

6/27/98



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June 23, 1998

Norman K. Janes, Executive Director
Statewide Legal Services of Connecticut, Inc.
425 Main Street
Middletown, CT 06457

Dear Mr. Janes:

Your June 9, 1998 letter to John Eidleman has been referred to the Office of the General Counsel for reply. You have inquired as to whether §1627.7 of LSC's regulations would permit your use of LSC funds to pay dues to the Connecticut Business and Industry Association (CBIA) which are necessary to participate in CBIA's 401(k) pension plan. Yes, LSC funds may be used for such purposes.

Section 1627.4 was amended in 1996, with final regulations issued in April, 1997, to generally proscribe the use of LSC funds to pay membership fees or dues to any private or nonprofit organization. Despite this revision, LSC preserved the exception in §1627.7 for "any payment by a recipient on behalf of its employees for the purpose of contributing to or funding a tax sheltered annuity, retirement account, or pension fund." Assuming that the annual dues are mandatory for participation in the CBIA's 401(k) pension plan, we believe they would qualify under §1627.7 as a payment "for the purpose of" funding or contributing to a pension plan.

If we can be of any further assistance in this matter, please do not hesitate to ask.

Sincerely,

Susan D. McAndrew
Senior Assistant General Counsel

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