



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

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December 19, 2012

**MEMORANDUM**

**AGENDA ITEM**

TO: The Commission

For Meeting of 12-20-12

FROM: Anthony Herman *AH*  
General Counsel

Kevin Deeley *KD*  
Acting Associate General Counsel

Robert Knop *RK by KD*  
Assistant General Counsel

Esther D. Heiden *EDH*  
Attorney

**SUBMITTED LATE**

Subject: AO 2012-35 (Global Transaction Services Group, Inc.) – Draft D

Attached is a proposed draft of the subject advisory opinion (Draft D). We have been asked to have this draft placed on the Open Session agenda for December 20, 2012.

Attachment

1 ADVISORY OPINION 2012-35

2

3 Michael R. Wofford

4 Global Transaction Services Group, Inc.

5 11235 Davenport Street, Suite 111

6 Omaha, NE 68154

7

**DRAFT D**

8 Dear Mr. Wofford:

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10 We are responding to your advisory opinion request on behalf of Global Transaction  
11 Services Group, Inc. (“GTSG”), concerning the application of the Federal Election Campaign  
12 Act (the “Act”) and Commission regulations to the proposal to initiate contributions to political  
13 committees by text message and then process them using credit or debit cards. GTSG asks  
14 whether it may process the proposed small-dollar contributions using the wireless user’s credit or  
15 debit card and forward them to recipient political committees. The Commission concludes that  
16 GTSG’s proposed process for receiving and forwarding small-dollar contributions to political  
17 committees is permissible under the Act and Commission regulations.

18 ***Background***

19 The facts presented in this advisory opinion are based on your letter and supplementary  
20 information received on October 24, 2012, your comment received on December 5, 2012, the  
21 information you provided at the Commission’s Open Meeting on December 6, 2012, and the  
22 information you provided via telephone and email on December 18, 2012.<sup>1</sup>

23 GTSG is an incorporated technology company that provides services in a number of  
24 areas, including mobile payments, transaction fraud security, and e-commerce. GTSG has  
25 developed a process to allow wireless users to initiate contributions of \$50 or less via text

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<sup>1</sup> To the extent that any information provided at the Commission’s Open Meeting on December 6, 2012 differed from information provided in the advisory opinion request or in the requestor’s comment on the advisory opinion drafts, the information provided at the Commission’s Open Meeting is “definitive” in the formulation of this advisory opinion. *See Notice of New Advisory Opinion Procedures and Explanation of Existing Procedures*, 74 FR 32160, 61 (July 7, 2009).

1 messages and then charge them to the wireless user's credit or debit card. GTSG currently offers  
2 a similar process for donations to charitable organizations; this is the first time that GTSG  
3 proposes to make this process available to candidates and political committees.

4 GTSG has credit and debit card transaction relationships with card processors. Under  
5 GTSG's proposed plan, GTSG will act as manager for the transaction between the contributor,  
6 the credit or debit card companies, and the recipient political committees.

7 GTSG will offer its services to political committees and will enter into service contracts  
8 with its political committee customers. GTSG will only accept potential political committee  
9 customers if they are "in good standing" with the Commission and with appropriate State  
10 election authorities. Additionally, GTSG may develop eligibility criteria based upon commercial  
11 considerations and therefore may decide to accept only proposals from some political  
12 committees and not others.

13 GTSG will charge its political committee customers a fee for using its services, to be  
14 deducted from the total amount of the contribution before GTSG forwards the contribution to the  
15 political committee. GTSG will evaluate market data to determine a competitive fee schedule  
16 for its political committee customers. Although GTSG anticipates a lower fee for services  
17 provided to political committees relative to its non-political or commercial customers, it does not  
18 expect that the difference in fees will be substantial.

19 Once GTSG accepts a political committee as a customer, GTSG will assign the candidate  
20 or political committee a unique keyword. The common short codes are country specific and are  
21 used only by U.S.-based wireless service providers. Therefore, only wireless users who obtain  
22 service through U.S.-based wireless service providers will be able to use a short code to make a

1 contribution. GTSG also has the technical capability to selectively block specific phone  
2 numbers, groups of phone numbers, and phone numbers with international codes.

3 To initiate a contribution, a wireless user<sup>2</sup> will send a text message using a pre-assigned  
4 “keyword” to a “common short code.”<sup>3</sup> After sending the text message, the wireless user will  
5 receive two reply text messages from GTSG. The first message will ask the wireless user to  
6 verify that he or she intends to make the contribution. The second message will ask the wireless  
7 user to certify his or her eligibility to make contributions.<sup>4</sup> The wireless user must reply  
8 affirmatively to both messages. If the wireless user replies, “No” or fails to reply to either of the  
9 aforementioned text messages from GTSG, GTSG will not process the contribution.

10 GTSG will next send a text message to the wireless user with a link to GTSG’s  
11 contribution web page. To make a contribution, the wireless user will enter his or her credit or  
12 debit card information and the amount of the contribution onto a web form on the page. GTSG’s  
13 proposed process will reject any single contribution over \$50 and will reject a contribution of  
14 any amount that will result in the wireless user making contributions that, in the aggregate,  
15 exceed \$50 per calendar year. GTSG states that the only credit or debit card information  
16 requested of the contributor will be the card number, expiration date, and the three- or four-digit  
17 security code. The credit or debit card information will then be transmitted securely to the card

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<sup>2</sup> In Advisory Opinion 2010-23 (CTIA I), the Commission explained the meaning of the terms “wireless subscriber” and “wireless user.” A “wireless subscriber” refers to an individual who a wireless service provider bills; a “wireless user” refers to all individuals who are included in the subscriber’s billing plan, including, for example, a family or group plan, but who are not directly responsible for payment to the “wireless service provider.”

<sup>3</sup> For example, to make a contribution to U.S. Senate candidate John Smith, a wireless user would text the keyword “Smith” to a common short code. A common short code is a five- or six-digit number to which wireless users can send text messages to access mobile content, such as “313131.” *See* Advisory Opinion 2010-23 (CTIA I).

<sup>4</sup> The eligibility certification would be similar to the following: “Press Donate Now to process your contribution to the [candidate’s name] campaign. This certifies you are at least 18 years, using your own funds, not a Federal Contractor and are not a foreign national. Terms at [gtsgglobal.com/t](http://gtsgglobal.com/t).”

1 processor for authorization. The contribution will appear on the wireless user's credit or debit  
2 card statement.

3 The credit or debit card information and the two contribution text message verifications  
4 described above are the only information that GTSG will request from the wireless user. GTSG  
5 represents that the credit card processor will not have the cardholder's name and address.  
6 GTSG, however, will use the mobile phone number used to initiate the contribution to derive the  
7 wireless user's name and address and will then provide that information to the recipient political  
8 committees.

9 After receiving the funds from the credit or debit card company, GTSG will track the  
10 funds by unique keyword and place the funds into separate bank accounts for each recipient  
11 political committee. GTSG will then transmit the contribution to the political committee  
12 customer, less any associated fees (discussed above), along with the amount and date of the  
13 contribution, the wireless user's ten-digit phone number, name, address, and last four digits of  
14 the credit or debit card, and the fact that the wireless user attested to his or her intent and  
15 eligibility to make the contribution. GTSG will also maintain a tally of contributions made from  
16 each mobile phone number, and will automatically transmit this information to the recipient  
17 political committee customer.

18 ***Question Presented***

19 *Would the proposed process outlined in the request allow Global Transaction Services*  
20 *Group, Inc. to process small-dollar donations and distribute them to the recipient political*  
21 *committee customers?*

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1 ***Legal Analysis and Conclusion***

2 Yes, GTSG's proposal to receive small-dollar donations and distribute them to recipient  
3 political committee customers, as outlined in its request, is permissible under the Act and  
4 Commission regulations.<sup>5</sup>

5 In considering the use of technology, including credit and debit cards, to make  
6 contributions, the Commission has previously "interpreted the Act and its regulations in a  
7 manner consistent with contemporary technological innovations . . . where the use of the  
8 technology would not compromise the intent of the Act or regulations." Advisory Opinion 1999-  
9 09 (Bradley for President) (approving Federal matching funds for contributions received over the  
10 Internet through the use of a credit card). In a number of advisory opinions, the Commission has  
11 specifically approved the use of credit cards to make contributions. *See, e.g.*, Advisory Opinion  
12 1995-09 (NewtWatch); Advisory Opinion 1978-68 (Seith for Senate Committee); *see also*  
13 Explanation and Justification for Final Rules on Matching Credit Card and Debit Card  
14 Contributions in Presidential Campaigns, 64 FR 32394 (June 17, 1999).

15 The Commission understands GTSG's question to raise three issues under the Act and  
16 Commission regulations relating to the receiving and forwarding of contributions for political  
17 committees: (1) whether the contributions received for political committees are timely  
18 forwarded; (2) whether contributor information must be forwarded for contributions of \$50 or  
19 less; and (3) whether the requestor will properly account for political contributions deposited by  
20 GTSG before they are forwarded to recipient political committees.

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<sup>5</sup> The Act and Commission regulations impose certain requirements on treasurers of political committees. For example, a "treasurer shall be responsible for examining all contributions received for evidence of illegality and for ascertaining whether contributions received, when aggregated with other contributions from the same contributor, exceed the [Act's] contribution limitations." 11 CFR 103.3(b). This advisory opinion does not address the recipient political committees' requirements under GTSG's proposal.

1 *Timeliness of Forwarded Contributions*

2           The Act and Commission regulations require every person who receives a contribution  
3 for an authorized political committee to forward the contribution to the committee's treasurer  
4 within ten days after receiving the contribution. 2 U.S.C. 432(b)(1); 11 CFR 102.8(a). The Act  
5 and Commission regulations further require every person who receives a contribution of \$50 or  
6 less for a political committee that is not an authorized committee to forward the contribution to  
7 the committee's treasurer within 30 days after receiving the contribution. 2 U.S.C. 432(b)(2)(A);  
8 11 CFR 102.8(b)(1).

9           The Commission considers contributions made by credit or debit card to be received as of  
10 the date that the credit or debit card holder authorizes his or her card to be charged with the  
11 contribution. *See* Advisory Opinion 2012-17 (Red Blue T LLC, ArmourMedia, Inc., and m-  
12 Qube, Inc. ) ("m-Qube I") (citing Advisory Opinion 1990-04 (American Veterinary Medical  
13 Association)). GTSG states in its request that it will forward all contributions, less applicable  
14 fees, to the political committee customer within seven days, along with contribution totals and  
15 the supporting documentation discussed above. Because GTSG will forward all contributions  
16 received within ten days, its proposal meets the forwarding timelines required by the Act and  
17 Commission regulations.

18 *Contributor Information and Excessive Contributions*

19           For any contribution over \$50, the Act and Commission regulations require that the  
20 person forwarding the contribution forward to the political committee's treasurer the name and  
21 address of the person making the contribution and the date of receipt of the contribution.  
22 2 U.S.C. 432(b)(1), (2)(B); 11 CFR 102.8(a), (b)(2). Further, treasurers of political committees  
23 must "keep an account of (1) all contributions received by or on behalf of such political

1 committee; (2) the name and address of any person who makes any contribution in excess of  
2 \$50, together with the date and amount of such contribution by any person; [and] the  
3 identification of any person who makes a contribution or contributions aggregating more than  
4 \$200 during a calendar year, together with the date and amount of any such contribution.”  
5 2 U.S.C. 432(c)(1)-(3); *see also* 11 CFR 110.4(c). Commission regulations also require that  
6 treasurers of political committees “examin[e] all contributions received for evidence of illegality  
7 and for ascertaining whether contributions received, when aggregated with other contributions  
8 from the same contributor, exceed the [Act’s] contribution limitations.” 11 CFR 103.3(b).

9 As proposed, wireless users using GTSG’s system to make credit and debit card  
10 contributions will only be able to enter a contribution amount in the amount of \$50 or less; the  
11 system will reject a contribution of any amount that would result in a wireless user making  
12 aggregate contributions exceeding \$50 per calendar year. The requestor states that it will use a  
13 system to derive the wireless user’s name and address from his or her mobile number, and will  
14 forward that information to the recipient political committees, along with the ten-digit phone  
15 number, last four digits of the credit or debit card, and the date and amount of the contribution.  
16 The Commission concludes that the proposal described above is consistent with the provisions of  
17 the Act and Commission regulations related to forwarding of contributions.

### 18 *Segregation of Contributions*

19 The Act and Commission regulations prohibit corporations from making a contribution,  
20 which includes any gift, subscription, loan, advance, or deposit of money or anything of value, to  
21 a Federal candidate. *See* 2 U.S.C. 441b; 11 CFR 114.2(b)(1); 2 U.S.C. 431(8)(A)(i); 11 CFR  
22 100.52(a).

1           GTSG will track the funds received from credit card processors by the short code and  
2 unique keyword associated with a recipient committee when the contribution is initiated via text  
3 message. In addition, GTSG will place the funds into separate bank accounts for each recipient  
4 political committee. Therefore GTSG's proposal satisfies the Act and Commission regulations.  
5 *See* 2 U.S.C. 441b; 11 CFR 114.2(b); Advisory Opinion 1999-22 (Aristotle Publishing); Advisory  
6 Opinion 2012-30 (Revolution Messaging).

7           This response constitutes an advisory opinion concerning the application of the Act and  
8 Commission regulations to the specific transaction or activity set forth in your request. *See*  
9 2 U.S.C. 437f. The Commission emphasizes that, if there is a change in any of the facts or  
10 assumptions presented, and such facts or assumptions are material to a conclusion presented in  
11 this advisory opinion, then the requestor may not rely on that conclusion as support for its  
12 proposed activity. Any person involved in any specific transaction or activity which is  
13 indistinguishable in all its material aspects from the transaction or activity with respect to which  
14 this advisory opinion is rendered may rely on this advisory opinion. *See* 2 U.S.C. 437f(c)(1)(B).  
15 Please note that the analysis or conclusions in this advisory opinion may be affected by  
16 subsequent developments in the law, including, but not limited to, statutes, regulations, advisory  
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1 opinions, and case law. The cited advisory opinions are available on the Commission's website,  
2 [www.fec.gov](http://www.fec.gov), or directly from the Commission's Advisory Opinion searchable database at  
3 <http://www.fec.gov/searchao>.

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On behalf of the Commission,

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Caroline C. Hunter  
Chair

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