



FEDERAL ELECTION COMMISSION
Washington, DC 20463

December 7, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1981-48

Mr. John C. Ruck
Marcus, Ruck, Flynn & Wells, P.C.
Four West Walton Avenue
Box 599
Muskegon, Michigan 49443

Dear Mr. Ruck:

This responds to your letter of September 28, 1981, on behalf of the Muskegon County Republican Party of Muskegon, Michigan (the "Party"), concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), to reporting requirements respecting bingo games sponsored by the Party.

Your letter indicates that Michigan law provides that certain organizations, including political parties, may hold bingo games and retain the monies received over and above costs and expenses tax free. The Party has a license to hold such games and does so on a weekly basis. The Party rents premises from an individual who owns a hall and pays a set fee for the use of the hall and its facilities. The Party advertises the existence of the game along with other groups advertising similar games. There is no particular appeal made to persons to attend the games because of their connection with the Republican Party.

Persons attending the games purchase bingo cards at the door and there is a minimum \$1 admission charge. The average card holder will spend about \$12 in an evening. Occasionally, one particular person will pay more than \$20 for cards during one evening. It is estimated by the Party that expenses run at approximately 80% of the gross revenues received for each game. These expenses go to cover rent of the building, payment to workers and security guards and the prizes that are disbursed to participants. The remaining monies are kept in the general fund of the Republican Party, and at the present time, are used exclusively for the election of state and local officials.

You assert that, as a practical matter, it would be impossible for the Party to require those who play bingo to disclose information required by the Act * because those participants would simply go elsewhere. In light of these circumstances, you ask whether money earned in these bingo games may be used for Federal election purposes if the Party does not account for and record the names of persons playing the games.

An initial issue presented in your request is whether the Party is a "political committee," and, therefore, subject to the reporting requirements of the Act. Section 431(4)(C) defines the term political committee to include:

any local committee of a political party which receives contributions aggregating in excess of \$5,000 during a calendar year, or makes payments exempted from the definition of contribution or expenditure as defined in paragraphs (8) and (9) [2 U.S.C. 431(8), and (9)] of this section aggregating in excess of \$5,000 during a calendar year, or makes contributions aggregating in excess of \$1,000 during a calendar year or makes expenditures aggregating in excess of \$1,000 during a calendar year.

Thus, if the Party is not a political committee for purposes of the Act, it would have no recordkeeping or reporting requirements respecting the bingo proceeds. On the other hand, if the Party is a political committee, Commission regulations require that it establish a separate Federal account, subject to the registration and reporting requirements and the limitations and prohibitions of the Act; or establish the Party itself as a political committee for both state and Federal election purposes. In the latter case all activity by the Party (whether for Federal or non-Federal purposes) is subject to the requirements of the Act. See 11 CFR 102.5 and Re: AOR 1976-22 (copy enclosed).

The Commission cannot, as your request seems to suggest, waive the requirements set forth in the Act and Commission regulations including those noted above that require political committees to keep certain records and file periodic reports. The Commission has, however, previously considered what constitutes a reasonable accounting procedure for a political committee in a situation involving a large number of small contributions (i.e. less than \$50). In Advisory Opinion 1980-99 (see copy enclosed), the Commission suggested at least two possible accounting methods which would satisfy the recordkeeping requirement for contributions under \$50. An account could be kept, as for contributions over \$50, of the name and address of each contributor and the date and amount of the contribution. An alternative method would be to record the name of the event, the date(s) contributions were received for that event, and the total amount of contributions received on each day for that event. The Commission did not require the political committee to record the names and address of individuals contributing less than \$50 at a

* Under the Act the treasurer of a political committee is required to keep an account of "all contributions" received by the committee. The accounting record must include the name and address of any person who makes a contribution to the committee in excess of \$50 and the date and amount of the contribution. Reports filed under the Act must itemize the name and address of any person who makes contributions aggregating in excess of \$200 in any calendar year and must give the person's occupation and employer. 2 U.S.C. 432(c) and 434(b); 11 CFR 102.9, 104.3.

single event, although it did state that if the political committee retains information on the names of its contributors, it should also track the amount donated by such persons to the committee on a calendar year basis for aggregation purposes in accordance with 2 U.S.C. 432(c)(3) and 11 CFR 102.9(a)(2).

This response constitutes an advisory opinion concerning application of the Act, or regulations prescribed by the Commission, to the specific transaction or activity set forth in your request.

Sincerely yours,

(signed)

John Warren McGarry
Chairman for the
Federal Election Commission

Enclosures (RE: AOR 1976-22 and AO 1980-99)