

Memorandum

To : Staff involved in providing advice

Date : May 21, 1980

From : FAIR POLITICAL PRACTICES COMMISSION
Jay

Subject: Section 84214

A-80-05-029

The following questions regarding late contributions were received from John Hodgson:

1. Can the recipient of late contributions identify multiple and different sources on a single telegram?
2. Can the donor of late contributions identify multiple and different recipients on a single telegram?
3. Can multiple recipients, for which Hodgson is the treasurer/agent, be identified on a single telegram when they file their late contribution report?
4. Can multiple donors, for which Hodgson is the treasurer/agent, be identified on a single telegram when they file their late contribution report?
5. When Hodgson is the treasurer/agent for both, can the donor and the donor's recipient (or the recipient and the recipient's donor) file a single late contribution report?

My advice was "yes" to questions 1 and 2 and "no" to questions 3, 4 and 5. John Hodgson was not overly enthusiastic with my last three answers, particularly the answer to question 5.

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March 10, 1980

Thomas M. Sobel, Esq.
Chief, Legal Division
Fair Political Practices Commission
1100 K Street
Sacramento, California 95814

Re: Responsibilities of Campaign Treasurers

Dear Mr. Sobel:

Thank you for your letter of December 14, 1979 in reply to my correspondence of October 25, 1979. The purpose of my letter was to seek better clarification of the duties of a committee treasurer. The motivation for this request is our concern that Regulation 18427, including the Comment, does not seem to provide treasurers with clear and adequate notice of their responsibilities, particularly in light of the recent FPPC lawsuit against a number of committees (and their campaign consultant Butcher/Ford) and also, the recent FPPC enforcement matter against the Quentin Kopp Committee. In the lawsuit, the FPPC informs that court that treasurers should know how to properly disclose expenditures containing commissions and public relations fees, even though Regulation 18427 focuses almost totally on contributions and your Campaign Disclosure Manual is virtually silent on this subject. In the Kopp case, the FPPC staff is questioning the diligence of a treasurer even though the treasurer did question the source of the contribution, did ask the candidate to obtain a transmittal letter from the supposed donor to confirm his identity, and did receive the confirming letter.

The question raised is how far past the invoice must the treasurer look before paying a bill and what further itemization is required on the campaign report other than the payee. For example, 1) must a treasurer disclose only "pass through" payments or commissions to people involved in the vendor's trade (travel agency, etc.) when such commissions have no benefit to any political persons? 2) Must a treasurer disclose subcontracting done by a vendor on the vendor's own initiation in the regular course of the vendor's business if such subcontracting payments by the vendor are not itemized on the invoice (i.e., a printer who subcontracts any or all of the design,

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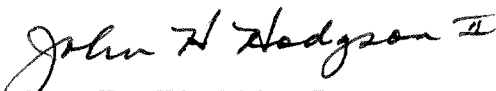
layout, printing, delivering, etc. of a printing job)? 3) Is disclosure required of any nonpolitical personnel specifically hired by a vendor to perform work on the committee's job (i.e., a printer hires an extra assistant for two days to assist the printing job or a CPA hires an additional bookkeeper during an election year to help on various campaign accounts)? There are a number of other variations of these situations which are raised by Government Code §84210(h) and §84303.

It is clear that the FPPC believes that certain payments by the payees are disclosable (payments by advertising firms to the media, etc.), but the FPPC has given virtually no clarification of its view on what other component payments are disclosable.

Further, the Comments to Regulation 18427 are primarily oriented to the treasurer's responsibility to question "suspect" contribution data. What requirements are imposed on the treasurer as it relates to expenditures? Does a treasurer need to require an affidavit by all vendors to accompany each invoice stating that the vendor understand the requirements of Government Code §84210(h) and §84303 and has not made any such payments as part of the invoice being submitted?

As mentioned in my October 25, 1979 letter, our office would be please to work with you and your staff to further explain the current confusions, as well as to work toward a clarifying regulation or opinion.

Very sincerely,


JOHN H. HODGSON II

JHH:laj