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December 5, 1994

DEC 6 10 59 AM '94

REC'D
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N. Bradley Litchfield, Esquire
General Counsel's Office
Federal Election Commission
999 E Street, NW
Washington, D. C. 20463

Attn: John Levin, Esquire

RE: AOR 1994-33

Supplement To
AOR 1994-33

Dear Mr. Levin:

As a follow-up to our discussion of Thursday, December 1, 1994, I have reviewed your additional inquires with representatives of VITEL as they relate to the above referenced advisory opinion request.

You requested further clarification regarding the fees which VITEL will charge the respective clients. The client will be responsible for any up-front expense, which primarily involves the cost of developing art work and paying for the production of the telephone cards unique to that particular client. If the client contract requires a retainer, the retainer would be for the payment of these up-front production expenses. Otherwise, the cost for that production work will be billed on a regular thirty (30) day basis.

The monthly expenses, including the administrative expenses, VITEL's overhead for operating the client's project, merchant bank account, VITEL's profits, etc. are built into the price per minute charged by VITEL to the client. Given their known expense for operating these type of programs, VITEL does have a "benchmark" price per minute of which the contract cannot fall below. Should it fall below that it would cut into the profit and/or the administrative and operating expense for undertaking the project. Obviously, VITEL would not do that since it is undertaking these projects solely on a commercial benefit basis. Therefore, whatever price VITEL charges the particular client on a per minute basis, would certainly not be below a rate which would assure VITEL of covering expenses and assuring some profit to VITEL.

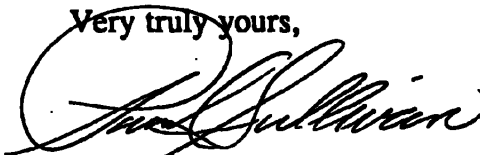
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The price per minute which VITEL negotiates with the client over and above this benchmark rate will determine the amount of profit which VITEL receives from the project. For obvious reasons, VITEL does not desire to herein publicly disclose either the benchmark or the maximum rate which it believes can be billed to the potential clients on an industry standard basis.

Similarly, as we discussed there is a percentage limit on the amount which the purchaser may dedicate as a political contribution. For example, if the individual purchased \$50 worth of telephone time, he could not elect to have \$45 dollars of that be donated as a political contribution. VITEL informs me that the amount which would be permitted to be donated by the individual to the respective political committee would be a percentage of the money spent for the purchase of time rather than a flat dollar rate. By structuring it in this fashion, VITEL is assured that the monies represented by a percentage of the fee paid would not inordinately cut into the funds which VITEL is to receive from the purchase for payment of its overhead, subcontractors, and profits.

I trust this is responsive to your inquiry. Should you have further comments or questions, please contact me at your convenience.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Paul E. Sullivan". The signature is written in dark ink and is positioned above the printed name.

Paul E. Sullivan