



California Fair Political Practices Commission

August 13, 1986

Janice Ploeger, Campaign Manager
Quackenbush for Assembly
872 San Antonio Road
Palo Alto, CA 94303

Re: Your Request for Advice
Our File No. A-86-226

Dear Ms. Ploeger:

This is in response to your letter of July 10, 1986, which requests advice on behalf of Charles Quackenbush, a candidate for the 22nd Assembly District, with respect to the campaign disclosure provisions of the Political Reform Act (Government Code Sections 81000-91015). I hope the following information is helpful.

QUESTION

You have asked whether the company owned by Mr. Quackenbush, which has qualified as a major donor committee, must report loans made to the Quackenbush for Assembly Committee for which it acted as an intermediary.

ANSWER

A major donor is not required to disclose contributions, including loans, for which it acted as an intermediary. However, from my recollection of our earlier telephone conversations and from the wording of your July 10th letter, there appears to be some confusion with respect to intermediaries. Enclosed for your information is a copy of an advice letter which clarifies "intermediary" as that term is used in the Political Reform Act (No. A-79-077):

...someone stands as an intermediary in relation to a contributor when, without disclosure of the identity of the contributor, the intermediary would be considered the source of the contribution by the recipient...

In addition, Government Code Section 84302 provides:

No person shall make a contribution on behalf of another, or while acting as the intermediary or agent of another, without disclosing to the recipient of the contribution both his own full name and street address, occupation, and the name of his employer, if any, or his principal place of

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business if he is self-employed, and the full name and street address, occupation, and the name of employer, if any, or principal place of business if self-employed, of the other person. The recipient of the contribution shall include in his campaign statement the full name and street address, occupation, and the name of the employer, if any, or the principal place of business if self-employed, of both the intermediary and the contributor.

As I recall the facts from our telephone conversations earlier this year, Mr. Quackenbush and his wife own a company named Q-Tech. Prior to the filing deadline for the second pre-election statement due before the June primary election, Q-Tech made a campaign loan to the Quackenbush for Assembly Committee. Q-Tech later requested that the loan be refunded, and instead made a personal loan to Mrs. Quackenbush who, in turn, loaned the money to the Committee. In addition, you informed me that Q-Tech made the loan out of funds it had borrowed for business purposes from Pacific Valley Bank. You requested assistance in reporting the loan, and I advised you that the Committee should report Q-Tech as the lender, indicate that Mrs. Quackenbush acted as an intermediary for the loan, and indicate that the loan was a portion of the proceeds of a loan which Q-Tech had recieved from Pacific Valley Bank. A review of the Committee's campaign disclosure statement for the period March 18, 1986 through May 17, 1986, reveals that the bank was reported as the source of the loan, with both Q-Tech and Mrs. Quackenbush listed as intermediaries. You may wish to amend this statement to report the loan as I stated in my original advice.

In order to provide you with an answer to your July 10 letter prior to the July 31, 1986, campaign filing deadline, I advised you by telephone on July 17, 1986, that Mrs. Quackenbush, and not Q-Tech, was the intermediary with respect to the loan and, therefore, Q-Tech is required to include the loan on its major donor campaign statement for the period January 1, 1986 through June 30, 1986. I also advised you that Q-Tech should indicate on its report that the money it loaned to the Committee was a portion of the proceeds of a bank loan.

I hope this information is helpful. Please do not hesitate to contact me at (916) 322-5662 if you have additional questions.

Sincerely,

Carla Wardlow

Carla Wardlow
Political Reform Consultant

CW:cah
Enclosure

QUACKENBUSH

FOR 22nd ASSEMBLY

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JUL 14 8 10 AM '86

July 10, 1986

Alice Hughes
Fair Political Practices Commission
P.O. Box 807
Sacramento, CA 95804-0804

Dear Alice:

Thank you for answering my questions earlier this week on the major donor reporting procedure for one of our campaign's major donors.

As we discussed, I would appreciate a formal ruling on one question: Is a major donor required to report (and count in the \$10,000 major donor minimum limit) all loans to a campaign, including those loans in which the major donor served only as intermediary, or just those loans which were made directly to the campaign?

The example in our case is that the major donor (the candidate's company) made a loan to the candidate's wife (who serves as President). She, in turn, made a loan of the same amount to the campaign. Is the major donor required to report this as a loan, or not?

I would appreciate a ruling as soon as possible, as the candidate's company is in the process of filling out its major donor report due July 31, and we need this information to complete it.

Thank you for your prompt attention to this matter.

Sincerely,



Janice Ploeger
Campaign Manager
Quackenbush for Assembly

