

ARKANSAS ETHICS COMMISSION

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ADVISORY OPINION NO. 2002-EC-008 **Issued August 23, 2002**

The Arkansas Ethics Commission has received a written advisory opinion request from Marty Ryall, Chairman of the Republican Party of Arkansas, regarding whether two separate corporations that each have the same majority stockholder may contribute \$1,000 each to a candidate for office without violating Ark. Code Ann. § 7-6-203(b).

The advisory opinion request from Mr. Ryall contains the following hypothetical factual situation:

John Doe is the majority stockholder in two separate corporations. Mr. Doe contributes \$1,000 in personal funds to a candidate for public office. In addition, Mr. Doe signs a check from each corporation, each for \$1,000 payable to the same candidate as campaign contributions. The funds are ordinary corporate funds and Doe followed each corporation's bylaws in approving the contributions and signing the checks.

Pursuant to Ark. Code Ann. § 7-6-203(b), it is unlawful for any *person* to make a contribution to a candidate for public office in an aggregate amount which exceeds \$1,000 per election. Section 203(b) of the Commission's Rules on Campaign Finance and Disclosure likewise provides:

A person shall not make contributions or cumulative contributions to a candidate or a person acting on a candidate's behalf which exceed \$1,000 per *person* per election.

The term "person" is defined in Ark. Code Ann. § 7-6-201 (12) and Section 200(k) of the Commission's Rules on Campaign Finance and Disclosure and Ark. Code Ann. § 7-6-201 (12) define a person as:

Any individual, proprietorship, firm, partnership, joint venture, syndicate, labor union, business trust, company, *corporation*,

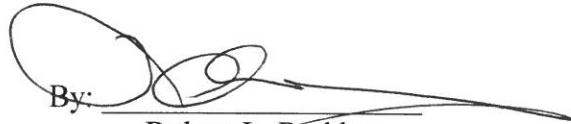
association, committee, or any other organization or group of persons acting in concert.

In accordance with the above-cited provisions of the Arkansas Code and the Rules on Campaign Finance and Disclosure, a corporation meets the definition of a person and may contribute up to \$1,000 to a candidate for each election in which the candidate's name appears on the ballot.

Under the hypothetical facts above, Mr. Doe's signature on each corporate check does not violate the \$1,000 contribution limit so long as each corporation is established and operated as a separate legal entity. In the event one or both of the corporations were established or operated with the intent to circumvent the campaign contribution limit of \$1,000, then the contributions would violate Ark. Code Ann. § 7-2-203(b).

This advisory opinion is issued by the Commission pursuant to Ark. Code Ann. § 7-6-217(g)(2).

Arkansas Ethics Commission

By: 
Robert L. Roddey