



California Fair Political Practices Commission

September 5, 1989

Cary Davidson
Reed & Davidson
3151 Airway Ave., Ste. M-1
Costa Mesa, CA 92626

Re: Your Request for Advice
Our File No. A-89-459

Dear Mr. Davidson:

You have requested confirmation of telephone advice provided to you on behalf of Ms. Marcia Gilchrist, treasurer of the Republican Central Committee of Orange County (RCCOC), and Assemblyman Curt Pringle concerning the campaign provisions of the Political Reform Act.¹

Your letter, dated July 28, 1989, correctly summarizes my advice that fees for services provided by a law firm to Ms. Gilchrist, the RCCOC, Assemblyman Pringle, his controlled committee and four other defendants who have been named in a single lawsuit, may be allocated equally among all eight defendants without resulting in the making of a contribution to the RCCOC, Assemblyman Pringle or the controlled committee as long as the work performed equally benefits each of the defendants.

In addition, Section 85303(c) provides that non-controlled committees and political parties may establish separate bank accounts and receive contributions in excess of the limits imposed by Proposition 73 as long as the separate funds will not be used to make contributions to state or local candidates. Therefore, under the Political Reform Act, RCCOC may raise separate funds which exceed the contribution limitations to pay its own legal fees in connection with the lawsuit. The funds may not be used to pay fees incurred by any state or local candidate, a controlled

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.

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committee, or any other non-controlled committee that makes contributions to candidates. Whether the funds may be used to pay legal fees incurred by any of the other defendants is governed by Elections Code Section 12400, et seq. Questions concerning the Elections Code should be addressed to the Attorney General.

Please do not hesitate to contact me at (916) 322-5662 if you have additional questions.

Sincerely,

Kathryn E. Donovan
General Counsel

Carla J. Wardlow

By: Carla J. Wardlow
Assistant Chief, Technical
Assistance & Analysis Division

FPPC

REED & DAVIDSON

Aug 3 1 15 PM '89

DANA W. REED
CARY DAVIDSON
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LOS ANGELES OFFICE
888 WEST SIXTH STREET, 12TH FLOOR
LOS ANGELES, CALIFORNIA 90017
TELEPHONE (213) 362-9238

July 28, 1989

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

Dear Ms. Pritchard:

This letter requests formal written advice pursuant to Government Code Section 83114(b) confirming telephone advice received from Carla Wardlow concerning payment of legal fees. We were advised that legal fees for work involving eight separate defendants, to be rendered by a single law firm representing all eight defendants, may be allocated into eight equal shares. This letter also seeks to confirm that contributions received by a political party to cover legal fees or payments made by the party for fees incurred by defendants who are not candidates are not limited by the Political Reform Act of 1974 (the "Act"), as amended.

The persons whose duties are in question are Ms. Marcia Gilchrist, who serves as treasurer of the Republican Central Committee of Orange County ("RCCOC"), 300 Plaza Alicante, Suite 340, Garden Grove, California 92640 and Assembly Member Curt Pringle, 14550 Magnolia Street, Suite 201, Westminster, California 92683. The RCCOC and Assembly Member Pringle are among the eight defendants.

Both Ms. Gilchrist and Assembly Member Pringle have specifically authorized me to submit this request on their behalf. (2 California Code of Regulations, Section 18329 (b)(2)).

The question regarding payment of legal fees arises in the context of In re Johnson, 12 FPPC Ops. 1, which the Fair Political Practices Commission (the "Commission" or "FPPC") adopted on July 12, 1989. In that Opinion, the FPPC concluded that payments to Assembly Member Pringle's defense

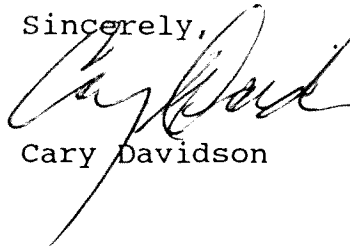
Ms. Jeanne Pritchard
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fund are contributions subject to the fiscal year limitations under the Act.

The relevant facts are as follows: eight separate named defendants in the matter addressed in the Johnson Opinion have retained the same law firm to represent their individual interests in the action; the defendants include the RCCOC, Assembly Member Pringle and his campaign committee; and the required legal work will equally benefit each of the eight defendants. Each one-eighth share will likely exceed \$10,000. Also, the RCCOC is proposing to raise funds to cover the legal fees and costs and pay for legal fees incurred by defendants other than Assembly Member Pringle and his controlled committee.

Please confirm your verbal advice that the legal fees may be divided into eight equal shares under the Act, and that the payments made or received by the RCCOC for legal fees incurred by defendants who are not candidates are not subject to the fiscal year limits of the Act. If you have any questions, please feel free to contact us.

Sincerely,



Cary Davidson

CD:lp

FPPC

REED & DAVIDSON

ATTORNEYS AT LAW

DANA W. REED
CARY DAVIDSONDARRYL R. WOLD
OF COUNSEL

Aug 3 1 15 PM '89

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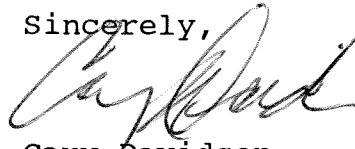
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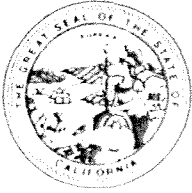
Please confirm your verbal advice that the legal fees may be divided into eight equal shares under the Act, and that the payments made or received by the RCCOC for legal fees incurred by defendants who are not candidates are not subject to the fiscal year limits of the Act. If you have any questions, please feel free to contact us.

Sincerely,



Cary Davidson

CD:lp



California
Fair Political
Practices Commission

August 4, 1989

Cary Davidson
Reed & Davidson
Attorneys at Law
3151 Airway Avenue, Suite M-1
Costa Mesa, CA 92626

Re: Letter No. 89-459

Dear Mr. Davidson:

We received your letter requesting confirmation of advice under the Political Reform Act on August 3, 1989. Your letter has been assigned to our Technical Assistance and Analysis Division for response. If you have any questions, you may contact that division directly at (916) 322-5662.

If the letter is appropriate for confirmation without further analysis, we will attempt to expedite our response. A confirming response will be released after it has gone through our approval process. If the letter is not appropriate for this treatment, the staff person assigned to prepare the response will contact you shortly to advise you. In such cases, the normal analysis, review and approval process will be followed.

You should be aware that your letter and our response are public records which may be disclosed to any interested person upon receipt of a proper request for disclosure.

Sincerely,

A handwritten signature in cursive script that reads "Kathryn E. Donovan".

Kathryn E. Donovan
General Counsel

KED:plh:confadv1