California
Fair Political
Practices Commission

February 11, 1987

Mr. Kenton White
2824 Shantar Drive
Costa Mesa, California 92626

Re: Your Request for Advice
Our File No. A-87-040

Dear Mr. White:

You have requested advice on behalf of your mother-in-law, Elizabeth Laurenson, concerning the campaign disclosure provisions of the Political Reform Act.1/

QUESTION

Should campaign funds received by Mrs. Laurenson, which are currently in her personal bank account, be transferred to her existing campaign account, or should a new bank account be created into which the funds are deposited?

ANSWER

The campaign funds which are currently in Mrs. Laurenson's personal bank account must immediately be transferred into a separate campaign account. It does not matter whether the funds are deposited into her existing campaign account or whether a new account is opened. However, it is imperative that the money be removed from her personal bank account and deposited into a campaign account at once.

FACTS

The facts presented here have been ascertained from your letter dated January 30, 1987, and from telephone conversations you have had with Alice Hughes of this office on January 26, January 27, and January 30, and from a telephone conversation that I had with you on February 9, 1987.

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

428 J Street, Suite 800 • P.O. Box 807 • Sacramento CA 95804-0807 • (916) 322-5660

Mrs. Laurenson is a member of the Oakland City School Board District One. Mrs. Laurenson's seat on the school board will be voted upon April 21, 1987.

In October of 1986, a fundraising event was held for Mrs. Laurenson to raise funds to support her re-election campaign. Approximately $3,000 was raised at this event. To your knowledge, no single source contributed $100 or more.

Approximately three weeks after the fundraising event, Mrs. Laurenson suffered a stroke and was hospitalized. It is expected that Mrs. Laurenson will remain hospitalized for at least a few months.

Shortly after Mrs. Laurenson suffered the stroke, the money which was collected at the fundraiser was deposited into her personal bank account.

On January 26, 1987, you called our office and spoke to Alice Hughes concerning the money that was deposited into Mrs. Laurenson's personal bank account. After ascertaining that the money was raised for the purpose of supporting Mrs. Laurenson's re-election campaign, Ms. Hughes advised you that the Political Reform Act prohibits commingling of campaign funds with personal funds, and indicated that the funds must immediately be removed from Mrs. Laurenson's personal bank account and deposited into her campaign account. In subsequent telephone conversations, Ms. Hughes again advised you that the funds must be deposited into the campaign account. Ms. Hughes also discussed the campaign reporting requirements with you.2/

In addition, Ms. Hughes sent you a copy of the "Information Manual on Campaign Disclosure Provisions" and highlighted the language concerning Government Code Section 84307 which prohibits commingling of campaign funds with personal funds, and a copy of California Elections Code Section 12400, et seq. which prohibits personal use of campaign funds.

ANALYSIS

Government Code Section 84307 provides that:

> No contribution shall be commingled with the personal funds of the recipient or any other person.

2/ An unsigned campaign disclosure statement (Form 430) disclosing the $3,000 in contributions was filed on Mrs. Laurenson's behalf on February 2, 1987.

The term "contribution" is defined in Government Code Section 82015, and is further defined in Regulation 18215 which provides, in relevant part:

(a) A contribution is any monetary or nonmonetary payment made for political purposes for which full and adequate consideration is not made to the donor. A payment is made for political purposes if it is:

(2) Received by or made at the behest of:

(A) A candidate, unless it is clear from surrounding circumstances that the payment was received or made at his or her behest for personal purposes unrelated to his or her candidacy or status as an officeholder....

Based on this definition, it appears clear that the donations received by Mrs. Laurenson at the fundraiser held in October of 1986 are "contributions," i.e., the donations are "campaign funds."

Please note that the Political Reform Act imposes administrative, civil and criminal penalties for violation of the Act's provisions. (See Section 91000, et seq.)3/ We mention these penalties to emphasize that it is imperative that the money immediately be removed from Mrs. Laurenson's personal bank account and deposited in a campaign account.

We recognize that you have made an effort to comply with our advice to remove the funds from Mrs. Laurenson's personal bank account, but there is a misunderstanding by some of Mrs. Laurenson's family members with regard to the proper disposition of the funds.

With regard to permissible uses of campaign funds, California Elections Code Section 12400, et seq. prohibits the personal use of campaign funds, and provides for the permissible uses of campaign funds. Enclosed for your information is a copy of Elections Code Section 12400, et seq. The Fair Political Practices Commission does not interpret the Elections Code. If you have any questions concerning an interpretation of the Elections Code, please call Ted Prim, Deputy Attorney General, at (916) 324-5481.

3/In an administrative proceeding, the Commission may impose a fine of up to $2,000 for each violation of the Act. (Section 83116.) In a civil proceeding, a court may impose a fine for violation of the Act. (Section 91005.) A willful violation of the Act is also a misdemeanor. (Section 91000)

Please call me at (916) 322-5662 if you have any questions about this letter.

Sincerely,

Diane M. Griffiths
General Counsel

Jeanne Pritchard

By Jeanne Pritchard
Division Chief, Technical
Assistance and Analysis Division

DMG:JP:cv

January 30, 1987 FEB 3 9 05 AM '87

Alice Hughes, Consultant
California Fair Political
Practices Commission
Box 807
Sacramento CA 95804-0807

Dear Ms. Hughes:

Thank you for the documents you forwarded to us.

Apparently a question remains regarding the disposition of the funds which you advised me of earlier this week. The question has to do with whether to place these funds in the existing campaign account or whether to create a new account over which our family can exercise some control.

It is not clear to me at this time why the family should exercise any control, since there are others who may wish to create an organization around Mrs. Laurenson, to whom the money in the old account along with the new money can be transferred out.

All of this can and should be done only when Mrs. Laurenson regains her health or when a committee acting upon her behalf (the old campaign temporarily reconstituted to transfer the funds, the new committee newly organized to receive the funds) is ready to act.

I wish to make it clear the family has no desire to comingle gift money to an office holder with that person's personal funds and has every intention of immediately responding to your advice.

Please help us clarify this matter at once.

Sincerely,

Kenton White

Kenton White
2824 Shantar Dr.
Costa Mesa CA 92626

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January 30, 1987 FEB 3 9 05 AM '87

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Kenton White

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2824 Shantar Dr.
Costa Mesa CA 92626

California
Fair Political
Practices Commission

February 4, 1987

Kenton White
2824 Shantar Drive
Costa Mesa, CA 92626

Re: 87-040

Dear Mr. White:

Your letter requesting advice under the Political Reform Act was received on February 3, 1987 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. 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 by plh

Jeanne Pritchard
Chief
Technical Assistance and Analysis
Division

JP:plh

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January 30, 1987 FEB 3 9 05 AM '87

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1/27 or 1/28
1/30
alameda

Sincerely,

Kenton White

Kenton White
2824 Shantar Dr.
Costa Mesa CA 92626

714 540-1893

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