

Question Regarding a Specific Transaction or Activity:

I request an advisory opinion on the following question: Can a natural born citizen who is the 100% owner of a Virginia single-member limited liability company (LLC) contribute his personal funds to a political party, committee, or candidate for federal office if the LLC is (1) a federal contractor and (b) is considered by the Internal Revenue Service (IRS) to be a “disregarded entity” for federal tax purposes and therefore taxed by the IRS as a sole proprietorship? Does 11 CFR 115.5 or 115.6 apply to this situation?

Complete Description of All Facts Relevant to the Specific Transaction or Activity:

I am a natural born citizen and the sole, 100% owner/member of a single-member Virginia LLC—Christoph LLC. Christoph LLC provides expert advice in government contracts, including nationwide professional instruction, consulting, and expert witness services. Christoph LLC is not a sole proprietorship because there is a legal distinction between the owner and the business. Any business related to federal contracts is solely through Christoph LLC, not through the owner. Christoph LLC is a separate entity with a separate bank account and separate legal status from the owner. Contracts performed by Christoph LLC are signed and negotiated as such, and all payments go to Christoph LLC and its business banking account. Christoph LLC (not the owner) is registered with its own CAGE code and DUNS number in the federal government’s System for Award Management (SAM). Despite the existence of Christoph LLC as a separate business and legal entity, and solely due to the fact that Christoph LLC is a single-member LLC, the IRS considers Christoph LLC to be a “disregarded entity” for federal tax purposes. This means Christoph LLC profits are attributed to the natural citizen owner of Christoph LLC, in the same manner as they would be under a sole proprietorship. Christoph LLC profits are reported using the IRS form Schedule C of the owner.

Conflict Requiring Clarification: 11 CFR 115.5 Versus 11 CFR 115.6

I understand that 11 CFR 115.5 prohibits individuals and sole proprietors who are federal contractors from making contributions from personal funds. However, despite its status as a disregarded entity for tax purposes by the IRS, Christoph LLC is not a sole proprietorship. Again, Christoph LLC is a separate business and legal entity. I understand that 11 CFR 115.6 allows the stockholders, officers, or employees of a corporation, the employees, officers, or members of an unincorporated association, cooperative, membership organization, labor organization, or other group or organization which is a federal contractor to make contributions or expenditures from their personal assets. I understand that FEC Advisory Opinion 2009-02 holds that contributions **from Christoph LLC** would be attributed to the owner. However, which rule applies to the **personal contributions of the owner** of Christoph LLC—11 CFR 115.5 or 115.6? Can the owner contribute using his personal funds? Or is the owner prohibited from contributing because of the ownership of the single-member Virginia LLC which is a federal contractor? Does the FEC recognize a distinction between the owner and the LLC in this case?

I request an expedited advisory opinion as this request is within 60 days of the presidential election.

Best regards,

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