



California Fair Political Practices Commission

September 11, 1989

Dana W. Reed
3151 Airway Avenue, Suite M-1
Costa Mesa, CA 92626

Re: Your Request for Informal
Assistance
Our File No. I-89-453

Dear M. Reed:

We have received your letter of July 26, 1989, seeking written confirmation of the advice I provided to you in our telephone conversation of July 19, 1989, regarding reporting requirements for a non-profit corporation which sponsors a political committee under the Political Reform Act of 1974.¹ This is to confirm that your letter accurately reflects that advice. However, I would like to clarify a point made in your letter.

In regards to reporting requirements of a sponsor, you stated that the sponsor need not disclose contributions either to or from a committee it sponsors, or expenditures made on the sponsored committee's behalf, if all of three criteria were satisfied. In addition to the three you listed, a responsible officer of the sponsor, as well as the treasurer of the committee, must verify the committee's campaign statements. (Regulation 18419(c)(4).)

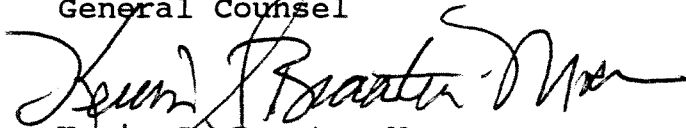
A copy of your letter is enclosed for your convenience.

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

Sincerely,

Kathryn E. Donovan
General Counsel

By:


Kevin S. Braaten-Moen
Political Reform Consultant

Enclosure

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.

REED & DAVIDSON

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TELEPHONE (213) 362-9238

July 26, 1989

Ms. Jeanne Pritchard
Division Chief, Technical Assistance and Analysis Division
Fair Political Practices Commission
428 J Street, Suite 800
Sacramento, California 95814

Dear Ms. Pritchard:

This letter requests informal assistance under Government Code Section 83114(b). We request written confirmation of advice this firm received from Kevin Bratten-Moen on July 19, 1989 concerning reporting requirements for a non-profit corporation which sponsors a political committee. I am requesting this advice as Treasurer of the committee and it relates to a possible amendment of previously filed reports. (2 California Code of Regulations, Section 18329(c)(4)(A)).

Specifically, we were advised as follows: a committee sponsor need not report contributions, including non-monetary contributions, and expenditures on behalf of the committee it sponsors if the sponsored committee reports such receipts from the sponsor; and that a sponsor need not report the transfer of funds to the sponsor from the sponsored committee if the sponsored committee reports such a transfer to the sponsor.

The advice received was based on these facts. The sponsor is a non-profit corporation, qualified under section 501(c)(4) of the Internal Revenue Code. It does not engage in any campaign activity itself, other than through one or more sponsored committees. The sponsor does not make or receive contributions or independent expenditures sufficient to qualify as a committee under Government Code, Section 82013. Following the election for which the sponsored committee was organized, the sponsor received the surplus funds in a series of payments from the sponsored committee. The funds paid to the sponsor by the sponsored committee were in excess of \$10,000.

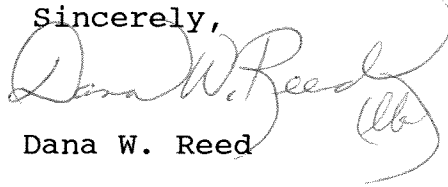
Ms. Jeanne Pritchard

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A sponsor need not disclose contributions either to or from a committee it sponsors, or expenditures made on the sponsored committee's behalf, if all of the following criteria are satisfied: the sponsor does not make or receive sufficient contributions, including non-monetary contributions, or expenditures to otherwise qualify as a committee, other than those in support of its sponsored committee; the sponsored committee reports all contributions or expenditures in support of the committee by the sponsor; and the sponsored committee reports contributions received from the sponsor as from an intermediary, if required. (2 California Code of Regulations, Section 18419 (c)).

If you have any questions, please feel free to call.

Sincerely,

A handwritten signature in cursive script that reads "Dana W. Reed". To the right of the signature, there is a small, handwritten mark that appears to be "lb".

Dana W. Reed

DWR:lb