



California
Fair Political
Practices Commission

SUPERSEDED
by Reg. 18216

November 19, 1986

Lance H. Olson
Olson, Connelly & Hagel
421 J Street, Fourth Floor
Sacramento, CA 95814

Re: Your Request for Advice
FPPC File No. A-86-274

Dear Mr. Olson:

This is in reply to your letter dated August 29, 1986, and to confirm the advice I provided to you in our telephone conversation.

QUESTION

May pledges be fulfilled by the guarantee of a loan?

CONCLUSION

A loan guarantee is not a "contribution." Therefore, a loan guarantee does not fulfill a pledge.

FACTS

The facts as presented in your letter are:

Senator John Garamendi has received pledges of contributions from several contributors in the amount of \$25,000 each which have been properly reported on his campaign reports. It was originally intended that these pledges be met with loans, in-kind contributions, or outright cash contributions. Since the pledges were made it has become prudent for the campaign to borrow money from a commercial bank and have that loan guaranteed by individuals. Some of the individuals who pledged to the campaign agreed to be guarantors on the commercial loan in lieu of making direct contributions.

ANALYSIS

Government Code Section 82015 defines "contribution," in part, as:

... a payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment....

The Commission has consistently advised that a person who merely guarantees or co-signs for a loan made to a candidate or committee has not made a contribution. A person who guarantees or co-signs for a loan would make a contribution only if the person actually became liable to make a payment and, in fact, did make a payment on the loan. See, Barmack Advice Letter (No. A-85-006); Pessner Advice Letter (No. A-78-012); and File Memo No. M-77-487 (copies enclosed). Because a loan guarantee is not considered a contribution, it would not fulfill a pledge of a contribution.

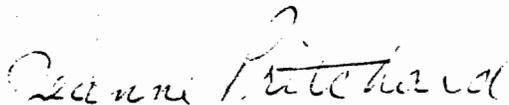
Although this advice has been given regularly in the past, we anticipate that the Commission will re-examine this issue soon, probably at its January meeting. You should contact us again after that time to determine the Commission's position on this issue.

Even though we currently advise that a person who guarantees or co-signs for a loan has not made a contribution to a candidate or committee, the person must be disclosed on the loan schedule of the candidate or committee's campaign disclosure statement. (Government Code Section 84211(g).)

Please call me if you have any questions concerning the advice in this letter.

Sincerely,

Diane M Griffiths
General Counsel



By Jeanne Pritchard
Division Chief, Technical
Assistance and Analysis Division

DMG:JP:cah
Enclosures

LAW OFFICES OF
OLSON, CONNELLY & HAGEL
431 J STREET, FOURTH FLOOR
SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 442-2952

BRUCE J. HAGEL
LANCE H. OLSON
SUSAN CHRISTIAN

F P P C
SEP 11 8 28 AM '86

OF COUNSEL
LLOYD G. CONNELLY

August 29, 1986

Mr. Robert Leidigh
Fair Political Practices Commission
P.O. Box 807
Sacramento, California 95804

RE; Reporting of the payment of pledges

Dear Bob:

The purpose of this letter is to raise the issue of the proper reporting of contributions, in-kind contributions, and loan guarantees in the fulfillment of pledges made by contributors.

Senator John Garamendi has received pledges from several contributors in the amount of \$25,000 each which have been properly reported on his campaign reports. It was originally intended that these pledges be met with loans, in-kind contributions, or outright cash contributions.

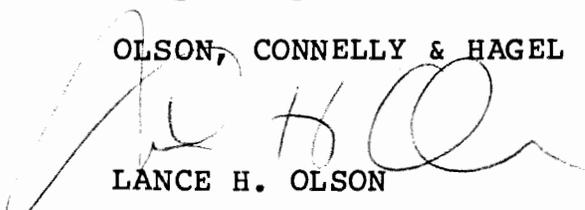
Since the pledges were made it has become prudent for the campaign to borrow money from a commercial bank and have that loan guaranteed by individuals. Some of the individuals who pledged to the campaign agreed to be guarantors on the commercial loan in lieu of making direct contributions.

In my opinion, the pledge commitment was fulfilled by these individuals when they became guarantors on the commercial note. I am seeking confirmation in the form of an advice letter that the pledges may be fulfilled by the guarantee of a loan made to the Committee.

If I may provide any additional advice please contact me directly. I look forward to your response.

Very truly yours,

OLSON, CONNELLY & HAGEL



LANCE H. OLSON

LHO:ks

Citation
CA FPPC Adv. A-86-274

Search Result

Rank 12 of 15

Database
CA-ETH

(Cite as: 1986 WL 361756 (Cal.Fair.Pol.Prac.Com.))

California Fair Political Practices Commission

*1 LANCE H. OLSON
FPPC File No. A-86-274
November 19, 1986

A LOAN GUARANTEE IS NOT A CONT. THEREFORE, A LOAN GUARANTEE DOES NOT FULFILL A PLEDGE.

82015

Lance H. Olson
Olson, Connelly & Hagel
421 J Street, Fourth Floor
Sacramento, CA 95814

*Tara -
These letters are
superseded by
18216. Pls. call
me when you get
a chance - I have
a question on
the process. Thanks!
Tina*

Re: Your Request for Advice

Dear Mr. Olson:

This is in reply to your letter dated August 2
advice I provided to you in our telephone conve

QUESTION

May pledges be fulfilled by the guarantee of a loan?

CONCLUSION

A loan guarantee is not a "contribution." Therefore, a loan guarantee does not fulfill a pledge.

FACTS

The facts as presented in your letter are:

Senator John Garamendi has received pledges of contributions from several contributors in the amount of \$25,000 each which have been properly reported on his campaign reports. It was originally intended that these pledges be met with loans, in-kind contributions, or outright cash contributions. Since the pledges were made it has become prudent for the campaign to borrow money from a commercial bank and have that loan guaranteed by individuals. Some of the individuals who pledged to the campaign agreed to be guarantors on the commercial loan in lieu of making direct contributions.

ANALYSIS

*log-✓
WL-✓
LN-✓
TA-✓
enf-✓
file-✓*

CA FPPC Adv. A-86-274

(Cite as: 1986 WL 361756, *1 (Cal.Fair.Pol.Prac.Com.))

Government Code Section 82015 defines "contribution," in part, as:

... a payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment....

The Commission has consistently advised that a person who merely guarantees or co-signs for a loan made to a candidate or committee has not made a contribution. A person who guarantees or co-signs for a loan would make a contribution only if the person actually became liable to make a payment and, in fact, did make a payment on the loan. See, Barmack Advice Letter (No. A-85-006); Pessner Advice Letter (No. A-78-012); and File Memo No. M-77-487 (copies enclosed). Because a loan guarantee is not considered a contribution, it would not fulfill a pledge of a contribution.

Although this advice has been given regularly in the past, we anticipate that the Commission will re-examine this issue soon, probably at its January meeting. You should contact us again after that time to determine the Commission's position on this issue.

Even though we currently advise that a person who guarantees or co-signs for a loan has not made a contribution to a candidate or committee, the person must be disclosed on the loan schedule of the candidate or committee's campaign disclosure statement. (Government Code Section 84211(g).)

Please call me if you have any questions concerning the advice in this letter.

Sincerely,

Diane M Griffiths
General Counsel

By Jeanne Pritchard
Division Chief
Technical Assistance and Analysis Division
END OF DOCUMENT