



California Fair Political Practices Commission

December 26, 1989

Ron Pembleton, Associate Director
c/o Fund for Public Interest Research
1129 State St. #10-B
Santa Barbara, CA 93101

Re: Your Request for Advice
Our File No. A-89-626

Dear Mr. Pembleton:

You have requested confirmation of telephone advice provided to you concerning the campaign provisions of the Political Reform Act.¹

Your letter dated October 26, 1989, correctly summarizes my advice. However, since receiving the letter I have spoken with you on the telephone several times to request additional information and have provided the following advice based on the additional information.

In our initial conversation, I advised you that Pesticide Watch Inc. would be the sponsoring organization for the committee primarily formed to support the initiative. However, information provided in your letter and in our recent conversations indicates that Pesticide Watch is merely an arm of Cal PIRG, and that Cal PIRG is the sponsoring organization. Since Pesticide Watch Inc. is just in the formative stage, it would not be considered the sponsoring entity for the measure committee which is also being formed. Once Pesticide Watch Inc. is in operation, it may become the sponsoring entity in place of Cal PIRG. If that happens, you should file an amendment to the Statement of Organization (Form 410) reflecting the change.

You have asked if it is necessary to file the Statement of Organization upon the incorporation of Pesticide Watch. You must file the Statement of Organization within 10 days of the committee's receipt of contributions totaling \$1,000 or more. If Pesticide Watch Inc. has already received \$1,000 or more in contributions, it should have filed the Statement of Organization within 10 days of that date.

^{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.

Ron Pembleton
Page two

If the committee is primarily formed to support the qualification of the initiative, the first campaign statement (Form 420) would be due 21 days after any signatures are submitted, or 21 days after the deadline for filing petitions, whichever is earlier. The period covered would be January 1, 1989 through 7 days prior to the due date of the statement.

However, if the political committee is primarily formed to support passage of the initiative after it has qualified for the ballot, campaign statements must be filed according to when the measure is being voted upon. During 1989, the committee's filing obligations consist of semi-annual statements. During 1990, pre-election statements as well as semi-annual statements will be required. The appropriate filing schedule will be contained in the 1990 FPCC "Information Manual on Campaign Disclosure Provisions of the Political Reform Act for Ballot Measure Committees," which will be available early next year.

The committee formed by Pesticide Watch Inc. will not also be required to file statements as a "major donor committee." However, it is possible that Cal PIRG may incur a filing requirement as a major donor if it makes contributions totaling \$10,000 or more in a calendar year to candidates or political committees.

A copy of your letter is enclosed for your convenience.

If you have additional questions, please contact me at (916) 322-5662.

Sincerely,

Kathryn E. Donovan
General Counsel



By: Wayne P. Imberi
Political Reform Consultant

Enclosure

October 26, 1989

FPPC
Oct 27 2 59 PM '89

Mr. Wayne Imberry
Fair Political Practices Commission
428 J St.
Sacramento, CA 95814

Dear Wayne:

I am writing to follow up on matters that I spoke with you regarding the establishment and reporting requirements of a "sponsored recipient committee" CALPIRG is about to create. I wanted to make sure I am clear on the details surrounding this action.

BACKGROUND

As you may recall from our conversation, for some months now CALPIRG has been working on pesticide reform through an unincorporated association called Pesticide Watch. One of the goals of Pesticide Watch has been to pass effective state reform through either legislative action, or if need be, by way of initiative. Frustrated by inaction of the legislature, a major statewide initiative has been announced on pesticides reform, as well as other matters. It is at this point in time that we are interested in having Pesticide Watch take a support position and become involved in the campaign.

PROPOSED STRUCTURE

It has been suggested that we should incorporate Pesticide Watch as a 501 (c) 4 exempt organization, and have Pesticide Watch set up a sponsored recipient committee (Pesticide Watch being the sponsor).

HOW WOULD THIS WORK

In order to ask the questions I have, a little more background information is necessary:

Pesticide Watch Income:

- * Currently California citizens are being asked to become members of Pesticide Watch. The average membership contribution is \$25-40. Currently, over 2,000 citizens are members of the association. These citizens understand that the goals of Pesticide Watch are to pass effective reform through the most appropriate forum (legislative or initiative)
- * Core staff from Pesticide Watch will seek large individual and/or group donations to support campaign efforts.
- * Initial loans will be sought from CALPIRG to start up the organization.

MR. WAYNE IMBERRY

Page Two

10/16/89

Campaign Committee Account:

- * Most income from Pesticide Watch would be turned over to the sponsored committee - mainly in large chunks of money at a time. Campaign related expenditures such as salaries and miscellaneous expenses would be paid for and tracked out of this account.

REQUIRED FPPC REPORTING

1) It is my understanding that once Pesticide Watch incorporates, we would then file a Statement of Organization Report (form 410) to establish the committee. My questions flow from this first report.

a) When is Pesticide Watch required to file? I saw conflicting requirements in the FPPC Information Manual. Is it within 10 days of receiving \$1,000 which would be immediately upon placing money in the account, or within 10 days of becoming a committee?

2) Semi-Annual Statement Reports (form 420) are required to be submitted by January 31, 1990 and June 31, 1990. These reports disclose specific financial information pertaining to contributions and expenditures. I have the following questions about these reports:

a) In speaking with you the other day, I was trying to clarify the issue of tracking and reporting small contributions. Under the above scenario, Pesticide Watch would be receiving thousands of contributions in the range of \$25-100. This money would then be turned over in lump sums to the sponsored committee. If, for example, Pesticide Watch deposited \$10,000 in 1,000 member contributions of \$25 each, would we have to itemize each contribution in our files? You suggested that we would only have to issue a roster of those contributors of \$100 or more. On the other hand, there is reference in the manual to tracking each donor in the event they contribute over \$100 annually which would then be required to report. Would we still be under this reporting requirement?

As you can see, the reason I raise these questions is due to convenience in administering the campaign. The number of contributors over \$100 would be few relative to the thousands of smaller contributors.

b) The other issue I am confused about is in reference to the status of Pesticide Watch. If this organization is turning over large sums of money, does it not qualify as a major donor committee? You seemed to think not, but I wanted to double check.

c) The third point has to do with Pesticide Watch activity which has already occurred. Substantial funds have been raised by the association prior to the announcement of the initiative. With the anticipated steps we will need to take, significant sums of money would be immediately deposited in the campaign account. Would we have to issue

Mr. Wayne Imberry
Page Three
10/16/89

a detailed report on the funds that have already been contributed to Pesticide Watch, such as contributors over \$100 (and possibly tracking each \$25 or larger contribution - depending on your answer to (a) above)?

PRE-ELECTION REPORTING

I am also unclear as to the number and timing of the pre-election statements (form 495) we would be required to file. Would we have to file a 1st and a 2nd pre-election statement?

Thanks for your assistance on this matter.

Sincerely,



Ron Pembleton
Associate Director
c/o Fund for Public Interest Research
1129 State St. #10-B
Santa Barbara, 93101



California Fair Political Practices Commission

November 2, 1989

Ron Pembleton
Associate Director
c/o Fund for Pub. Interest Research
1129 State Street, #10-B
Santa Barbara, CA 93101

Re: Letter No. 89-626

Dear Mr. Pembleton:

Your letter requesting advice under the Political Reform Act was received on October 27, 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
Chief Technical Assistance
and Analysis Division

JP:plh