil Company, for example, has 126,000 stockholders and 28,000 employees, more than 12,000 of whom are stockholders and would thus be solicited away.

Labor unions have a comparable legal right, upheld by the segregated campaign fund, solicit voluntary contributions from members and then pass along the proceeds to favored candidates, with the union paying the expenses of the program from its treasury.

Under the 1971 campaign law, only corporations without Government contract—a small number—could operate political action committees. Under the 1974 law, all corporations became eligible, and the resulting activity, aimed at the 1976 election, has been considerable. There has been no court test of the law.

## Panel Approves Plan

The commission also approved today a plan designed to plug a loophole that Congress left in the new campaign law.

The law does not set any ceiling on the amount that a candidate for delegate to a national nominating convention can spend on his campaign or the amount that a contributor can give him.

Responding to a request by two party state committees, the commission ruled that delegates specifically authorized to represent a Presidential candidate were not subject to individual limits, but that their spending must come within their candidate's state and national ceiling.

A delegate pledged to a candidate but not authorized by him cannot spend more than \$1,000 for his campaign, the advisory opinion held, the same limit applied to an independent citizen spending money on behalf of a candidate without contributing it to his organization.

A survey by the United States Chamber of Commerce indicates that 75 corporations, 37 banks, insurance companies and brokerage houses; 102 business associations, and 19 financial institution associations set up political action committees as of Oct. 20.

Among the corporate committees that have registered with the Federal Election Commission the last two months are those sponsored by the American Cyanamid Company, Anaconda Corporation, General Electric Company, General Telephone and Electronics, Lockheed Aircraft Company, Pacific Gas and Electric Company and United States Steel.

## Chamber Holds Seminars

In an effort to encourage this trend, the Chamber of Commerce has held 13 seminars, attended by more than 1,000 corporation executives, to provide instructions on setting up political action committees. A dozen more are scheduled in the next month, with more tentatively scheduled for early next year.

Overriding the same two-member minority and its general counsel, John G. Murphy Jr., the commission also voted approval of a second Sun Oil program under which contributions earmarked for a candidate, committee or party may be collected by a political committee and simply passed along to the beneficiary.

The operating expenses of this committee would also come from corporate funds, and Mr. Harris, supported by Mr. Murphy, maintained that this constituted corporate expenditure that was illegal, because it would be made "in connection with a Federal election."

Today's decision conformed with a statement by the Justice Department two weeks ago that the two types of committees proposed by Sun Oil were legal under the campaign law. The statement was submitted by Assistant Attorney General Richard L. Thornburgh.

The long advisory opinion approved by the commission today after an hour and a half of debate does the following things:

¶Permits Sun Oil—and, presumably, and other corporation that follows the same guidelines—to spend its money to set up and operate Sun Pac, licit voluntary contributions from both stockholders and employees of the corporation.

¶Allows the corporation to "direct the disbursement" of these funds among such candidates and campaign committees as it chooses, subject to the

contribution ceilings already in the statute.

¶Recommends guidelines to minimize the possibility that employees could be coerced into making contributions to Sun Pac by pressure from their superiors.

¶Prohibits any public reports identifying contributors to the earmarked campaign fund or recipients of their contributions, because that might constitute "the exercise of direction and control over future contributions."

## Association Set Up

Typical of the new political action committees that are springing up throughout the business community is the Association for Responsible Government Fund, which was established a year ago by the Manufacturers Hanover Trust Company in New York.

It is still a small operation, with \$16,000 contributed by executives and employees of the bank in the first nine months of this year with \$14,000 passed along to 30 political committees and clubs.

Three dozen Manufacturers Hanover officers made contributions totaling \$6,000, ranging from \$625 from Gabriel Hauge, chairman of the board, down to \$100. An additional \$10,000 in contributions of less than \$100 was not identified as to donor, pursuant to the law. Most of the fund's contributions went to Republican groups, \$9,500 as against \$2,400 to Democrats. Major Republican gifts were \$3,000 to the New York Republican State Committee and \$2,875 to the Nassau County Republican Committee.

The largest Democratic contributions were \$500 each to the Bronx and Westchester County committees.

The Association for Responsible Government is a mixed fund, including earmarked contributions, given with assurance that they will be passed on to a given candidate or committee, and general contributions, distributed by an eight-member committee in what its members regard as the political interests of the bank.