



California Fair Political Practices Commission

March 24, 1995

Tricia Hunter, Treasurer
Lincoln Club of Coachella Valley
3260 East Fox Run Way
San Diego, CA 92111

Re: Your Request for Advice
Our File No. A-95-080

Dear Ms. Hunter:

You have requested advice on behalf of the Lincoln Club of Coachella Valley concerning the campaign provisions of the Political Reform Act (the "Act").^{1/}

QUESTIONS

1. May the Lincoln Club of Coachella Valley (the "Lincoln Club") open a bank account separate from its political action committee account to deposit nonmember funds used to pay for events which are not related to supporting or opposing candidates?
2. May the political action committee bank account transfer funds to the new account to help cover the costs of these events?

CONCLUSIONS

1. The Act contains no provisions which would prohibit the Lincoln Club from establishing more than one bank account.
2. The Act requires that, at a minimum, all expenditures of campaign funds be reasonably related to a political, legislative or governmental purpose. To the extent that the events in question are reasonably related to political, legislative or governmental activities, it is permissible to transfer funds from the political action committee to the separate account.

^{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.

FACTS

The Lincoln Club receives contributions from its members in the form of yearly dues for the purpose of supporting Republican candidates for partisan offices. In addition, the Lincoln Club sponsors several events each year for its members at which Republican leaders are invited to speak. Nonmembers may attend the events for a fee. However, the events are not fundraisers for the political action committee or for other campaign purposes.

ANALYSIS

The Act requires organizations that receive contributions totaling \$1,000 or more in a calendar year for the purpose of supporting or opposing state and local candidates and ballot measures to register as "committees" and file periodic campaign disclosure reports. (Sections 82013; 84100, et seq.)

However, the Act does not regulate the establishment of bank accounts by organizations like the Lincoln Club and there is nothing in the Act which would prohibit the Lincoln Club from establishing more than one bank account.

With regard to transferring funds from the political action committee account to another bank account, Sections 89512 and 89512.5 require that, at a minimum, expenditures of campaign funds be reasonably related to a political, legislative, or governmental purpose. Any expenditure which confers a substantial personal benefit on an individual must be directly related to a political, legislative, or governmental purpose. Payments for events at which Republican leaders are invited to address members and nonmembers of the Lincoln Club appear to be reasonably related to a political purpose. Thus, funds held in the Lincoln Club's political action committee account may be transferred to another account to help pay for these events.

If you have questions concerning this letter, please contact me at (916) 322-5660.

Sincerely,

Steven G. Churchwell
General Counsel

Carla Wardlow

By: Carla Wardlow
Division Chief
Technical Assistance Division