



## FAIR POLITICAL PRACTICES COMMISSION

P.O. Box 807 • 428 J Street • Sacramento, CA 95812-0807

(916) 322-5660 • Fax (916) 322-0886

April 19, 1999

Ollie M. McCaulley  
PO Box 185  
Sun Valley, CA 91352-0185

**Re: Your Request for Advice  
Our File No. A-99-099**

Dear Mr. McCaulley:

This letter is a response to your request for advice regarding the campaign provisions of the Political Reform Act (the "Act").<sup>1</sup>

### QUESTION

How does a campaign committee pay outstanding debts once the committee has been closed?

### CONCLUSION

A campaign committee may not terminate until all outstanding debts have been paid, unless the campaign declares it has no intention or ability to repay the debt.

If it is your intention to repay the debt, you must file a new Candidate Intention Statement (Form 501), reopen the campaign bank account and file Form 502, and file the Statement of Organization, Form 410, reopening the committee. All funds raised must be placed into the account prior to repayment.

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

## FACTS

You ran for State Senate in 1998. In November of 1998, you closed your Senate committee with outstanding debts.

## ANALYSIS

Regulation 18404 states, in part, that:

“A candidate may terminate his or her status as a candidate, and a treasurer of a committee ... may terminate the committee’s status as a committee only by filing a Statement of Termination declaring, **under penalty of perjury**, that the candidate or committee:

- (1) *Has ceased to receive contributions and make expenditures and does not anticipate receiving contributions or making expenditures in the future;*
- (2) *Has eliminated or has declared that it has no intention or ability to discharge all of its debts, loans received and other obligations ....* [Emphasis added.]

The term “contribution” is defined in Section 82015 to include the candidate’s own money or property used on behalf of his or her candidacy. If you intend to raise money, including using personal funds, in order to repay the debt, Section 85200 requires that a Statement of Intention (Form 501) be filed with the Secretary of State “prior to solicitation or receipt of any contribution or loan.” On the form, indicate the November 1998 Senate race as the office sought.

Section 85201, which concerns the campaign bank account for a candidate, requires that “upon the establishment of an account, an original statement (Form 502) setting forth the name of the financial institution, the specific location, and the account number shall be filed with the Secretary of State within 10 days.” In addition, Section 85201 requires that:

- “(c) All contributions or loans made to the candidate, to a person on behalf of the candidate, or to the candidate’s controlled committee shall be deposited in the account.
- (d) Any personal funds which will be utilized to promote the election of the candidate shall be deposited in the account prior to expenditure.
- (e) All campaign expenditures shall be made from the account.”

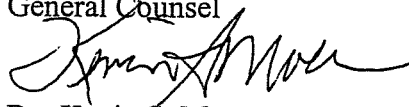
Therefore, if you intend to use personal funds to pay any outstanding debt, your personal funds must be placed into the campaign bank account *prior* to the funds being expended.

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If you have any questions, please do not hesitate to contact me at (916) 322-5660.

Sincerely,

Steven G. Churchwell  
General Counsel



By: Kevin S. Moen  
Political Reform Consultant II

cc: Law Offices of Scott Mattingly  
9828 Charleville Blvd.  
Beverly Hills, CA 90212