

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN

SECRETARY OF STATE

STATE TREASURY BUILDING



LANSING
MICHIGAN 48918

August 21, 1979

Mr. Joseph W. Gelb
Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10022

Dear Mr. Gelb:

This is in response to your inquiry concerning the Campaign Finance Act ("the Act"), P.A. 388 of 1976, as amended.

Your letter makes three requests:

- (1) A request for a declaratory ruling as to the applicability of the Michigan Insurance Code (specifically MCLA §500.2074) to a corporation which is affiliated with an insurance company, but is not itself engaged in the insurance business in Michigan or elsewhere.
- (2) A request for interpretation as to whether a corporation, which establishes a separate segregated fund, may give contributors to the fund the option of "earmarking" their contributions (i.e., specifying the candidates to whom the fund must contribute) or contributing undesignated funds (i.e., authorizing the managers of the fund to select recipient-candidates).
- (3) A request for an interpretation as to whether the Act permits a fund established and administered by a corporation to solicit the employees of the subsidiaries of the corporation, in addition to those employees of the corporation.

As to your first request, Section 15(1)(e) of the Act (MCLA §169.215(1)(e)) requires the Department to issue declaratory rulings to implement the Act pursuant to Act No. 306 of the Public Acts of 1969, as amended, being Section 24.201 to 24.315 of the Michigan Compiled Laws. Section 63 of the latter statute (MCLA §24.263) provides in relevant part, "On request of an interested person, an agency may issue a declaratory ruling as to the applicability to an actual state of facts of a statute administered by the agency or of a rule or order of the agency." (Emphasis added). The Michigan Insurance Code is not a statute administered by the Department; consequently, the Department has no authority to issue a declaratory ruling regarding your first request.

With respect to your second request concerning whether a corporation, which establishes a "separate segregated fund", may give contributors to the fund the option of "earmarking" their contributions, Section 44(1) of the Act (MCLA §169.244(1)) states a contribution shall not be made by a person to another person with the agreement or arrangement that the person receiving the contribution will then transfer that contribution to a particular candidate committee. Accordingly, "earmarking" contributions to a separate segregated fund is prohibited. Contributing undesignated funds (i.e., authorizing the managers of the fund to select recipient-candidates) is permissible under the Act.

As to your third request relative to whether the employees of subsidiaries of a corporation may be solicited for contributions to a fund, Section 55(2) (MCLA §169.255(2)) states:

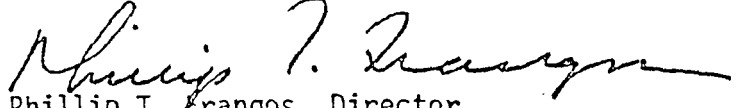
"(2) Contributions for a fund established by a corporation or joint stock company under this section may be solicited from any of the following persons or their spouses:

- (a) Stockholders of the corporation.
- (b) Officers and directors of the corporation.
- (c) Employees of the corporation who have policy making, managerial, professional, supervisory, or administrative non-clerical responsibilities." (Emphasis added).

The statute limits solicitation to employees of the corporation. Accordingly, employees of subsidiaries of the corporation may not be solicited for contributions to the fund.

This response is informational only and does not constitute a declaratory ruling.

Very truly yours,


Phillip T. Frangos, Director
Office of Hearings & Legislation

PTF/jmp