



FAIR POLITICAL PRACTICES COMMISSION

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December 17, 1998

Julie Dad
Santa Monica Democratic Club
117 Pacific Street, #107
Santa Monica, California 90405

**Re: Your Request for Advice
Our File No. I-98-282**

Dear Ms. Dad:

This letter is in response to your request for advice on behalf of the Santa Monica Democratic Club regarding the provisions of the Political Reform Act (the "Act").¹ Because you have not provided detailed information about the nature of your committee, we can provide you only with informal assistance.²

QUESTION

May funds from your membership account be transferred or loaned to your campaign account?

CONCLUSION

Yes. Nothing in the Act prohibits you from transferring or loaning funds from your membership account to your campaign account. This transaction must be reported pursuant to the disclosure requirements of the Act. Because we have little information about your committee, we can only provide you with general advice and urge you to contact the Commission regarding the specific disclosure requirements of the Act.

¹ Government Code sections 81000 - 91014. Commission regulations appear at title 2, sections 18109 - 18995, of the California Code of Regulations.

² Informal assistance does not provide the requestor with the immunity provided by an opinion or formal written advice. (Section 83114; Regulation 18329, subd. (c)(3).)

FACTS

The Santa Monica Democratic Club is a membership organization that has a separate bank account for campaign activities and expenses.

ANALYSIS

Nothing in the Act prohibits your membership organization from making a loan or contribution to your campaign committee. Such transactions do have to be reported pursuant to the Act. Most likely, your "campaign account" is a sponsored committee of which the Santa Monica Democratic Club is the sponsor. Therefore, this transaction must comply with Regulation 18419 (copy enclosed) among the other reporting requirements of the Act. (See also, *Kalayjian* Advice Letter, No. I-98-019 (copy enclosed).) For more information regarding your reporting obligations, please call the Technical Assistance Division at (916) 322-5660.

The Act does place restrictions on how your campaign committee may spend its funds.³ Generally, expenditures by a committee are required to be "reasonably related to a political, legislative, or governmental purpose."⁴ (Section 89512.5.) Reimbursements of a contribution from a sponsoring organization to its sponsored committee for normal operating expenses is not reasonably related to a political, legislative, or governmental purpose. (*Weyuker* Advice Letter, No. A-97-576; *Pappy* Advice Letter, No. A-94-031; *Brown* Advice Letter, No. I-90-412.) Similarly, the Commission has found that a sponsored committee may not loan its sponsoring organization funds for normal operating expenses. (*Weyuker* Advice Letter, *supra.*) A sponsored committee could, however, repay a loan.

If you have any other questions regarding this matter, please contact me at (916) 322-5660.

Sincerely,

Steven G. Churchwell
General Counsel



By: Marte Castaños
Staff Counsel, Legal Division

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³ "Campaign funds" include any contributions, cash, cash equivalents and other assets received or possessed by a committee. (Section 89511(b).)

⁴ Please note that expenditures that confer a "substantial personal benefit" (see Section 89511(b)(3)) must be "directly related to a political, legislative, or governmental purpose of the committee." (Section 89512.5(b).)