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FEDERAL ELECT
COMMISSION
MAIL ROOM

Mike Kreidler for Congress Committee
JoAnne Waldum, Treasurer
3124 Jorgenson Road NE
Olympia, WA 98506
April 6, 1992

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FEDERAL ELECTION COMMISSION
Office of General Counsel
999 E Street NW
Washington, D.C. 20463

Re: Advisory Opinion Request

Dear Sir or Madam:

I am writing as a representative of the Mike Kreidler for Congress Committee (Washington, Democrat, 9th District) to request an advisory opinion as to the permissibility of the following situation:

Mike Kreidler is a Senator from the state of Washington who has declared his intent to run for Congress in the new 9th District. After careful review of the funds in his state campaign fund, those which were permissible under federal regulations were transferred to the congressional account, leaving primarily prohibited funds in the state account.

We are aware that we cannot use these funds to purchase equipment and transfer or loan it to the federal committee due to the nature of the funds that would be used in the acquisition. However, we plan to purchase certain office equipment with the remaining money in the state fund with the intention of leasing it at a fair market rate to the federal committee. When we considered this matter, we felt that an equipment lease with an outside vendor would almost certainly involve equipment that was purchased with federally prohibited funds, so this would not put us into a situation that was substantially different from such a lease.

I spoke with Susan Harris, an auditor at the Washington State Public Disclosure Commission and she assured me that there would be no restrictions on this arrangement as far as the PDC was concerned, as long as the transaction was properly reported.

I also spoke with Jack Riley at the Internal Revenue Service and he explained that there would be no problem in his opinion since these committees would be considered to be a singular "umbrella organization". There would be no reportable income because it would work like a circle within the "umbrella organization", since both committees were formed for the purpose of raising exempt funds to be used in the "selection process". This activity would not trigger the need for an 1120 POL.

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We appreciate your review of this question and await your decision.

Sincerely,

- JoAnne Waldum

**JoAnne Waldum
Treasurer
(206) 491-1471**



FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

April 24, 1992

JoAnne Waldum, Treasurer
Mike Kreidler for Congress Committee
3124 Jorgenson Road NE
Olympia, WA 98506

Dear Ms. Waldum:

This responds to your letter dated April 6, 1992, on behalf of the Mike Kreidler for Congress Committee ("the committee") which requests an advisory opinion concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), to a proposed leasing agreement for office equipment.

Your letter states that Mr. Kreidler is a State Senator in the Washington legislature who has also become a candidate for Congress in the 1992 election cycle. The committee proposes to lease certain office equipment from Mr. Kreidler's state campaign fund and pay fair market value for such lease. The state campaign fund would purchase the equipment with monies that cannot be transferred to the committee because they do not comply with the Act or Commission regulations. You also explain that the state fund has previously made transfers to the committee of those funds in the state account "which were permissible under federal regulations . . . leaving primarily prohibited funds in the state account."

The Act authorizes the Commission to issue an advisory opinion in response to a "complete written request" from any person with respect to a specific transaction or activity by the requesting person. 2 U.S.C. §437f(a). Commission regulations explain that such a request "shall include a complete description of all facts relevant to the specific transaction or activity with respect to which the request is made." 11 CFR 112.1(c).

In view of the foregoing requirements for a complete description of the factual situation, you are requested to respond to the following questions.

1) Describe the office equipment under consideration and state the estimated purchase price to be paid by the state campaign fund. Also include an estimate of the useful life period for this equipment.

2) Will the committee have full and exclusive use of this equipment during the entire period of Mr. Kreidler's campaign for Federal office? If not, describe the extent to which the equipment will be used by the state campaign organization, or by Mr. Kreidler in his capacity as State Senator or for his personal purposes, or by any other person.

3) Is this equipment available for lease or rent in the commercial market in your area? If so, does the state campaign propose to lease it to the committee for an amount and under terms that are the same as would apply if the committee leased it from a vendor who rents such equipment in its ordinary course of business? Describe and explain any differences between such a vendor lease and that proposed between the state campaign fund and the committee?

4) Is there any reason for the state campaign fund to purchase this equipment and then lease it to the committee except for the fact that Mr. Kreidler is a Federal office candidate?

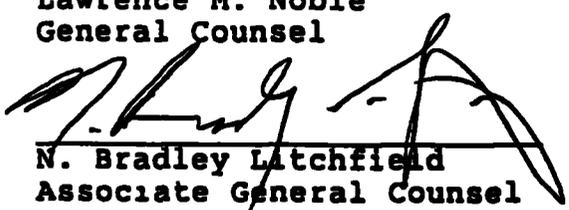
Upon receiving your responses to the foregoing questions, this office and the Commission will give further consideration to your inquiry as an advisory opinion request.

If you have any questions about the advisory opinion process or this letter, please contact Mr. Litchfield. You may reply by fax if desired, but a signed original letter is also needed for record purposes. The fax number for this office is (202) 219-3923.

Sincerely,

Lawrence M. Noble
General Counsel

BY:


N. Bradley Litchfield
Associate General Counsel

Mike Kreidler for Congress Committee

JoAnne Waldum, Treasurer

3124 Jorgenson Road NE

Olympia, WA 98506

May 22, 1992

RECEIVED
FEDERAL ELECTION COMMISSION
JUN 11 1992

**FEDERAL ELECTION COMMISSION
Office of General Counsel
999 E Street NW
Washington, D.C. 20463
Attn: N. Bradley Litchfield**

Re: FEC letter dated 4/24/92

Dear Mr. Litchfield:

AOR 1992-19

RECEIVED
FEDERAL ELECTION COMMISSION
JUN 11 1992
92 JUN -1 PM 3:09

This responds to your letter dated April 24, 1992, which requests additional information for an advisory opinion requested by this committee regarding the lease of computer equipment from the candidate's state committee.

Our responses to the individual questions outlined are as follows:

1) The equipment to be leased to the Federal committee consists of 2 identical computer systems, each a 386 tower with 120 meg hard drive, super VGA monitor and keyboard. The price for both units is \$3420, and it is anticipated that the expected useful life will coincide with MACRS depreciation (5 years).

2) The computers currently maintain, and will continue to maintain unless we are instructed to do otherwise, data relating to Senator Kreidler's previous campaigns as a State Senator. It also contains data relating to his current campaign for the U.S. House of Representatives. They are not utilized for personal purposes.

3) Similar equipment is available for lease in this area. Our campaign manager found that the going lease rates varied, but that \$100 per month was a fair average figure. The Federal committee is currently making \$200 per month payments to the State committee for said lease on a monthly basis.

4) You asked whether there is any reason for the state campaign fund to become involved in such a transaction. Since Senator Kreidler is currently running for Congress in the new 9th district in Washington State, some problems exist with regards to the redistricting issue. This district was created as a result of reapportionment due to the 1990 census. A court suit has been filed by the State of Massachusetts challenging the new seat. A decision has not been made as yet. Should Washington State lose the district, Senator Kreidler may indeed run for his current Senate seat again. For this reason, the computer equipment is held

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May 22, 1992

by the Senate campaign committee.

I trust that the above explanations meet your requirements for a complete description of the situation and await your decision on this matter.

Sincerely,

A handwritten signature in cursive script, reading "JoAnne Waldum". The signature is fluid and extends to the right with a long, sweeping tail.

JoAnne Waldum
Treasurer
Mike Kreidler for Congress Committee
FEC #CO0260877