



# California Fair Political Practices Commission

July 15, 1986

Clayton P. Roche  
Deputy Attorney General  
Department of Justice  
350 McAllister Street, Room 6000  
San Francisco, CA 94102

Re: Your Opinion No. 86-503  
Our File No. I-86-191

Dear Mr. Roche:

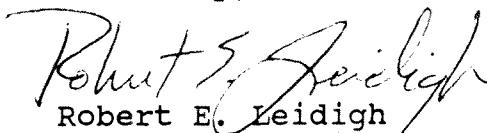
You have written soliciting our views on the questions raised by the above-referenced request which your office received from State Senator Barry Keene; copies of his letter and yours to us are attached. The staff has discussed the questions posed and provides the following views per your request.

It is the staff's view that the beneficiary under such an insurance contract should be either the campaign committee or an entity described in Elections Code Section 12404(e). See, 65 A.G.'s Op. 588.

If it is your conclusion that it is permissible to name a relation as a beneficiary, we urge that your opinion contain a reminder that the value of the insurance thus provided to the officeholder may be required to be disclosed as a gift from the campaign committee to the officeholder. For instance, if the insurance contract provided for \$100,000 in term life insurance on the officeholder, who is then free to designate the beneficiary, the value of the gift to the officeholder would be the fair market value of a \$100,000 term life insurance policy, for the reporting period covered by any Statement of Economic Interests.

Thank you for your interest in the views of the Commission's staff. If you have any questions regarding this letter, I may be reached at ATSS 8-492-5901.

Sincerely,

  
Robert E. Leidigh  
Counsel  
Legal Division

REL:plh  
Attachment

JOHN K. VAN DE KAMP  
Attorney General

State of California  
DEPARTMENT OF JUSTICE



June 5, 1986

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350 McALLISTER STREET, ROOM 6000  
SAN FRANCISCO 94102  
(415) 557-2544  
(415) 557-1586

Barbara Milman  
General Counsel  
Fair Political Practices Commission  
P. O. Box 807  
Sacramento, CA 95804

Dear Ms. Milman:

Opinion No. 86-503

Enclosed is a copy of an opinion request we have received from Senator Barry Keene presenting a question concerning section 12401 of the Elections Code and the "personal use" of campaign funds.

You are invited to submit whatever views you may have on the question presented.

Very truly yours,

JOHN K. VAN DE KAMP  
Attorney General

  
CLAYTON P. ROCHE  
Deputy Attorney General

CPR:ic  
Encl.



STATE OF CALIFORNIA

SENATE

SACRAMENTO, CALIFORNIA 95814

BARRY KEENE  
MAJORITY LEADER

May 21, 1986

Honorable John Van de Kamp  
Attorney General  
Department of Justice  
1515 K Street, Suite 511  
Sacramento, CA 95814

Re: Request for Opinion

Dear Attorney General:

I have been requested by several members of the Legislature to ask your opinion of the following:

(§12401)  
The Elections Code prohibits the "personal use" of campaign funds. It would appear these are expenditures which afford substantial personal benefit and have a negligible political purpose.

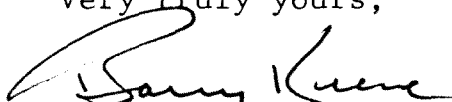
It seems clear that the prudent investment of campaign funds is a significant political purpose. However, the most attractive investment product -- one that offers safety, liquidity, tax deferral, and high yield -- also provides some personal benefit. It is an investment/insurance contract and is available only where the elected official accepts a minimum amount of life insurance.

Under an investment/insurance contract the return on the campaign funds invested through a premium would accrue to the campaign. A small portion of the premium has to be used to purchase insurance and a beneficiary is designated.

Would the investment/insurance contract described be permitted under the Elections Code where the designated beneficiary of the insurance company is related to the elected official?

Thank you for your consideration of the foregoing.

Very truly yours,

  
BARRY KEENE

BK:bkr

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