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OFFICE OF THE ATTORNEY GENERAL  
State of California

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OPINION	:	No. 82-902
	:	
of	:	<u>OCTOBER 15, 1982</u>
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GEORGE DEUKMEJIAN	:	
Attorney General	:	
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Anthony S. Da Vigo	:	
Deputy Attorney General	:	
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THE HONORABLE HOWARD L. BERMAN, MEMBER OF THE CALIFORNIA ASSEMBLY, has requested an opinion on the following question:

Is interest or dividend income derived from the investment of campaign funds subject to the same use restrictions as are imposed upon such funds by sections 12400 through 12407 of the Elections Code?

CONCLUSION

Interest or dividend income derived from the investment of campaign funds is subject to the same use restrictions as are imposed upon such funds by sections 12400 through 12407 of the Elections Code.

## ANALYSIS

Under the provisions of sections 12400 through 12407 of the Elections Code, the use of campaign funds for personal use is prohibited. (See 65 Ops.Cal.Atty.Gen. 493 (1962).) No reference in those provisions is made to the proceeds of invested campaign funds. The present inquiry is whether the restrictions imposed upon the use of campaign funds apply as well to such proceeds.

Section 22.2 of the Civil Code provides:

"The common law of England, so far as it is not repugnant to or inconsistent with the Constitution of the United States, or the Constitution or laws of this State, is the rule of decision in all courts of this State."

In the absence of legislative expression, we turn to the rule of common law that the proceeds of an investment are an accretion or increment to the principal earning it, and unless lawfully separated therefrom become a part thereof. (*Pomona City School Dist. v. Payne* (1935) 9 Cal.App.2d 510, 516.) Since proceeds, including interest and dividends, become part of the principal, they are subject to the same restrictions.

Further, by mere reasoned analysis, the investment of funds for personal benefit constitutes the use thereof for personal use. Hence, the diversion of proceeds, including interest and dividends, to personal use would be inherently inconsistent with the restrictions upon the use of the principal.

It is concluded that interest or dividend income derived from the investment of campaign funds is subject to the same use restrictions as are imposed upon such funds by sections 12400 through 12407 of the Elections Code.

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