



**OFFICE OF THE ATTORNEY GENERAL**  
STATE OF ILLINOIS

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**Jim Ryan**  
ATTORNEY GENERAL

FILE NO. 98-004

ELECTIONS:  
Campaign Contributions in Another's Name

Ronald D. Michaelson  
Executive Director  
State Board of Elections  
State of Illinois  
1020 South Spring Street  
Springfield, Illinois 62708

Dear Mr. Michaelson:

I have your letter wherein you inquire whether a corporation violates section 9-25 of the Election Code (10 ILCS 5/9-25 (West 1996)), which prohibits making political contributions in the name of another, when it accedes to its parent corporation's request to make a political contribution from its funds. For the reasons hereinafter stated, it is my opinion that section 9-25 does not prohibit a subsidiary corporation from making a political contribution in its name and from its own funds even though directed to do so by its parent corporation.

Ronald D. Michaelson - 2.

Section 9-25 of the Election Code provides:

"No person shall make an anonymous contribution or a contribution in the name of another person, and no person shall knowingly accept any anonymous contribution or contribution made by one person in the name of another person. Anonymous contributions shall escheat to the State of Illinois. Any political committee that receives such a contribution shall forward it immediately to the State Treasurer."

The section clearly prohibits one person from making a political contribution in the name of another person. The term "person" ordinarily includes a corporation (10 ILCS 5/9-1.6 (West 1996)), and there is nothing in the language of section 9-25 of the Code to indicate that the term was intended to be limited to natural persons in this context.

Article 9 of the Election Code (10 ILCS 5/9-1 et seq. (West 1996)) governs the disclosure of campaign contributions and expenditures in Illinois. Political committees are required to file semi-annual reports of all campaign contributions and expenditures in excess of \$150. (10 ILCS 5/9-10 (West 1996).) Permitting anonymous contributions, or contributions by one person in the name of another, would thwart the purpose of the article, which is to make available to the public information disclosing the sources of such contributions. Thus, section 9-25

Ronald D. Michaelson - 3.

of the Code prohibits the "laundering" of contributions to disguise the source of the funds.

The circumstances which you have described involve a corporation making campaign contributions from its own funds. There has been no suggestion of any transfer or reimbursement of funds between the subsidiary and the parent corporations related to the contributions. The actual source of the funds in these circumstances is not disguised. The source is the subsidiary corporation, and contribution and expenditure reports will accurately reflect that fact.

The concern in the circumstances you have described more fully in your inquiry is that the political contribution was intended to further the interests of the parent corporation, rather than its subsidiary. Article 9 of the Election Code, however, requires only the disclosure of the identity of contributors, not their motivation in making contributions. Indeed, whether a contribution might further the interests of the contributor or some other person or cause is irrelevant to compliance with the statute.

Corporations are artificial persons. They can act only by their agents, and only at the direction of their directors and shareholders. (Kolin v. Leitch (1953), 351 Ill. App. 66, 70; Lebold v. Inland Steel Co. (1941), 125 F.2d 369, 372.) A subsid-

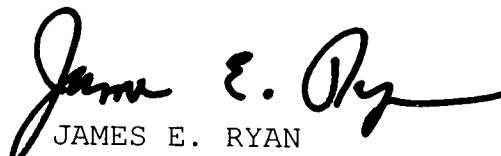
Ronald D. Michaelson - 4.

iary corporation, therefore, ordinarily acts at the direction of its parent corporation, which is its majority shareholder, and which presumably controls its board of directors. If those actions are contrary to the best interests of the subsidiary, they may give rise to issues regarding the fiduciary duty of the directors to the subsidiary and any minority shareholders.

(Johnson v. Central Standard Life Insurance Co. (1969), 102 Ill. App. 2d 15, 28-29; Bailey v. Meister Brau, Inc. (1976), 535 F.2d 982, 993; Lebold v. Inland Steel Co. (1942), 125 F.2d 369, 372-73.) The actions of the subsidiary in making a political contribution are not, however, the actions of the parent corporation in disguise, even if the financial support is intended to inure to the benefit of the parent.

In conclusion, it is my opinion that a subsidiary corporation does not make a prohibited contribution in the name of another in violation of section 9-25 of the Election Code by making a political contribution from its funds at the direction of its parent corporation.

Sincerely,

  
JAMES E. RYAN  
ATTORNEY GENERAL