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FEDERAL ELECTION COMMISSION
Washington, D.C. 20463

December 5, 2000

MEMORANDUM

AGENDA ITEM

For Meeting of: 12-07-00

SUBMITTED LATE

TO: The Commission

THROUGH: James A. Pehrkon *JAP*
Staff Director

FROM: Lawrence M. Noble *LMN (RCS)*
General Counsel

N. Bradley Litchfield *NBL (RCS)*
Associate General Counsel

Michael G. Marinelli *mm*
Staff Attorney

SUBJECT: Draft AO 2000-34

Following the circulation of the blue draft of Advisory Opinion 2000-34 (Agenda Document No. 00-117), this Office received clarification of background information provided in the request, including information regarding the State of incorporation for the requestor. This information requires that the discussion and conclusion presented in the current draft be modified. Therefore, we are submitting this revised draft to replace Agenda Document No 00-117. The changes from the current document are bolded and are found on pages 1, 2 and 3.

We request that this draft be placed on the agenda for December 7, 2000.

Attachment

1 ADVISORY OPINION 2000-34

DRAFT

2
3 Brett G. Kappel
4 Powell, Goldstein, Frazer and Murphy LLP
5 1001 Pennsylvania Avenue, N.W.
6 Washington, DC 20004

7
8 Dear Mr. Kappel

9
10 This refers to your letter dated October 25, 2000, which requests an advisory
11 opinion concerning the application of the Federal Election Campaign Act of 1971, as
12 amended ("the Act"), and Commission regulations to selection of a name for SAPPI Fine
13 Paper North America/S.D. Warren Company Political Action Committee ("SAPPI-
14 PAC").

15 You state that S.D. Warren Company ("the Company") is a leading manufacturer
16 of fine-quality, coated woodfree paper. The Company was acquired by SAPPI Limited
17 ("the parent company") in 1994, and continued to be known in the trade as S.D. Warren
18 Company until 1998. In 1998, you explain, the parent company renamed all of its
19 subsidiaries to include the SAPPI name. You state that S.D. Warren Company and its
20 subsidiaries filed the appropriate trade name applications with the secretary of state in
21 several States (e.g., Missouri, Maryland, Minnesota, Pennsylvania, Texas, New
22 Hampshire, and Illinois) and was granted authorization to use the trade name "SAPPI
23 Fine Paper North America." Copies of the trade name application for Pennsylvania was
24 included in the request. In addition, SAPPI has filed a trademark application with the
25 U.S. Patent and Trademark Office for use of the "SAPPI" name.

26 You explain that the **S. D. Warren Company** intends to organize SAPPI PAC as
27 a separate segregated fund pursuant to 2 U.S.C. §441b(b)(2)(C). The connected

1 organization of SAPPI PAC will be S.D. Warren Company.¹ You request the
2 Commission to confirm that the Company may use "SAPPI Fine Paper North
3 America/S.D. Warren Company Political Action Committee" as its official name, and use
4 the acronym SAPPI PAC in its common use, such as on checks and letterhead.

5 Under the Act and Commission regulations, the name of any separate segregated
6 fund must include the full name of its connected organization. 2 U.S.C. §432(e)(5); 11
7 CFR 102.14(c). A fund established by a corporation which has a number of subsidiaries
8 need not include the name of each subsidiary in its name. Similarly, a separate segregated
9 fund established by a subsidiary need not include, in its name, the name of its parent or
10 another subsidiary of its parent. The regulations permit the use of a clearly recognized
11 abbreviation or acronym provided that the separate segregated fund uses both the
12 abbreviation (or acronym) and the full official name in its Statement of Organization, in
13 all reports filed by the fund, and in all disclaimer notices. 11 CFR 102.14(c); see also
14 Advisory Opinions 1999-20, 1993-7, and 1987-26.

15 **The Commission concludes that the Company may use its proposed official**
16 **name as the name of its separate segregated fund. You have further clarified that**
17 **S.D. Warren Company, while it has its corporate headquarters in Boston**
18 **Massachusetts, is actually incorporated in Pennsylvania. Information obtained**
19 **from the corporate division of the Secretary of the Commonwealth of Pennsylvania**

¹ You have informed Commission staff that no entity controlled by the parent company or its subsidiaries is currently the connected organization of any Federal political committee. An examination of statements or reports filed with the Commission confirms that there is no political committee currently registered using either SAPPI or S.D. Warren Company in its name.

1 has confirmed that the official name of the corporation is S.D. Warren Company.²
2 Since this is the legal name of the connected organization, it must be included in its
3 the official name of the proposed separate segregated fund. Your proposed name
4 for the separate segregated fund "SAPPI Fine Paper North America/S.D. Warren
5 Company Political Action Committee" is permissible.³

6 Regarding the Committee's use of the PAC acronym "SAPPI PAC," an
7 examination of the web site maintained by SAPPI Limited indicates use of the
8 abbreviation Sappi which, as your request documents, is also part of a company
9 trademark. In addition, the trade name for S.D Warren Services Company, "SAPPI Fine
10 Paper North America," is used in various well known financial reference sources.⁴ In this
11 situation, the appearance of this abbreviation in public materials supports the claim that
12 the acronym is clearly recognized within the meaning of 11 CFR 102.14(c). On this basis
13 the Commission concludes that the SAPPI Fine Paper North America/S.D. Warren
14 Services Company Political Action Committee may use SAPPI PAC as an abbreviation
15 for the Committee's official name.⁵

² The documents provided in your request also identify an entity called S.D. Warren Services Company. This entity is a subsidiary of S.D. Warren Company that is incorporated in Massachusetts. It is not however the connected organization of your proposed SSF. Sappi Fine Paper North America is not part of the registered corporate name of S.D. Warren Company or S. D. Warren Services Company nor is it an incorporated entity in either Massachusetts or Pennsylvania. According to Pennsylvania official sources connected above, it is merely a registered fictitious name owned S. D. Warren Company.

³ In past opinions, the Commission has required that the name of the separate segregated fund include the full name of the connected organization, as indicated in the connected organization's articles or certificate of incorporation. See Advisory Opinions 1999-20, 1993-7, 1987-26 and 1980-23.

⁴ In past advisory opinions, when determining if an abbreviation used to identify the connected organization would give proper notice, the Commission has considered whether the abbreviation was used to identify the connected organization on a stock exchange or in a corporate directory like *Standard and Poor's Register*. See Advisory Opinion 1987-26. The reference directories using the abbreviation SAPPI include *Standard and Poor's Register*, *Dun & Bradstreet*, *Reference Book of American Business*, and the *D&B Million Dollar Directory*.

⁵ The Commission notes that the parent company of S.D. Warren Company, SAPPI Limited, is a South African corporation. This request has not posed any question regarding the making of contributions by a

1 This response constitutes an advisory opinion concerning the application of the
2 Act, or regulations prescribed by the Commission, to the specific transaction or activity
3 set forth in your request. See 2 U.S.C. §437f.

4 Sincerely,

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7
8
9 Darryl R. Wold
10 Chairman

11
12 Enclosures (AOs 2000-17, 1999-20, 1993-7, 1987-26 and 1980-23)

foreign national. The Act and Commission regulations prohibit a foreign national from making a contribution, directly or through any other person, or an expenditure in connection with an election to any political office. In addition, it is unlawful to solicit, accept, or receive a contribution from a foreign national. 2 U.S.C. §441c(a); 11 CFR 110.4(a)(1) and (2). Commission regulations, at 11 CFR 110.4(a)(1)-(4), implement the foreign national prohibition and explain its broad scope in barring foreign national participation in certain election-related activities. In Advisory Opinion 2000-17, the Commission provided guidance as to how these provisions apply within the setting of a U.S. subsidiary of a foreign parent company.

