

MEMBERSHIP/LABOR PAC OPERATIONS PART 2



May 21, 2014
3:00 – 4:30 PM

 Information Division
2013-14 Election Cycle

Membership/Labor Organization PAC Operations

Objectives – Part 2

- ▣ **Highlight Methods for Supporting Federal Candidates**
- ▣ Identify Types of Communications and Applicable Rules
- ▣ Discuss Options for Connected Organization Involvement

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SUPPORTING FEDERAL CANDIDATES

I. Making Contributions (11 CFR 110.1 and 110.2)

Supporting Federal Candidates

- ▣ **Direct Contributions**
- ▣ **In-Kind Contributions**
 - **Events for Candidates**

Review

Contribution Limits

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

Includes both monetary and in-kind contributions

Direct Contributions

Review

- ▣ Per Election Limits to Candidates
 - \$2,600 from non-multicandidate SSFs
 - \$5,000 from multicandidate SSFs
- ▣ Includes in-kind contributions
- ▣ Only for elections in which candidate participates
- ▣ **NO** contributions from connected org

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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 (e.g., corporation, union, 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.

Example:

The Baseball Cap Makers Union PAC decides to contribute \$10,000 to Senator Cal Ripken, Jr., for his re-election campaign. Cal is in a tough primary in Maryland on June 16. The PAC treasurer, Lisa Smith, issues a check to the campaign for \$10,000 on June 15.

Any Red Flags?

Practical Application



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

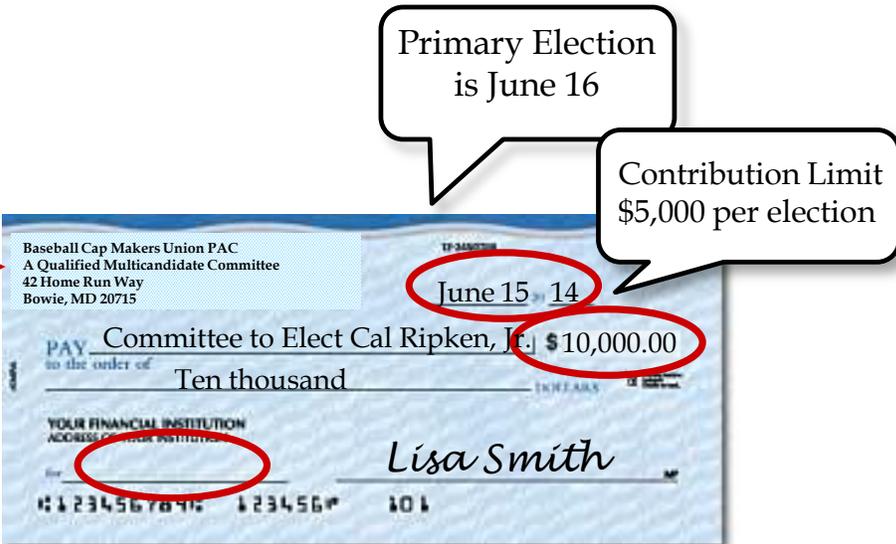
**Primary Election Day is
June 16**

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

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Practical Application



Baseball Cap Makers Union PAC
A Qualified Multicandidate Committee
42 Home Run Way
Bowie, MD 20715

June 15, 14

PAY **Committee to Elect Cal Ripken, Jr. \$10,000.00**
to the order of
Ten thousand

YOUR FINANCIAL INSTITUTION
ADDRESS OF FINANCIAL INSTITUTION

Lisa Smith

⑆ 123456789⑆ 123456⑆ 101

Primary Election is June 16

Contribution Limit \$5,000 per election

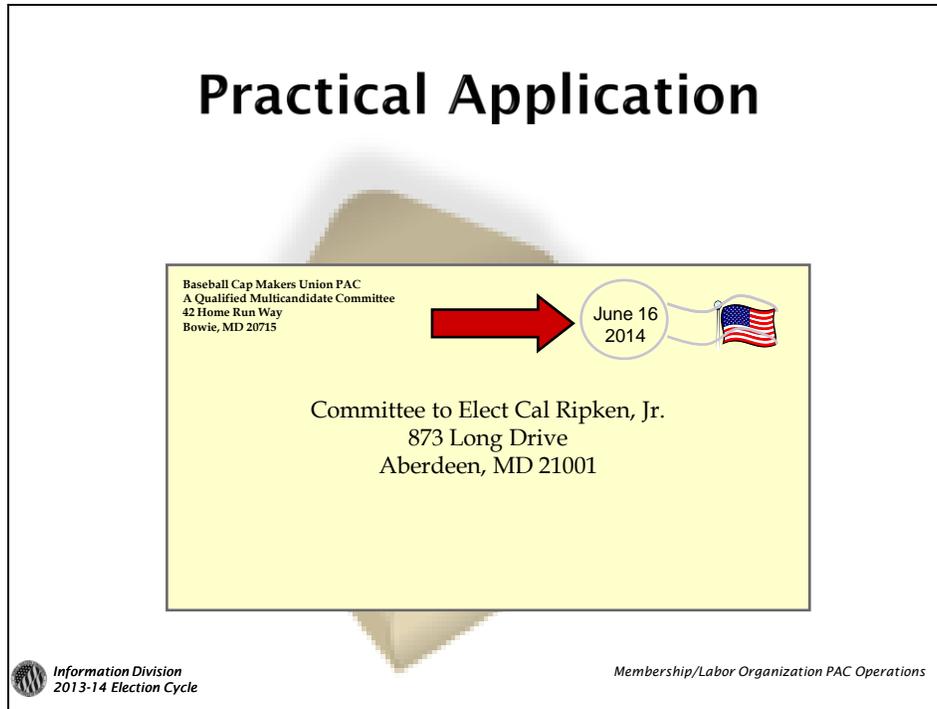
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Example, continued:

Let's work through the check. The date on the check is June 15 and the contribution is from a qualified multicandidate committee (identified as such on the check).

Since the contribution was not designated, the **date made** determines which election it counts against. To determine date made, the campaign must use the date a contribution is postmarked or hand-delivered (and NOT the date on the check).



This contribution was mailed on June 16, the primary date, and thus will count against the primary limit.

However, because it was undesignated, it is a \$10,000 contribution to the primary, and therefore excessive.

How do the campaign and PAC resolve this situation?

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.

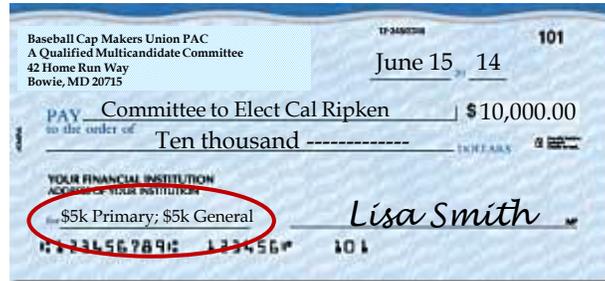
b) Electronic Contributor Redesignations

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.



FEC Recommended

Designate all contributions to candidates



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- 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.

Best Practice: Avoid Excessive Contributions – Designate All Contributions!

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 Baseball Cap Makers Union PAC, a multicandidate committee based in Maryland, really likes Senator Bryce Harper, a former professional baseball player now representing the state of Nevada. On May 21, 2014, the PAC made out two checks; one to Senator Harper's campaign committee, and one to his leadership PAC, the Nationals Fund. (Note: The PAC had not previously contributed to the Senator or to the Leadership PAC.)

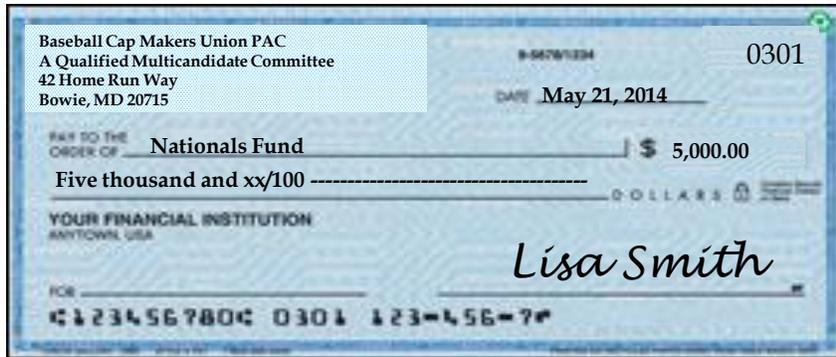
- 1. What types of transactions are these?**

- 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



Contribution to
Leadership PAC

Contribution to
Campaign



1. What type of transaction is this?

Answer: This check represents a contribution made by the Baseball Cap Makers Union PAC. The \$5,000 check is a contribution to a Senator's 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 PAC must itemize the contribution on its June Monthly report (covering the month of May) on a Schedule B for Line 23.

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

Answer: Disclose the Leadership PAC’s name and address, the date made and the amount. For purpose, note “contribution.” The candidate and election information is not required because the Leadership PAC is not an authorized committee that is affiliated with the campaign.

Contribution to Leadership PAC

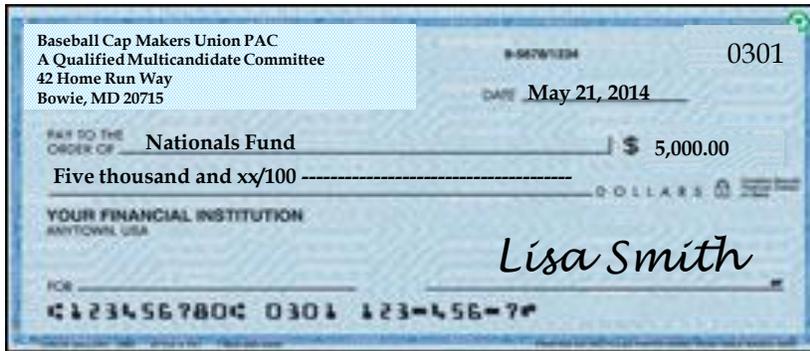
Schedule B, Line 23

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"/> 28c <input type="checkbox"/> 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) Baseball Cap Makers Union PAC			
Full Name (Last, First, Middle Initial) A. Nationals Fund		Date of Disbursement 05 / 21 / 2014	
Mailing Address 1500 South Capitol Street			
City, State, Zip Code Washington, DC 20003			
Purpose of Disbursement Contribution	Category/Type	Amount of Each Disbursement this Period 5,000.00	
Not Applicable			

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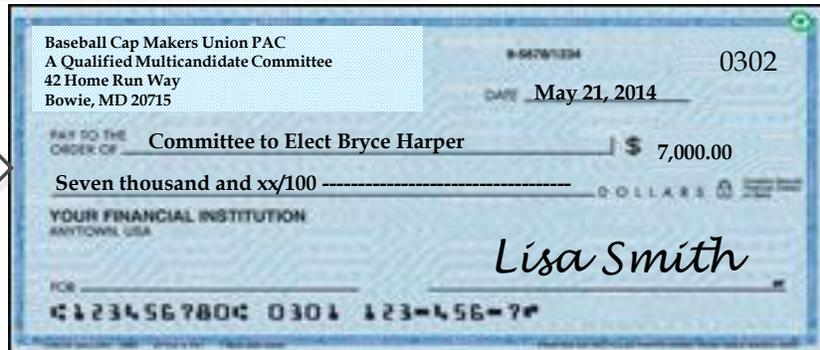
**Answers to Reporting Example #3B:
Contribution to Federal Candidate (Check #302)**

Contributions Made



Contribution to
Leadership PAC

Contribution to
Campaign



The Harper 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 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 Makers Union PAC. The check for \$7,000 represents contributions to both the primary and the general election campaign of the Committee to Elect Bryce Harper. 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"/> 28c <input type="checkbox"/> 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) Baseball Cap Makers Union PAC	
Full Name (Last, First, Middle Initial) A. Committee to Elect Bryce Harper	Date of Disbursement <div style="border: 1px solid black; padding: 2px; display: inline-block;">05</div> / <div style="border: 1px solid black; padding: 2px; display: inline-block;">21</div> / <div style="border: 1px solid black; padding: 2px; display: inline-block;">2014</div>
Mailing Address 873 Long Ball Drive City: Las Vegas, NV State: NV Zip Code: 89101	Amount of Each Disbursement this Period <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 150px; text-align: right;">7,000.00</div>
Purpose of Disbursement Contribution	Category/Type <div style="border: 1px solid black; padding: 2px; display: inline-block; width: 50px; text-align: center;">011</div>
Candidate Name Bryce Harper	Redesignation Pending
Office Sought: <input type="checkbox"/> House <input checked="" type="checkbox"/> Senate <input type="checkbox"/> President State: NV District:	Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)

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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)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE OF
ITEMIZED DISBURSEMENTS			<input type="checkbox"/> 21b <input type="checkbox"/> 27	<input type="checkbox"/> 22 <input type="checkbox"/> 28a
			<input checked="" type="checkbox"/> 23 <input type="checkbox"/> 28b	<input type="checkbox"/> 24 <input type="checkbox"/> 28c
			<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 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)

Baseball Cap Makers Union PAC

Full Name (Last, First, Middle Initial)

<p>A. Committee to Elect Bryce Harper</p> <p style="font-size: 0.8em;">Mailing Address: 873 Long Ball Drive City: Las Vegas, NV 89101 State: Zip Code: </p> <p style="font-size: 0.8em;">Purpose of Disbursement: Contribution Category/Type: 011</p> <p style="font-size: 0.8em;">Candidate Name: Bryce Harper</p> <p style="font-size: 0.8em;">Office Sought: Disbursement For:</p> <p style="font-size: 0.8em;"> <input type="checkbox"/> House <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Senate <input type="checkbox"/> Other (specify) </p> <p style="font-size: 0.8em;">State: NV District: </p>	<p style="font-size: 0.8em;">Date of Disbursement</p> <p style="text-align: center; font-size: 1.2em;">05 / 21 / 2014</p> <hr/> <p style="font-size: 0.8em;">Amount of Each Disbursement this Period</p> <p style="text-align: center; font-size: 1.2em;">7,000.00</p> <p style="text-align: center; font-weight: bold; font-size: 1.1em;">MEMO; as disclosed in June Monthly</p>
<p>B. Committee to Elect Bryce Harper</p> <p style="font-size: 0.8em;">Mailing Address: 873 Long Ball Drive City: Las Vegas, NV 89101 State: Zip Code: </p> <p style="font-size: 0.8em;">Purpose of Disbursement: Contribution Category/Type: 011</p> <p style="font-size: 0.8em;">Candidate Name: Bryce Harper</p> <p style="font-size: 0.8em;">Office Sought: Disbursement For:</p> <p style="font-size: 0.8em;"> <input type="checkbox"/> House <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input checked="" type="checkbox"/> Senate <input type="checkbox"/> Other (specify) </p> <p style="font-size: 0.8em;">State: NV District: </p>	<p style="font-size: 0.8em;">Date of Disbursement</p> <p style="text-align: center; font-size: 1.2em;">06 / 05 / 2014</p> <hr/> <p style="font-size: 0.8em;">Amount of Each Disbursement this Period</p> <p style="text-align: center; font-size: 1.2em;">2,000.00</p> <p style="text-align: center; font-weight: bold; font-size: 1.1em;">MEMO Redesignation</p>

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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 Checks
 - Negative entry on line number transaction was originally disclosed (Schedule B)
- ▣ Refunded
 - Refund check 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 Baseball Cap Makers Union PAC treasurer realizes that the check to the Nationals 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 Harper Campaign for \$2,000. Senator Harper lost in the 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 Nationals Fund that was voided by the Baseball Cap Makers Union 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 Bryce Harper 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 Lost/Voiced/Returned Contribution:

Negative Entry, Schedule B, Line 23

Returned, Lost
 Or Voiced

SCHEDULE B (FEC Form 3X)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE
ITEMIZED DISBURSEMENTS			<input type="checkbox"/> 21b <input type="checkbox"/> 22 <input checked="" type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26 <input type="checkbox"/> 27 <input type="checkbox"/> 28a <input type="checkbox"/> 28b <input type="checkbox"/> 29c <input type="checkbox"/> 29 <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 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) Baseball Cap Makers Union PAC				
Full Name (Last, First, Middle Initial) A. Nationals Fund		Date of Disbursement MM / DD / YYYY 07 / 10 / 2014		
Mailing Address 1500 South Capitol Street				
City State Zip Code Washington, DC 20003				
Purpose of Disbursement Check lost in mail – orig. contribution 5/21/14		Amount of Each Disbursement this Period - 5,000.00		
Candidate Name		Category/Type		
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
State: District:				

Report Refunded Contribution Received:

Refund of Contribution

Schedule A, Line 16

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 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) Baseball Cap Makers Union PAC		
A. Full Name (Last, First, Middle Initial) Committee to Elect Bryce Harper		Date of Receipt 07 / 10 / 2014
Mailing Address 873 Long Ball Drive		Amount of Each Receipt this Period 2,000.00
City, State, Zip Code Las Vegas, NV 89101		
FEC ID number of contributing federal political committee. C 00000001		Contribution itemized in June Monthly
Name of Employer	Occupation	
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify)	Aggregate Year-to-Date 2,000.00	

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Points to Remember:

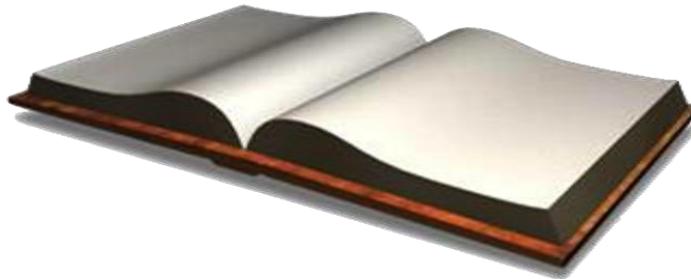
- If SSF receives its original check, not deposited (or if its check is lost or otherwise not deposited):
 - Report amount as negative entry on Schedule B for Line 23.
 - Subtract from the total amount for that schedule.
 - Note that check is lost, voided, etc. (FECFile users: use description field).
- 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
- ▣ **In-Kind Contributions**
 - Events for Candidates

Using Resources

Statutory exceptions to contribution ban permit limited election-related use of corporate/labor facilities & resources



D. Prohibition on Use of Facilities/Resources in Candidate/Party Fundraising (11 CFR 114.2(f) and 114.9)

1. As part of the broad prohibition on corporate and labor contributions, corporate, labor and membership organizations are generally prohibited from providing goods or services at less than the usual or normal charge.
2. This includes permitting the SSF's use of their facilities or other resources for fundraising or other activities in connection with federal elections, without proper payment made in advance.

Event for Campaign

- ☐ Organization's SSF may host fundraiser/event for candidate at organization's 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 org. 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 Required**
 - 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).**

Use of Directed Staff

- ▣ Advance payment for value of services, including salary, benefits and overhead
- ▣ No coercion
- ▣ No collecting or forwarding of contributions by staff

3. **Use of Directed Staff for SSF Events on Behalf of Candidates**
Organization officials or employees may direct subordinate staff to work on fundraising for candidate or party, using organization's resources, provided that the following rules are observed:
 - a) **Advance Payment**
Organization must receive advance payment for value of staff services, including benefits and overhead.
 - b) **No Coercion**
No threats of force, detrimental job actions or financial reprisal if employee refuses to engage in fundraising.
 - c) **Collection and Forwarding Prohibited (Except Through SSF)**
Employees may not collect or forward contributions to candidate or party. If the organization wishes to collect and forward contributions, this must be done using the SSF.

Employee Volunteer Activity

- ☐ Incidental Use
 - Work that doesn't prevent normal work
 - Safe Harbor: One hour/week or four hours/month
- ☐ Reimbursement
 - For increased overhead; or
 - If more than incidental use, reimburse entire cost of using facilities
- ☐ Employee "Asked" to Volunteer - Incidental Use Exceptions do NOT apply!

- d) **Employee/Member Use of Facilities for Volunteer Activity: Incidental Use (11 CFR 114.9(a))**
OK for employees of organization (and members and officials of organization) to make "incidental use" of facilities for their own individual volunteer activity in connection with federal election.
- (1) **What is "Incidental Use?"**
- (a) "Incidental use" means use that does not prevent employee or organization from completing normal work that would be completed during that period.
 - (b) Safe Harbor: 1 hour per week or 4 hours per month.
- (2) **Reimbursement**
- (a) Individual must reimburse organization for any increased overhead (e.g., no need to pay for regular local phone bill, but would have to pay for long distance calls).
 - (b) If more than incidental use: Individual must reimburse organization the entire cost of using the facilities within commercially reasonable time.

(3) Employee “Asked” to “Volunteer”

The “incidental use” allowance does not apply if the employee is asked by a superior to do the work as part of his/her regular duties.

Example: In MUR 5573, corporate executives that collected contributions intended for specific candidates claimed that they were doing so as individual volunteers. The Commission rejected this claim, as the evidence indicated that the executives “solicited, collected and bundled the contributions ... using corporate resources” at the direction of the corporation, without any indication that they “devised the contribution plans on their own or that, absent their employment, they would have solicited contributions” from other corporate executives.

Use of Lists and Food Services

Must pay organization fair market value in advance for:

- ▣ Use of customer/client lists
- ▣ Use of food services or catering arrangements

4. Use of Customer/Client Lists

a) Organization May Permit Use with Advance Payment

Organization may allow use of the organization’s lists of members, employees, vendors or others to send invitations or solicit the contributions, provided that the organization receives advance payment for fair market value of lists.

- b) Application to Email Address Lists of Organization**
- (1) Advance payment required under 114.2(f).
 - (2) Counts as in-kind contribution by payee.
 - (3) Not exempt from definition of contribution:
 - (a) Payment for email list made at direction of political committee; or
 - (b) Email list that is transferred to political committee. 11 CFR 100.94(e)(2) and (3) and 100.155(e)(2) and (3).
- c) Use of Catering or Food Services**
In connection with fundraising for candidate or party's federal account, the organization may operate or arrange for catering or other food services, provided that the organization receives advance payment for fair market value of services.

Use of Meeting Rooms

- ▣ **General Rule:**
Reimburse at the fair market value within commercially-reasonable time
- ▣ **Exception:**
Free/ discounted rate if normally offered to civic groups under same conditions and available to any other political committee upon request
- ▣ **If PAC pays:**
Must pay in advance unless civic group exemption applies

- 5. Use of Meeting Rooms (11 CFR 114.9 and 114.13)**
- a) General Rule**
Campaigns and political parties may rent meeting rooms of a membership or labor organization if they reimburse the organization at the normal rental charge, within a commercially reasonable time.

- b) **Exception**
An organization may offer meeting room to candidate or party at discount or for free if organization customarily makes meeting room available to civic, community or other groups under the same conditions and if it makes it available to any other candidate or committee on the same terms, upon request.
- c) **PAC Paying for Room**
If a PAC pays for its connected organization's meeting room for an event as an in-kind contribution, the payment must be made in advance.

Other Uses of Facilities

- ▣ **General Rule:**
Campaign or party must reimburse at the usual/normal charge within a commercially-reasonable time
- ▣ If PAC pays as in-kind contribution, it must pay in advance

- 6. **Other Uses (e.g., office equipment)**
The organization's office equipment and other resources may be used for an SSF event on behalf of a candidate/party, provided the organization is reimbursed as follows:
 - a) **If Campaign/Party Pays:**
Campaign or Party must reimburse the usual and normal charge within a commercially reasonable time – generally 30 days.
 - b) **If PAC Pays**
If organization's SSF is paying as in-kind contribution, must pay in advance.

PAC 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

7. **Earmarking Rules may Apply to Fundraising**
 - a) **If PAC collects contributions,** campaign and PAC will need to report earmarked contributions. Campaign must also determine if HLOGA bundling disclosure thresholds tripped.
 - b) **If campaign representative collects contributions,** earmarking rules do not apply.
 - c) See Appendix D in the Campaign Guide on earmarked contributions for more guidance.

Reporting Example #4: Itemizing In-Kind Contributions Made to Candidates

Reporting Example

- ▣ Itemizing In-Kind Contributions Made to Candidates
 - What information do we need to disclose?
 - How does the SSF disclose the transaction?

The Baseball Cap Makers Union PAC decides to throw a posh event for Congressman Stephen Strasburg at the hottest address in town, 1000 South Capitol Street S.E., aka the Grand Plush Hotel, located just around the corner from Nationals Park. The fundraiser takes place on June 22, 2014. The bill is paid to the Grand Plush Hotel on July 17, 2014.

- 1. What type of transaction is this?**

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

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

Answers to Example #4: 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: Itemization of the 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

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"/> 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"/> 26c
		<input type="checkbox"/> 25 <input type="checkbox"/> 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) Baseball Cap Makers Union 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	Date of Disbursement <div style="border: 2px solid red; border-radius: 50%; padding: 5px; display: inline-block;"> 06 / 22 / 2014 </div>
Purpose of Disbursement: <div style="border: 2px solid red; padding: 2px;">Reception (In-kind contribution)</div> Candidate Name: Stephen Strasburg	Amount of Each Disbursement this Period <div style="border: 1px solid gray; padding: 2px; text-align: center; font-weight: bold;">1,578.50</div>
Office Sought: <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)
Category/Type: <div style="border: 1px solid gray; padding: 2px; text-align: center; font-weight: bold;">011</div>	

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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)	Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)
ITEMIZED DISBURSEMENTS		<input checked="" type="checkbox"/> 21 <input type="checkbox"/> 22 <input type="checkbox"/> 23 <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26a <input type="checkbox"/> 26b <input type="checkbox"/> 26c <input type="checkbox"/> 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)		
Baseball Cap Makers Union PAC		
A. Full Name (Last, First, Middle Initial)		Date of Disbursement
Grand Plush Hotel		07 / 17 / 2014
Mailing Address		
1000 South Capitol Street, SE		
City	State	Zip Code
Washington	DC	20003
Purpose of Disbursement		Category/Type
Reception (In-kind contribution)		011
Candidate Name		Amount of Each Disbursement this Period
Stephen Strasburg		1,578.50
Office Sought:	Disbursement For:	MEMO
<input checked="" type="checkbox"/> House	<input type="checkbox"/> Primary	See July Monthly,
<input type="checkbox"/> Senate	<input checked="" type="checkbox"/> General	Schedule B, Line 23
<input type="checkbox"/> President	<input type="checkbox"/> Other (specify)	
State: VA	District: 11	

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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.)

TYPES OF PAC COMMUNICATIONS

Objectives – Part 2

- ▣ Highlight Methods for Supporting Federal Candidates
- ▣ **Identify Types of Communications and Applicable Rules**
- ▣ Discuss Options for Connected Organization Involvement

I. PAC Communications

PAC Communications

- ▣ **Coordinated Communication**
- ▣ Independent Expenditure

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
- ▣ Disclaimer required
- ▣ 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. Appropriate 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

- 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).
- **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)

1. **Source of payment**
 - a) To be considered coordinated, communication must be paid for by someone other than a candidate, an authorized committee or a political party committee. (Obviously, if they paid for it themselves, coordination wouldn't be an issue.)
 - b) 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.

- e) **Public Communication Referring to Candidate within Certain Time Frame before Election (No Express Advocacy required);**
- (1) **Communication meets content standard, even without express advocacy if it:**
- 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; and
 - Is publicly disseminated during certain time frames.

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

- (2) **Time Frames:**
- **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 a "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 (120 days safe harbor)
 - Former Employee/Independent Contractor (120 days safe harbor)

3. **“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 (11 CFR 109.21(d)(4))**
Safe harbor of 120 days applies.
 - e) **Former Employee/Independent Contractor (11 CFR 109.21(d)(5))**
Safe harbor of 120 days applies.

Coordination Equation

Source + Content + Conduct = Coordination

Coordination = Contribution

Contribution = Limits + Prohibitions

No Coordination (plus Express Advocacy) =
Independent Expenditure

4. Takeaways:

- **Source + Content + Conduct = Coordination**
 - **Coordination = In-kind Contribution**
 - **Subject to Limits and Prohibitions**

- **No Coordination (plus Express Advocacy) = Independent Expenditure**
 - **Unlimited**
 - **Disclosure Required**

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

II. 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.

Independent = Unlimited

- ☐ No limit on amount of expenditure if communication meets definition (express advocacy + not coordinated)
- ☐ Disclaimer required
- ☐ Reporting required

B. 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 previous section).**
3. **Disclaimer required (See 11 CFR 110.11 and *Basics Workshop Materials*)**

C. 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.

D. Two Part Definition of Unmistakably Urging Election or Defeat

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**

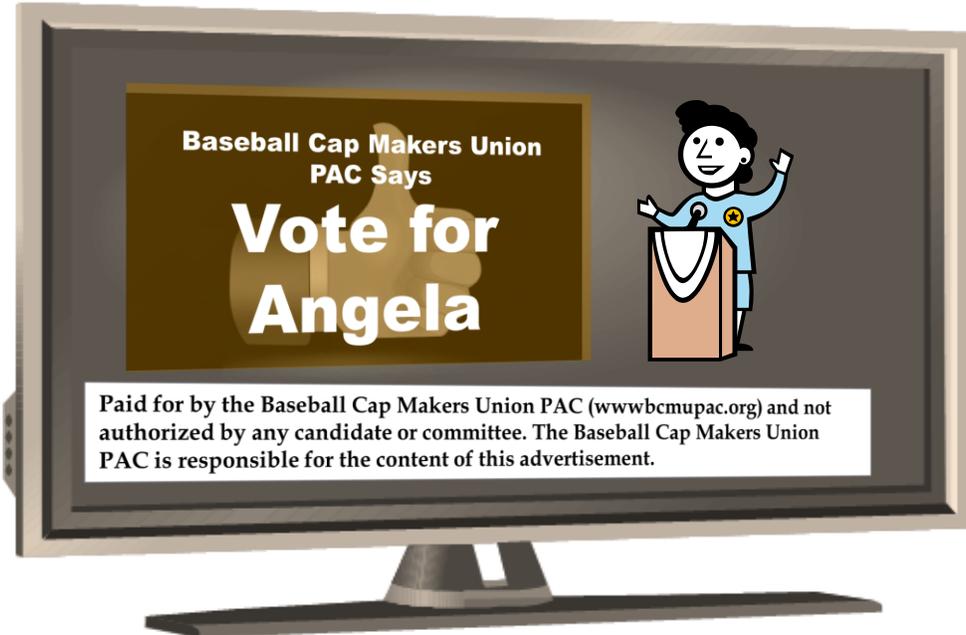
Examples: “Bush/Cheney!”; “Obama 2012!”

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.

Example

Independent Expenditure



Paid for by the Baseball Cap Makers Union PAC (www.bcmupac.org) and not authorized by any candidate or committee. The Baseball Cap Makers Union PAC is responsible for the content of this advertisement.

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Disclosure

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

- E. Disclosure of Independent Expenditures by PACs**
- 1. PACs report using FEC Form 3X/Schedule E during appropriate reporting period.**
 - 2. 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).
 - 3. 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

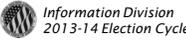
****Disclose again on next regular report****

4. **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/report_dates_2014.shtml#ie.

Reporting Example #5: Large Last-Minute Independent Expenditures

Scenario

Reporting Independent Expenditures

Membership/Labor Organization PAC Operations

Background: House candidate Derek Jeter wouldn't accept PAC checks and his campaign would not speak to representatives of the Baseball Cap Makers Union PAC. However, the PAC still wanted to lend its support to candidate Jeter. Just before the November 4 general election, the PAC contracts with WBAT-FM to run a \$7,500 radio ad on October 27, supporting Jeter. The bill for the ads was paid on November 27, 2014.

- 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 #5: 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?

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

Initial Reporting - 24-hour Schedule E

24-Hour IE Report

SCHEDULE E (FEC Form 3X)
 ITEMIZED INDEPENDENT EXPENDITURES

PAGE **1**
 FOR LINE 24 OF FORM 278E

NAME OF COMMITTEE (In Full) Baseball Cap Makers Union PAC		FEC IDENTIFICATION NUMBER C 00000004
Check <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 of Payee WBAT-FM		Date of Public Distribution/Dissemination 10 / 27 / 2014
Mailing Address 12100 West Howard Avenue		Amount 7,500.00
City Brooklyn	State NY	Zip Code 11228
Purpose of Expenditure Radio Ad	Category/Type 004	Date of Disbursement or Obligation
Name of Federal Candidate Derek Jeter	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose	Office Sought: <input checked="" type="checkbox"/> House District: 10 <input type="checkbox"/> President <input type="checkbox"/> Senate State: NY
Calendar Year-To-Date Per Election for Office Sought	7,500.00	Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▶ 2014 General

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

Answer: Key facts in the scenario include the date of dissemination (10/27/14), 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 10/16/14-11/24/14, and due on 12/4/14), the PAC must report the same information disclosed on the 24-Hour Report on Schedule E as a MEMO entry because the payment has not been made as of the close of books for the Post-General report. Accordingly, the PAC must report a debt on Schedule D to “WBAT-FM” until it is settled.

Reporting Example Continues on Next Page

Disclosure on Next Regular Report

**IE Disclosed
 (Post-General)**

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

PAGE **1** OF _____
 FOR LINE 24 OF FORM _____

NAME OF COMMITTEE (In Full) Baseball Cap Makers Union 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 of Payee WBAT-FM	Date of Public Distribution/Dissemination 10 / 27 / 2014	
Mailing Address 12100 West Howard Avenue	Amount MEMO	
City Brooklyn State NY Zip Code 11228	7,500.00	
Purpose of Expenditure Radio Ad Category/Type 004	Date of Disbursement or Obligation M - M / D - D / Y - Y - Y - Y	
Name of Federal Candidate Derek Jeter <input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose	Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> President <input type="checkbox"/> Senate	District: 10 State: NY
Calendar Year-To-Date Per Election for Office Sought 7,500.00	Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▶ 2014 General	

Reporting Example Continues on Next Page

Debt Owed
(Post-General)

Other Reporting - Debt

SCHEDULE D (FEC Form 3X)		(Use separate schedule(s) for each numbered line)	PAGE 1 OF 9
DEBTS AND OBLIGATIONS		FOR LINE NUMBER: (check only one)	
Excluding Loans		<input type="checkbox"/> 9	<input checked="" type="checkbox"/> 10
NAME OF COMMITTEE (In Full) Baseball Cap Makers Union PAC			
A. Full Name (Last, First, Middle Initial) of Debtor or Creditor WBAT-FM		Nature of Debt (Purpose): Radio Ad for Derek Jeter	
Mailing Address 12100 West Howard Avenue			
City Brooklyn	State NY		
Outstanding Balance Beginning This Period 0.00			
Amount Incurred This Period 7,500.00	Payment This Period 0.00	Outstanding Balance at Close of This Period 7,500.00	

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When full payment is made to the vendor on 11/27/14, 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: 11/25/14-12/31/14). Note that the date of disbursement reflects the date of the payment to the vendor.

Reporting Example Continues on Next Page

Subsequent Payment

**IE Payment
 (Year-End)**

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

PAGE 1
 FOR LINE 24 OF FORM 278E

NAME OF COMMITTEE (In Full) Baseball Cap Makers Union 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 Y Y	
Full Name of Payee WBAT-FM		Date of Public Distribution/Dissemination 10 / 27 / 2014	
Mailing Address 12100 West Howard Avenue		Amount 7,500.00	
City Brooklyn	State NY	Zip Code 11228	Date of Disbursement or Obligation 11 / 27 / 2014
Purpose of Expenditure Radio Ad	Category/Type 004		
Name of Federal Candidate Derek Jeter	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose	Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> President <input type="checkbox"/> Senate	District: 10 State: NY
Calendar Year-To-Date Per Election for Office Sought	7,500.00	Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▶ 2014 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) Baseball Cap Makers Union PAC			
A. Full Name (Last, First, Middle Initial) of Debtor or Creditor WBAT-FM		Nature of Debt (Purpose): Radio Ad for Derek Jeter	
Mailing Address 12100 West Howard Avenue			
City Brooklyn	State NY	Zip Code 11228	
Outstanding Balance Beginning This Period <div style="border: 1px solid black; padding: 2px; display: inline-block;">7,500.00</div>			
Amount Incurred This Period <div style="border: 1px solid black; padding: 2px; display: inline-block;">0.00</div>		Payment This Period <div style="border: 1px solid black; padding: 2px; display: inline-block;">7,500.00</div>	
Outstanding Balance at Close of This Period <div style="border: 1px solid black; padding: 2px; display: inline-block;">0.00</div>			

Points to Remember: Reporting Last-Minute Independent Expenditures

- **Debts**
 - Debts include ads that are contracted for but not paid for.
 - When payment for ad is made in subsequent reporting period, report payment on Schedule E, and include date of dissemination in purpose field.
 - Update Schedule D with payment; cross-reference Schedule E.
- **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 per calendar year, per election, per office sought (race) basis.
 - Use Schedule E on Form 3X – check “24-hour” 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 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.
- 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 primary are on the FEC website at http://www.fec.gov/info/report_dates_2014.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” 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.

OPTIONS FOR CONNECTED ORGANIZATIONS

Objectives – Part 2

- ▣ Highlight Methods for Supporting Federal Candidates
- ▣ Identify Types of Communications and Applicable Rules
- ▣ **Discuss Options for Connected Organization Involvement**

Connected Organizations: Use of Treasury Funds



Shifting gears now away from the SSF and to the connected organization...

What can corporations, **labor organizations, membership organizations,** and trade associations do to support or oppose candidates with treasury funds?

Prohibition

Corporations and labor organizations are prohibited from using treasury funds to make contributions in connection with federal elections.



Prohibition



Key Point:

Most permissible corporate/labor activity at the federal level is a result of exceptions to the ban on corporate/labor contributions.

Exceptions:

Communications and Use of Facilities

Citizens United v. FEC

- ▣ Supreme Court's ruling:
 - Permits corporations/unions to use treasury funds to make independent expenditures
 - Upholds reporting requirements
 - No effect on contribution ban

I. Key Court Decisions

A. Key Court Decision: *Citizens United v. FEC*

1. The Court's ruling permits corporations and labor organizations to use treasury funds to make independent expenditures in connection with federal elections and to fund electioneering communications.
2. The Supreme Court upheld the reporting requirements for independent expenditures and electioneering communications.
3. The court did not rule on the ban on corporate or union contributions.

KEY RESULTS:

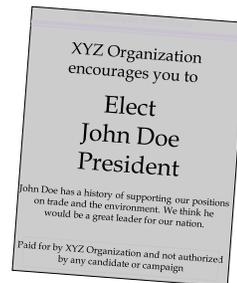
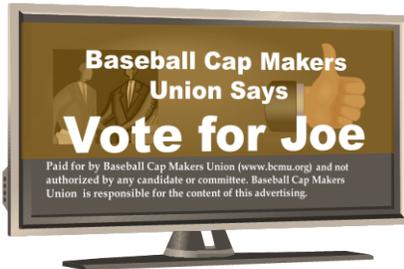
- Corporations and unions can spend treasury funds on independent expenditures and electioneering communications.
- Super PACs and Hybrid PACs can use corporate/union funds to finance independent expenditures.

So let's examine the options that are now available for corporations, labor and membership organizations and trade associations ...

Options for Connected Organizations

- ❑ Independent Expenditures
- ❑ Electioneering Communications
- ❑ Restricted Class Communications
- ❑ Candidate Appearances

Independent Expenditures



- ❑ Express Advocacy Message
- ❑ No Coordination with Candidate/Party
- ❑ Disclaimer and Disclosure Required

II. Independent Expenditures

A. Same Definitions and Requirements Apply to Organization as for SSFs (see page 41).

- **Express Advocacy Message = Same definition**
- **Coordination (prohibited) = Same definition**
- **Disclaimer required = Same disclaimer**
- **Disclosure required = Some differences in form and schedule**

Reporting Independent Expenditures

Connected Organization:

- ▣ Reports using FEC Form 5
- ▣ Files on quarterly basis
- ▣ Files 48-Hour and 24-Hour Reports, as required

FEC FORM 5
REPORT OF INDEPENDENT EXPENDITURES MADE AND CONTRIBUTIONS RECEIVED
To Be Used by Persons (Other Than Political Committees) Including Qualified Nonprofit Corporations

1. (a) Name of individual, organization or corporation

(b) Address (number and street) check if different than previously reported

(c) City, state and ZIP code

2. Corporate filer only: Is this filer a qualified nonprofit corporation? Yes No C

Individual filer only: Name of filer _____ Occupation _____

3. FEC DISBURSEMENT NUMBER

4. TYPE OF REPORT (check appropriate box(es))

April 15 Quarterly Report 24-hour Report

July 15 Quarterly Report 48-hour Report

October 15 Quarterly Report All other Report

January 31 Year-End Report

5. Is this report an amendment? Yes No

6. COVERING PERIOD: FROM _____ THROUGH _____

7. TOTAL CONTRIBUTIONS: _____

8. TOTAL INDEPENDENT EXPENDITURES: _____

NOTE: Submission of this form, accurate or not, constitutes a declaration by the person signing the report to the penalties of 18 U.S.C. 947g.

Form 5 (Instructions) (03/2014)
Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20543, Tel: 202-696-6200, TDD: 202-696-6201

Membership/Labor Organization PAC Operations

B. Reporting Independent Expenditures Made by Connected Organization

1. Reported Using FEC Form 5

Download at <http://www.fec.gov/info/forms.shtml#other>

2. Filed on Quarterly Basis

No pre- or post- election reports for connected organization.

3. Must File 24-Hour and/or 48-Hour Reports as Needed

Same guidelines as for SSF; see

http://www.fec.gov/info/report_dates_2014.shtml#ie for deadlines.

Electioneering Communications

Any broadcast, cable or satellite communication that:

- ▶ Refers to clearly ID'ed candidate;
- ▶ Is publicly distributed;
- ▶ Is distributed during certain time period before election; and
- ▶ Is targeted to the relevant electorate

III. Electioneering Communications

A. Definition

An electioneering communication is any broadcast, cable or satellite communication which fulfills **each** of the following conditions:

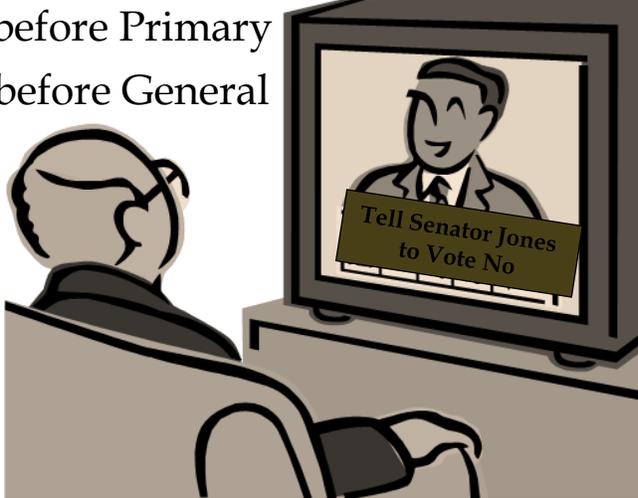
- The communication refers to a clearly identified candidate.
- The communication is publicly distributed (i.e., disseminated by a television station, radio station, cable television system or satellite system).
- The communication is distributed during a certain time period before an election (i.e., within 60 days prior to a general election or 30 days prior to a primary election to federal office).
- The communication is targeted to the relevant electorate; i.e., it can be received by 50,000 or more people in the district (in the case of a U.S. House candidate) or State (in the case of a Senate candidate) that the candidate seeks to represent. 11 CFR 100.29(b)(5).

B. FCC Database for determining who can receive communication

The Federal Communications Commission (FCC) provides on its website (<http://gullfoss2.fcc.gov/ecd/>) the information necessary to determine whether a communication can be received by 50,000 people.

Lobbying/Issue Ads

\leq 30 days before Primary
 \leq 60 days before General



The illustration shows a person in profile, wearing glasses and a suit, sitting in a chair and watching a television. The television screen displays a man in a suit and tie, with a sign below him that reads "Tell Senator Jones to Vote No".

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C. May Affect Lobbying/Issue Ads

Some organizations develop messages designed to urge action for/against a particular issue or certain legislation. Depending upon how/when the message is conveyed (among other factors), such a message can fall within the definition of an electioneering communication above and thus be subject to FEC rules.

Electioneering Communications

- ❑ Electioneering communications aggregating \$10,000 or more must be disclosed to FEC within 24 hours of public distribution
- ❑ Disclosed on FEC Form 9

FEC FORM 9
24 HOUR NOTICE OF DISBURSEMENTS/OBLIGATIONS FOR ELECTIONEERING COMMUNICATIONS

1. Individual, Organization or Qualified Nonprofit Corporation Making the Disbursement/Obligations
(a) Name _____
(b) Address (number and street) Check if different than previously reported _____
(c) City, State and ZIP Code _____
(d) Name of Employer or Principal Place of Business _____ (e) Occupation _____

2. FEC Identification Number _____

3. Is This Statement New or Amended

4. Covering Period From _____ To _____

5. (a) Date of Public Distribution(s) _____ (b) Communication Title _____

6. Is the Filer a Qualified Nonprofit Corporation under 11 CFR 114.107? Yes No

7. Were the disbursements for the electioneering communication made exclusively from donations to a segregated bank account? Yes No

8. Custodian of Records
(a) Name _____
(b) Address (number and street) _____
(c) City, State and ZIP Code _____
(d) Name of Employer or Principal Place of Business _____ (e) Occupation _____

9. Total Donations This Statement _____

10. Total Disbursements/Obligations This Statement _____

Under penalty of perjury, I certify that this statement is true, correct and complete. In addition, if the electioneering communication reported herein were made by a corporation, I certify that the corporation is a qualified nonprofit corporation under the Commission's regulations.

TYPE OR PRINT NAME OF PERSON COMPLETING FORM _____

SIGNATURE _____ DATE _____

NOTE: Submission of false, untrue or incomplete information may subject the person signing this statement to the penalties of 18 U.S.C. 870g.

FEC FORM 9 (REV. 02/08/11)

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D. Disclosure Requirements

1. Requirement

Electioneering communications made by corporations and labor organizations are subject to disclosure rules. Electioneering communications aggregating \$10,000 or more must be disclosed to the FEC within 24 hours of the date of public distribution.

2. Disclosed on FEC Form 9.

Links to Form 9, its instructions and reporting dates are available online at

- http://www.fec.gov/info/report_dates_2014.shtml#ec (reporting dates)
- <http://www.fec.gov/info/forms.shtml#other> (Form 9 and instructions)

3. Disclaimer under 11 CFR 110.11 required.

IV. Other Permissible Campaign Activity by Connected Organizations

Organization's Communications

<p>Coordinated Messages to General Public</p> <p>Other Communications to General Public</p> <p>Communications within Restricted Class</p>	
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A. Organization Communications

In general, corporate/labor communications are limited as follows:

- **Red Light:** Coordinated messages to public prohibited
- **Caution:** Other types of communications are not prohibited, but certain requirements apply (e.g., disclaimers)
- **Green Light:** Communications with the restricted class are unrestricted

Restricted Class Message

A corporation, labor organization, trade or membership organization may communicate to its restricted class on any subject, without restriction.

- B. Within the Restricted Class**
- **Express advocacy is OK on any subject without restriction.**
 - **Coordination with candidate or party is OK.**

Restricted Class: Communications

- **Corporations**
 - ▶ Stockholders, executive/administrative personnel, families
- **Labor Organizations**
 - ▶ Members, executive/administrative personnel, families
- **Membership Organizations**
 - ▶ Noncorporate members, representatives of corporate members, executive/administrative personnel, family of all three groups
- **Trade Associations**
 - ▶ Executive/administrative personnel and noncorporate members
 - ▶ Representatives of corporate members with whom association normally conducts business

1. **Definition of Restricted Class for Communications**
 - a) **Labor Organizations**

Members, executive and administrative personnel of organization, and family of both groups.
 - b) **Membership Organizations**
 - (1) **Who is Included**

Noncorporate members, representatives of corporate members, executive and administrative personnel, and family of all three groups.
 - (2) **AO 1996-21:**
 - (a) Membership organization could send express advocacy communications to member representatives with whom member organization usually did organization business.
 - (b) Not more than 2 or so representatives per corporate member.
 - c) **Corporations**

Stockholders, executive and administrative personnel, and families of both groups.

d) Trade Associations

- (1) Restricted class, defined for purposes of receiving communications, is not identical to group that can be solicited for contributions to the Trade Association's PAC.
- (2) **Who is Included**
 - (a) Executive and administrative personnel and noncorporate members,
 - (b) Representatives of corporate members with whom association normally conducts business.
 - (c) AO 1991-24: Representatives of member corporations could distribute communication to corporation's restricted class.

Restricted Class Message

Message	Restricted Class
Express Advocacy	Okay
Coordinated	Okay
Reporting	Form 7

2. Reporting Express Advocacy Communications to Restricted Class

Required if express advocacy communication costs exceeds \$2,000 when aggregated for primaries or general elections.

a) Use Form 7

Download at <http://www.fec.gov/info/forms.shtml#other>

b) Continuous Filing

If additional express advocacy communication expenses for primaries or general elections.

Restricted Class Appearance

- ❑ Candidate and organization may expressly advocate
- ❑ Candidate and organization may solicit contributions
- ❑ Candidate may collect contributions
- ❑ Organization's SSF may act as conduit for earmarked contributions; special rules apply



3. **Restricted Class Appearance**

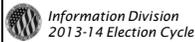
- Candidate and organization can expressly advocate for candidate.
- Candidate and organization can solicit contributions.
- Candidate may collect contributions at event.
- Organization's SSF may act as conduit for earmarked contributions (limits count all the way around). See 11 CFR 110.6 and 114.2(f), as well as preceding section on SSF.

Reporting Costs

- ▣ If guidelines followed, no prohibited contribution results.
- ▣ Organization files FEC Form 7 if it spends more than \$2,000 for election.
- ▣ PAC may pay for expenses; no contribution results.

REPORT OF COMMUNICATION COSTS BY CORPORATIONS AND MEMBERSHIP ORGANIZATIONS					
1. (a) NAME OF ORGANIZATION			2. IDENTIFICATION NUMBER (assigned by FEC)		
3. (b) ADDRESS (Number and Street)			4. TYPE OF ORGANIZATION (Check Appropriate Box) <input type="checkbox"/> Corporation <input type="checkbox"/> Trade Association <input type="checkbox"/> Labor Organization <input type="checkbox"/> Cooperative <input type="checkbox"/> Membership Organization <input type="checkbox"/> Corporation without Home State		
5. (c) CITY, STATE AND ZIP CODE					
6. TYPE OF REPORT (Check One): <input type="checkbox"/> April 15 Quarterly Report <input type="checkbox"/> July 15 Quarterly Report <input type="checkbox"/> October 15 Quarterly Report <input type="checkbox"/> 15 Day Pre-General Election Report held on _____ in the State of _____ <input type="checkbox"/> January 31 Year End Report					
7. Is this Report an Amendment? <input type="checkbox"/> YES <input type="checkbox"/> NO					
8. THIS REPORT COVERS THE PERIOD _____ THROUGH _____					
SUMMARY OF COMMUNICATION COSTS					
Type of Communication	Class or Category of Communication	Number of Communications	Check One	Amount (Number, State or Single; Check one State, and shaded for Primary or General Election)	Cost of Communication (Per Candidate)
<input type="checkbox"/> Election	<input type="checkbox"/> General		Report		
<input type="checkbox"/> Telephone	<input type="checkbox"/> Administrative		Expense		
<input type="checkbox"/> Telegram	<input type="checkbox"/> Miscellaneous				
<input type="checkbox"/> Other	<input type="checkbox"/> Member				
Specify:					
<input type="checkbox"/> Election	<input type="checkbox"/> General				
<input type="checkbox"/> Telephone	<input type="checkbox"/> Administrative				
<input type="checkbox"/> Telegram	<input type="checkbox"/> Miscellaneous				
<input type="checkbox"/> Other	<input type="checkbox"/> Member				
Specify:					
(NOTE: For additional communications, attach separate sheets containing the same information as above.)					
TOTAL COMMUNICATION COSTS FOR THIS PERIOD: \$ _____					
I certify that I have examined this report and, to the best of my knowledge and belief, it is true, correct and complete.					
Type or Print Name		Signature and Title or Person Designated to Sign This Report		Date	
WHERE TO FILE: Federal Election Commission 999 E Street, N.W. Washington, D.C. 20463			FOR FURTHER INFORMATION CONTACT: Federal Election Commission Toll Free: 800-424-9630 Local: 202-468-1100		

Membership/Labor Organization PAC Operations



4. Reporting Costs of Restricted Class Appearance/Communications

- a) Communication costs must be reported by the organization on FEC Form 7 once costs for all candidates running in the same election aggregate over \$2,000.
- b) If the communication costs are paid for by the SSF, they will not result in a contribution or expenditure. Such costs are reported on FEC Form 3X as “other disbursements.” AO 2000-03.

Restricted Class Message

▣ Summary:

- ✓ Candidate and Organization can Expressly Advocate and Solicit Funds
- ✓ Campaign can Collect Contributions
- ✓ Organization can Coordinate with Campaign on Plans, Projects, Needs

5. **Restricted Class Communications – Summary**

When the communication is made to the restricted class:

- Campaign/party and organization can expressly advocate for candidate and solicit contributions;
- Campaign/party may collect contributions at event;
- Organization's SSF may act as conduit for earmarked contributions (special rules apply) can coordinate with campaign/party regarding its plans, projects and needs

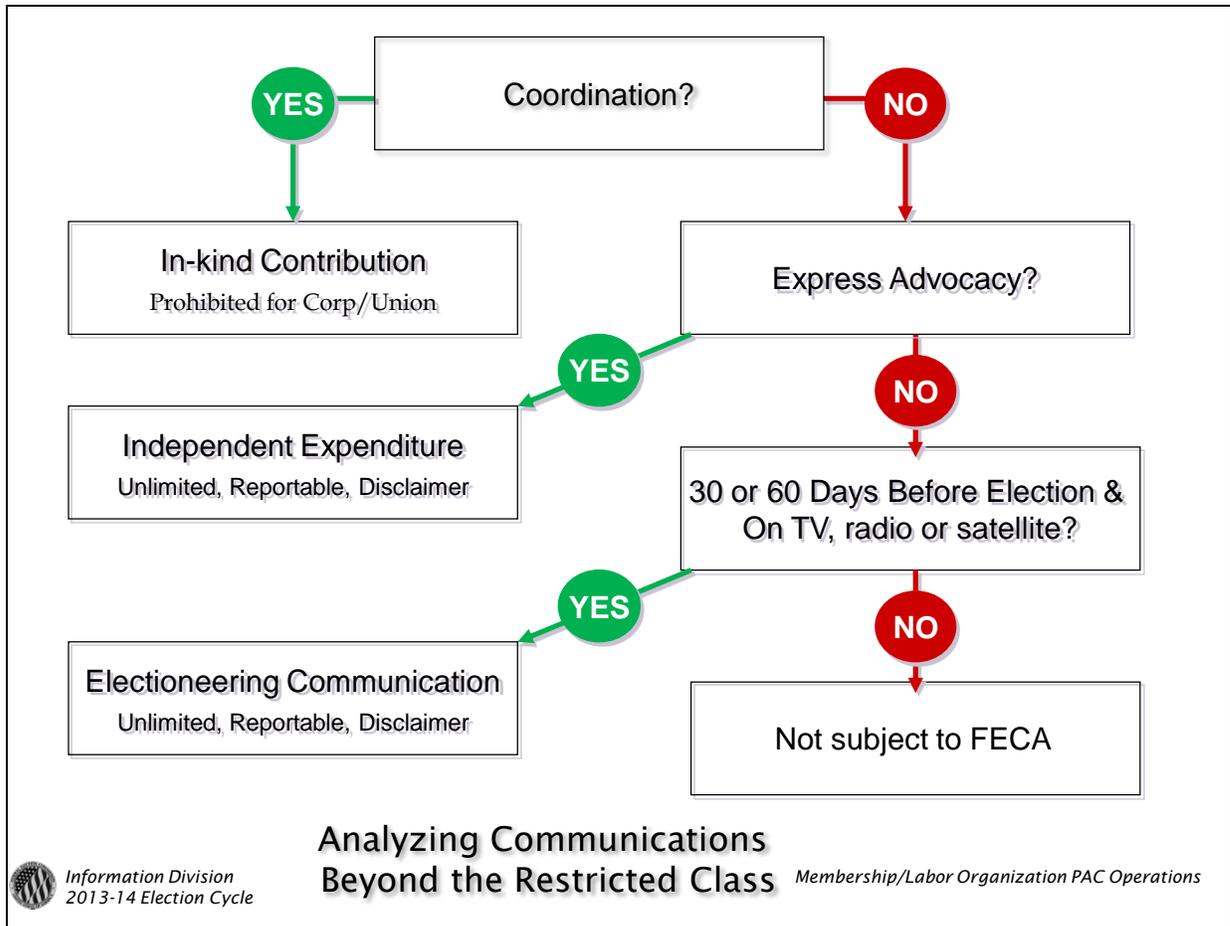


Key Point

Corporations and labor organizations must avoid coordination when communicating beyond the restricted class

- 6. Key Point: Avoid Coordination of Messages to General Public**
If communication goes beyond the restricted class, avoid coordination between organization and campaign/party to avoid making a prohibited contribution.

Note: If an SSF wants to hold a fundraiser or event for candidate and invite individuals and PACs beyond connected organization's restricted class, it may do so, but must follow the advance payment rules in this outline for SSFs (pages 21-27).



Objectives – Part 2 *Review*

- ▣ Highlight Methods for Supporting Federal Candidates
- ▣ Identify Types of Communications and Applicable Rules
- ▣ Discuss Options for Connected Organization Involvement

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