

TRADE ASSOCIATION PAC OPERATIONS PART 2



May 22, 2013
1:45 p.m.
Tab 4

 Information Division
2013-14 Election Cycle

Trade PAC Operations

Objectives – Part 2

- ▣ Highlight Methods for Supporting Federal Candidates
- ▣ Identify Types of PAC Communications
- ▣ Discuss RAD Review and Referral Policy

 Information Division
2013-14 Election Cycle

Trade PAC Operations

I. Making Contributions (11 CFR 110.1 and 110.2)

Supporting Federal Candidates

- ▣ Direct Contributions
 - Curing Excessive
 - Refunds and Returns
- ▣ Earmarked Contributions
- ▣ In-Kind Contributions
 - Events for Candidates

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 2013-14 Election Cycle Trade PAC Operations

Contribution Limits

Review

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

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Direct Contributions

Review

- ▣ Per Election Limits to Candidates
 - \$2,600 from non-multicandidate SSFs
 - \$5,000 from multicandidate SSFs
- ▣ Includes both monetary and in-kind contributions

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- A. Limitations Apply: REVIEW**
- 1. Non-multicandidate PACs**
 - a) Indexed for inflation.
 - b) May give \$2,600 per election to federal candidates for 2013-2014 elections.
 - 2. Multicandidate PACs**

May give \$5,000 per election to federal candidates for 2013-2014 elections (limits unchanged).
 - 3. Both in-kind and monetary contributions count against limits.**
 - 4. Connected organization (i.e. association) may not make contributions.**

Per Election Limits

Undesignated Contributions:

- Count toward limit for candidate's next election

Designation Required:

Contributing to a future election

Retiring debt from a past election

5. Designation of Campaign Contributions by PAC

- a) Undesignated contribution counts towards the candidate's next scheduled election.
- b) PAC must designate contribution if:
 - (1) Intends contribution to count toward a future election, beyond the upcoming election.
 - (2) Making contribution to retire candidate's debt of a past election. Note: This is permissible only if:
 - Candidate has net debt outstanding from that election; and
 - Contribution, when aggregated with previous contributions to same candidate for same election, does not exceed limit.

Practical Application



**Vote Cal
for U.S. Senate**

**Primary Election Day is
June 16**

Paid for by the Committee to Elect Cal Ripken, Jr.

Practical Application



Primary Election is June 16

Contribution Limit \$5,000 per election

June 15, 2014

\$10,000.00

National Assn. of Baseball Cap Manu. PAC
A Qualified Multicandidate Committee
42 Home Run Way
Alexandria, VA 22314

PAY Committee to Elect Cal Ripken, Jr.
to the order of Ten thousand

YOUR FINANCIAL INSTITUTION
ADDRESS OF YOUR INSTITUTION

Lisa Smith

⑆123456789⑆ 123456* 101

Practical Application



- B. Methods for Curing Excessive Contributions**
- 1. Refund**
 - 2. Redesignate (11 CFR 110.1(b)(5)(ii)(B)(1)-(4))**

Redesignation Procedures

Campaign Requests Redesignation:

1. Campaign must offer refund option when requesting redesignation
2. Signed redesignation authorization must be received by campaign within 60 days of its receipt of the contribution
3. If redesignation process is not completed within 60 days, campaign must refund excessive portion to PAC

a) **Procedures for Redesignation Request**

- (1) Campaign must offer refund option when asking PAC for redesignation.
- (2) Signed redesignation authorization must be received by campaign within 60 days of their receipt of original contribution.
- (3) If redesignation process not completed within 60 day window, campaign must refund the excessive portion back to the PAC.

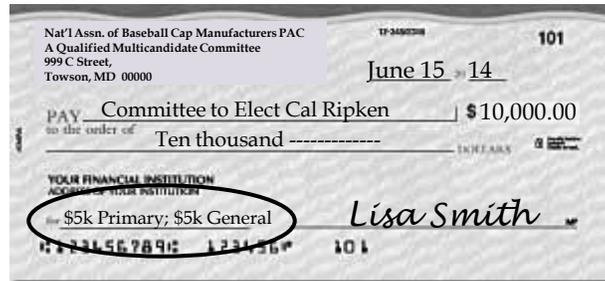
b) **Electronic Contributor Redesignations**

The Commission acknowledged that, in certain circumstances, an online process can provide a sufficient level of assurance as to the contributor's identity and intent such that it satisfies the written signature requirements. See Interpretive Rule Regarding Electronic Contributor Redesignations, 76 FR 16233 (March 23, 2011). Available on FEC website at: http://www.fec.gov/law/cfr/ej_compilation/2011/notice_2011-02.pdf. (See also Tab 2/Recent Developments.)



FEC Recommended

Designate all contributions to candidates



Information Division
2013-14 Election Cycle

Trade PAC Operations

C. Avoiding Excessive Contributions

1. **Designate election for all contributions – highly recommended.**
2. **Designation Required if:**
 - a) PAC intends contribution to count toward a future election, beyond the upcoming election.
 - b) Making debt retirement contribution for past election.

Reporting Example #3A & B: Itemizing Monetary Contributions Made to Federal Candidates and Committees

Reporting Example

- ▣ Itemizing Monetary Contributions Made and Refunded
 - How does the SSF disclose the transaction?
 - What information do we need to disclose?

The National Association of Baseball Cap Manufacturers PAC, a multicandidate committee based in Virginia, really likes Senator Cal Ripken, Jr., a former professional baseball player now representing the neighboring state of Maryland. On May 21, 2014, the PAC made out two checks; one to Senator Ripken's campaign committee, and one to his leadership PAC, the Iron Man Fund. (Note: The PAC had not previously contributed to the Senator or to the leadership PAC.)

- 1. What types of transactions are these?**
- 2. How must the committee disclose the transaction(s)?**
- 3. What information from the scenario do we need to disclose this correctly?**

**Answers to Reporting Example #3A: Monetary Contribution to Federal PAC
(Check #301)**

Contributions Made

The image displays two checks from the National Association of Baseball Cap Manufacturers PAC, a Qualified Multicandidate Committee, dated May 21, 2014, and signed by Kathy Sheffield. The top check, #301, is for \$5,000.00 payable to the Iron Man Fund, with a callout box indicating it is a 'Contribution to Leadership PAC'. The bottom check, #302, is for \$7,000.00 payable to the Committee to Elect Cal Ripken, Jr., with a callout box indicating it is a 'Contribution to Campaign'. Both checks include the account number 123456780 and routing number 0301 123-456-78.

1. What type of transaction is this?

Answer: This check represents a contribution made by the National Association of Baseball Cap Manufacturers PAC (Baseball Cap Manufacturers PAC). The \$5,000 check is a contribution to a Senate Leadership PAC. Note that the Leadership PACs and the campaign committee of the Leadership PAC sponsor are not considered affiliated.

2. How must the committee disclose the transaction(s)?

Answer: The Baseball Cap Manufacturers PAC must itemize the contribution on its June Monthly report (covering the month of May) on a Schedule B for Line 23.

Answers to Reporting Example #3B: Contribution to Federal Candidate (Check #302)

Contributions Made

The image displays two checks from the Nat'l Assn. of Baseball Cap Manufacturers PAC, a Qualified Multicandidate Committee, dated May 21, 2014, and signed by Kathy Sheffield. The top check, #0301, is for \$5,000.00 payable to the Iron Man Fund. The bottom check, #0302, is for \$7,000.00 payable to the Committee to Elect Cal Ripken, Jr. Arrows indicate that the top check is a contribution to a Leadership PAC and the bottom check is a contribution to a campaign.

The Cal Ripken campaign receives the PAC check on May 24, 2014, and notes that the undesignated \$7,000 check is an excessive contribution. As such, the campaign sends the Baseball Cap Manufacturers PAC a redesignation request. As a big supporter of the Senator, the PAC does not want a refund. On June 2, the PAC treasurer sends the campaign a redesignation letter which is received by the campaign treasurer on June 5.

1. What type of transaction is this?

Answer: This check represents two separate contributions made by the Baseball Cap Manufacturers PAC. The check for \$7,000 represents contributions to both the primary and the general election campaign of the Committee to Elect Cal Ripken, Jr. However, as an undesignated contribution, it's an excessive primary contribution. To remedy this, the campaign has asked the PAC to redesignate the excessive portion (\$2,000) to the general election.

2. How must the committee disclose the transaction(s)?

Answer: The PAC is required to disclose the original disbursement since the close of books for the June Monthly report (covering the month of May) falls before the redesignation letter is sent by the PAC. Then the PAC then must disclose the redesignation on the July Monthly report (covering the month of June) since the redesignation occurred during that reporting period.

3. What information from the scenario do we need to disclose this correctly?

Answer: Report original disbursement (June Monthly) - show reporting on Schedule B for Line 23. The itemization information includes candidate committee's name and address, the date made, amount, the candidate's name and office sought (including state and Congressional district), the election (including year) for which the contribution was made (check appropriate box). For purpose, note "contribution." Note that FECFile allows users to get the committee's information from a database. Include notation "Redesignation pending."

Contribution to Campaign

Part I: June Monthly

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)	PAGE
		<input type="checkbox"/> 21b <input type="checkbox"/> 22 <input checked="" type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 29	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
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) National Association of Baseball Cap Manufacturers PAC			
Full Name (Last, First, Middle Initial)			
A. Committee to Elect Cal Ripken, Jr.		Date of Disbursement 05 / 21 / 2014	
Mailing Address: 873 Long Drive			
City: Aberdeen	State: MD	Zip Code: 21001	
Purpose of Disbursement: Contribution		011	Amount of Each Disbursement this Period 7,000.00
Candidate Name: Cal Ripken, Jr.		Category/Type	
Office Sought: <input type="checkbox"/> House <input checked="" type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	
State: MD		Redesignation Pending	

Reporting Example Continues on Next Page

Report Redesignation (July Monthly): Show reporting on Schedule B for Line 23. There will be two separate entries.

- \$7,000 contribution as disclosed on June monthly – MEMO entry.
- \$2,000 contribution shown with general checked – REDESIGNATION; MEMO entry

Disclose both entries as MEMO entries since this is not new money leaving the PAC account, but new information on a previous disbursement.

Redesignation

Part II: July Monthly

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)	PAGE OF
			<input type="checkbox"/> 21b <input type="checkbox"/> 27	<input type="checkbox"/> 22 <input type="checkbox"/> 26a
			<input checked="" type="checkbox"/> 23 <input type="checkbox"/> 26b	<input type="checkbox"/> 24 <input type="checkbox"/> 28a
			<input type="checkbox"/> 25 <input type="checkbox"/> 29	<input type="checkbox"/> 26 <input type="checkbox"/> 30b

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions from such committee 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) National Association of Baseball Cap Manufacturers PAC	
A. Committee to Elect Cal Ripken, Jr. Full Name (Last, First, Middle Initial) Mailing Address: 873 Long Drive Aberdeen MD 21001 City State Zip Code Purpose of Disbursement: Contribution Candidate Name: Cal Ripken, Jr. Office Sought: MD <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) State District:	Date of Disbursement: 05 / 21 / 2014 Amount of Each Disbursement this Period: 7,000.00 Category/Type: MEMO; as disclosed in June Monthly 011
B. Committee to Elect Cal Ripken Jr. Full Name (Last, First, Middle Initial) Mailing Address: 873 Long Drive Aberdeen MD 21001 City State Zip Code Purpose of Disbursement: Contribution Candidate Name: Cal Ripken, Jr. Office Sought: MD <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) State District:	Date of Disbursement: 06 / 05 / 2014 Amount of Each Disbursement this Period: 2,000.00 Category/Type: MEMO Redesignation 011

4. Points to Remember:

- Itemize contributions to all federal campaigns and committees on Schedule B for Line 23, regardless of amount.
- For contributions to federal campaign committees, include candidate information.
- **Memo entries** are transactions that are itemized, but the dollar total is excluded from the committee’s total receipts or expenditures.

- **For example**, committees would use memo entries when itemizing a credit card bill on a Schedule B. The lump sum payment for the bill is itemized as a regular expenditure. The committee would use memo entries to list any specific charges that meet the itemization threshold. By using memo entries, the specific charges are not included in calculations for total expenditures.
- If redesignated after the close of books, show the redesignation on the next report and indicate the report on which it was previously itemized.
- Previous report should not be amended.
- Strongly recommended that PACs designate contributions to campaigns for particular elections (use year and type of election to properly designate).
- If designating for prior election, also note “debt” (e.g., “2012 general debt”).
- Treat contributions to a leadership PAC as a contribution to a PAC, not a contribution to a campaign.

Returned vs. Refunded

▣ Returned, Lost or Voided

- Negative entry on line number transaction was originally disclosed (Schedule B)

▣ Refunded

- Refund received from another committee appears on Schedule A for Line 16

Reporting Example #3C: Itemizing Refunded, Lost and Returned Contributions Made to Federal Candidates and Committees

On July 10, the National Association of Baseball Cap Manufacturers PAC treasurer realizes that the check to the Iron Man Fund never cleared the bank, and decides to void the check and add the money back into the PAC's checking account.

On the same day, the PAC receives a refund check from the Ripken Campaign for \$2,000. Senator Ripken lost in the June 16 primary and has refunded the PAC's general election contribution.

- 1. What types of transactions are these?**
- 2. How must the committee disclose the transaction(s)?**
- 3. What information from the scenario do we need to disclose this correctly?**

Answers to Example #3C: Itemizing Refunded, Lost and Returned Contributions Made to Federal Candidates and Committees

1. What types of transactions are these?

Answer: The uncashed check to the Iron Man Fund that was voided by the National Association of Baseball Cap Manufacturers PAC treasurer represents a lost, voided or returned contribution (in this case lost/voided) and thus, a negative expenditure. The check containing the refund from the Committee to Elect Cal Ripken, Jr. represents a refund, and thus, a receipt.

2. How must the committee disclose the transaction(s)?

Answer: Voided or returned/uncashed checks should be disclosed as negative entries on the Line number the transaction was originally disclosed (in this case, Schedule B for Line 23). On the other hand, when a refund check is actually received from another committee and deposited into the federal account, it should be disclosed on Schedule A for Line 16 as a receipt.

3. What information from the scenario do we need to disclose this correctly?

Answer: The committee will need the information that was originally disclosed on a previous report regarding the transaction and will also need to reference that report on its disclosure. The committee should also reference the original contribution date in the “purpose” section of the report.

Reporting Example Continues on Next Page

Report Refunded Contribution Received:

Schedule A, Line 16

SCHEDULE A (FEC Form 3X)	Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one) <input type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 12 <input type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/> 15 <input checked="" type="checkbox"/> 16 <input type="checkbox"/> 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) National Association of Baseball Cap Manufacturers PAC		
Full Name (Last, First, Middle Initial) A. Committee to Elect Cal Ripken Jr.		Date of Receipt <input type="text" value="07"/> / <input type="text" value="10"/> / <input type="text" value="2014"/>
Mailing Address 873 Long Drive		Amount of Each Receipt this Period <input type="text" value="2,000.00"/>
City Aberdeen	State Zip Code MD 21001	
FEC ID number of contributing federal political committee. <input type="text" value="C 00000001"/>		<div style="border: 2px solid black; border-radius: 50%; padding: 10px; display: inline-block;"> Contribution itemized in June Monthly </div>
Name of Employer	Occupation	
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Aggregate Year-to-Date <input type="text" value="2,000.00"/>		

Refund of Contribution

4. Points to Remember:

- If SSF receives its original check, not deposited (or if its check is lost or otherwise not deposited)
 - Report amount as negative entry on Schedule B for Line 23.
 - Subtract from the total amount for that schedule.
 - Note that check is lost, voided, etc. (FECFile users: use description field).
- If SSF receives refund check issued by candidate,
 - Itemize on Schedule A for Line 16 (check appropriate election designation box).
 - Reference previous report of contribution made. (FECFile users: use description field).

Supporting Federal Candidates

- ▣ Direct Contributions
 - Curing Excessive
 - Refunds and Returns
- ▣ Earmarked Contributions
- ▣ In-Kind Contributions
 - Events for Candidates

Earmarked Contributions

▣ Definition:

Contribution to a candidate that donor directs (orally or in writing) through intermediary or conduit



▣ Conduit

Anyone who receives and forwards earmarked contribution to a candidate (including SSF)

- Association may not be a conduit
- Subject to special reporting obligations

D. Earmarked Contributions (11 CFR 110.6 and 114.2(f)(3)(ii))

1. Definition

A contribution to a candidate that the contributor directs (either orally or in writing) though an intermediary or conduit.

2. Conduit/Intermediary

a) **Definition: Anyone who receives and forwards an earmarked contribution to a candidate.**

This includes individuals, political committees (such as the association's PAC), unregistered committees and partnerships. Special reporting required. See details below.

b) **Associations, corporations, unions and other prohibited sources are prohibited from acting as conduits; only the PAC may collect and forward earmarked contributions.** 11 CFR 114.2(f)(3)(ii) and (4)(iii).

c) **Persons exempt from requirements at 11 CFR 110.6 for conduits:**

- (1) Employee or full time volunteer working for campaign committee; and
- (2) Individual expressly authorized to raise money on behalf of the candidate. (Note: This is the **situation most likely to apply to an association executive (acting as a private individual).**)
- (3) Committee affiliated with campaign committee; and
- (4) Commercial fundraising firm retained by campaign committee.

Effect on Contribution Limits

An earmarked contribution counts against:

- ▣ The contributor's limit for the recipient candidate AND
- ▣ The PAC's limit IF:
 - Direction or control exercised over recipient
 - Deferred earmarking done through PAC via payroll deduction program
 - Solicitation for earmarked contribution:
 - ▣ Sent by organization to restricted class
 - ▣ Collected by PAC

3. Effect on Contribution Limits

- a) An earmarked contribution always counts against the original contributor's limit for the recipient candidate.
- b) **An earmarked contribution may count against PAC's limits for the recipient candidate in these situations:**
 - Exercised direction or control over the contributor's choice of the recipient candidate. 11 CFR 110.6.
 - Deferred earmarking done through PAC via payroll deduction program. AO 1995-15.
 - Solicitation by the connected organization for an earmarked contribution to a candidate, sent to the restricted class and collected by PAC. 11 CFR 114.2(f)(4)(iii); See Tab 5/Campaign Activity.

Other Requirements

Transmittal to Campaign

- ▣ SSF must:
 - Forward earmarked contribution to recipient campaign within 10 days of receiving it
 - Include contributor information for FEC report

Reporting by PAC / Conduit to FEC

- ▣ PAC or individual must:
 - Disclose earmarked contributions to FEC on report (for PAC, this goes on regular Form 3X)

4. Older Requirements Still in Effect

a) Transmittal to Campaign

The conduit must forward an earmarked contribution to the recipient campaign committee within 10 days of receiving the contribution **along with** the contributor information needed to disclose on FEC report.

b) Disclosure

PAC or individual must disclose earmarked contributions to FEC on report (for PAC, this goes on regular report).

c) Reporting

Reporting differs whether PAC deposits check or forwards contributor's original check.

Reporting Example #3D: Earmarked Contribution

Earmarked Contribution

If Deposited by PAC . . .

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)

<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input type="checkbox"/> 12
<input type="checkbox"/> 13	<input type="checkbox"/> 14	<input type="checkbox"/> 15	<input type="checkbox"/> 16

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)
National Association of Baseball Cap Manufacturers PAC

Full Name (Last, First, Middle Initial)
A. Bryce Harper

Mailing Address
1920 Slugger Way

City **Arlington** State **VA** Zip Code **22206**

FEC ID number of contributing federal political committee. **C**

Name of Employer **Washington Nationals** Occupation **Baseball Player**

Receipt For:
 Primary General
 Other (specify)

Aggregate Year-to-Date

Date of Receipt
10 / 20 / 2013

Amount of Each Receipt this Period
500.00

**Earmarked for
 Stephen Strasburg,
 House, VA**

- (1) **If Check Deposited:**
- Itemize receipt on Schedule A for Line 11(a)(i) regardless of amount.
 - Note on Schedule A the candidate designated as the recipient of the contribution.
 - Itemize forwarding of contribution to candidate on Schedule B for Line 23. (Forward within 10 days.)
 - Note on Schedule B: That a PAC check was used to transmit and whether the PAC limit is affected (e.g., direction or control; deferred earmarking programs). See AO 1995-15; facilitation rules at 11 CFR 114.2(f).

Earmarked Contribution

Forwarded by PAC Check

**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)

<input type="checkbox"/> 21b	<input type="checkbox"/> 22	<input checked="" type="checkbox"/> 23	<input type="checkbox"/> 24	<input type="checkbox"/> 25
<input type="checkbox"/> 27	<input type="checkbox"/> 28a	<input type="checkbox"/> 28b	<input type="checkbox"/> 28c	<input type="checkbox"/> 29

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NAME OF COMMITTEE (In Full)
National Association of Baseball Cap Manufacturers PAC

Full Name (Last, First, Middle Initial)

A. Strasburg for Congress

Date of Disbursement: **10 / 20 / 2013**

Mailing Address:
72 Washington Street

City: **Alexandria** State: **VA** Zip Code: **22314**

Purpose of Disbursement:
Earmarked contribution by Bryce Harper

Candidate Name:
Stephen Strasburg

Category/Type: **500.00**

Amount of Each Disbursement this Period: **500.00**

Office Sought: House Senate President

Disbursement For: Primary General Other (specify)

State: **VA** District: **8**

Transmitted w/ PAC check;
 PAC limit unaffected

- (2) **If Check Not Deposited:**
- Report the same information as above on Schedules A and B, but as memo entries; do not include in totals.
 - Note on Schedule B that contributions were forwarded using contributor checks.

Supporting Federal Candidates

- ▣ Direct Contributions
 - Curing Excessive
 - Refunds and Returns
- ▣ Earmarked Contributions
- ▣ In-Kind Contributions
 - Events for Candidates

Event for Campaign

- ▣ Association's SSF may host fundraiser/event for candidate at association facilities
- ▣ Costs Incurred by SSF = In-Kind Contribution
- ▣ Advance payment is required for:
 - Staff: fair market value of salary and benefits
 - Mailing list: fair market value
 - Catering or food services: fair market value
 - Meeting room/other assn. facilities: fair market value

E. **In-Kind Contributions (11 CFR 114.2(f)(2), 114.9 and 114.13)** **Example: PAC-Sponsored Fundraiser/Event Coordinated with Campaign**

1. **Results in In-Kind Contribution**

An SSF may hold a fundraiser or other event for a campaign and invite the general public (e.g., other SSFs and PACs, individuals outside its restricted class); however, any costs incurred are in-kind contributions, including personnel, invitations, food, equipment, etc.

2. **Advance Payment**

- The connected organization of the SSF must receive **advance** payment for the use of its staff, mailing list and/or food services (regardless of who is paying for them). See AOs 1984-37 and 1984-24;
- **Advance** payment to connected organization also required if SSF is paying for use of other connected organization facilities (e.g., meeting rooms, phones); and
- **Payment by SSF counts as an in-kind contribution (reported by campaign and SSF).**

Fundraiser for Campaign

- ▣ If PAC collects contributions, campaign and PAC will need to report earmarked contributions
- ▣ Avoid earmarking rules by having campaign representative collect contributions

3. **Earmarking rules may apply to fundraising**
 - **If PAC collects contributions**, campaign and PAC will need to report earmarked contributions. Campaign must also determine if HLOGA bundling disclosure thresholds tripped.
 - **If campaign representative collects contributions**, earmarking rules do not apply.
 - See Tab 5 and previous section on earmarked contributions for more guidance.

Answers to Example #3E: Itemizing In-Kind Contributions Made to Candidates

1. What type of transaction is this?

Answer: The costs of the event represent an in-kind contribution to a candidate, but also a payment made to a vendor on a different date than the contribution. Both are reportable events.

2. What information from the scenario do we need to disclose this correctly?

Answer: We need both the date of the contribution (the date that the good/service was provided) and the date of payment to the vendor. Also needed: payee name/address, purpose of disbursement, a notation of “in-kind” and all of the candidate and election information.

3. How must the committee disclose the transaction(s)?

Answer: For in-kind contributions, the date the contribution is “made” is the date the candidate receives the benefit of the goods or services. Here, the in-kind contribution was made on June 22, the date of the fundraiser, and must be disclosed on a Schedule B for Line 23. The Grand Plush Hotel is listed as the actual payee, and the purpose box includes a notation that it is an in-kind contribution. All candidate and election information for Congressman Strasburg is noted in the appropriate boxes.

See Reporting Example on Next Page

Report In-Kind Contribution (July Monthly):

In-Kind Contribution

Disclosure of Date Made

<p>SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS</p>	Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one) <input type="checkbox"/> 21b <input type="checkbox"/> 22 <input checked="" type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 28c <input type="checkbox"/> 29	PAGE
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NAME OF COMMITTEE (In Full) <div style="border: 1px solid black; padding: 2px; text-align: center; font-weight: bold; font-size: 1.2em;">National Association of Baseball Cap Manufacturers PAC</div>	
A. Grand Plush Hotel Mailing Address: 1000 South Capitol Street, SE City: Washington State: DC Zip Code: 20003	Date of Disbursement <div style="border: 1px solid black; padding: 2px; text-align: center; font-size: 1.2em;">06 / 22 / 2014</div>
Purpose of Disbursement: Reception (In-kind contribution)	Amount of Each Disbursement this Period <div style="border: 1px solid black; padding: 2px; text-align: center; font-size: 1.2em;">1,578.50</div>
Candidate Name: Stephen Strasburg	Category/Type: <div style="border: 1px solid black; padding: 2px; text-align: center; font-size: 1.2em;">011</div>
Office Bought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President State: VA District: 11	Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)

The committee must also disclose the payment to the vendor as that normally occurs on a different date than the day that the good/service is provided to the campaign.

Report Payment to Vendor (August Monthly):

Since the contribution was already reported on the July Monthly report, this payment is noted on the August Monthly report as a MEMO entry on Schedule B for Line 21b (Other Federal Operating Expenditures) and cross-references the other entry.

See Reporting Example on Next Page

In-Kind Contribution

Payment to Vendor

**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)
 21 22 23 24 25
 26a 26b 26c 29

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)
National Association of Baseball Cap Manufacturers PAC

Full Name (Last, First, Middle Initial)
A. Grand Plush Hotel

Mailing Address
1000 South Capitol Street, SE

City: **Washington** State: **DC** Zip Code: **20003**

Purpose of Disbursement
Reception (In-kind contribution)

Candidate Name
Stephen Strasburg

Office Sought: House Senate President
 State: **VA** District: **11**

Disbursement For: Primary General Other (specify)

Date of Disbursement
07 / 17 / 2014

Category/Type
011

Amount of Each Disbursement this Period
1,578.50

MEMO
See July Monthly, Schedule B, Line 23

4. Points to Remember:

- Itemize vendor of good/service as payee.
- Indicate candidate information in appropriate fields.
- Label as in-kind. (FECfile users: use description field.)
- Date on Schedule B, Line 23 = date on which good/service is provided.
- If payment made on date after good/service provided, itemize again as memo entry on Schedule B for Line 21b (Operating Expenditures). (FECFile users: use “memo entry” box.)

Objectives – Part 2

- ▣ Methods For Supporting Federal Candidates
- ▣ Types of PAC Communications
- ▣ RAD Review & Referral Policy

PAC Communications

- ▣ Coordinated Communication

- ▣ Independent Expenditure

II. PAC Communications

A. What PAC May Do:

1. Communicate

Under FEC rules at 114.5(i), an SSF may communicate with the general public using PAC funds on any subject (except soliciting funds for the PAC), including express advocacy.

Example: Inviting other non-affiliated PACS to a PAC-sponsored fundraising event for a candidate.

2. Coordinate

SSF may coordinate communications with a candidate or party; however, in-kind contribution results.

B. Types of Communications

1. Coordinated Communications

In-kind contribution results, subject to limitations

2. Independent Expenditure

No contribution results; no limitations

Coordination

Basic Definition

- ▣ Made in cooperation, consultation or concert with or at the request/suggestion of:
 - Candidate
 - Candidate's authorized committee or agents
 - Party committee or its agents

C. Definition of Coordination (11 CFR 109.20)

Coordination means “made in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate’s authorized committee, or their agents, or a political party committee or its agents.”

Coordination

- ☐ Treated as in-kind contribution
 - Subject to limitations and prohibitions
- ☐ Reportable by committees making and receiving the contribution

D. Why Important? Coordination = In-Kind Contribution (11 CFR 109.21(b)(1))

1. **Connected organization** prohibited from making contributions.
2. **Subject to contribution limitations.**
3. **Disclaimer required.**
4. **Reporting**

In many cases, reportable by campaign or party committee as in-kind contribution received (and by PAC if in-kind contribution made by PAC).

Three-Part Coordination Test

- ▣ Source of Payment
- ▣ Content Standard
- ▣ Conduct Standard

Three-Part Coordination Test

- ▣ Source of Payment
 - Paid for by someone other than the candidate/party (e.g., a PAC)

E. Three-part test (11 CFR 109.21(d)):

All three parts must be satisfied to justify conclusion that payments for a coordinated communication are for the purpose of influencing a federal election (and that costs incurred are in-kind contributions).

1. Source of payment

Will satisfy payment prong if communication is paid for by the PAC.

Three-Part Coordination Test

▣ **Content Standard**

▪ Meeting one of these:

- Electioneering Communication
- Republication of Campaign Materials
- Express Advocacy or Functional Equivalent
- Public Communication Referring to Candidate within Certain Time Frame before Election (No express advocacy required)

2. “Content Standard”(11 CFR 109.21(c)(1)-(5))

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

- a) Electioneering Communication;**
- b) Public Communication that Republishes, Disseminates or Distributes Campaign Materials;**
- c) Public Communication with Express Advocacy;**
- d) Communication that is “Functional Equivalent of Express Advocacy;”**

A communication is the “functional equivalent of express advocacy” if it is susceptible of no reasonable interpretation other than as an appeal to vote for or against a clearly identified Federal candidate.

- Applies without regard to the timing of the communication or the targeted audience.

- In its application of this test, Commission will follow Supreme Court's reasoning in *FEC v. Wisconsin Right to Life*. See explanation and justification for this rule for more information at 75 FR 55947.

Time Frames

- ☐ House or Senate candidates
 - ≤ 90 days before primary/general election
- ☐ Presidential candidates
 - Entire period from 120 days before the primary through date of general election
- ☐ Political parties
 - Presidential election cycle, 120 days before the primary through the general election
 - Midterm election cycle, 90 days before the primary or the general

- e) **Public Communication Referring to Candidate within Certain Time Frame before Election (No Express Advocacy required);**
- Refers to clearly identified candidate;
 - 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.
 - **Senate and House candidates** = 90 days before a primary or general election.
 - **Presidential candidates** = entire period from 120 days before the clearly identified candidate's primary in that jurisdiction where disseminated up through the date of the general election.
 - **Political parties** = 90 days before a primary or general election (midterm cycle).

- See Compliance Map for coordination dates
<http://www.fec.gov/info/ElectionDate>.

Example: Not Meeting the Content Prong from AO 2011-14

The Project’s website and email communications to the general public soliciting contributions to certain Federal candidates did not result in “coordinated communications” to those referenced candidates because the content prong was not satisfied. This is because the Project’s communications appeared only on the Project’s own website and by email, so the communications did not fit into the definitions of either public communications or electioneering communications.

Three-Part Coordination Test

☐ Conduct Standard

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

3. “Conduct Standard”

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

- Request or Suggestion (11 CFR 109.21(d)(1))**
- Material Involvement (11 CFR 109.21(d)(2))**
- Substantial Discussion (11 CFR 109.21(d)(3))**
- Employment of Common Vendor (11 CFR 109.21(d)(4))**
Safe harbor of 120 days applies.
- Former Employee/Independent Contractor (11 CFR 109.21(d)(5))**
Safe harbor of 120 days applies.

Three-Part Coordination Test

Source of payment
+ “Content standard”
+ “Conduct standard”

= Coordinated Communication

= In-Kind Contribution, Subject to
Limits and Prohibitions

PAC Communications

- ▣ Coordinated Communication
- ▣ Independent Expenditure

Independent Expenditure

Definition

- Expenditure for a communication:
 - Expressly advocating the election or defeat of a clearly identified candidate
 - Not made in cooperation, consultation, in concert with, or at the request or suggestion of a candidate or his/her agents

III. Independent Expenditures (11 CFR 100.16)

A. Definition

Expenditure for communication that "expressly advocates" the election or defeat of a clearly identified candidate and that is not made in cooperation with, or at the request or suggestion of, the candidate or his/her campaign or its agents, or a political party or its agents.

B. Elements of Definition

1. Clearly Identified (11 CFR 100.17)

A candidate's name, nickname, photograph or drawing appears or identity is otherwise apparent through references such as "the President," "your Congressman," "the incumbent."

2. Express Advocacy (11 CFR 100.22)

Message unmistakably urges election or defeat of one or more clearly identified candidates.

Express Advocacy

Message unmistakably urges election or defeat of clearly identified federal candidate.

- ▣ Two Part Definition:
 - Part A: Specific Call to Action
 - Part B: Only Reasonable Interpretation Test

- C. Two Part Definition of Unmistakably Urging Election or Defeat**
- Part A: Specific Call to Action
 - Part B: “Only Reasonable Interpretation Test”
- 1. Part A: Specific Call to Action (11 CFR 100.22(a))**
 - a) Explicit Words of Advocacy For or Against a Federal Candidate**

Examples: "Re-elect your Congressman," "support your Democratic nominee," "reject the incumbent."
 - b) Urging Action with Respect to Candidates Associated with a Particular Issue**

Example: “Vote Pro-Environment,” when accompanied by names or photographs of candidates identified as supporting the issue.
 - c) Campaign Slogan or Words (e.g., on bumper stickers & ads) that can have No Other Reasonable Meaning than to Support or Oppose Candidate,**

Examples: “Bush/Cheney!”; “Obama for America!”
 - 2. Part B: Express Advocacy by Context – “Only Reasonable Interpretation Test” (11 CFR 100.22(b))**

Absent explicit words of advocacy for or against a candidate, the communication, when taken as whole and with limited reference to context, can only be interpreted by reasonable person as “encouraging action to elect or defeat” federal candidate.

Independent = Unlimited

- ▣ No limit on amount of expenditure if communication meets definition (express advocacy + uncoordinated)
- ▣ Disclaimer required
- ▣ Reporting required

D. The Basics

1. **No Limits if Definition Met**
One may spend an unlimited amount because the expenditure is not coordinated (and thus, a contribution).
2. **If Coordinated, In-kind Contribution Results (See 11 CFR 109.21 and Section II).**
3. **Disclaimer required (See 11 CFR 110.11 and Tab 1/Basics)**

Independent Expenditure

Example

XYZ Association PAC Says
**Vote for
Angela**

Paid for by the XYZ Association PAC (www.xyzpac.org) and not authorized by any candidate or committee. The XYZ Association PAC is responsible for the content of this advertisement.

Information Division
2013-14 Election Cycle

Trade PAC Operations

Disclosure

- ▣ PACs report using Schedule E, Form 3X
- ▣ Date made = Date disseminated
- ▣ Aggregate on per calendar year, per election, per office sought basis

4. **Disclosure of Independent Expenditures**
 - a) **Report using FEC Form 3X/Schedule E during appropriate reporting period.**
 - b) **Date made = Date disseminated**
 - An independent expenditure is considered made when it is publicly distributed or otherwise publicly disseminated.
 - See the FEC's interpretive rule at 76 FR 16233 (October 4, 2011) (online at http://www.fec.gov/law/cfr/ej_compilation/2011/notice_2011-13.pdf and Tab 2/Recent Developments.
 - c) **Aggregation**

Done on a per calendar year, per election, per office sought (race) basis.

Disclosure

48-Hour Reports

- ☐ Required for IEs
 - Aggregating \geq \$10,000
 - Made 20 days or more before an election

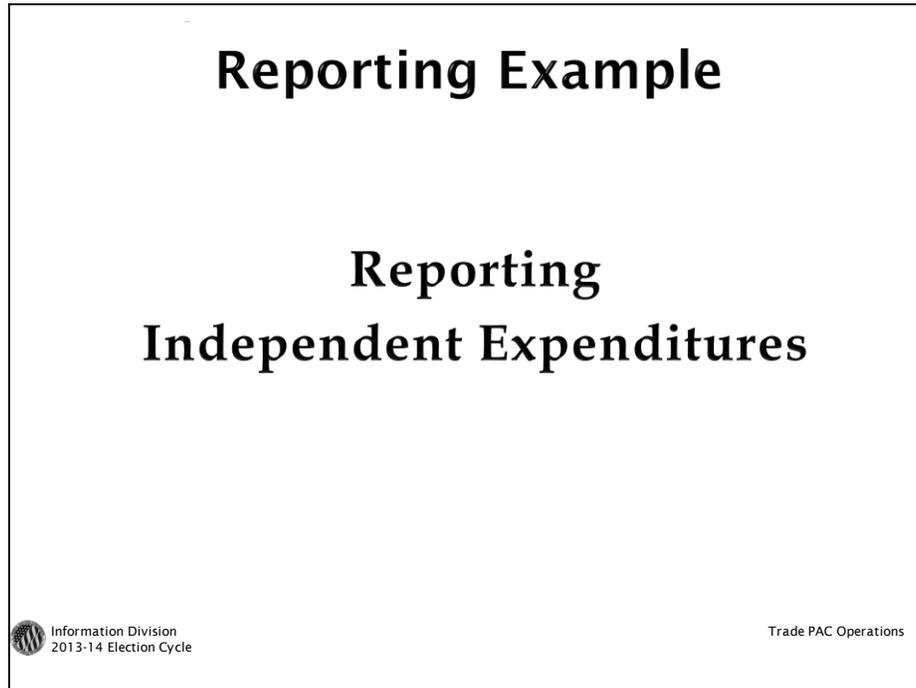
24-Hour Reports

- ☐ Required for IEs
 - Aggregating \geq \$1,000 made
 - $<$ 20 days but more than 24 hours before an election

****Disclose again on next regular report****

5. **Additional reporting on 48- and 24- hour basis:**
- a) **24-Hour Reporting (11 CFR 104.5(g)(2))**
 - Must file a **24-Hour Report** for independent expenditures aggregating \$1,000 or more made less than 20 days but more than 24 hours before the day of an election.
 - A 24-Hour Report is required each time an additional \$1,000 is aggregated in independent expenditures.
 - b) **48-Hour Reporting (11 CFR 104.5(g)(1))**
 - Must file a **48-Hour Report** for independent expenditures aggregating \$10,000 or more, anytime during a calendar year up to and including the 20th day before an election.
 - A 48-Hour Report is required each time an additional \$10,000 is aggregated in independent expenditures.
 - c) **24-Hour and 48-Hour Reports** are filed using stand-alone Schedule Es; check appropriate box to note type of report.
 - d) **The 24-Hour Report and 48-Hour Report time frames** are located on our website at http://www.fec.gov/info/charts_ie_dates_2013.shtml.

Reporting Example #4: Large Last-Minute Independent Expenditures



Background: House candidate Arthur Fonzarelli wouldn't accept PAC checks and his campaign would not speak to representatives of the National Association of Auto Mechanics (NAAM) PAC. However, the PAC still wanted to lend its support to candidate Fonzarelli. On October 27, just before the November 5 special general election, NAAM PAC runs a \$7,500 radio ad on WBQW-FM supporting Fonzarelli. The bill for the ads was paid on November 27, 2013.

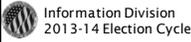
1. What type of transaction is this?
2. How must the committee disclose the transaction(s)?
3. What information from the scenario do we need to disclose this correctly?

Answers to Example #4: Large Last-Minute Independent Expenditures

PAC Reporting Independent Expenditures

Last-Minute Reporting:

- ▣ What type of transaction is this?
ANSWER: Last-minute independent expenditure
- ▣ How must the committee disclose transaction(s)?
ANSWER: 24-hour report; again on post-general
- ▣ What information from the scenario do we need to disclose this correctly?

 Information Division
2013-14 Election Cycle Trade PAC Operations

1. What type of transaction is this?

Answer: The PAC is making an independent expenditure, defined as an expenditure for a communication that "expressly advocates" the election or defeat of a clearly identified candidate and that is not made in cooperation with, or at the request or suggestion of, the candidate or his/her campaign or its agents, or a political party or its agents.

2. How must the committee disclose the transaction(s)?

Answer: An independent expenditure is considered made when it is publicly distributed or otherwise publicly disseminated. If it aggregates \$1,000 or more and is made less than 20 days but more than 24 hours before the day of an election, as this expenditure did, the PAC must file a 24-Hour Report on Schedule E disclosing the independent expenditure. The PAC must disclose the independent expenditure again, on Schedule E, for the next regular FEC report (30-Day Post General Report).

See Reporting Example on Next Page

24-Hour IE Report

Initial Reporting - 24-hour Schedule E

SCHEDULE E (FEC Form 3X)
ITEMIZED INDEPENDENT EXPENDITURES

PAGE 1 OF
FOR LINE 24 OF FORM 3X

NAME OF COMMITTEE (In Full) National Association of Auto Mechanics PAC		FEC IDENTIFICATION NUMBER C 00000004	
Check if <input checked="" type="checkbox"/> 24-hour report <input type="checkbox"/> 48-hour report		<input checked="" type="checkbox"/> New report <input type="checkbox"/> Amends report filed on	
Full Name (Last, First, Middle Initial) of Payee WBQW-FM		Date 10 / 27 / 2013	
Mailing Address 12100 West Howard Avenue		Amount 7,500.00	
City Greenfield	State WI	Zip Code 53228	
Purpose of Expenditure Radio Ad	Category/Type 004	Office Sought: <input checked="" type="checkbox"/> House State: WI <input type="checkbox"/> Senate District: 4 <input type="checkbox"/> President	
Name of Federal Candidate Supported or Opposed by Expenditure: Arthur Fonzarelli		Check One: <input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose	
Calendar Year-To-Date Per Election for Office Sought 7,500.00		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify) 2013 Special General	

- 3. What information from the scenario do we need to disclose this correctly?**
Answer: Key facts in the scenario include the date of dissemination (10/27/13), the fact that it is an advertisement that contained express advocacy, and was not coordinated with the campaign. The PAC will also need to disclose the payee’s name and address, the candidate information, the purpose of the expenditure, the amount and the calendar year-to-date per election for the office sought.

On the next report filed (30 Day Post-General covering 10/17/13-11/25/13, and due on 12/5/13), the PAC must report the same information disclosed on the 24-Hour Notice on Schedule E as a MEMO entry because the payment has not been made yet. Accordingly, the PAC must report a debt on Schedule D to “WBQW-FM” until it is settled.

Reporting Example Continues on Next Page

**IE Disclosed
 (Post-General)**

Disclosure on Next Regular Report	
SCHEDULE E (FEC Form 3X) ITEMIZED INDEPENDENT EXPENDITURES	
PAGE 1 OF 1 FOR LINE 24 OF FORM 3X	
NAME OF COMMITTEE (In Full) National Association of Auto Mechanics PAC	FEC IDENTIFICATION NUMBER C 00000004
Check if <input type="checkbox"/> 24-hour report <input type="checkbox"/> 48-hour report <input type="checkbox"/> New report <input type="checkbox"/> Amends report filed on	
Full Name (Last, First, Middle Initial) of Payee WBQW-FM	Date 10 / 27 / 2013
Mailing Address 12100 West Howard Avenue	Amount MEMO 7,500.00
City State Zip Code Greenfield WI 53328	
Purpose of Expenditure Radio Ad	Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President State: WI District: 4
Name of Federal Candidate Supported or Opposed by Expenditure: Arthur Fonzarelli	Check One: <input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose
Calendar Year-To-Date Per Election for Office Sought 7,500.00	Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify) 2013 Special General

Reporting Example Continues on Next Page

Debt Owed
 (Post-General)

Other Reporting - Debt

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) <input type="checkbox"/> 9 <input checked="" type="checkbox"/> 10
NAME OF COMMITTEE (In Full) National Association of Auto Mechanics PAC			
A. Full Name (Last, First, Middle Initial) of Debtor or Creditor WBQW-FM		Nature of Debt (Purpose): Radio Ad for Arthur Fonzarelli	
Mailing Address 12100 West Howard Avenue			
City State Zip Code Milwaukee WI 53328			
Outstanding Balance Beginning This Period <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 150px; text-align: center;">0.00</div>			
Amount Incurred This Period <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 150px; text-align: center;">7,500.00</div>		Payment This Period <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 150px; text-align: center;">0.00</div>	
Outstanding Balance at Close of This Period <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 150px; text-align: center;">7,500.00</div>			

When full payment is made to the vendor on 11/27/13, it should be reflected on Schedule E supporting Line 24, as well as Schedule D supporting Line 10 of the Year End Report (coverage period: 11/26/13-12/31/13).

Reporting Example Continues on Next Page

**IE Payment
 (Year-End)**

Subsequent Payment

**SCHEDULE E (FEC Form 3X)
 ITEMIZED INDEPENDENT EXPENDITURES**

PAGE **1** OF **1**
 FOR LINE 24 OF FORM 3X

NAME OF COMMITTEE (In Full) National Association of Auto Mechanics PAC		FEC IDENTIFICATION NUMBER C 00000004	
Check if <input type="checkbox"/> 24-hour report <input type="checkbox"/> 48-hour report <input type="checkbox"/> New report <input type="checkbox"/> Amends report filed on		M M / D D / Y Y Y Y	
Full Name (Last, First, Middle Initial) of Payee WBQW-FM		Date 11 / 27 / 2013	
Mailing Address 12100 West Howard Avenue		Amount 7,500.00	
City Greenfield	State WI	Zip Code 53328	
Purpose of Expenditure Radio Ad disseminated on 10/27/13	Category/ Type 004	Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	State: WI District: 4
Name of Federal Candidate Supported or Opposed by Expenditure: Arthur Fonzarelli		Check One: <input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose	
Calendar Year-To-Date Per Election for Office Sought 7,500.00		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify) 2013 Special General	

Reporting Example Continues on Next Page

- 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 2013 Special Election are located on our web site at http://www.fec.gov/info/charts_ie_dates_2013.shtml.
- **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” 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 Report).
 - 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.

Objectives – Part 2

- ▣ Methods For Supporting Federal Candidates
- ▣ Types of PAC Communications
- ▣ RAD Review & Referral Policy

RAD: Review and Referral Policy

- ▣ Categories of review include:
 - Mathematical discrepancies
 - Failure to provide supporting schedules
 - Failure to properly itemize contributions from individuals
 - Prohibited, excessive and impermissible contributions
 - Improper itemization of disbursements
- ▣ RFAI threshold
- ▣ Thresholds are confidential and policy is approved by the Commission

IV. RAD Review and Referral Policy

A. RAD Review of Reports

1. RAD Review and Referral Policy

- a) Internal policy contains categories of review the analyst checks, such as: Prohibited, Excessive and Impermissible Contributions, Mathematical Discrepancies, Failure to Provide Supporting Schedules and Failure to Properly Itemize Contributions from Individuals and Disbursements, to name a few.
- b) Policy has established thresholds for making determination on whether to send a Request for Additional Information (RFAI).
- c) Thresholds are confidential and policy is approved by the Commission.

Review of Reports

- ▣ Thresholds are applied on a per report basis.
 - If reoccurring reporting issues exist on multiple reports, a committee may receive multiple RFAs identifying the same issue
 - RAD does not consider previous responses to RFAs
 - ▣ Exception: Responses relating to best efforts procedures apply for the two year election cycle
- ▣ It's possible to see an issue questioned on one report, but not on another

- d) Review is conducted on a per report basis, meaning the thresholds are applied to each report reviewed.
 - (1) This means a committee may receive a RFAI which includes the same issue already addressed in response to a RFAI referencing a different report.
 - Exceptions include outlining Best Efforts procedures which would apply to the two-year cycle.
 - (2) There may be several issues that are aggregated together to meet a single threshold, so it's possible to see an issue questioned on one report that isn't included in an RFAI on for another report.
- e) Policy is reassessed every election cycle and revisions/changes made based on input from RAD and other offices (such as OGC), and Commissioners.

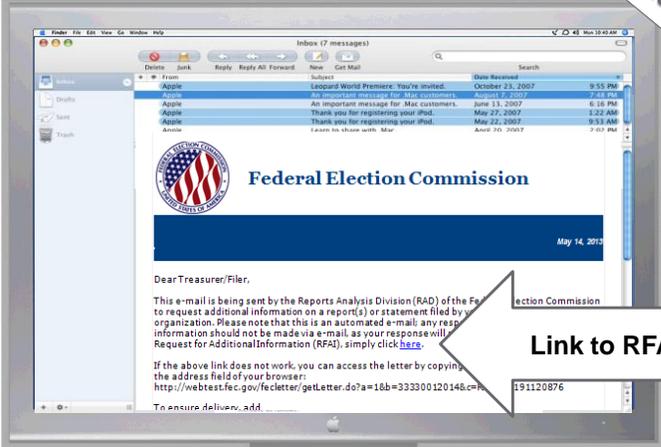
Request for Additional Info

- ▣ If internal thresholds are met:
 - Analyst sends RFAI with response due date in upper right corner
- ▣ No extensions
- ▣ Responses assessed by analysts, team leaders
- ▣ Analysts do not reply to committee responses

B. Request for Additional Information (RFAI)

1. **If internal thresholds are met, an RFAI is sent**, with a Response Due Date in the upper right hand corner of the letter, extensions are not granted. The committee analyst's name and contact telephone number are also provided in the letter.

Tip: You can find out who your analyst is by visiting <http://www.fec.gov/rad/index.shtml>.



Request for Additional Info

Link to RAFI

Information Division
2013-14 Election Cycle

Trade PAC Operations

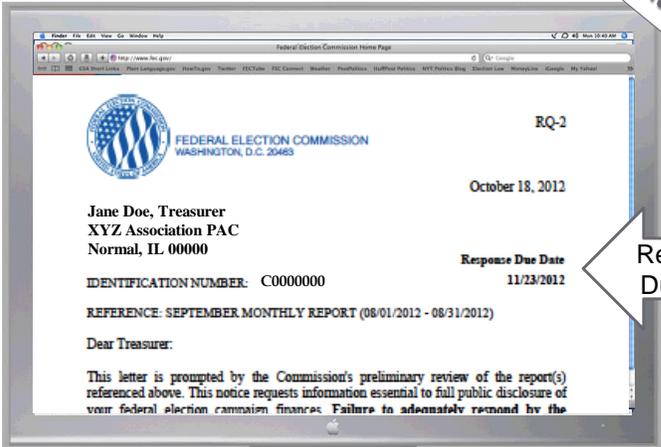
The screenshot shows an email interface with a list of messages and a selected email from the Federal Election Commission. The email body contains the following text:

Dear Treasurer/Files,

This e-mail is being sent by the Reports Analysis Division (RAD) of the Federal Election Commission to request additional information on a report(s) or statement filed by your organization. Please note that this is an automated e-mail; any response or information should not be made via e-mail, as your response will be processed as a Request for Additional Information (RAFI), simply click [here](#).

If the above link does not work, you can access the letter by copying the address field of your browser:
<http://webtest.fec.gov/fecletter/getLetter.do?i=1&b=33330012014&cm=191120876>

To ensure delivery, add



Request for Additional Info

Response Due Date

Information Division
2013-14 Election Cycle

Trade PAC Operations

The screenshot shows the Federal Election Commission website with a Request for Additional Information (RAFI) notice. The notice includes the following information:

RQ-2

October 18, 2012

Jane Doe, Treasurer
XYZ Association PAC
Normal, IL 00000

Response Due Date
11/23/2012

IDENTIFICATION NUMBER: C0000000

REFERENCE: SEPTEMBER MONTHLY REPORT (08/01/2012 - 08/31/2012)

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. Failure to adequately respond by the

not be considered.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended.

If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1166.

Sincerely,

Bradley Matheson
Bradley Matheson
Senior Campaign Finance Analyst
Reports Analysis Division

418

Request for Additional Info

Analyst's Phone Number

Analyst's Name

Information Division
2013-14 Election Cycle

Trade PAC Operations

Responding to RFAs

- ▣ Analysts do not contact committees in every case when a response is not sufficient
- ▣ Committee should contact its analyst before and/or after filing a response
- ▣ Analysts do not make legal conclusions
- ▣ Analysts cannot categorize your activity
- ▣ In some cases, RAD consults OGC before sending an RFAI and when assessing a committee's response

2. **Responses are assessed by the analysts and in some cases, team leaders.**
 - a) Analysts do not reply to responses.
 - b) Contact is not made with committees in every case when a response is not sufficient. Further explanation below.
 - c) Committees are encouraged to contact their assigned analyst prior to responding if unsure about how to respond or after a response is filed to ensure an adequate response is received.
 - d) Keep in mind that analysts can't make legal conclusions or give guidance on a legal conclusion made by a committee. In addition, they cannot determine what category your activity falls under (i.e., independent expenditures or coordinated party expenditures).
 - e) In some cases, RAD consults with OGC before sending a RFAI and when making a response assessment.

Responding to RFAs

- ▣ File amendment to:
 - Add, Change or Delete actual entries on FEC report
- ▣ Use miscellaneous text submission (Form 99) for:
 - Narrative responses that do not affect actual entries within a report
 - (e.g., demonstrating best efforts)

3. **Must amend report when changing information that affects actual entries on a report.** This would include additions, changes or deletions.
4. **Miscellaneous Text Submission (Form 99)**
Used for narrative responses that do not affect actual entries within a report. (For example: when outlining procedures for “Best Efforts” in obtaining contributor information.)

Audit Consideration Factors

- ▣ Level of financial activity
- ▣ Responses to RFAIs
 - ✓ Late or no response
 - ✓ Inadequate response
- ▣ Election results (Authorized Committees only)
- ▣ Number of amendments filed is NOT a factor
- ▣ Number of RFAIs received is NOT a factor if responses were adequate and timely

C. Referrals to the Audit Division

1. Factors for making referrals to the Audit Division:

- a) Level of financial activity;
- b) Responses to RFAIs:
 - (1) Late or no response.
 - (2) Inadequate response.

2. The number of amendments filed is not a factor.

3. The number of RFAIs is not a factor if responded to adequately and on time.

OGC & ADRO Referrals

- ▣ Policy includes referral thresholds
- ▣ RAD calls committee before referring to OGC or ADRO to explain RFAI and request response
- ▣ Adequate and timely response may prevent referral

- D. Referrals to OGC (Office of General Counsel) and ADRO (Alternative Dispute Resolution Office)**
1. Internal policy includes thresholds for determining whether a matter should be referred to OGC or ADRO.
 2. Committee will receive a phone call from RAD prior to a referral to ADRO or OGC to explain RFAI and request a response.
 3. An adequate response is required by the timeframe given to prevent the matter from being referred.

Contact Information

- ▣ RAD's process for sending RFAs has changed
 - Most RFAs are now sent via email to:
Committee's official email address (as listed on the Statement of Organization)

- ▣ Ensure Statement of Organization (FEC Form 1) has the committee's most current:
 - Mailing address
 - Email address
 - Phone number

4. Committees should ensure that they have provided the most current mailing address, email address and phone numbers on their Statement of Organization (FEC Form 1). Often RFAs are returned by the post office due to an incorrect mailing address.
5. RAD's process for sending RFAs has changed. Most RFAs are now sent via email to the Committee's official email address, as disclosed on the Statement of Organization (FEC Form 1). Committees will have the option to continue to receive RFAs on paper through the mail.

Workshop Evaluation

Help Us Help You!

Please complete an evaluation
of this workshop.



Trade PAC Operations

Campaign Activity by Associations, Unions & Others

9th Floor

<http://fec.adobeconnect.com/connect1>

Electronic Filing

5th Floor

<http://fec.adobeconnect.com/connect2>

3:30 p.m. – 4:30 p.m.



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