PARTY OPERATIONS

PART 1:
FUNDRAISING/CANDIDATE SUPPORT

August 20, 2013
11:15 a.m. – 12:45 p.m.
Tab #3

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

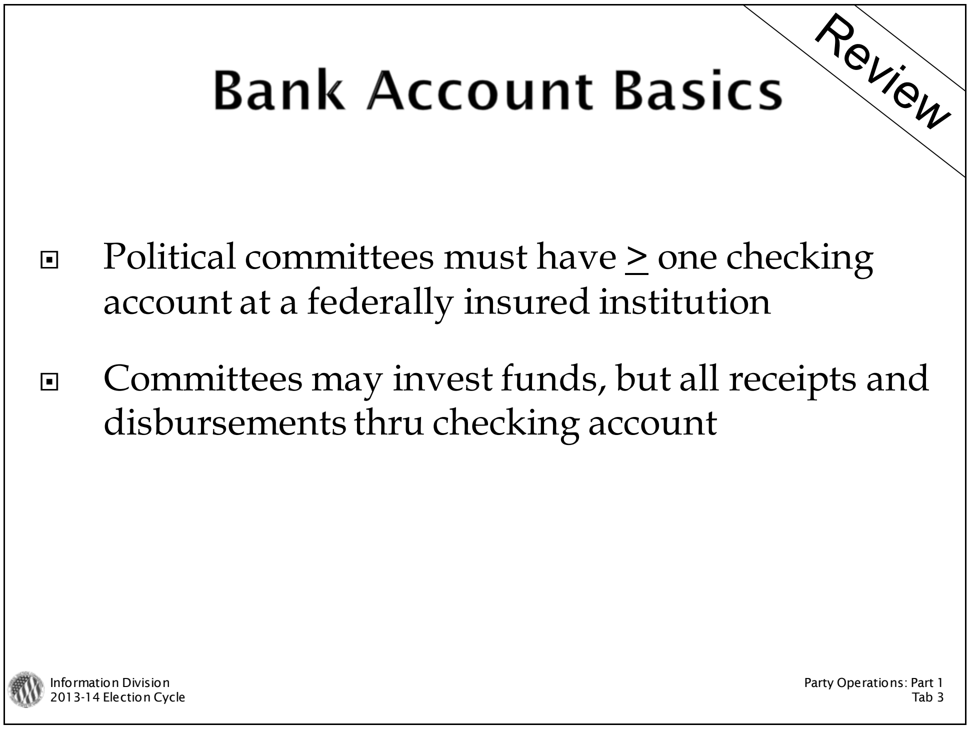
Objectives

- **Identify different types of accounts**
- Review contribution limits, prohibitions and exemptions
- Discuss disclosure rules for contributions bundled by lobbyists
- Examine methods of supporting candidates

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

PART A: FUNDRAISING

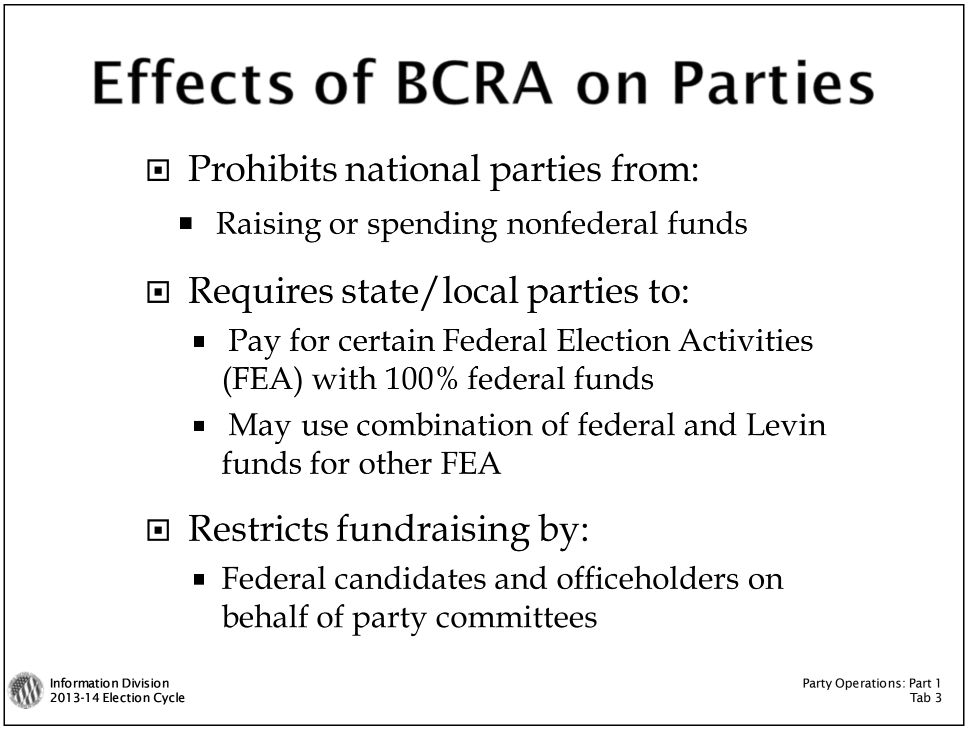


I. Organize Accounts

A. Establishing a Federal Account (11 CFR 103.2 and 103.3)

1. Party committee must establish one or more federal accounts and designate a campaign depository at a federally insured institution.

2. Committee may invest the funds, but all federal receipts and disbursements must be made through the checking account.



B. Review of Bipartisan Campaign Reform Act of 2002 (BCRA) Provisions

1. Prohibits national parties from raising or spending nonfederal funds;
2. Requires state/local parties to pay for certain Federal Election Activities (FEA) with 100% federal funds; may use combination of federal and Levin funds for other FEA; and
3. Restricts fundraising by federal candidates and officeholders.

National Party Accounts

National parties cannot raise/spend nonfederal funds—federal accounts only

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

C. National Party Committees (11 CFR 300.10)

BCRA prohibits national party committees, their agents, or any entity established, financed, maintained or controlled by a national party committee from raising, spending, soliciting, receiving or directing funds that are not subject to the limitations, prohibitions and reporting requirements of the Federal Election Campaign Act (i.e., "soft money").

State/Local Party Accounts

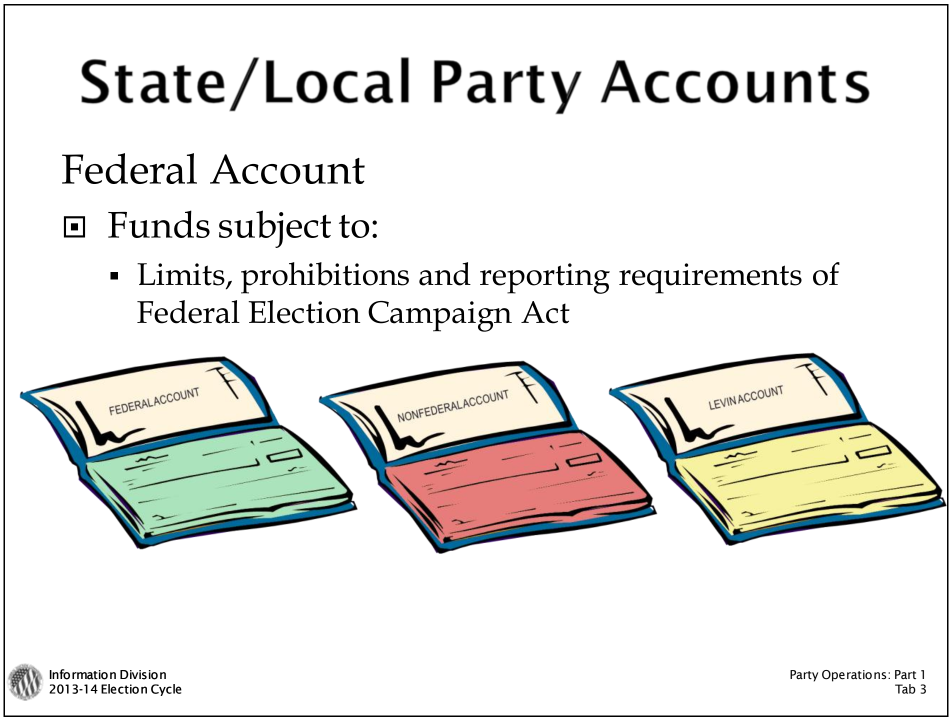
State and local parties may have three different types of bank accounts:

1. Federal **2. Nonfederal** **3. Levin**

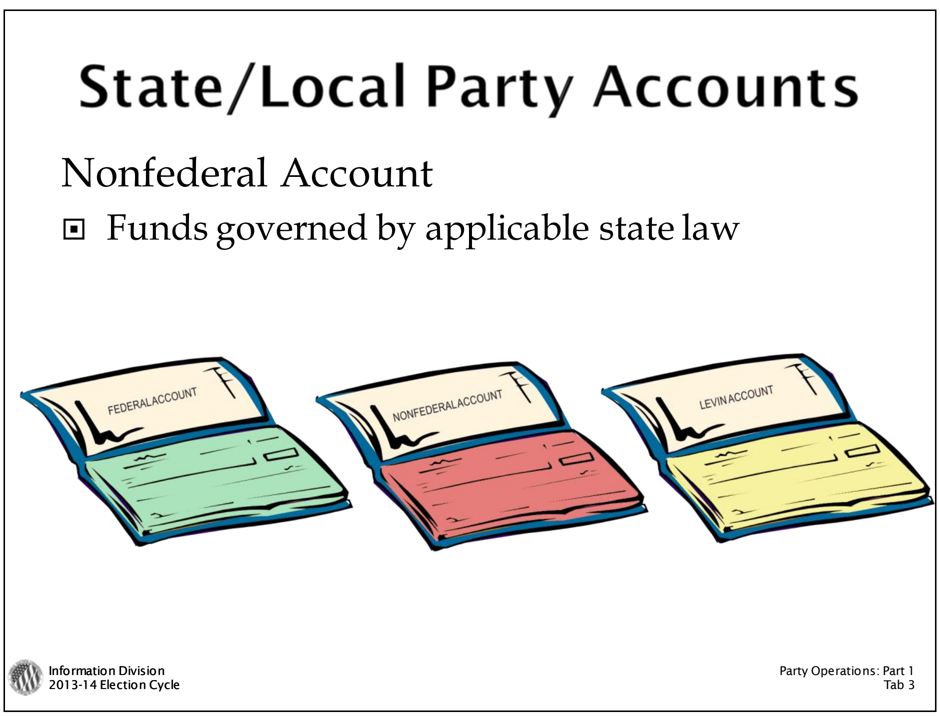
Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

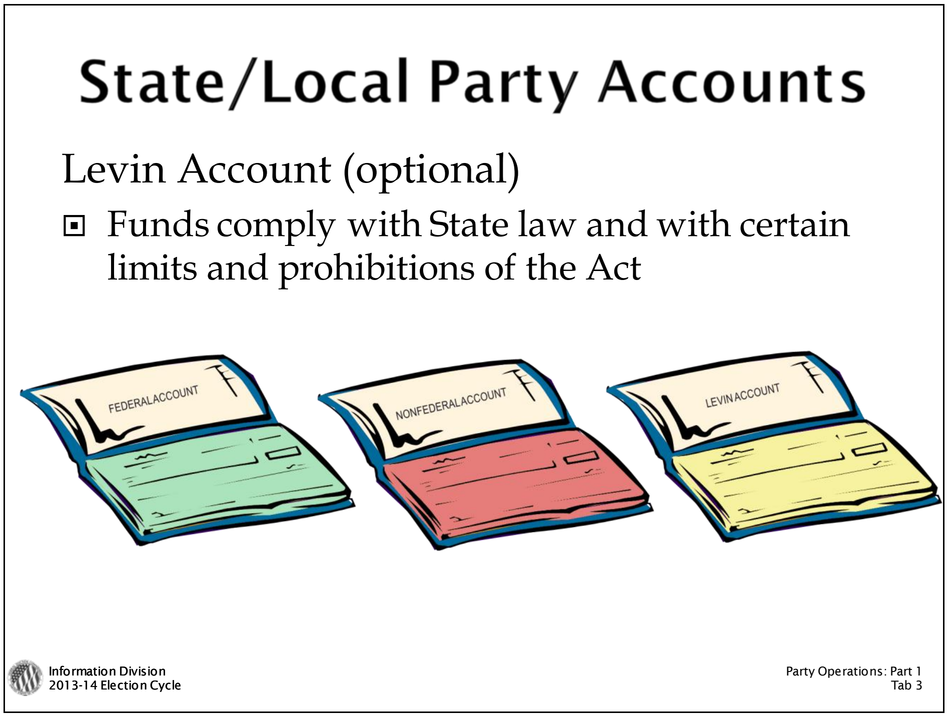
D. **Three Types of Accounts for State/Local Party Committees** – (11 CFR 102.5(a) and 300.30); (*Guide*, pp. 4-5)



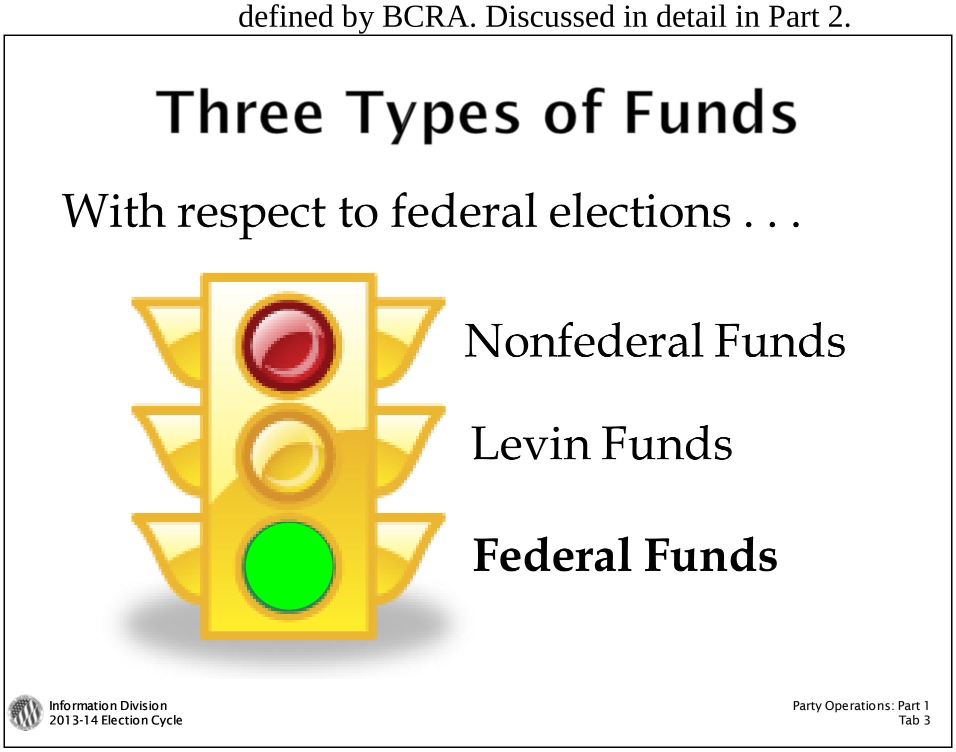
1. **Federal Account – Required for Federal Activity**
   Federal funds comply with the limitations, prohibitions and reporting requirements of the Federal Election Campaign Act (the Act).



2. **Nonfederal Account – Optional Under Federal Law**
   Nonfederal funds are governed by state law. Not reportable to the FEC.



3. **Levin Account – Optional Under Federal Law <u>or</u> Deposit in Nonfederal Account**
   a) Levin funds comply with some of the limits and prohibitions of the Act and are also governed by state law.
   b) Used to pay a portion of certain FEA, which are specific activities defined by BCRA. Discussed in detail in Part 2.



Federal Account Deposits

Must meet one of these conditions:

1. Designated or solicited for federal account
2. Contributors informed that contribution is subject to federal limits/prohibitions

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

II. Deposits into the Federal Account – (11 CFR 102.5(a) and 300.30(b)(3)); (*Guide*, p. 5)

A. Solicitation Notice

All funds deposited into the party's federal account must meet one of the following conditions:

1. **Designated or Solicited for the Federal Account**
   Funds must be designated by the contributor or expressly solicited for use in connection with federal elections; <u>or</u>
2. **Contributors Informed**
   Contributors must be informed that contribution is subject to federal limits and prohibitions, e.g., in the initial solicitation.
   11 CFR 102.5(a)(2).

Federal Account Deposits

"Best Efforts"

- ►Solicitations must include request for information

  "Federal Law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed $200 in a calendar year."

- ►Follow-up request w/in 30 days of receipt if info not received

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

B. **Best Efforts (11 CFR 102.9(d) and 104.7)** (*Guide*, p. 21)

1. When making solicitations, committees and their treasurers must make "best efforts" to obtain, maintain and report the name, address, occupation and employer for each contributor who gives more than $200 per calendar year.
2. Initial solicitation must specifically request that information and inform contributors that the party committee is required by law to use its best efforts to collect and report it.
3. If contributor does not provide sufficient reporting information, committee must make one follow up request within 30 days of receipt.
4. Contributor information that is received after the contribution has been disclosed on the committee's report may either be disclosed as memo entries on Schedule A on the next regularly-scheduled report OR the information may be reported by filing an amendment to the previous report that originally disclosed the contribution.
5. Amendments must be filed for all reports that cover the two-year election cycle in which the contribution was received and that disclose itemizable contributions from the same contributor. Committees are not required to file amendments to reports covering previous election cycles.

Review

Contribution Limits

For 2013-14 Elections	Candidate per election	National Party per year	State, District & Local Party per year	Any PAC per year	Special Limits
Individual	$2,600	$32,400	$10,000 (combined)	$5,000	$123,200 biennial limit
National Party	$5,000	No Limit	No Limit	$5,000	$45,400 per Senate campaign
State, District & Local Party	$5,000 (combined)	No Limit	No Limit	$5,000 (combined)	None
PAC: multicandidate	$5,000	$15,000	$5,000 (combined)	$5,000	None
PAC: not multicandidate	$2,600	$32,400	$10,000 (combined)	$5,000	None

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

III. Fundraising for the Federal Account

A. Contribution Limitations for 2013-2014 (11 CFR 110.1 and 110.2)

1. To Each National Party Committee

a) $32,400/year from individuals and non-multicandidate PACs. (Note: Indexed for inflation in odd-numbered years)

b) $15,000/year from multicandidate PACs.

2. To All State and Local Party Committees Within a State

a) $10,000/year combined limit from individuals and non-multicandidate PACs.

b) $5,000/year combined limit from multicandidate PACs.

c) State and (registered) local party committees are normally presumed to be affiliated. 11 CFR 110.3(b)(3). AOs 2005-02 and 1999-04. See AO 1978-09 for an example of committees that are not considered to be affiliated.

Prohibited Contributions

Review

- Corporations
- Labor Organizations
- Federal Government Contractors
- Cash over $100
- Anonymous over $50
- Contributions in the Name of Another

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

B. Prohibited Sources of Contributions (Federal Account) (11 CFR 110.4, 114.2(b) and 115.2) (*Guide*, pp. 12-14)

1. Contributions prohibited to federal account from:

- Corporations and labor organizations
- Federal government contractors
- Contributions in name of another
- Cash over $100
- Anonymous over $50

2. See Advisory Opinion 2011-13 (DSCC) for guidance on avoiding prohibited sources while online fundraising.

C. Prohibited Sources of Contributions for All Elections (Federal, State and Local) (11 CFR 110.20 and 114.2(a))

1. Foreign nationals
2. Federally chartered corporations
3. National banks

Scenario #1

Reporting Contributions to the Federal Account

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

<u>Reporting Scenario #1</u>
On November 1, 2013, the Freedom Party sends out a solicitation for contributions. The solicitation states that the funds received will be used in connection with both nonfederal and federal elections. The committee receives a check from Dr. Marvin Monroe in the amount of $500 on November 15, 2013.

1. **May the committee deposit the check in the federal account?**

2. **How should the committee report the receipt of the check?**

3. **When examining the check from Dr. Monroe, what "red flags" should the committee consider when deciding if the check is permissible?**

Reporting Federal Receipts

Schedule A, Line 11(a)(i)

SCHEDULE A (FEC Form 3X)
ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) PAGE OF

X 11a | 11b | 11c | 12 | 13 | 14 | 15 | 16 | 17

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full): The Freedom Party Committee

A. Full Name (Last, First, Middle Initial): Dr. Marvin Monroe
Mailing Address: 1082 C Street
City: Massena State: NY Zip Code: 11215
FEC ID number of contributing federal political committee: C
Name of Employer: Self-Employed
Occupation: Psychiatrist
Receipt For: Primary General Other (specify)
Aggregate Year-to-Date: 500.00
Date of Receipt: 11 / 15 / 2013
Amount of Each Receipt this Period: 500.00

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

Reporting Scenario #1 Answers:

1. May the committee deposit the check in the federal account?

Answer: Yes, because the solicitation stated that the funds would be used in connection with federal elections. Alternatively, the solicitation could have stated that the contributions are subject to the limits and prohibitions of the Act. Either would satisfy 11 CFR 102.5(a)(2).

2. How should the committee report the receipt of the check?

Answer: The contribution is more than $200 so it should be itemized on Schedule A for Line 11(a)(i).

3. When examining the check from Dr. Monroe, what "red flags" should the committee consider when deciding if the check is permissible?

Answer: Is the check a personal check? Is the check drawn on the account of a corporation or LLP? Is the address on the check a foreign address?

Volunteer Exemptions

- Volunteer Services
- Personal Property
- Home Event – $2,000/year
- Unreimbursed Travel – $2,000/year

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

IV. Contribution Exemption: Volunteer Services (*Guide*, pp. 25-26)

A. Services of Individual Volunteer
No limit on services provided without compensation by any individual. 11 CFR 100.74.

B. Use of Real or Personal Property (e.g., home or personal computer)

1. **Unlimited when Used for Volunteer Services (11 CFR 100.75)**
2. **Use of Home or Community Room for Event**
   a) Individual may spend up to $2,000/year for food, beverage and invitations in connection with event held at above locations. 11 CFR 100.77.
   b) Community room must be used on a regular basis by community for non-commercial purposes and must be available regardless of political affiliation.
   c) Nominal fee paid for use is not a contribution.

C. Unreimbursed Travel
Individual may spend up to $2,000/year for his/her own unreimbursed travel on behalf of the party. 11 CFR 100.79.

Computer Services Exemptions

- Sending or Forwarding Emails
- Creating, Maintaining or Hosting Website
- Providing a Hyperlink to a Website
- Posting Comments to a Blog
- Using Work Computer for Online Political Activity

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

V. Contribution Exemption: Computer Services (11 CFR 100.94 & 100.155) (*Guide*, p. 26)

A. Permissible Uses

Individuals may use a computer for a wide variety of activities in connection with federal elections, including:

1. Sending or forwarding unlimited e-mails on any political topic. Additionally, individuals do not have to identify themselves or state whether the messages have been authorized by any party or campaign committee.
2. Creating, maintaining or hosting a web site.
3. Providing a hyperlink to a web site.
4. Posting comments to a blog, so long as they receive no compensation or, at most, a nominal fee. (Blogging also falls within certain exemptions for media activity.)
5. Using a work computer for online political activity. This, however, is subject to an employer's rules for the personal use of computers and Internet access, and the employee must not be compensated for the activity. 11 CFR 100.94(b), 100.155(b) and 114.9(a) and (b).

B. Not Exhaustive

The list of permissible activities is not exhaustive; additional activities may be possible.

C. Interaction with the Party

The contribution and expenditure exemptions apply regardless of whether individuals act with the knowledge or consent of a political party committee.

Food/Beverage Exemption

- Charge must ≥ actual cost to vendor
- Discount limited to $2,000/ year
- Vendor may be incorporated

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

VI. Contribution Exemption: Food/Beverage Vendor Discounts (*Guide*, pp. 25-26)

A. How Exemption Works

Food and beverage vendors may sell food or beverages at a discount, provided that:

1. Charge must at least equal actual cost to vendor.
2. Discount may not exceed $2,000/year. 11 CFR 100.78 and 114.1(a)(2)(v).

B. Vendor May be Incorporated

Legal & Accounting Exemption

- Services cannot directly further election of candidate
- Person paying for the services is the employer
- Employer does not hire a replacement
- Party must report name of provider, date of service and value

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

VII. Contribution Exemption: Free Legal and Accounting Services (*Guide,* p. 25)

A. Provided by Employers
An employer (e.g., law or accounting firm) may provide unlimited legal and accounting services as long as certain conditions are met.

B. Conditions for Exemption

1. Services may not directly further election of specific federal candidate.
2. Entity paying for services must be regular employer of individual performing the service.
3. Employer may not hire additional employees to free regular employees to perform the service.

C. Reporting
Party must report name of provider, date of service and value. Report the value of services received by using a memo entry on Schedule A of Form 3X. 11 CFR 100.85, 104.3(h) and 114.1(a)(2)(vi).

Lobbyist Bundling

Disclosure Rule:

If a lobbyist/registrant or lobbyist/registrant PAC forwards or is credited with raising two or more bundled contributions that total more than $17,100 during a covered period, the recipient committee must report that on FEC Form 3L.

VIII. Disclosure of Contributions Bundled by Lobbyists/Registrants and Lobbyist/Registrant PACs (11 CFR 104.22) (*Guide*, pp. 143-149)

A. Summary of Lobbyist Bundling Disclosure Rule

Reporting committees that receive two or more bundled contributions from a Lobbyist/Registrant or Lobbyist/Registrant PAC **aggregating in excess of $17,100** (amount is indexed for inflation annually) during a specific "covered period" are required to disclose activity on FEC Form 3L, "Report of Contributions Bundled by Lobbyists/Registrants and Lobbyist/Registrant PACs."

B. Terms Defined

1. **Which are "Reporting Committees" – 11 CFR 104.22(a)(1)**
   Political party committees, authorized committees of Federal candidates and leadership PACs.

Lobbyist Bundling

Identifying Lobbyists/Registrants and PACs

- Consult Clerk of House and Secretary of the Senate websites; Lobbyist/Registrant PACs – FEC
- At the time bundled contribution is received, determine if person is:
  - Current registrant as defined in LDA;
  - Identified as Lobbyist PAC on FEC Form 1; or
  - Listed as committee established or controlled by Lobbyist on report filed under HLOGA.

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

2. Determining Whether a Person is Known to be a Lobbyist/Registrant or Lobbyist/Registrant PAC – 11 CFR 104.22(b)(2)

a) Lobbyist/Registrant – 11 CFR 104.22(a)(2)

At the time the contribution is forwarded or received determine if the person is:

(1) Listed as current registrant under section 4(a) of the Lobbying Disclosure Act of 1995 (the LDA); or

(2) An individual listed on a current registration filed under Section 4(b)(6) or current report filed under Section 5(b)(2)(C) of the LDA.

b) Lobbyist/Registrant PAC (11 CFR 104.22(a)(3))

At the time the contribution is forwarded or received determine if the committee is:

(1) Identified as a lobbyist/registrant PAC on its FEC Form 1 (Statement of Organization); or

(2) Listed as a political committee established or controlled by a lobbyist or registrant on a report filed under Sec. 203(a) of HLOGA, amending the LDA. See also 11 CFR 104.22(a)(4).

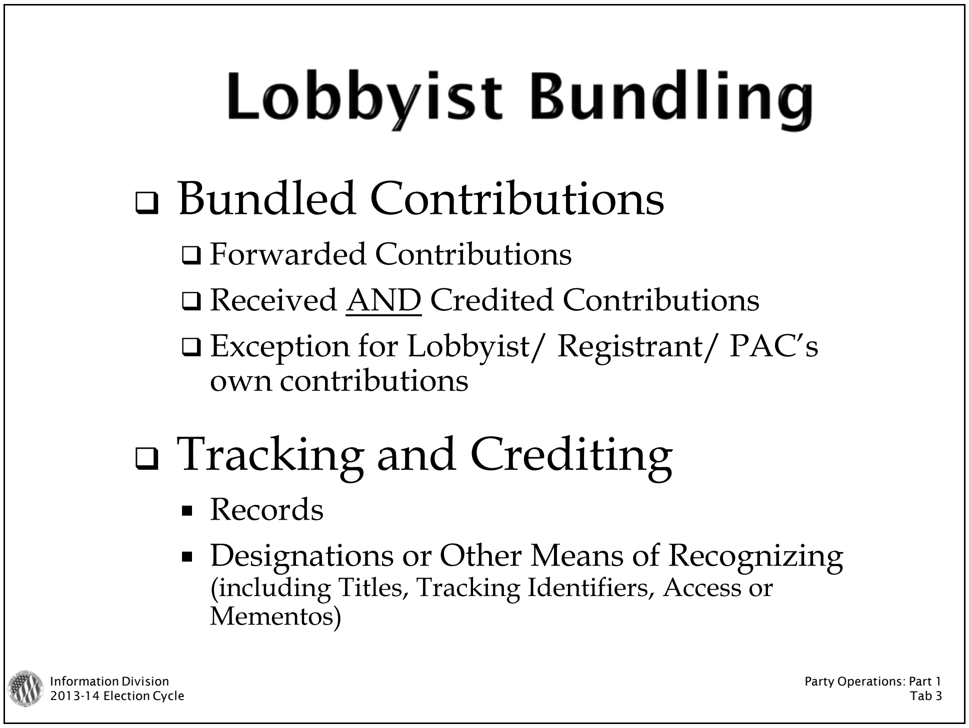
c) Consult the websites maintained by:

(1) Clerk of the House: http://clerk.house.gov

(2) Secretary of the Senate: http://www.senate.gov/pagelayout/legislative/g_three_sections_with_teasers/lobbyingdisc.htm

(3) FEC: http://www.fec.gov

d) Proof of Calculated Search
Computer printout or screen capture showing absence of person's name on the Senate, House or FEC websites may be used to demonstrate reporting committee's efforts to determine if person in question is a lobbyist/registrant or lobbyist/registrant PAC. 11 CFR 104.22(b)(2)(ii).



3. What is a "Bundled" Contribution? (11 CFR 104.22(a)(6))

a) Forwarded Contribution: A contribution (monetary or in-kind) delivered or transmitted by physical or electronic means to a party committee by a lobbyist/registrant or a lobbyist/registrant PAC or person acting on their behalf; or

b) Received and Credited Contribution: A contribution (monetary or in-kind) received by a party committee from a contributor and credited by a party committee to a lobbyist/registrant or lobbyist/registrant PAC through records, designations, or other means of recognizing that money has been raised by the lobbyist/registrant or lobbyist/registrant PAC.

c) What is NOT a "Bundled" Contribution:

(1) Personal contributions made by individual lobbyist/registrants, or personal contributions made by the spouse of individual lobbyist/registrants; and

(2) Contributions made by a lobbyist/registrant PAC from PAC funds.

4. **What does it mean to "Track" or "Give Credit" for Contributions to Committee? (11 CFR 104.22(a)(6)(ii)(A))**
   a) **Records**
      Written evidence that the party committee attributes to a lobbyist/registrant or lobbyist/registrant PAC contributions raised by a lobbyist/registrant or lobbyist/registrant PAC and received by the campaign. Written evidence includes writings, charts, computer files, databases or other data compilations stored in any medium from which information can be obtained.
   b) **Designations or Other Means of Recognizing**
      Benefits given by the committee to persons for raising a certain amount of contributions including, but not limited to:
      (1) **Titles** assigned by the committee (e.g. "Gold Star Club");
      (2) **Tracking identifiers** assigned by the committee that are included on contributions or contribution-related materials for the purpose of maintaining information about the amounts of contributions the person raises (e.g., response cards, cover letters, website solicitation pages);
      (3) **Access to Events** (includes offers or attendance) to committee events or activities; and
      (4) **Mementos** given by the committee (e.g., photograph with the party chair; book autographed by a candidate).
5. **What is the Disclosure Threshold? (11 CFR 104.22(b)(1))**
   a) Campaign committee must disclose information about each Lobbyist/Registrant or Lobbyist/Registrant PAC that forwards, or is credited with raising, two or more bundled contributions **aggregating in excess of $17,100** during a specific covered period.
   b) Threshold indexed each year and calculated amount is rounded to the nearest $100. 11 CFR 104.22(g).

Lobbyist Bundling

"Covered Period" for Quarterly Filers

- Semi-annual Periods:
  Jan 1 – June 30; July 1 – Dec. 31 AND
- Quarterly Reporting Periods:

  Non-Election Year (2013): semiannual + any applicable special election reporting periods

  Election Year (2014): calendar quarters ending 3/31, 6/30, 9/30 and 12/31 + applicable pre- and post-election reporting periods

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

C. Filing FEC Form 3L

1. Filing Schedule

a) Party committees file are required to file their FEC 3L on the same filing schedule as the committee currently files its FEC Form 3X, (i.e., Quarterly filers are required to file Form 3L with each Quarterly report, if the 3L is triggered during the covered period; Monthly filers are required to file Form 3L with each Monthly report, if the 3L is triggered during that period).

b) Committees that file FEC Form 3X on a monthly schedule may elect to file their FEC Form 3L on a quarterly basis. Committees must make this request in writing.

2. Covered Periods (11 CFR 104.22(a)(5))

a) Quarterly Filers

In a Non-Election Year (e.g., 2013), the covered periods are:

(1) Semi-annual Periods (January– June 30; July 1 – Dec. 31); and

(2) Any applicable special election reporting periods

In an Election Year (e.g., 2014), the covered periods are:

(1) Semi-annual Periods (Jan 1– June 30; July 1 – Dec. 31);

(2) Calendar quarters ending 3/31, 6/30, 9/30 and 12/31; and

(3) Applicable pre- and post-election reporting periods

Lobbyist Bundling

"Covered Period" for Monthly Filers

- Semi-annual Periods:
  Jan 1 – June 30; July 1 – Dec. 31 AND
- Monthly Reporting Periods:
  Non-Election Year (2013): reports filed 20th of each month, except January 31 year-end report.
  Election Year (2014): reports filed 20th of each month, except pre- and post-general election reports and January 31 year-end report.

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

b) For Monthly Filers:

(1) Semi-annual Periods (Jan 1 – June 30; July 1 – Dec. 31); and

(2) Monthly Reporting Periods (reports filed 20th of each month, except January 31 year-end report).

(3) Reporting committees that file FEC 3X reports on a monthly basis may elect to file the 3L reports on a quarterly rather than monthly basis. A reporting committee that wishes to change its schedule must notify the Commission in writing. 11 CFR 104.22(a)(5)(iv). See AO 2009-22.

3. What Information Is Disclosed on Form 3L?

a) Itemization Requirements for Form 3L, Schedule A

(1) Name of each Lobbyist/Registrant or Lobbyist/Registrant PAC;

(2) Address of each Lobbyist/Registrant or Lobbyist/Registrant PAC.

(3) Employer of each Lobbyist/Registrant; and

(4) Aggregate amount of bundled contributions forwarded by, or received and credited to, each Lobbyist/Registrant or Lobbyist/Registrant PAC during the covered period.

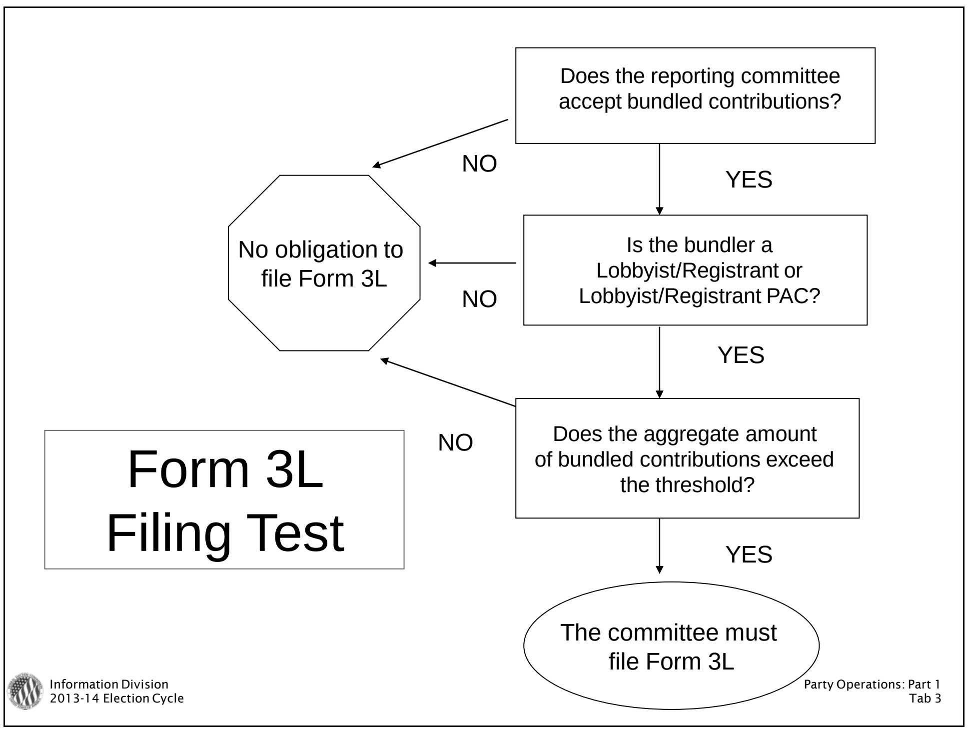
4. **Reporting "Earmarked" Contributions**

a) **"Earmarked" Contribution (11 CFR 110.6)**

(1) Contribution to a candidate committee which a contributor directs, either orally or in writing through an intermediary/conduit (individual, partnership, party, PAC, etc., that is NOT registered lobbyist).

(2) If party is intermediary/conduit, party provides transmittal report to recipient candidate committee AND includes information on contribution on its next regularly scheduled FEC Form 3X. 110.6(c)

(3) Regulations regarding earmarked contributions remain in effect.



D. Does Your Committee Trigger Disclosure Under These Rules?

To determine whether the party triggers disclosure, ask the following three questions:

1. Does the party receive forwarded contributions or credit fundraisers for contributions they raise?
2. Does the party committee receive contributions forwarded by or give credit to persons and entities that qualify as Lobbyist/Registrants or Lobbyist/Registrant PACs?
3. Does the amount forwarded by or credited to a Lobbyist/Registrant or Lobbyist/Registrant PAC exceed $17,100 during the covered period?

If the answer to all three questions is "yes," the committee must file FEC Form 3L.

E. Key Issues:

- **Determine whether the committee received bundled contributions.**
  - Does the party receive forwarded contributions or credit fundraisers for contributions they raise?
  - Does the party committee receive contributions forwarded by or give credit to persons and entities that qualify as Lobbyist/Registrants or Lobbyist/Registrant PACs?
  - Does the amount forwarded by or credited to a Lobbyist/Registrant or Lobbyist/Registrant PAC exceed $17,100 during the covered period?
- **2014 Reporting for Form 3L**
  Parties may be required to disclose bundled contributions if two or more contributions forwarded from Lobbyist or Lobbyist PAC aggregate in excess of the $17,100 threshold (Note that this threshold amount may change in 2014) during the "covered period."
  - **Quarterly Filers**
    - April Quarterly (January 1- March 31)
    - July Quarterly (April 1 – June 30)
    - October Quarterly (July 1 – September 30)
    - Pre-General (October 1 – 15)
    - Post-General (October 16 – November 24)
    - Year-End (November 25 – Dec. 31);
    - Semi-annual period January 1– June 30 (July Quarterly report)
    - Semi-annual period July 1 – Dec. 31 (January 31 Year-End report); and
    - Any applicable special election reporting periods.
  - **Monthly Filers**
    Monthly Reporting Periods (reports filed 20th of each month) **OR Monthly Filers may opt to file Form 3L on a Quarterly basis (See Quarterly schedule above)**;
    - Pre-General (October 1 – 15)
    - Post-General (October 16 – November 24)
    - Year-End (November 25 – Dec. 31);
    - Semi-annual period January 1– June 30 (July Monthly report)
    - Semi-annual period July 1 – Dec. 31 (January 31 Year-End report)

Supporting Candidates

- Contributions
- Exempt Activities
- Phone Banks
- Coordinated Party Expenditures
- Independent Expenditures
- Federal Election Activities (FEA)

Contribution Limits

2013-14 Cycle	House Candidate	Senate Candidate
National May Give:	**$5,000/election**	**$5,000/election from National CCC plus $45,400 from National/Senatorial**
State and Registered Local May Give:	**$5,000/election (combined limit)**	**$5,000/election (combined limit)**
Unregistered Local May Give:	**$2,600/election; will trigger registration**	**$2,600/election; will trigger registration**

Information Division
2013-14 Election Cycle
Party Operations: Part 1
Tab 3

IX. Contribution Limitations From Party Committees (11 CFR 110.1 and 110.2)

(*Guide* pp. 31-36)

A. By National Party Committees

1. **To Congressional Candidates** – Each may contribute $5,000 per election, per candidate. 11 CFR 110.2(b).
2. **To Senatorial Candidates**
    - **a)** National Committee plus Senatorial Campaign Committee together may contribute $45,400/campaign. (Note: indexed for inflation.) 11 CFR 110.2(e).
    - **b)** Congressional Campaign Committee may contribute $5,000/election. 11 CFR 110.2(b).

B. By State, District and Local Party Committees

1. **To Congressional and Senatorial Candidates**
    - **a)** $5,000 per election, if multicandidate. 11 CFR 110.2(b).
    - **b)** $2,600 per election, if not multicandidate committee. 11 CFR 110.1(b).
    - **c)** Limit shared with all federally <u>registered</u> local party committees within the state. 11 CFR 110.3(b)(3).
2. **Made by Unregistered Local Party Organizations**
   May contribute $2,600/election (indexed for inflation), BUT
    - **a)** Permissible funds must be used.
    - **b)** Counts towards $1,000/calendar year registration threshold. 11 CFR 100.5(c) and 110.1(b). See also AOs 2005-02 and 1999-04.

Scenario #2

Reporting Contributions to Federal Candidates

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

<u>Reporting Scenario #2-Reporting Contributions to Federal Candidates</u>
Congressman Cliff Clavin was unsuccessful in his 2012 reelection campaign and lost his seat to local accountant Norm Peterson. Congressman Clavin's campaign has a significant amount of general election debt remaining and the Freedom Party would like to help the campaign pay it down.

Under what circumstances may the Freedom Party make a contribution to retire Congressman Clavin's general election debt? Are there any special reporting rules?

Contributions to Candidates

Contribution to Retire Candidate Debt

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[ ] 21b [ ] 22 [X] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

PAGE OF

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (In Full): The Freedom Party

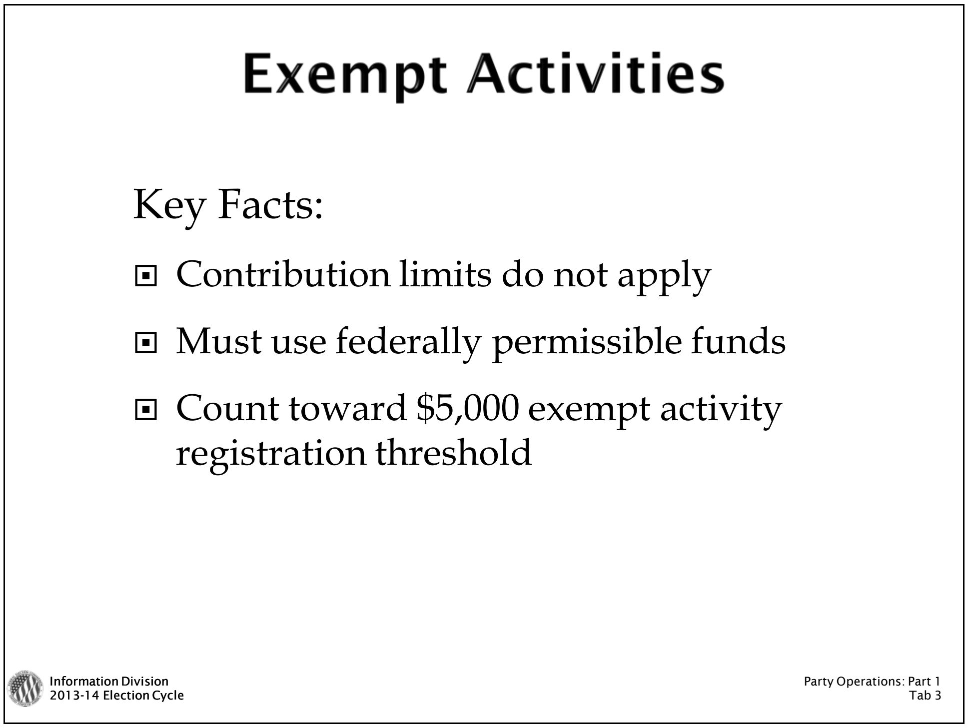
A. Full Name (Last, First, Middle Initial): Cliff Clavin in 2012
Mailing Address: 84 Beacon Street
City: Boston State: MA Zip Code: 02108
Purpose of Disbursement:
Category/Type: 011
Candidate Name: Cliff Clavin
Office Sought: [X] House [ ] Senate [ ] President
State: MA District: 9
Disbursement For: [ ] Primary [X] General [ ] Other (specify): 2012 Debt Retirement
Date of Disbursement: 09 / 30 / 2013
Amount of Each Disbursement this Period: $2,000.00

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

Scenario Answer:
Under what circumstances may the Freedom Party make a contribution to retire Congressman Clavin's general election debt? Are there any special reporting rules?

Answer: The party may make the contribution if the committee has not already maxed out on its contribution limit to this candidate for the general election 2012. For contributions made to retire debt, be sure to designate the contribution(s) specifically for debt retirement for that particular election. Contributions to candidates are reported on Line 23 of FEC Form 3X.



X. Exempt Party Activities (*Guide*, pp. 45-46)

A. Special Features of Party Exempt Activities

1. **Volunteer-Intensive**
2. **Unlimited**
   Not subject to contribution or coordinated expenditure limits, provided criteria listed below are met.
3. **Use Federal funds for portions allocable to federal candidates**
4. **Subject to $5,000 Registration Threshold (11 CFR 100.5(c))**
5. **Disclaimer Required (11 CFR 110.11(e))**
   a) Must state that party paid for communication.
   b) Disclaimer does not need to state whether the communication is authorized by a candidate or any authorized committee.

Slate Cards/Sample Ballots

To be Exempt:

- Must name 3 or more candidates
- No general public political advertising (except direct mail)
- Content limited
  - Name of candidate
  - Office held/sought
  - Party affiliation

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

B. Three Specific "Exempt Party Activities:"

1. Slate Card/Sample Ballot/Palm Card (11 CFR 100.80 and 100.140)

a) Must name 3 or more candidates for any public office;

b) No general public political advertising, except direct mail (defined as commercial vendor or commercial lists); and

1) Content restricted to identification of candidates, office currently held, office sought and party affiliation. Excessive biographical information, information on candidate positions or statements of party philosophy fall outside of the exemption.

2) Photographs and computer graphics may be used. See AO 2008-06 for more information.

Campaign Materials

To be Exempt:

- Only for general election nominees
- Distributed by volunteers
- No general public political advertising
- Paid for by local/state party committee
- Party may not use:
  - Funds designated for a candidate
  - Funds or materials provided by National committee for purchase of the materials

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

2. Campaign Materials (11 CFR 100.87 and 100.147)

(Includes pins, bumper stickers, brochures, yard signs, posters, newsletters and party tabloids)

a) Activity may only be conducted for the general election on behalf of the party's nominees.

b) Party committee must use volunteers to distribute;

c) No public political advertising, no direct mail;

d) Payment for materials must be made by party committee. Any payment by state candidate committee to party for state candidate's share of materials is not a contribution to the party;

e) Payments may not be made from funds designated for a particular candidate; and

f) Payments may not be made from funds provided by National committee for purchase of the materials, nor can the National committee provide the materials.

g) In AO 2010-01, the Commission approved a state party committee's payment for and distribution by volunteers of exempt campaign materials on behalf of a state party's "presumptive nominees" before the primary election was held, but only after the date that the party is able to identify its presumptive nominee.

Presidential GOTV-Voter Registration

To be Exempt:

- Only Presidential/VP candidates mentioned
  - Contribution results if other candidates identified
- No general public political advertising
- Phone bank activity exempt if operated by volunteers
- No payment with:
  - Funds designated for a candidate or
  - Funds donated by national committee

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

3. Presidential Voter Registration and Get-Out-the-Vote Drives (11 CFR 100.89 and 100.149)

a) In order to be exempt, only the Presidential and Vice-Presidential nominees may be specifically mentioned and targeted;

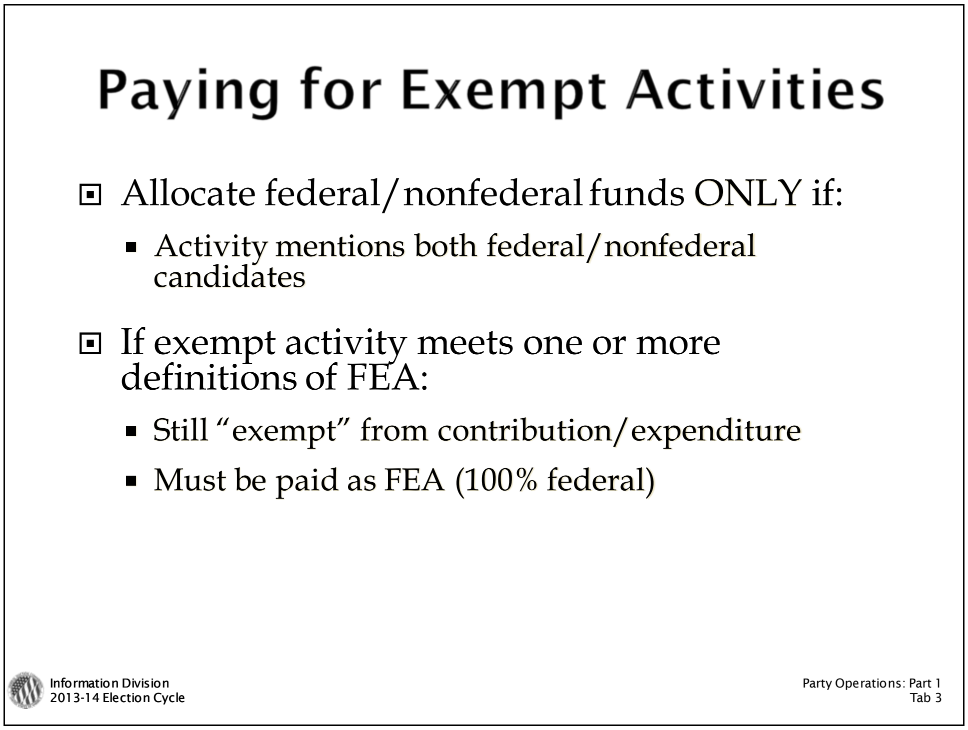
b) If the activity is also conducted on behalf of other specifically-identified candidates, must be in-kind contributions or coordinated expenditures;

c) Phone bank activities exempt if operated by volunteers;

d) No public political advertising, no direct mail;

e) Payments may not be made from funds designated for a particular candidate; and

f) Payments may not be made from funds donated by the National committee for voter registration and GOTV activities.



4. Payment for Exempt Activities

a) Allocation of Exempt Activity

(1) If conducted in conjunction with nonfederal activity, may allocate the costs of Exempt Activity between Federal and nonfederal funds. 11 CFR 106.7(d)(3).

(2) May NOT allocate between Federal and nonfederal funds, any Exempt Activity that mentions ONLY Federal candidates. 11 CFR 106.7(e)(1).

(3) **Example:** A slate card that lists only candidates for Federal office and does not list a candidate for non-Federal office.

b) Exempt Activity that is also FEA (11 CFR 100.24(b)(3) and 300.33(a)(1) and (2))

(1) If Exempt Activity also meets one of the definitions of FEA, such activity is still exempt from the definition of "contribution" and "expenditure" (i.e., activity is unlimited). However, the activity must be paid for as FEA, i.e. with Federal funds. 11 CFR 100.24(b)(3) and 300.33(a)(1) and (2).

(2) **Example:** A Presidential Get-Out-the-Vote Drive phone bank may qualify as Exempt Activity under 100.89 and 100.149. However, such a phone bank may also qualify as a "public communication that PASOs a Federal candidate," which is Type 3 FEA. Though Exempt Activity may be allocated between Federal and nonfederal funds, this activity also qualifies as Type 3 FEA, which is not allocable; must use 100% Federal funds.

Federal Candidate Phone Bank

- MUST use 100% federal funds
- 50% attributed to named candidate as:
  - An in-kind contribution subject to limits;
  - Coordinated party expenditure subject to limits; or
  - Independent expenditure (not subject to limitation).
- Remaining 50% not attributable to any candidate

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

XI. Phone Banks for Federal Candidates – 11 CFR 106.8 (*Guide*, p. 46)

Party committees (national, state or local) may operate phone banks under specific allocation rules. When conducting phone banking activity that only mentions one federal candidate and no other federal or nonfederal candidates, and that only makes a generic reference to other candidates of the same political party (e.g., “Vote for John Smith and our great Freedom Party team!”), half of the cost of the phone bank may be attributed to the federal candidate and the other half may be attributed to the political party.

A. Application of Phone Bank Rules

1. Phone bank that refers to federal candidate **must** be financed with federal funds only.
2. Half the cost **must** be attributed to the clearly identified federal candidate as:
   - An in-kind contribution subject to the contribution limits;
   - A coordinated party expenditure subject to the §441a(d) limits; or
   - An independent expenditure not subject to any amount limitation.

   Alternatively, the clearly identified federal candidate or his or her authorized committee may reimburse the party.
3. The remaining 50 percent of phone bank cost is not attributable to any federal or nonfederal candidate.

Phone Bank for Federal Candidate

To Trigger FEC Rules:

- MUST refer to a clearly identified federal candidate;
- MUST include generic reference to other candidates of the same party without clearly identifying them;
- MUST NOT refer to any other clearly identified federal or nonfederal candidate;
- MUST NOT solicit a contribution, donation or any other funds from any person; and
- MUST NOT be exempt from the definitions of “contribution” and “expenditure.”

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

B. When Phone Bank Rules Apply:

The communication **must**:

1. Refer to a clearly identified federal candidate;
2. **Not** refer to any other clearly identified federal or nonfederal candidate;
3. Include generic reference to other candidates of the federal candidate’s party without clearly identifying them (e.g., “Vote for Senator Jones and the great Democratic team!”);
4. **Not** solicit a contribution, donation or any other funds from any person; and
5. **Not** be an “exempt activity” under 11 CFR 100.89 and 100.149 (i.e., phone bank must **not** be an exempt Presidential voter registration or GOTV drive). 11 CFR 106.8.

Coordinated Party Expenditures

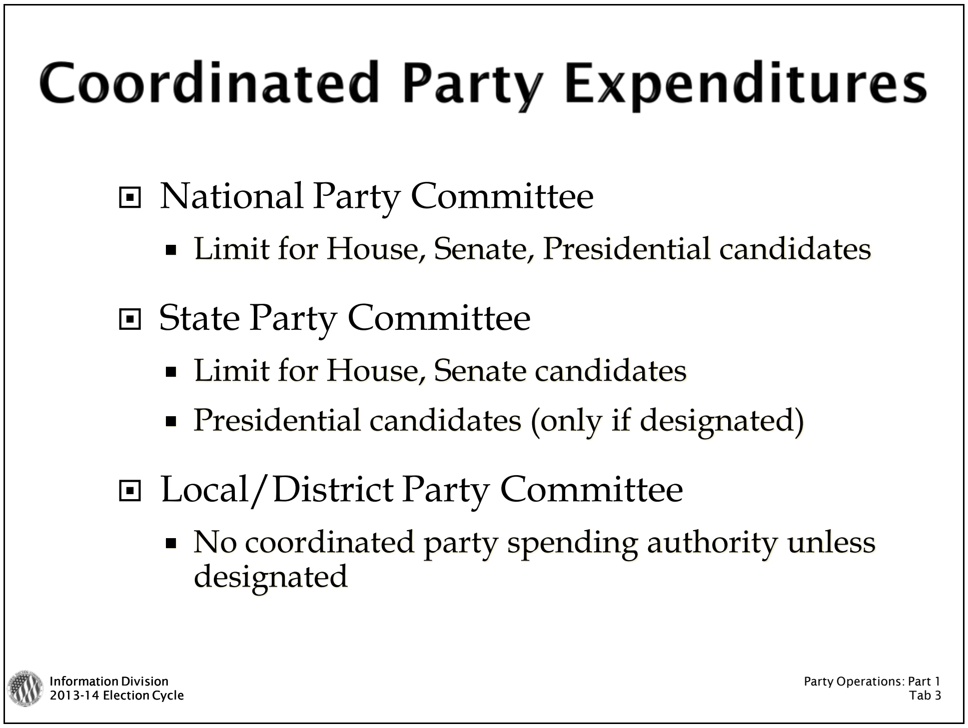
- Funds spent by party
- On behalf of general election nominee
- Separate limits apply; May designate limit to other party committee
- Party reports; disclaimer required
- Also known as 441a(d) expenditures

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

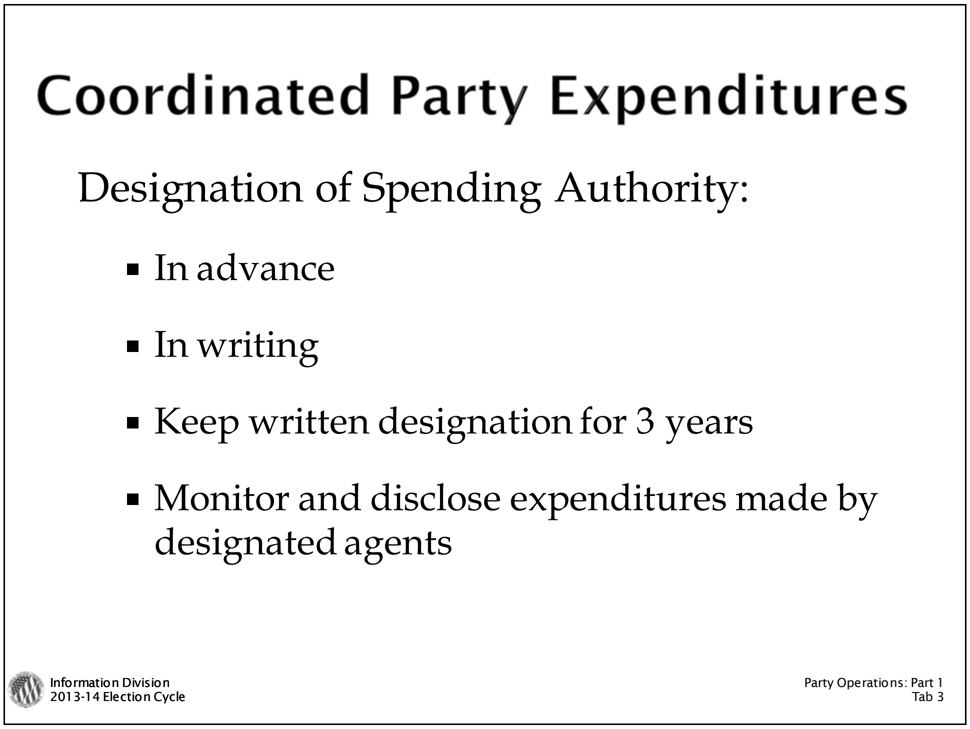
XII. Coordinated Party Expenditures (11 CFR 109.32 through 109.37) (*Guide*, pp. 43-45)
Expenditures made by a party committee on behalf of its nominee in the general election. Committees have a "coordinated party expenditure" limit (calculated each election cycle) that is *separate* from its contribution limit to the candidate. Expenditures may range from paying bills for candidate to paying for "coordinated communications" on behalf of the candidate. (Note: Coordinated party expenditures are also known as "441a(d) expenditures," which refers to the section of the statute where they appear.)

A. In Connection With General Election of Party's Candidates
May be made *before* candidate has been nominated (11 CFR 109.34).



B. Who Makes Them (11 CFR 109.32(b)):

1. **National Party Committee**
   For House, Senate and Presidential candidates.
2. **State Party Committee**
   a) For House and Senate candidates.
   b) For Presidential candidates, but *only* if designated, in advance and in writing, by the national committee.
3. **Local or District Party Committee**
   a) For House, Senate, Presidential candidates but
   b) *Only if designated, in advance and in writing*, by national or state committee, as appropriate.



C. Designation

1. Committee may designate other party committees to spend **against** its limit.
2. Must be done in advance and in writing.
3. Must be received by the **designee** committee *before* any expenditure is made.
4. Retain, for recordkeeping **purposes**, copy of written designation for three years.

D. Payment

Party committee makes actual payment to the vendor—funds <u>may not</u> be given directly to the candidate’s campaign committee.

Coordinated Party Expenditures

- House Candidates
  - $10,000 increased by COLA, or the Senate limit for states with only one representative
- Senate Candidates
  - $20,000 increased by COLA, or the State's VAP x $.02 increased by COLA
- Presidential Candidates
  - National VAP x $.02 increased by COLA

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

E. Limits (based on formula):

1. **<u>Separate</u> Limits for State and National parties.**
2. **For Congressional Candidates**
   $10,000 plus COLA (**2013 limit**: $46,600 [$93,100 for states with one district]).
3. **For Senate Candidates**
   $20,000 plus COLA or the state VAP x $.02 plus COLA, whichever is greater (e.g., 2013 state limits range from $93,100 to $2,682,200 in California ($1,776,300 in Texas).
4. **For Presidential Candidate**
   National VAP x $.02 plus COLA (e.g., 2012 limit = $21,684,200).

F. Reporting

1. Reported by party on Schedule F.
2. Candidate committee does not report the benefit of the activity.

G. Use only Federal Funds

Party must make expenditure from its federal account.

Coordinated Party Expenditures

Disclaimer on Public Communications:

- Name of the party committee paying for the communication
- If communication made with the candidate's approval and after the nomination, then authorization statement required
- Subject to disclaimer rules for printed communications

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

H. Disclaimer Requirements for Public Communications (11 CFR 110.11(d)) (*Guide*, pp. 58-60)

1. **Disclaimer Must State:**
   a) Name of party committee that paid for communication; and
   b) If made with the approval of the candidate, that the communication is authorized by the candidate or his/her committee (not necessary if communication disseminated before candidate's nomination; see 11 CFR 110.11(d)(1)(ii)).
2. **Not Subject to "Stand by Your Ad" Rules Requiring Voiceover/Appearance by Candidate.**
3. **Subject to Rules for Printed Communications.**

Coordination

- If communication is coordinated, considered in-kind or 441a(d) expenditure, subject to limits.
- Coordination three-part test:
  - ✓Source of payment;
  - ✓"Content standard" re: timing and subject matter of communication; AND
  - ✓"Conduct standard" re: interaction between campaign and payee.

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

I. Three-Prong Coordinated Communication Test (11 CFR 109.37 and 109.21(d)) (*Guide*, pp. 53-56)

1. Three-Pronged Test Overview:

- Source of payment;
- Content is republication of candidate material, express advocacy or communication made that refers to a clearly identified candidate; and
- Conduct involves the candidate or the candidate's agents in request or suggestion, material involvement, or substantial discussion, or involves republication of candidate material, use of common vendor, or use of prior employee or contractor;

Three-Part Coordination Test

- Source of payment
  - Party committee

2. **Source of Payment**
   The source of payment for a Coordinated Party Expenditure is the political party committee making the expenditure.

Three-Part Coordination Test

- Content Standard
  - Meeting one of these:
    - Electioneering Communication
    - Republication of Campaign Materials
    - Express Advocacy
    - Public Communication within Certain Time Frame before Election

3. "Content Standard"

Will satisfy test if communication meets any one of these standards:

a) "Electioneering Communication";

b) Public Communication that Republishes, Disseminates or Distributes Candidate-Prepared Campaign Materials;

c) Public Communication with Express Advocacy; or

d) Public Communication Within Certain Time Frame Before Election (No express advocacy required)

(1) Refers to clearly identified candidate;

(2) Is directed to voters in the jurisdiction of the clearly identified candidate or to voters in a jurisdiction where one or more candidates of the political party appear on the ballot.

Time Frames

1. House/Senate candidates: $\leq$ 90 days before primary or general election
2. Presidential candidates: 120 days before primary through date of general election
3. Political parties:
   - Midterm cycle, $\leq$90 days before primary or general election
   - Presidential cycle, 120 days before primary through the general election

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

(3) Time Frames

- Senate and House candidates = 90 days before a primary or general election.
- Presidential candidates = 120 days before the primary through the date of the general election on a state-by-state basis.
- Political parties = 90 days before a primary or general election in a midterm election cycle (2014) and 120 days before the primary running through the date of the general election in a presidential election cycle (2016).

Three-Part Coordination Test

- Conduct Standard
  - Request or Suggestion
  - Material Involvement
  - Substantial Discussion
  - Common Vendor
  - Former Employee/Independent Contractor

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

4. "Conduct Standard"

Will satisfy test if communication meets any one of these five standards:

a) **Request or Suggestion (11 CFR 109.21(d)(1))**
b) **Material Involvement (11 CFR 109.21(d)(2))**
c) **Substantial Discussion (11 CFR 109.21(d)(3))**
d) **Employment of Common Vendor During Previous 120 days (11 CFR 109.21(d)(4))**
e) **Use of Former Employee/Independent Contractor During Previous 120 days (11 CFR 109.21(d)(5)).**

Three-Part Coordination Test

Source of payment
+"Content standard"
+"Conduct standard"

= Coordinated Communication

= In-Kind Contribution or 441a(d) Expenditure Subject to Limits and Prohibitions

Safe Harbors

- Safe harbor for endorsements and solicitations by Federal candidates
- 120-day temporal limit for common vendor and former employee conduct standards
- Safe harbor for establishment and use of "firewall"
- Safe harbor for use of publicly available information
- Safe harbor for certain commercial transactions

Information Division
2013-14 Election Cycle
Party Operations: Part 1
Tab 3

J. Safe Harbor for Endorsements and Solicitations by Federal Candidates

1. A public communication in which a Federal candidate endorses another candidate for Federal or non-Federal office is not coordinated unless the

public communication PASOs the endorsing candidate (or another candidate who seeks election to the same office). 11 CFR 109.21(g)(1).

2. A public communication in which a Federal candidate solicits funds for another candidate for Federal or non-Federal office, a political committee, or a charitable organization organized under 26 USC §501(c) is not coordinated unless the communication PASOs the soliciting candidate. 11 CFR 109.21(g)(2).

3. 120-day temporal limit for common vendor and former employee conduct standards.

4. Safe harbor for establishment and use of firewall.

Written firewall policy required. Must be designed and implemented to prohibit flow of information between:

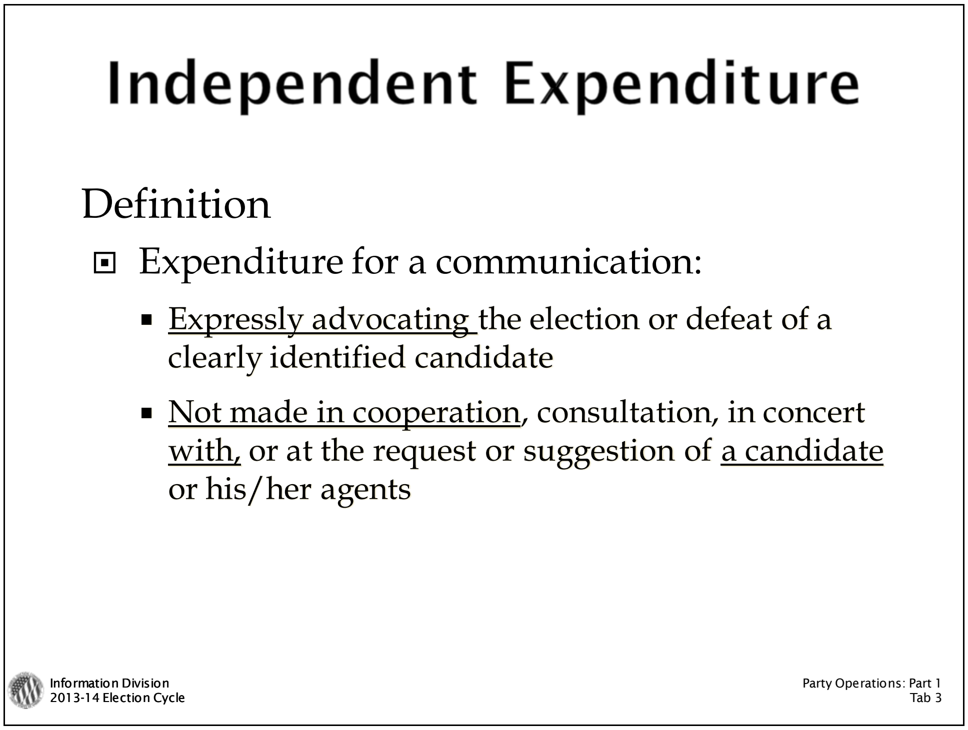
- Employees or consultants providing services for person paying for communication;
- Vendors currently/previously providing services to candidate/authorized committee, candidate's opponent/authorized committee or party. 11 CFR 109.23(h).

5. Safe harbor for use of publicly available information

6. Safe harbor for certain commercial transactions

Federal candidate may appear in public communications in his/her capacity as a business owner or operator that existed prior to the candidacy provided that:

- The medium, timing, content and geographic distribution of the public communication(s) are consistent with public communications made prior to the candidacy; and
- The public communication does not promote, attack, support or oppose that candidate or another candidate seeking the same office. 11 CFR 109.21(i).

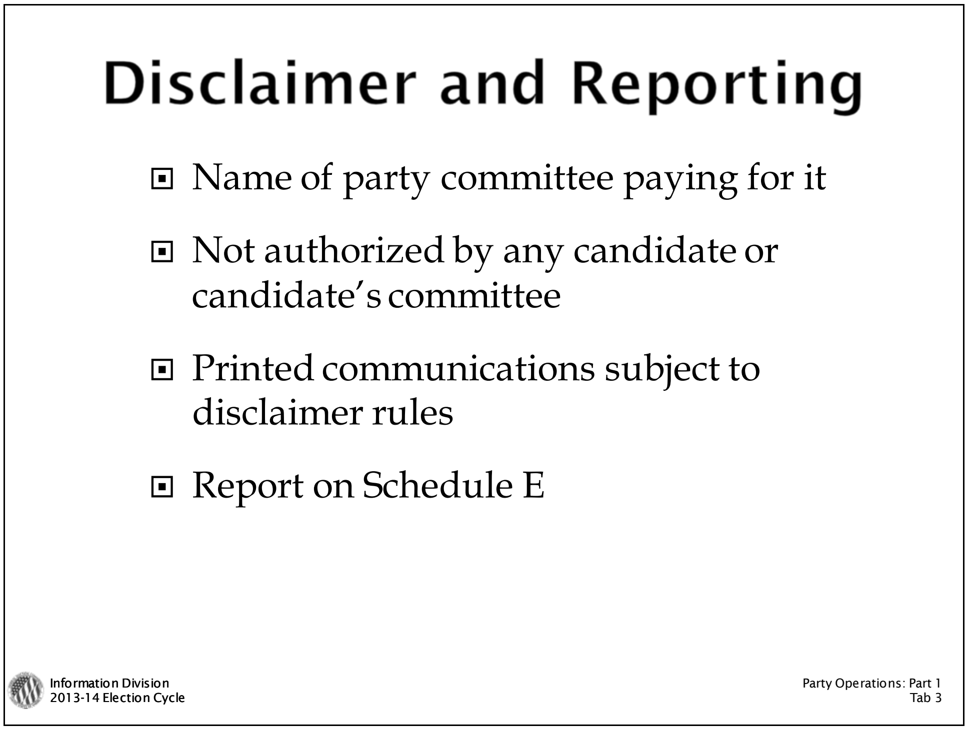


XIII. Independent Expenditures (11 CFR 100.16) (*Guide*, pp. 56-57)

A. Definition
Expenditure for a communication expressly advocating the election or defeat of a clearly identified candidate, that is <u>not</u> made in cooperation, consultation, or concert with, or at the request or suggestion of a candidate, or his/her agents (i.e., is not coordinated). 11 CFR 100.16.

B. Unlimited
No limitation on amounts expended.

C. Not an Independent Expenditure if "Coordinated Party Expenditure."



D. Disclaimer (*Guide*, pp. 58-60)

1. Must State:

a) Name of party committee that paid for expenditure; and

b) That the expenditure is not authorized by any candidate or candidate's committee. 11 CFR 110.11(d)(3).

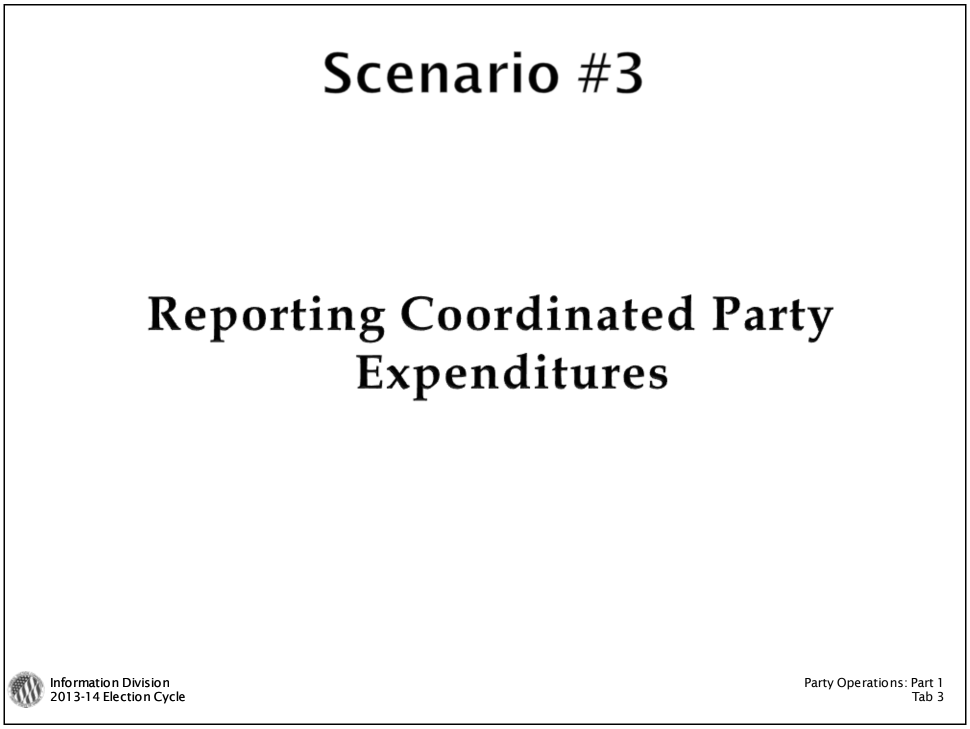
2. Printed Communications

Subject to specific rules at 11 CFR 110.11(c)(1) and (2) and special rules for radio and TV ads at 11 CFR 110.11(c)(4).

E. Reporting

1. Reported by party committee on Schedule E.

2. Special notices required if party spends more than $10,000 in any calendar year or more than $1,000 in last twenty days before the election.



<u>Reporting Scenario #3: Coordinated Party Expenditures</u>

Background: On October 12, 2014—23 days before the November 4 general election—the Freedom Party runs $6,000 in advertisements in *The Milwaukee Journal-Sentinel* supporting the party's 4th district House candidate, Robert "Rocky" Balboa.

1. **How would you report these three ads if you had coordinated them and treated them as Coordinated Party Expenditures (441a(d) expenditures) assuming payment was made on October 12?**

Coordinated Expenditures

Reporting 441(a)(d) Expenditures

SCHEDULE F (FEC Form 3X)
ITEMIZED COORDINATED PARTY EXPENDITURES MADE BY POLITICAL PARTY COMMITTEES OR DESIGNATED AGENT(S) ON BEHALF OF CANDIDATES FOR FEDERAL OFFICE
(2 U.S.C. §441a(d))
(To be used only by Political Committees in the General Election)

PAGE 1 OF 1
FOR LINE 25 OF FORM 3X

NAME OF COMMITTEE (In Full): The Freedom Party Committee

Has your committee been designated to make coordinated expenditures by a political party committee? YES [ ] NO [X]
If YES, name the designating committee:

Full Name of Subordinate Committee:
Mailing Address:
City / State / ZIP Code:

Full Name (Last, First, Middle Initial) of Each Payee: The Milwaukee Journal Sentinel
Mailing Address: 135 Morrissey Blvd.
City: Milwaukee State: WI Zip Code: 53201
Purpose of Expenditure: Newspaper Ad
Category/Type:
Date: 10 / 12 / 2014
Name of Federal Candidate Supported: Robert "Rocky" Balboa, Sr.
Office Sought: [X] House [ ] Senate [ ] Presidential
State: WI District: 4
Amount: $6,000.00
Aggregate General Election Expenditure for this Candidate ▶ $6,000.00

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

Scenario Answer:

1. How would you report these three ads if you had coordinated them and treated them as Coordinated Party Expenditures (441a(d) expenditures) assuming payment was made on October 12?

Answer: Coordinated party expenditures are reported on Schedule F.

- **Coordinated Party Expenditures**
  - Itemize on Schedule F.
  - If contracted but not paid, itemize as memo entry.
  - Reference date of dissemination in purpose box when reporting payment on subsequent report.

Scenario #4

Reporting
Independent Expenditures

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

Reporting Scenario #4: Independent Expenditures

What if the party ran the same advertisements but did NOT coordinate with the candidate?

Background: On October 12, 2014—23 days before the November 4th general election—the Freedom Party Committee runs $6,000 in ads in *The Milwaukee Journal Sentinel* newspaper supporting its 4th district House candidate, Robert "Rocky" Balboa. Two days later- on October 14 - the party runs $4,200 more in ads in the *Journal* attacking Balboa's opponent, Apollo Creed. Then, just two days before the election—November 2—the party runs a $7,500 radio ad on WCMY-FM supporting Balboa. Payment for these ads occurred on November 24, 2014.

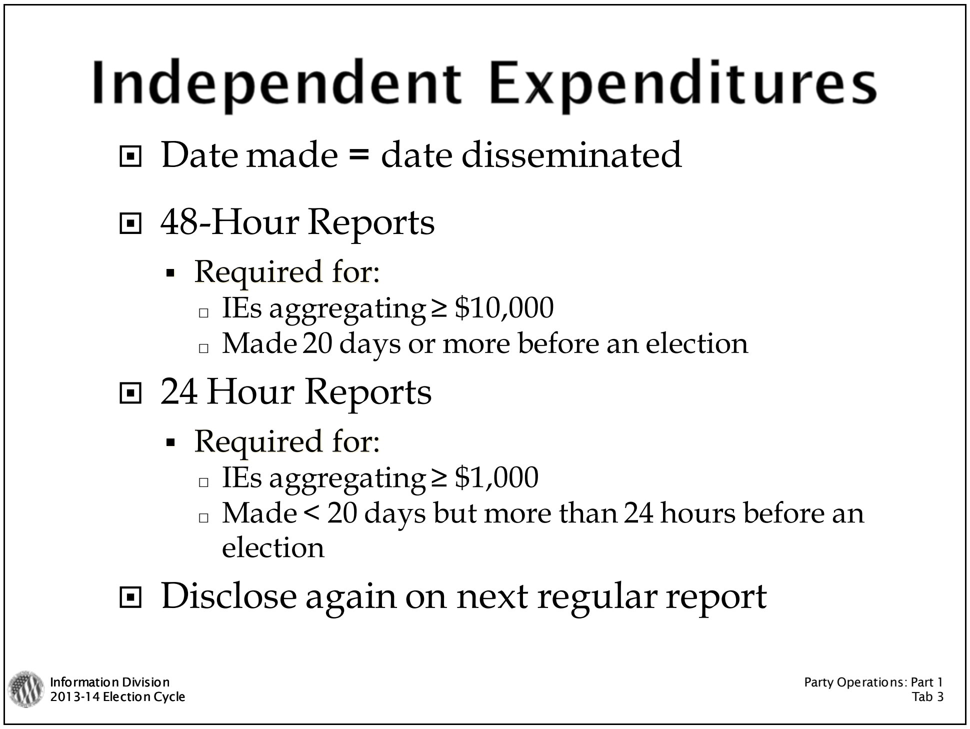
1. **How would you classify these ads for purposes of the law?**

2. **If they are independent expenditures, how would you report them?**

3. **How would you report these three ads if you had not coordinated them, assuming payment was again made on November 24?**

Scenario Answers:

1. How would you classify these ads for purposes of the law?
Answer: If not coordinated, then they may possibly be independent expenditures or public communications (FEA).



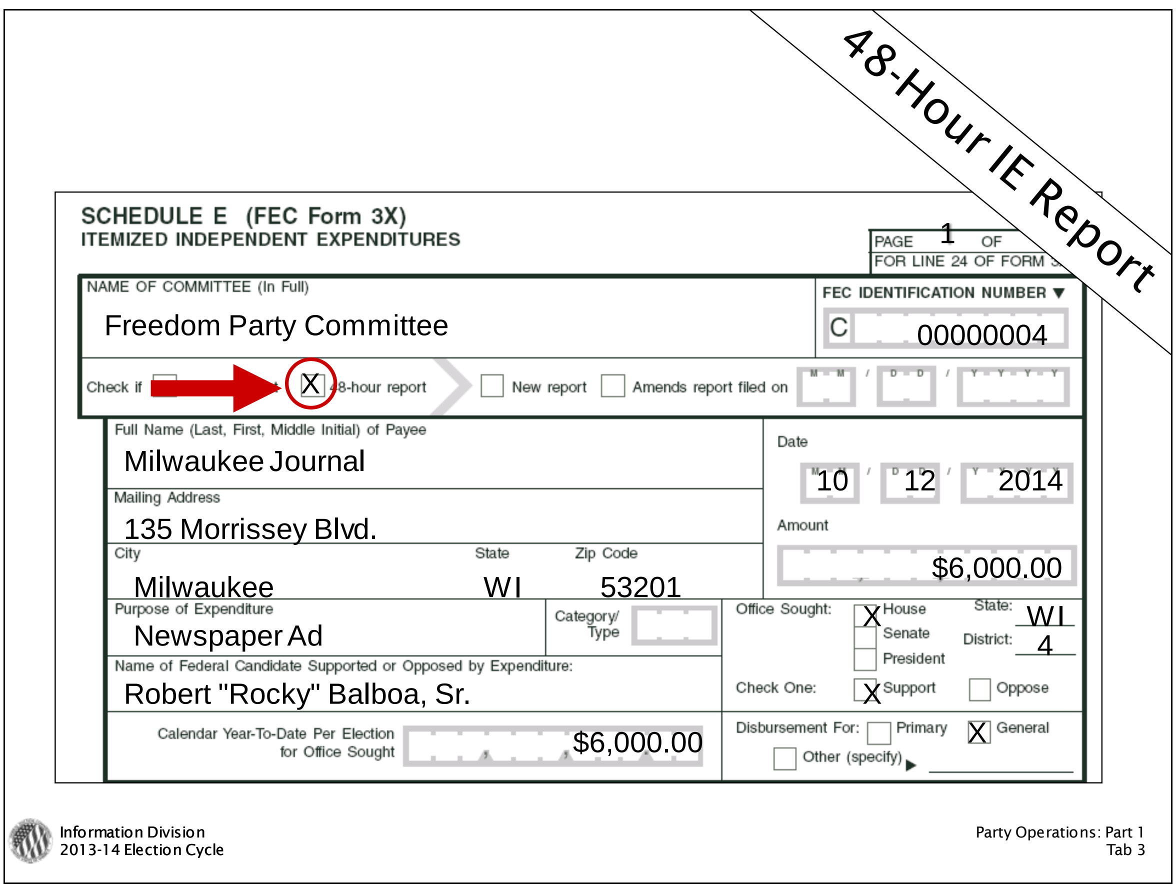
Commission Interpretive Rule on When Certain Independent Expenditures are Considered to be "Publicly Disseminated" for Reporting Purposes (76 FR 61254 (10/4/11))

- Applies to yard signs, mini-billboards, handbills, t-shirts, hats, buttons and similar communications.
- Reasonable dates that may be treated as date of public dissemination include, but are not limited to:
  1. The date filer receives delivery of communication;
  2. The date filer distributes communication to its members or employees for later public dissemination;
  3. The date a filer distributes the communications to its affiliate or member organizations for later public dissemination;
  4. The date as of which the filer authorizes its members or employees to display the communication; or
  5. The date of actual public dissemination, if that date is known to the filer.
- May NOT choose a date later than actual dissemination or a date after the election to which IE pertains.

2. If they are independent expenditures, how would you report them?

Answer: If not coordinated and if they contained express advocacy, yes, they would be considered independent expenditures. An independent expenditure is an expenditure for a communication that expressly advocates the election/defeat of a clearly identified candidate and that is not coordinated with a candidate or the candidate's agents.

- An independent expenditure is considered made when it is publicly distributed or otherwise publicly disseminated.
- Committees must file a **48-hour report** for independent expenditures that aggregate $10,000 or more, per election, per office, anytime during a calendar year up to and including the 20th day before an election.
- Committees must file a 24-hour report for independent expenditures that aggregate $1,000 or more, per election, per office, and is made less than 20 days but more than 24 hours before the day of an election, the committee must file a 24-hour report on Schedule E disclosing the independent expenditure.
- Must disclose again, on Schedule E, on the next regular FEC report.
- Committees must report both the date of dissemination and the date of payment (and debt, if these take place during different reporting periods). Let's look at some different examples using our scenario.



48-Hour IE Report

SCHEDULE E (FEC Form 3X)
ITEMIZED INDEPENDENT EXPENDITURES

PAGE 1 OF
FOR LINE 24 OF FORM 3X

NAME OF COMMITTEE (In Full): Freedom Party Committee
FEC IDENTIFICATION NUMBER: C 00000004

Check if: [X] 48-hour report [ ] New report [ ] Amends report filed on

Full Name (Last, First, Middle Initial) of Payee: Milwaukee Journal
Mailing Address: 135 Morrissey Blvd.
City: Milwaukee State: WI Zip Code: 53201
Date: 10 / 12 / 2014
Amount: $6,000.00
Purpose of Expenditure: Newspaper Ad
Category/Type:
Office Sought: [X] House [ ] Senate [ ] President State: WI District: 4
Name of Federal Candidate Supported or Opposed by Expenditure: Robert "Rocky" Balboa, Sr.
Check One: [X] Support [ ] Oppose
Calendar Year-To-Date Per Election for Office Sought: $6,000.00
Disbursement For: [ ] Primary [X] General [ ] Other (specify)

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

48-Hour IE Report

SCHEDULE E (FEC Form 3X)
ITEMIZED INDEPENDENT EXPENDITURES

PAGE 1 OF
FOR LINE 24 OF FORM 3X

NAME OF COMMITTEE (In Full): Freedom Party Committee

FEC IDENTIFICATION NUMBER: C 00000004

Check if [X] 48-hour report [ ] New report [ ] Amends report filed on MM / DD / YYYY

Full Name (Last, First, Middle Initial) of Payee: Milwaukee Journal

Mailing Address: 135 Morrissey Blvd.

City: Milwaukee State: WI Zip Code: 53201

Date: 10 / 14 / 2014

Amount: $4,200.00

Purpose of Expenditure: Newspaper Ad

Category/ Type:

Name of Federal Candidate Supported or Opposed by Expenditure: Apollo Creed

Office Sought: [X] House [ ] Senate [ ] President State: WI District: 4

Check One: [ ] Support [X] Oppose

Calendar Year-To-Date Per Election for Office Sought: $10,200.00

Disbursement For: [ ] Primary [X] General [ ] Other (specify)

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

3. How would you report these three ads if you had not coordinated them, assuming payment was again made on November 24?

October 12 - $6,000 newspaper ad October 14 - $4,200 newspaper ad November 2 - $7,500 radio ad

Answer: The first two ads aggregated more than $10,000 for the calendar year for the Wisconsin House general election and were made more than 20 days before election. This triggers the requirement to file 48-hour reports on a stand-alone Schedule E *solely to indicate the date the communications were disseminated*. In this case, the requirement was triggered on October 14, so the 48-Hour reports are due October 16.

4. Now, while we have fulfilled the notice requirement for these two communications, where else must we disclose the dissemination date of these ads?

5. So the money has not actually left our account. What else do we have to disclose in addition to the date of the independent expenditures, as disclosed on Schedule E?

4. Now, while we have fulfilled the notice requirement for these two communications, where else must we disclose the dissemination date of these ads?

Answer: On our next scheduled report (the 12 Day Pre-General in this example, covering October 1-15, 2014, and due October 23, 2014), using Schedule E again. They are itemized as memo entries on Schedule E, however, because we will not have paid the newspaper by the time the report is due.

Schedule E (Pre-General)

SCHEDULE E (FEC Form 3X)
ITEMIZED INDEPENDENT EXPENDITURES

PAGE 1 OF 1
FOR LINE 24 OF FORM 3X

NAME OF COMMITTEE (In Full): Freedom Party Committee

FEC IDENTIFICATION NUMBER: C 00000004

Check if [ ] 24-hour report [ ] 48-hour report [ ] New report [ ] Amends report filed on MM / DD / YYYY

Full Name (Last, First, Middle Initial) of Payee: Milwaukee Journal

Mailing Address: 135 Morrissey Blvd.

City: Milwaukee State: WI Zip Code: 53201

Date: 10 / 12 / 2014 MEMO

Amount: $6,000.00

Purpose of Expenditure: Newspaper Ad

Category/Type:

Office Sought: [X] House [ ] Senate [ ] President State: WI District: 4

Name of Federal Candidate Supported or Opposed by Expenditure: Robert "Rocky" Balboa, Sr.

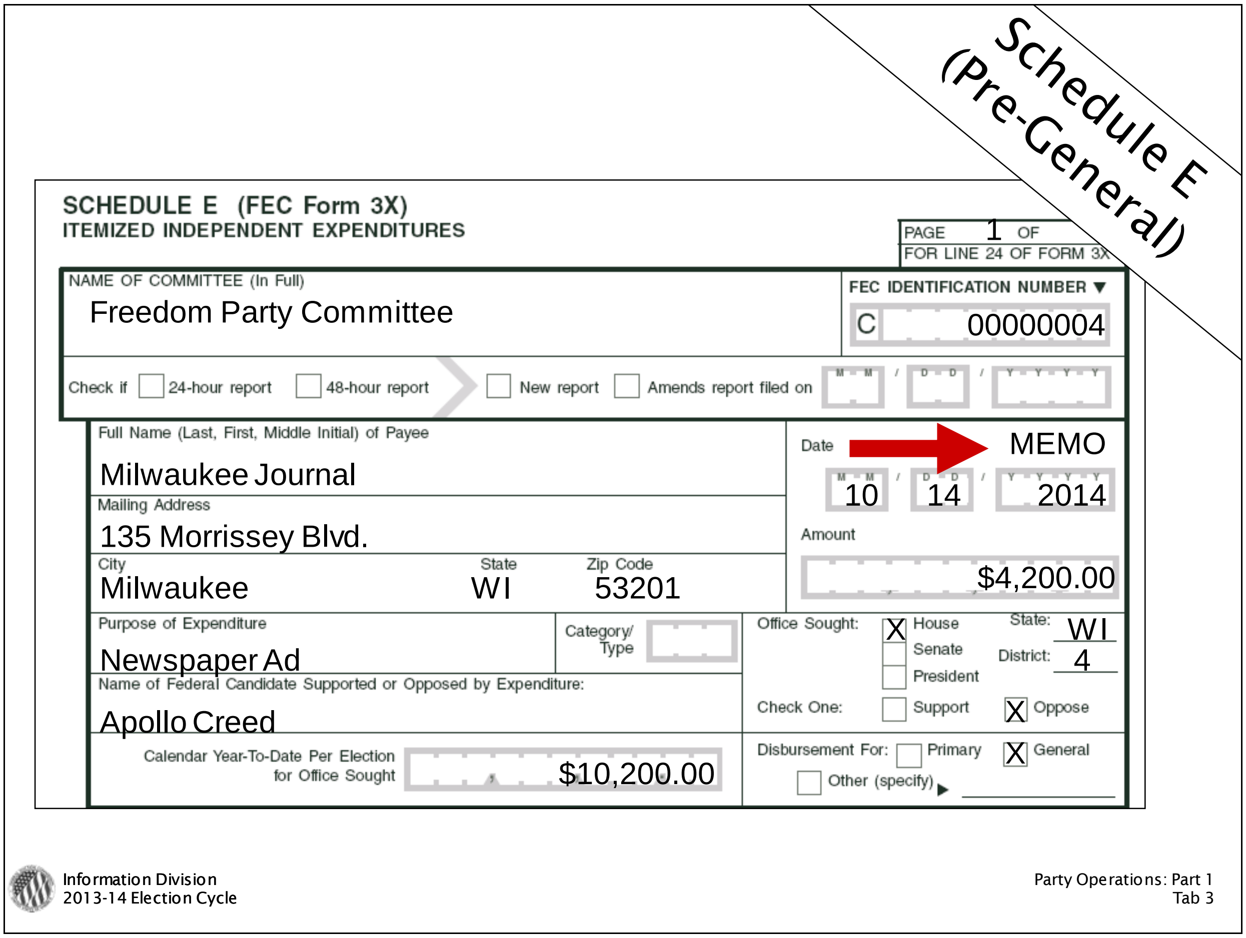
Check One: [X] Support [ ] Oppose

Calendar Year-To-Date Per Election for Office Sought: $6,000.00

Disbursement For: [ ] Primary [X] General [ ] Other (specify)

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3



Schedule E (Pre-General)

SCHEDULE E (FEC Form 3X)
ITEMIZED INDEPENDENT EXPENDITURES

PAGE 1 OF
FOR LINE 24 OF FORM 3X

NAME OF COMMITTEE (In Full): Freedom Party Committee

FEC IDENTIFICATION NUMBER: C 00000004

Check if: ☐ 24-hour report ☐ 48-hour report ☐ New report ☐ Amends report filed on M M / D D / Y Y Y Y

Full Name (Last, First, Middle Initial) of Payee: Milwaukee Journal

Date: MEMO — 10 / 14 / 2014

Mailing Address: 135 Morrissey Blvd.

City: Milwaukee — State: WI — Zip Code: 53201

Amount: $4,200.00

Purpose of Expenditure: Newspaper Ad — Category/Type:

Office Sought: X House ☐ Senate ☐ President — State: WI — District: 4

Name of Federal Candidate Supported or Opposed by Expenditure: Apollo Creed

Check One: ☐ Support X Oppose

Calendar Year-To-Date Per Election for Office Sought: $10,200.00

Disbursement For: ☐ Primary X General ☐ Other (specify)

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

5. So the money has not actually left our account. What else do we have to disclose in addition to the date of the independent expenditures, as disclosed on Schedule E?

Answer: Show a debt owed to the newspaper on Schedule D, supporting Line 10, on the same report (12 Day Pre-General) and on subsequent reports until it is repaid.

Other Reporting - Debt

IE - Report Debt Owed

SCHEDULE D (FEC Form 3X)
DEBTS AND OBLIGATIONS
Excluding Loans

(Use separate schedule(s) for each numbered line)

PAGE 1 OF

FOR LINE NUMBER: (check only one)
[ ] 9
[X] 10

NAME OF COMMITTEE (In Full)
Freedom Party Committee

A. Full Name (Last, First, Middle Initial) of Debtor or Creditor
Milwaukee Journal

Mailing Address
135 Morrissey Blvd.

City: Milwaukee State: WI Zip Code: 53201

Nature of Debt (Purpose):
Newspaper Ads/IEs 10/12/14 and 10/14/14

Outstanding Balance Beginning This Period: $0.00

Amount Incurred This Period	Payment This Period	Outstanding Balance at Close of This Period
$10,200.00	$0.00	$10,200.00

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

6. What will our reporting obligations be after payment is made on November 24?

7. Do we have anything left to report?

6. What will our reporting obligations be after payment is made on November 24?

Answer: Disclose the payments on Schedules E in the next scheduled report (30-Day Post General, covering October 16 – November 24, 2014, and due December 4, 2014).

Schedule E (Post-General)

SCHEDULE E (FEC Form 3X)
ITEMIZED INDEPENDENT EXPENDITURES

PAGE 1 OF 1
FOR LINE 24 OF FORM 3X

NAME OF COMMITTEE (In Full): Freedom Party Committee

FEC IDENTIFICATION NUMBER: C 00000004

Check if: ☐ 24-hour report ☐ 48-hour report ☐ New report ☐ Amends report filed on MM / DD / YYYY

Full Name (Last, First, Middle Initial) of Payee: Milwaukee Journal

Mailing Address: 135 Morrissey Blvd.

City: Milwaukee State: WI Zip Code: 53201

Date: 11 / 24 / 2014

Amount: $6,000.00

Purpose of Expenditure: Newspaper Ad – 10/12/14

Category/Type:

Office Sought: ☒ House ☐ Senate ☐ President State: WI District: 4

Name of Federal Candidate Supported or Opposed by Expenditure: Robert "Rocky" Balboa, Sr.

Check One: ☒ Support ☐ Oppose

Calendar Year-To-Date Per Election for Office Sought: $17,700.00

Disbursement For: ☐ Primary ☒ General ☐ Other (specify)

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

Schedule E (Post-General)

SCHEDULE E (FEC Form 3X)
ITEMIZED INDEPENDENT EXPENDITURES

PAGE 1 OF
FOR LINE 24 OF FORM 3X

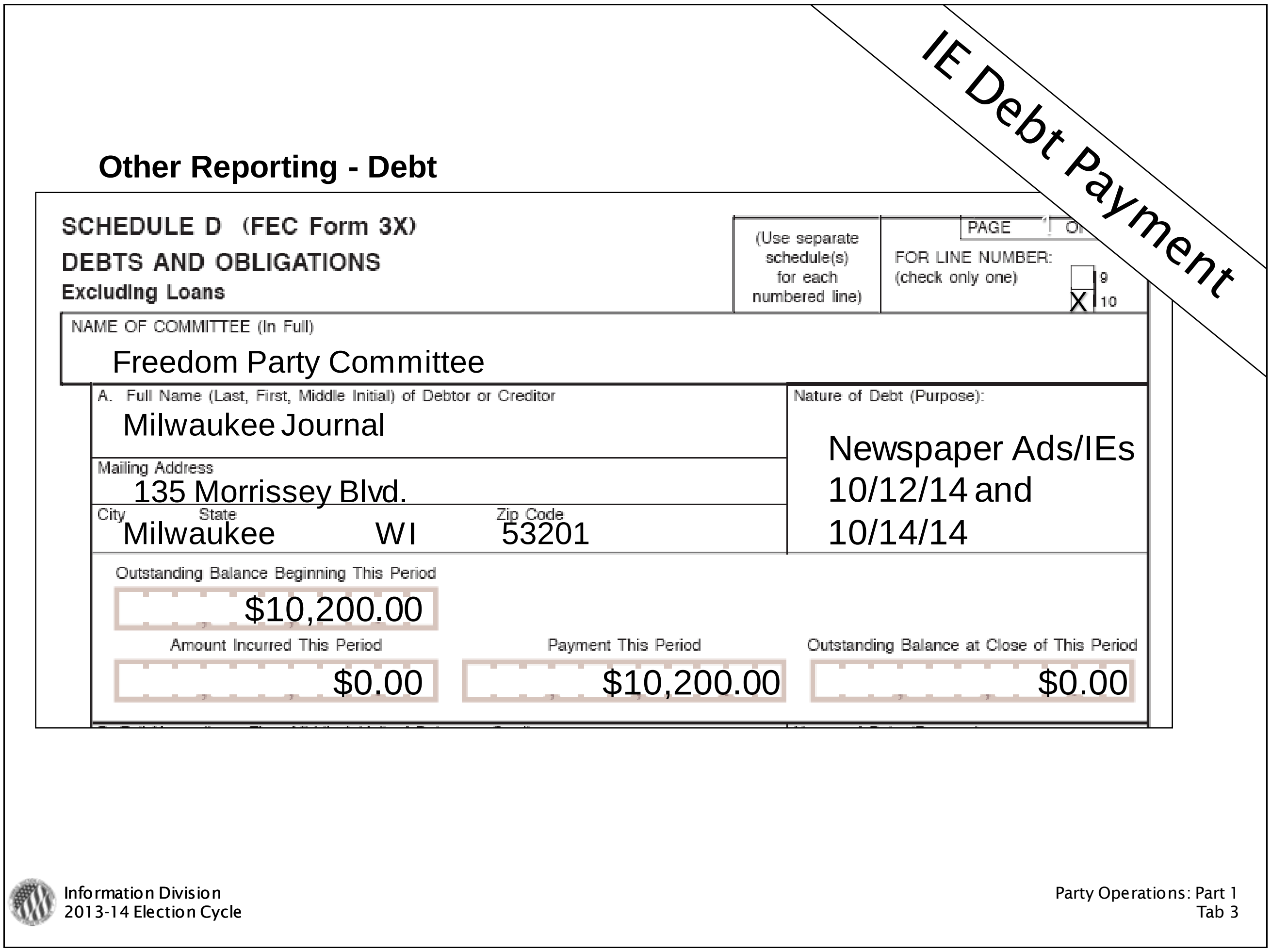
NAME OF COMMITTEE (In Full): Freedom Party Committee	FEC IDENTIFICATION NUMBER: C 00000004
Check if: ☐ 24-hour report ☐ 48-hour report ☐ New report ☐ Amends report filed on MM / DD / YYYY	
Full Name (Last, First, Middle Initial) of Payee: Milwaukee Journal	Date: 11 / 24 / 2014
Mailing Address: 135 Morrissey Blvd.	Amount: $4,200.00
City: Milwaukee · State: WI · Zip Code: 53201	
Purpose of Expenditure: Newspaper Ad – 10/14/14 · Category/Type:	Office Sought: ☒ House ☐ Senate ☐ President · State: WI · District: 4
Name of Federal Candidate Supported or Opposed by Expenditure: Apollo Creed	Check One: ☐ Support ☒ Oppose
Calendar Year-To-Date Per Election for Office Sought: $17,700.00	Disbursement For: ☐ Primary ☒ General ☐ Other (specify)

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

7. Do we have anything left to report?

Answer: Yes, report the payment of the debt on Schedule D.



Other Reporting - Debt

IE Debt Payment

SCHEDULE D (FEC Form 3X)
DEBTS AND OBLIGATIONS
Excluding Loans

(Use separate schedule(s) for each numbered line)

PAGE 1 OF

FOR LINE NUMBER: (check only one)
[ ] 9
[X] 10

NAME OF COMMITTEE (In Full): Freedom Party Committee

A. Full Name (Last, First, Middle Initial) of Debtor or Creditor: Milwaukee Journal

Mailing Address: 135 Morrissey Blvd.

City: Milwaukee State: WI Zip Code: 53201

Nature of Debt (Purpose): Newspaper Ads/IEs 10/12/14 and 10/14/14

Outstanding Balance Beginning This Period: $10,200.00

Amount Incurred This Period	Payment This Period	Outstanding Balance at Close of This Period
$0.00	$10,200.00	$0.00

Information Division
2013-14 Election Cycle

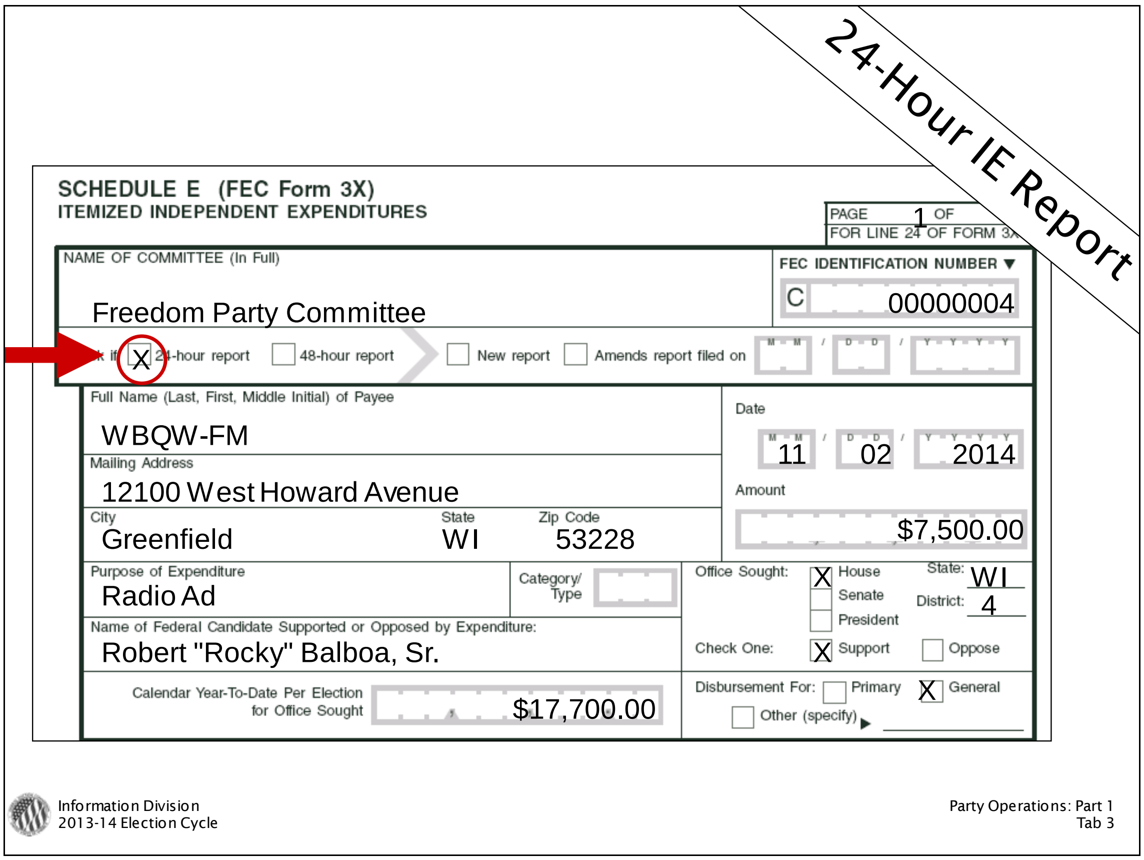
Party Operations: Part 1
Tab 3

8. Now, what about our third ad - the radio ad? What special reporting, if any, did it trigger?

Review: On November 2, two days before the November 4 general election, the party runs a $7,500 radio ad on WCMY-FM supporting Rocky Balboa.

8. Now, what about our third ad - the radio ad? What special reporting, if any, did it trigger?

Answer: The third expenditure aggregates more than $1,000 for the Wisconsin District 4 general election and was made in the last 20 days of the election; therefore, it has triggered the requirement to file a 24-hour report on Schedule E, *again just a notice to report the date of dissemination.* Since the requirement was triggered on November 2, the 24-hour report is due November 3.


24-Hour IE Report

SCHEDULE E (FEC Form 3X)
ITEMIZED INDEPENDENT EXPENDITURES

PAGE 1 OF
FOR LINE 24 OF FORM 3X

NAME OF COMMITTEE (In Full): Freedom Party Committee

FEC IDENTIFICATION NUMBER: C 00000004

X 24-hour report ☐ 48-hour report ☐ New report ☐ Amends report filed on M M / D D / Y Y Y Y

Full Name (Last, First, Middle Initial) of Payee: WBQW-FM

Mailing Address: 12100 West Howard Avenue

City: Greenfield State: WI Zip Code: 53228

Date: 11 / 02 / 2014

Amount: $7,500.00

Purpose of Expenditure: Radio Ad

Category/Type

Office Sought: X House ☐ Senate ☐ President State: WI District: 4

Name of Federal Candidate Supported or Opposed by Expenditure: Robert "Rocky" Balboa, Sr.

Check One: X Support ☐ Oppose

Calendar Year-To-Date Per Election for Office Sought: $17,700.00

Disbursement For: ☐ Primary X General ☐ Other (specify)

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

9. Now, we have again only reported the date of dissemination but we haven't made the payment. How do we report the payment? Is there any debt to report?

9. Now, we have again only reported the date of dissemination but we haven't made the payment. How do we report the payment? Is there any debt to report?

Answer: We report the payment on our next scheduled report, the 30-Day Post General (10/16/14 – 11/24/14), on Schedule E. There is no debt to report because we paid for the ad within the same reporting period in which the ad was run.

Schedule E (Post-General)

SCHEDULE E (FEC Form 3X)
ITEMIZED INDEPENDENT EXPENDITURES

PAGE 1 OF
FOR LINE 24 OF FORM 3X

NAME OF COMMITTEE (In Full): Freedom Party Committee

FEC IDENTIFICATION NUMBER: C 00000004

Check if ☐ 24-hour report ☐ 48-hour report ☐ New report ☐ Amends report filed on M M / D D / Y Y Y Y

Full Name (Last, First, Middle Initial) of Payee: WBQW-FM

Mailing Address: 12100 West Howard Avenue

City: Greenfield State: WI Zip Code: 53228

Date: 11 / 24 / 2014

Amount: $7,500.00

Purpose of Expenditure: Radio Ad – 11/2/14

Category/Type:

Office Sought: ☒ House ☐ Senate ☐ President State: WI District: 4

Name of Federal Candidate Supported or Opposed by Expenditure: Robert "Rocky" Balboa, Sr.

Check One: ☒ Support ☐ Oppose

Calendar Year-To-Date Per Election for Office Sought: $17,700.00

Disbursement For: ☐ Primary ☒ General ☐ Other (specify)

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

Tricky Issues: Reporting Last-Minute Advertising

- **Debts**
  - Debts include ads that are contracted for but not paid for in that reporting period.
  - When payment for ad is made in subsequent reporting period, report payment on Schedule E or F, and include date of dissemination in purpose field.
  - Update Schedule D with payment; cross-reference Schedule E or F.

- **24-Hour Reporting**
  - Must file a **24-hour report** for independent expenditures aggregating (per calendar year, per election, per office) $1,000 or more made less than 20 days but more than 24 hours before the day of an election.
  - Aggregation is done on a per calendar year, per election, per office sought (race) basis.
  - Use Schedule E on Form 3X – check "24-hour report" box.
  - Must be received by FEC within 24 hours after the independent expenditure is publicly distributed or otherwise publicly disseminated.
  - Must be certified (signed) by treasurer (e-filers should type the treasurers name following the certification on the notice).
  - For paper filers, can use overnight delivery, hand-delivery or fax to 202-219-0174 (certified or registered mail date will not be considered filed date for these).
  - Last-minute independent expenditures must be disclosed again on Schedule E of the next scheduled report that the committee files.
  - A 24-hour report is required each time an additional $1,000 is aggregated in independent expenditures.
  - The 24-hour report time frames for each state are located on our web site at http://www.fec.gov/info/report_dates.shtml#ie.

- **48-Hour Reporting**
  - In addition, must file a **48-hour report** for independent expenditures that aggregate $10,000 or more, anytime during a calendar year up to and including the 20th day before an election.
  - Use Schedule E on Form 3X – check "48-hour report" box.
  - Must be received by FEC within 48 hours after expenditure is publicly distributed or otherwise publicly disseminated.
  - Must be certified (signed) by treasurer (e-filers should type the treasurer's name following the certification on the notice).
  - For paper filers, can use overnight delivery, hand-delivery or fax to 202-219-0174 (certified or registered mail date will not be considered filed date for these).
  - Last-minute independent expenditures must be disclosed again on Schedule E of the next scheduled report that the committee files.
  - Aggregation is done on a per calendar year, per election, per office sought (race) basis.
  - A 48-hour report is required each time an additional $10,000 is aggregated in independent expenditures.
  - The 48-hour report time frames for each state are located on our web site at http://www.fec.gov/info/report_dates.shtml#ie.

Workshop Evaluation

Help Us Help You!

Please complete an evaluation of this workshop.

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3

Next Workshop:

Party Operations Part 2

2:00 – 3:30 p.m.

Information Division
2013-14 Election Cycle

Party Operations: Part 1
Tab 3