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APR 29 2 21 PM '86
FILE NUMBER

April 28, 1986

Ms. Jeanne Pritchard
Fair Political Practices Commission
428 J Street, Suite 800
Sacramento, California 95814

Re: Request for Confirmation of Telephone Advice
Regarding Auctions and Raffles

Dear Jeanne:

Pursuant to your conversation with Kirk Pessner of our office, we would appreciate your review of our understanding of your advice.

SITUATION PRESENTED

We presented a situation in which a committee had received donated items and two types of events were planned to raise funds for the committee from the sale of these donated items.

QUESTIONS PRESENTED

1. What is the value of the donated item?
2. If the committee holds an auction, flea market or garage sale and the price paid for the item exceeds its value (as determined by the answer to question #1) how is that payment treated?

If the payment made is equal to or less than the value determined in the answer to question #1, how is it reported?

3. If chances are sold for a drawing at which a donated item will be given to the person with the winning ticket, how is the purchase of the raffle ticket treated?

ANSWERS

1. You advised us that the donated item would be considered a contribution as defined in Government Code Section 82105 and reportable at its fair market value.

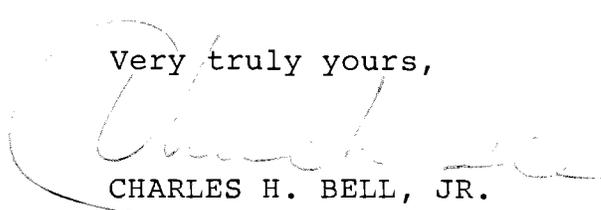
2. You advised us that if this donated item, valued at its fair market value, brought a price at an auction or flea market in excess of that determined fair market value, the difference between the fair market value and the price paid would be considered a contribution and reportable on Schedule A as a contribution from the person buying the item. The amount equaling the fair market value of the product would not be considered a contribution and would instead be considered to be "equal consideration" for the value of the item received. The committee would not disclose this portion as a campaign contribution but would instead disclose it as a miscellaneous adjustment to cash on Schedule G.

You further advised us that if the amount paid for an auction or flea market item was equal to or less than its fair market value, no contribution has been made by the person buying the item and the entire amount paid for the item would be considered a miscellaneous adjustment to cash and reportable on Schedule G.

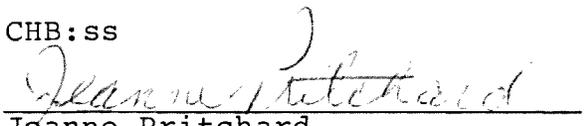
3. You advised us that a raffle is distinguishable from an auction or flea market inasmuch as the purchase of a raffle ticket is the opportunity to have a chance to win a prize and not actually receipt of that prize. Therefore, all raffle proceeds would be defined as contributions and reportable by the committee on Schedule A of its report. This would be true even if a person holding a raffle ticket was the winner of the prize.

Again, thank you for advising us on these matters over the telephone. If you wish, we would appreciate receiving written confirmation of your advice either in a separate letter or by acknowledging its validity by signing this letter and returning it to us.

Very truly yours,


CHARLES H. BELL, JR.

CHB:ss


Jeanne Pritchard

5/13/86
Date