

DECISION

Spencer
GGM

**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548 *20185***FILE:** B-206273**DATE:** September 2, 1983**MATTER OF:** Promotional Expenditures to Sell
Olympic Coins**DIGEST:**

Under the special characteristics of the Olympic coin program, GAO would not object to Treasury's use of public funds for the staging of media events and receptions and the costs of an occasional donation of an Olympic coin if (1) these expenditures are deemed necessary to fulfill the statutory responsibilities of the Treasury Department under the Olympic Commemorative Coin Act, (2) a reasonable nexus exists between each Olympic coin donation or other promotional expense and a demonstrable anticipated media or marketing benefit for the Olympic coin program to generate sales, and (3) promotional expenses are recouped from proceeds of the sale of coins.

By letter dated August 18, 1983, the Acting Treasurer of the United States requested that we review the authority of the Bureau of the Mint, Department of the Treasury, to spend funds under the Olympic Commemorative Coin Act to promote the sale of Olympic coins. Two types of expenditures are of primary concern. The first are expenses involved in the staging of media events and receptions in order to bring awareness of Olympic coins to the attention of the general public. The second type of expense would be the occasional giving away of an Olympic coin at a media-covered event. We have been advised that in each case the purpose of the proposed expenditures is to further the marketing of the coins.

We conclude that under the special characteristics of the Olympic coin program we would not object to these expenditures if (1) they are deemed necessary to fulfill the statutory responsibilities of the Treasury Department under the Olympic Commemorative Coin Act, (2) a reasonable nexus exists between each Olympic coin donation or other promotional expense and a demonstrable anticipated media or marketing benefit for the Olympic coin program, and (3) promotional expenses are recouped from the proceeds of the sale of the coins.

Under the Olympic Commemorative Coin Act, Pub. L. No. 97-220, approved July 22, 1982, 96 Stat. 222, the Secretary of the Treasury was directed to issue not more than 50 million silver coins of a face value of \$1 and not more than 2 million gold coins of a face value of \$10, all to commemorate the 1984 Summer Olympics to be held in Los Angeles. In addition, the Secretary of the Treasury was directed to sell these coins domestically at a premium price in accordance with a formula set forth in the statute and so as to result in no net cost to the Government. The net profits from the program are to be divided equally between the United States Olympic Committee and the Los Angeles Olympic Organizing Committee to help stage and promote the 1984 summer games, train Olympic athletes, promote local amateur athletics, and erect training facilities. Under the statute, this net profit must be at least \$50 from the sale of every gold coin and \$10 from the sale of every silver coin. Of course, the more coins that are sold, the greater will be the financial benefits to the two Olympic committees. The Mint has estimated that if it sells all 52 million coins, \$600 million will accrue to the Olympic committees.

Thus, the Olympic Commemorative Coin Act directs that the Treasury Department perform the role of an entrepreneur in the market place to sell coins to benefit the Olympic committees, presumably in competition with other products for a share of the public's discretionary money. This is not the usual role of a Government agency. In addition, the quantity of coins directed to be sold, 52 million, requires that the Treasury effectively reach almost every household in America. This is the first time that the Treasury has embarked on a program of such a magnitude to sell coins.

The Department of the Treasury has stated that promotional activities are necessary and proper expenses to achieve the mandate of Congress, as expressed in the Olympic Commemorative Coin Act, to sell 52 million coins in support of the United States Olympic effort. Moreover, they state these activities are essential to achieve the purposes of the statute. Without them, there is a significant risk that the Treasury will fail in its mission to market the number of coins which Congress has mandated to be sold.

In these special circumstances, as long as each promotional expenditure is deemed necessary to fulfill the Treasury's responsibilities under the Olympic Commemorative Coin Act, we would not object if a reasonable nexus exists between each Olympic coin donation or other promotional expense and a demonstrable anticipated media or marketing benefit for the Olympic coin program. Of course, Treasury's promotional expenses will have to be recouped from the coin sales proceeds. We assume that promotional endeavors will be coordinated with the Olympic committees.

for *Harry D. Van Cleave*
Comptroller General
of the United States