



SECRET 27 PM L-17

Mr. Larry Noble
General Counsel
Federal Election Commission
999 E Street N.W.
Washington, D.C. 20463

October 26, 1992

AOR 1992-38

Dear Mr. Noble:

The Clinton/Gore Campaign requests an expedited advisory opinion regarding the permissible use of the Clinton/Gore Compliance Fund. Under the provisions of 11 CFR 112.4(b) the Clinton/Gore Campaign, the authorized campaign committee of the Democratic candidates for President and Vice President, requests an advisory opinion with regard to the specific transaction presented below in the 20 calendar day time period.

The Clinton/Gore Compliance Fund (hereinafter the "Fund") was established on May 22, 1992 as an affiliated committee of the Clinton/Gore '92 Campaign Committee. The Fund was established in accordance with 11 CFR 9003.3, the "GELAC regulations." The GELAC regulations permit the Fund "[t]o make a loan to an account ... to defray qualified campaign expenses incurred prior to the expenditure report period or prior to receipt of federal funds..." The GELAC regulations anticipate the use of funds raised in accordance with 11 CFR 9003.3 to provide a permissible source of financing for general election qualified expenses incurred prior to the receipt of federal funds.

The GELAC regulations allow a loan to be made to the general election operating account to defray qualified expenses incurred during the expenditure report period. The Clinton/Gore Campaign anticipates cash flow demands in the last thirty days of the expenditure report period, after the general election has occurred, which will result in nondeferable payments of approximately 1 million dollars being required prior to Secret Service travel reimbursements being received.


The cash flow lag anticipated by the Clinton/Gore Campaign is directly related to the problem addressed by the Commission in 11 CFR 9003.3(2)(i)(H). As the Commission is aware, the 1991 change in the regulations addressed the permanent shortfall in Secret Service travel reimbursements to a presidential campaign. The revised regulations allow the campaign to cover the permanent shortfall out of the GELAC fund, without the expense being subject to the overall expenditure limit. In this instance, the Secret

Service's inability to provide timely reimbursement of any recoverable travel related costs creates a serious cash flow shortage in the 30 days after the general election. Thus a temporary shortfall will still result under the new regulations. The Clinton/Gore Campaign anticipates Secret Service reimbursements of 1.2 million dollars. Prior to receipt of that reimbursement, however, the payables demand on the Clinton/Gore Campaign--which can not be postponed--will total approximately 1 million dollars.

The Clinton/Gore Campaign requests an opinion as to the permissibility of using the Fund to make a loan to the Clinton/Gore general election account, in accordance with 11 CFR 9003.4(b)(2), with the modification that the funds will be restored within the expenditure report period, or as soon thereafter as Secret Service reimbursement is received. The Clinton/Gore Campaign proposes to make a one time loan of one million dollars from its Compliance Fund to its general election account. The loan will be made sometime after November 3, 1992. The proceeds of the loan will be used to pay expenses due prior to our receivables being fully collected. Collection of the accounts receivable will be used to restore the Fund within the expenditure report period. The use of the proceeds of the proposed loan to defray qualified campaign expenses will not cause the Clinton/Gore Campaign to exceed the general election expenditure limit.

The Clinton/Gore Campaign respectfully requests that the FEC issue the advisory opinion within the 20 calendar day period provided by 11 CFR 112.4(b). The Clinton/Gore Campaign estimates that under 11 CFR 112.4(b) the advisory opinion sought herein will be issued no later than November 16, 1992.

Sincerely,


Christine Varney
Chief Counsel
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