

FEC Rules That Corporation's Directors Are Part of PAC's Restricted Class

September 2010

In Advisory Opinion 2010-12 issued on August 13, 2010, the Federal Election Commission (FEC) addressed whether a corporation's board of directors are members of the corporation's "restricted class" and thus may be solicited for contributions to the corporation's federal PAC.

In the Advisory Opinion, the FEC found that Procter & Gamble Company's separate segregated fund may solicit its board of directors through a voluntary payroll deduction system. The FEC stated that the members of Procter & Gamble Company's board of directors received quarterly retainer payments issued as a salary and not as hourly wages. Generally, a separate segregated fund may only solicit contributions from its restricted class, including its stockholders, executive and administrative personnel, as well as the families of both groups. The term "executive or administrative personnel" means individuals at a corporation "paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities." Citing previous Advisory Opinions, the FEC declared that a corporation's directors are not always part of the restricted class. Rather, again citing previous Advisory Opinions, the FEC held that a director is a member of the restricted class only if he or she receives a salary or stipend. The FEC ruled that, since the Procter & Gamble Company directors were paid a salary and not paid hourly, they were members of the restricted class.