

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING



2-86-CI

LANSING  
MICHIGAN 48918

May 19, 1986

Mr. Richard D. McLellan  
Dykema, Gossett, Spencer, Goodnow & Trigg  
800 Michigan National Tower  
Lansing, Michigan 48933

Dear Mr. McLellan,

This is in response to your request for an interpretation concerning the applicability of the Campaign Finance Act ("the Act"), 1976 PA 388, as amended, to the campaign finance activities of a certain prospective nonprofit corporation.

You have indicated that the Organizing Committee of the National Alliance of Indo-American Citizens ("NAIAC") proposes to organize as a Michigan non-profit corporation which will operate as a tax-exempt civic league pursuant to section 501(c)(4) of the Internal Revenue Code.

You state:

"[T]he proposed NAIAC articles of incorporation specifically provide that the corporation shall be a corporation 'formed for political purposes' as that term is used in the Michigan Campaign Finance Act."

You ask whether the NAIAC, if organized under the proposed articles of incorporation would be considered a corporation "formed for political purposes" as that term is used in section 54 of the Act (MCL 169.254). The latter provides (in part):

"(2) An officer, director, stockholder, attorney, agent, or any other person acting for a corporation or joint stock company, whether incorporated under the law of this or any other state or foreign country, except corporations formed for political purposes, shall not make a contribution or expenditure or provide volunteer personal services which services are excluded from the definition of a contribution pursuant to section 4(3)(a).

(3) A corporation or joint stock company, whether incorporated under the laws of this or any other state or foreign country, except a corporation formed for political purposes, shall not make a contribution

or provide volunteer personal services which services are excluded from the definition of a contribution pursuant to section 4(3)(a), in excess of \$40,000.00, to each ballot question committee for the qualification, passage, or defeat of a particular ballot question." (Emphasis added.)

You state that the NAIAC "will operate as a tax-exempt civic league". You indicate the brokered entity will be:

"[A] Michigan non-profit corporation which will act, in part, as a corporation formed for political purposes pursuant to Michigan's Campaign Finance Act." (Emphasis added.)

In a letter to you dated October 22, 1985, it was stated:

"In order to be deemed a corporation 'formed for political purposes' under the Act, such corporations must be formed solely for political purposes and must be incorporated for liability purposes only, as shown not only by its articles of incorporation or by-laws, but also by the manner in which the corporate enterprise is conducted." (Emphasis added.)

An examination of the proposed articles of incorporation reveals that the NAIAC would be a multi-purpose corporation. Its Articles of Incorporation declare (in part):

#### "ARTICLE II

The purposes for which the corporation is organized are as follows:

1. To operate as a civic league and social welfare organization

\* \* \* \* \*

4. To encourage Indo-Americans to contribute to the economic development of the United States and the improvement of the economic position of Indo-Americans by maximizing the utilization of economic rights and privileges available to Indo-Americans.

5. To assist Indo-Americans in their assimilation into the mainstream of the United States political, economic, educational, and social systems

\* \* \* \* \*

7. To initiate and execute programs designed to bring about political, social, cultural and economic betterment of Indo-American citizens. . .

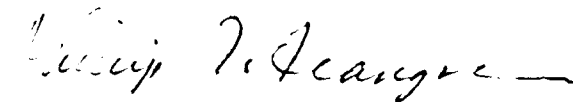
8. To lobby, as permitted by law, on behalf of Indo-American citizens and immigrants before the United States Congress and the various legislative bodies in the states and territories, as well as executive branches of the federal, state and local governments.
9. To establish a separate NAIAC Foundation as a non-profit educational and charitable organization which will include a public interest litigation program ... where such representation is not ordinarily provided by traditional private law firms.
10. As permitted by the laws of the various states, to receive contributions and make expenditures for political purposes; to establish, administer and solicit contributions to a political action committee; to perform any other acts of a political nature permitted by law and to operate as a corporation formed for political purposes.
11. To encourage coverage by the electronic media of the contributions to the United States of Indo-American citizens and immigrants." (Emphasis added.)

In order to be deemed "a corporation formed for political purposes" under the Act, two conditions must be met: (1) the organization must be incorporated for liability purposes only, and (2) the organization must be created solely to engage in political activities, i.e., the organization must be in its entirety a committee under the Act.

It is clear by examination of its proposed Articles of Incorporation that NAIAC would be a multi-purpose corporation, and its operation as a committee under the Act would be only one of those purposes. Therefore, the NAIAC would not be a corporation formed for political purposes under the Act.

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

Very truly yours,



Phillip T. Frangos  
Director  
Office of Hearings and Legislation