



California Fair Political Practices Commission

September 29, 1989

Jeanette Pierson, Manager
Committee to Re-Elect Mayor Katy Geissert
P.O. Box 2876
Torrance, CA 90509

Your Request for Advice
Our File No. A-89-515

Dear Ms. Pierson:

You have requested advice on behalf of the Committee to Re-Elect Mayor Katy Geissert concerning the campaign disclosure provisions of the Political Reform Act (the "Act").^{1/}

QUESTIONS

1. May contributions received by a candidate prior to January 1, 1989, which are within the limits of the Act, be used for a future election to office after January 1, 1989?
2. What are the reporting requirements for the funds received prior to January 1, 1989 that are being used to support the re-election of the candidate after January 1, 1989?

CONCLUSIONS

1. Contributions received by a candidate prior to January 1, 1989 may be used to support his or her candidacy to future office after January 1, 1989. Enclosed is FPPC advice letter I-89-378 which provides the basis for this conclusion and an analysis.
2. The reporting requirements stated in your letter for the campaign funds received prior to January 1, 1989 that will be used to support the re-election of the candidate after January 1 accurately summarize the advice I provided at the Hawthorne workshop. That is, the pre-1989 contributions received may be transferred into the new campaign bank account for the candidate's re-election in 1990 and the old campaign bank account and campaign committee may be terminated.

^{1/} Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

ANALYSIS

California voters approved Proposition 73 on June 7, 1989. Proposition 73 amended the Act establishing limits on, among other things, contributions to candidates and their controlled committees. Proposition 73 also added Section 85306 which states:

Any person who possesses campaign funds on the effective date of this chapter may expend these funds for any lawful purpose other than to support or oppose a candidacy for elective office.

In a recent court order, Section 85306 was struck down in its entirety. (Service Employees International Union, AFL-CIO, et al. v. Fair Political Practices Commission, Case No. 89-0433 LKK-JFM.) Effective September 13, 1989, candidates may use all of their pre-1989 contributions to support their own candidacy in future elections after January 1, 1989. As a result of this ruling, the term "restricted" funds is no longer applicable.

In a preliminary injunction issued in the same case in May of this year, the court enjoined the Commission from enforcing the ban on transfers of funds between candidates and their own controlled committees. Section 85304 provides:

No candidate for elective office or committee controlled by that candidate or candidates for elective office shall transfer any contribution to any other candidate for elective office. **Transfer of funds between candidates or their controlled committees are prohibited.** (Emphasis added.)

Although the language "Transfer of funds between candidates or their controlled committees are prohibited" is currently not in effect, candidates are still prohibited from transferring money to other candidates and their controlled committees.

Candidates may terminate one or more of their controlled committees at any time as long as all of the following criteria are met:

(1) The committee has ceased to receive contributions and make expenditures;

(2) The committee does not anticipate receiving contributions, repayments of outstanding loans made to others, or any other receipts in the future and does not anticipate making expenditures in the future;

Jeanette Pierson
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(3) The committee has eliminated or has declared that it has no intention or ability to discharge all of its debts, loans received and other obligations;

(4) The committee has no surplus funds; and

(5) The committee has filed all of its required campaign statements disclosing all reportable transactions.

Regulation 18404 (copy enclosed).

When all of the above criteria have been satisfied, the committee may terminate by filing a Form 415, Statement of Termination, with a final campaign disclosure statement, Form 490, Candidate and Officeholder Campaign Statement--Long Form.

If you have further questions regarding this matter, please contact me at 916/322-5662.

Sincerely,

Kathryn E. Donovan
General Counsel


By: Mary Ann Kvasager
Political Reform Consultant

Enclosures

COMMITTEE TO RE-ELECT MAYOR KATY GEISSERT
P.O. BOX 2876
TORRANCE, CA. 90509

August 28, 1989

Fair Political Practices Commission
P.O. Box 807
Sacramento, Ca. 95804-0807

Attention: Legal Division

Gentlemen:

Aug 30 9 04 AM '89
FPPC

On August 22 I attended the workshop given by Mary Ann Kvasager at the Hawthorne City Hall, regarding the impact of Propositions 68 and 73. I received helpful information regarding campaign filing obligations, etc.

We would appreciate your advice on how to handle monies collected before 1989. Our candidate, Katy Geissert, is running in 1990 for re-election for Mayor of Torrance. Citizens to re-elect Katy Geissert, I.D. #811711, had approximately \$12,000 remaining from funds collected for the 1986 campaign. No donation exceeded \$1,000. The last funds collected by the committee were in 1986. Can this money be used for the 1990 campaign?

We have established the new committee, Committee to re-elect Mayor Katy Geissert. We have filed forms 501 and 502. We have established a bank account for this committee. I.D. #891084 has been assigned this new committee. Ms. Kvasager advised that we could use the "old" funds for this new campaign. She told me to transfer the old funds to the new bank account, closing out the old bank account. I presume we should file a closing statement on the old committee. When should this be done? Is this the proper procedure?

We would appreciate your very prompt reply, as decisions about the new campaign have to be made very soon. The use of the "old" money is crucial to decisions.

Thank you for your assistance, and we are enclosing a stamped, self-addressed envelope for your reply.

Yours very truly,

Committee to re-elect Mayor Katy Geissert



Jeanette Pierson, Manager.

89-515
COMMITTEE TO RE-ELECT MAYOR KATY GEISSERT
P.O. BOX 2876
TORRANCE, CA. 90509

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Yours very truly,

Committee to re-elect Mayor Katy Geissert



Jeanette Pierson, Manager.



California Fair Political Practices Commission

August 30, 1989

Jeanette Pierson
Manager, Committee to Re-Elect
Mayor Katy Geissert
P.O. Box 2876
Torrance, CA 90509

Re: Letter No. 89-515

Dear Ms. Pierson:

Your letter requesting advice under the Political Reform Act was received on August 30, 1989 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact me directly at (916) 322-5662.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days if your request seeks formal written advice. If more information is needed, the person assigned to prepare a response to your request will contact you shortly to advise you as to the information needed. If your request is for informal assistance, we will answer it as quickly as we can. (See Commission Regulation 18329 (2 Cal. Code of Regs. Sec. 18329).)

You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,

Jeanne Pritchard
Jeanne Pritchard
Chief Technical Assistance
and Analysis Division

JP:plh