FEDERAL ELECTION COMMISSION
Washington, DC 20463

August 31, 1976

Re: AOR 1976-33

Mr. Henry L. Greenwood
827 N. Michigan
Saginaw, Michigan

Dear Mr. Greenwood:

This letter is in response to your letter of April 5, 1976, in which you requested an opinion on whether the interest accrued from money which was not raised in compliance with the Federal Election Campaign Act of 1971, as amended (the "Act") could be used for Federal campaign purposes.

As you know, the Supreme Court held in Buckley v. Valeo, 424 U.S. 1 (1976), that the Commission as then constituted lacked the power to issue advisory opinions. From the date of that decision on January 30 until reconstitution of the Commission on May 21, 1976, no advisory opinions could be issued. Moreover, since May 21 the Commission has been required to give priority to the consideration of proposed regulations which must be submitted to Congress under 2 U.S.C. §438(c). We apologize for the unavoidable delay in responding to your request.

In your letter you state that several thousand dollars have been raised and will continue to be raised by a weekly bingo game organized under the State laws of Michigan. It is your intention, as treasurer, to place these funds in certificates of deposit. The funds from the bingo were not raised in compliance with the Act. Your question is whether the interest paid on the certificates of deposit, if directly deposited into a proper Federal campaign account, could be used for Federal campaign purposes.

Although interest earned from placing contributions into an income producing source may be used in a Federal election, the initial contributions must have been received in accord with the provisions of the Act. See in this connection the Commission's response to advisory opinion request 1976-22 issued to the Michigan Democratic Party and relating to bingo fundraising. This response sets forth the conditions under which bingo proceeds may be used in connection with a Federal election. Bingo proceeds not raised in accordance with the response to AOR 1976-22

may not be used for Federal campaign purposes; nor may any interest earned on such proceeds be used for Federal campaign purposes.

All contributions to or receipts of a political committee must be deposited in a checking account in the designated campaign depository, properly accounted for, recorded, and reported. 2 U.S.C. §§437b(a), 432(b) and (c), and 434(b). An amount transferred from the checking account of a political committee's campaign depository to an income source must be returned, interest included, to the same campaign depository. See also Parts 102, 103, and 104 of the Commission's proposed regulations as submitted to the Congress on August 3, 1976, copy enclosed.

This response relates to your opinion request but may be regarded as informational only and not as an advisory opinion since it is based in partyon proposed regulations. of the Commission which must be submitted to Congress. The proposed regulations may be prescribed in final form by the Commission only if not disapproved either by the House or the Senate within thirty legislative days from the date received by them. 2 U.S.C. §438(c). As mentioned above the proposed regulations were submitted to Congress on August 3, 1976. It is the Commission's view that no enforcement or compliance action should be initiated in this matter if the actions of the political committee you represent conform to the conclusions and views stated in this letter.

Sincerely yours,

(signed)
Vernon W. Thomson
Chairman for the
Federal Election Commission

Enclosures