



FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 17, 1978

AO 1978-21

T. I. Davenport, Treasurer
The Budd Citizenship Committee
3155 W. Big Beaver Road
Troy, Michigan 48084

Dear Mr. Davenport:

This refers to your letter of March 15, 1978, requesting an advisory opinion on behalf of the Budd Citizenship Committee ("the Committee") concerning the Committee's status under the Federal Election Campaign Act of 1971, as amended ("the Act").

Your letter states that the Committee is a multi-candidate political committee sponsored by the Budd Company of Troy, Michigan ("the Company"), a Pennsylvania corporation. Recently the Board of Directors of the Company approved agreements which provide for the merger into the Company of Thyssen Acquisition Corporation, a Pennsylvania corporation, which is a wholly-owned subsidiary of Thyssen, A.G., a West German corporation. Your letter also indicates that, while the agreements provide for the Company to indirectly become a wholly-owned subsidiary of Thyssen, A.G., the Company will retain its autonomous corporate form as a Pennsylvania corporation, and its principal place of business will remain in the United States.

You ask whether the Committee may continue to operate by soliciting contributions from the Company's executive and administrative personnel and making contributions to candidates for Federal office in accordance with the Act, or whether the indirect acquisition of the Company by a foreign corporation would place the Committee within the prohibitions of 2 U.S.C. 441e and Commission regulations at 11 CFR 110.4(a).

The term "foreign national" is defined by 2 U.S.C. 441e(b)(1) to mean a "foreign principal" as such term is defined specifically by 22 U.S.C. 611(b). Section 611(b) defines "foreign principal" as including:

- (1) a government of a foreign country and a foreign political party;

(2) a person outside of the United States, unless it is established that such person is an individual and a citizen of and domiciled within the United States, or that such person is not an individual and is organized under or created by the laws of the United States or of any State or other place subject to the jurisdiction of the United States; and

(3) a partnership, association, corporation, organization, or other combination of persons organized under the laws of or having its principal place of business in a foreign country.

Under 611(b) a domestic corporation whose principal place of business is within the United States is not a "foreign principal" and hence not a "foreign national" under 2 U.S.C. 441e. The Commission is therefore of the opinion that the continuing existence of the Company as a discrete corporation organized under the laws of Pennsylvania, with its principal place of business in the United States, would permit the Company to continue its sponsorship of the Committee. As you realize, contributions to the Committee may not be solicited or accepted from persons who are foreign nationals as otherwise specified under 2 U.S.C. 441e. Of course, any solicitations for contributions, as well as contributions to and expenditures by the Committee, must conform with all other applicable provisions of the Act and Commission regulations.

In reaching the above conclusion the Commission assumes that the individuals who exercise decision-making authority with respect to Committee activities are citizens of the United States or lawfully admitted for permanent residence in the United States. In other words, they must be individuals who would not be prohibited by 441e from making personal contributions to candidates for any political office -- Federal, State or local. The Commission further assumes that decisions made for the Committee by those individuals will not be dictated or directed by personnel of Thyssen, A.G. or any other foreign corporation who are foreign nationals. Finally, the Commission notes its audit authority with respect to activities of the Committee and emphasizes that, pursuant to the audit or other authority under 2 U.S.C. 437d and 438, the process and personnel involved in Committee decision-making is subject to Commission scrutiny.

This response constitutes an advisory opinion concerning application of a general rule of law stated in the Act, or prescribed as a Commission regulation, to the specific factual situation set forth in your request. See 2 U.S.C. 437f.

Sincerely yours,

(signed)
Joan D. Aikens
Chairman for the
Federal Election Commission