



**FECLIVE**  
CONNECT

INTERACTIVE ONLINE TRAINING PROGRAM

# Nonconnected PAC Operations Part 1

December 4, 2019  
1:00 – 2:30 p.m. Eastern

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2019-20 Election Cycle

Nonconnected PAC Operations, Part 1  
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## Objectives

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- ▣ Identify types of nonconnected PACs and review basic characteristics and organization
- ▣ Discuss fundraising rules
- ▣ Describe methods of supporting federal candidates
- ▣ Highlight key rules on travel and lobbyist bundling



**Choose your answer when prompted by the chat room host:**

**What kind of nonconnected PAC do you represent?**

- Traditional
- Super PAC
- Hybrid PAC
- Partnership or LLC PAC
- Leadership PAC
- More than one of these
- I'm not sure...tell me more about these types of PACs!

**What do you want to do with your PAC? (Check all that apply)**

- Make contributions to federal candidates
- Contribute to state and local candidates
- Make independent expenditures supporting or opposing federal candidates

## REGISTRATION AND ORGANIZATION

### I. Types of Nonconnected Committees

The type you form depends on what you want to do.

**What do you want to do?**

- Make contributions to federal candidates
- Contribute to state and local candidates
- Make independent expenditures supporting or opposing federal candidates

**What type of PAC?**

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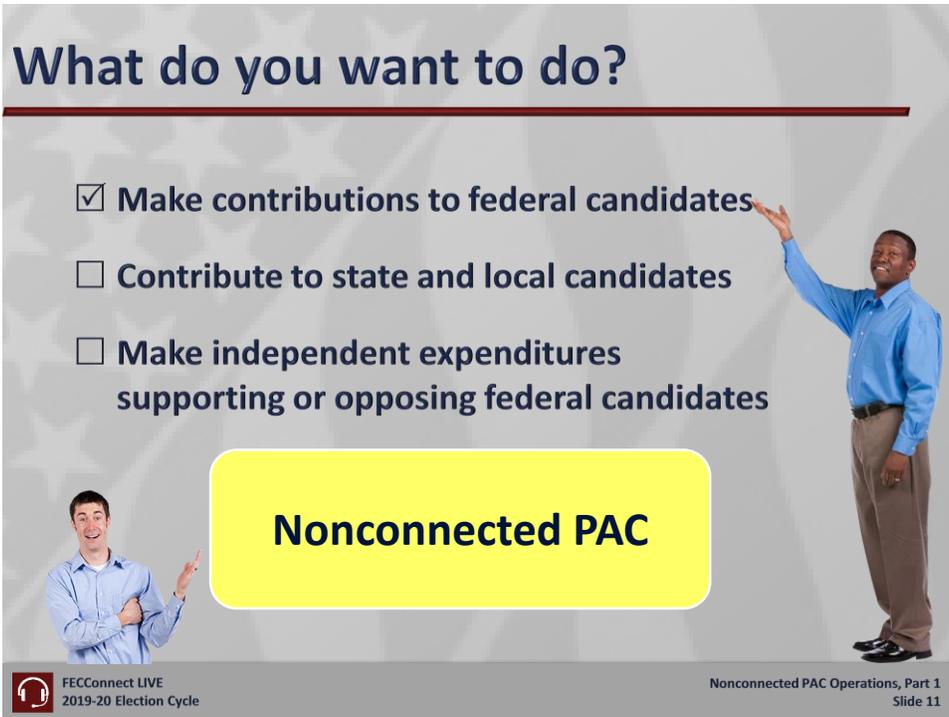
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The slide features a man in a blue shirt and khaki pants standing on the right side, looking thoughtful with his hand to his chin. The background has a faint American flag pattern.

# What do you want to do?

- Make contributions to federal candidates**
- Contribute to state and local candidates**
- Make independent expenditures supporting or opposing federal candidates**

**Nonconnected PAC**



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**A. “I want to make contributions to federal candidates.”**

**Form a traditional nonconnected PAC.**

**Examples:**

- A federal PAC without a corporate/labor sponsor that makes contributions to federal candidates.
- A federal PAC sponsored by a partnership or an LLC (or any other type of unincorporated business entity) that makes contributions to federal candidates.
- A leadership PAC formed by a candidate or officeholder.

## What do you want to do?

- Make contributions to federal candidates
- Contribute to state and local candidates
- Make independent expenditures supporting or opposing federal candidates

**Nonfederal PAC**

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**B. “I want to make contributions to state and local candidates.”**

**Form a nonfederal PAC.**

Alternatively, use your federal PAC as long as state law permits, but be aware you must only accept federally permissible funds into that PAC, even though it is active on a state level. It may also have to file reports on a state level.

**What do you want to do?**

- Make contributions to federal candidates**
- Contribute to state and local candidates**
- Make independent expenditures supporting or opposing federal candidates**

**Nonconnected PAC** OR **Nonconnected PAC & Nonfederal PAC**

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**C. “I want to make contributions to both federal and nonfederal candidates.”**

**Form a traditional nonconnected PAC and either:**

- Use that federal PAC to make contributions on both federal and state levels (and subject to both sets of laws); or
- Also form a nonfederal PAC for making contributions on a state and local level (subject to state laws).

## What do you want to do?

- Make independent expenditures supporting or opposing federal candidates**



**Super PAC**



- Unlimited contributions, corporate and union**
- Cannot make contributions**

**D. “I only want to make independent expenditures to support (and/or oppose) federal candidates.”**

**Form a Super PAC (also known as independent expenditure-only committees):**

- Super PACs are nonconnected committees that have agreed to forgo making contributions to candidate
- As a result, they may solicit and accept unlimited contributions from corporations, labor organizations, individuals and political committees for the purpose of making independent expenditures to support or oppose federal candidates.

**See the following AOs and court cases:**

- 2011-12 (Majority PAC)
- 2011-11 (Colbert)
- 2010-11 (Commonsense Ten)
- 2010-09 (Club for Growth)
- *Speech Now v. FEC*
- *Citizens United v. FEC*

*But what if you want to make both contributions and independent expenditures?*

**What do you want to do?**

- Make contributions to federal candidates**
- Contribute to state and local candidates**
- Make independent expenditures supporting or opposing federal candidates**

**Nonconnected PAC** OR **Hybrid PAC**

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**E. “I want to make both contributions and independent expenditures in connection with federal elections”**

**Form a Hybrid PAC.**

**Alternatively, form a traditional nonconnected federal PAC,** but be aware it may not use funds raised outside normal federal limitations and source restrictions.

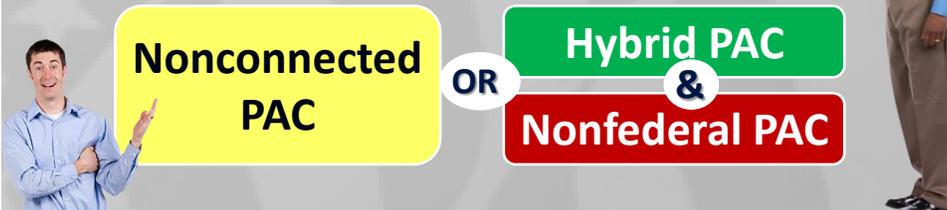
**Hybrid PACs: *Carey v. FEC***

On August 19, 2011, the U.S. District Court for the District of Columbia declared the contribution limits in 52 U.S.C. § 30116(a)(1)(C) and (3) unconstitutional with regard to contributions received to make independent expenditures, as long as a nonconnected PAC uses separate bank accounts to:

- Accept unlimited contributions to finance independent expenditures (a “non-contribution account”); and
- Accept FECA-limited contributions to be used to make contributions (a “federal account”).

## What do you want to do?

- ✓ Make contributions to federal candidates
- ✓ Contribute to state and local candidates
- ✓ Make independent expenditures supporting or opposing federal candidates



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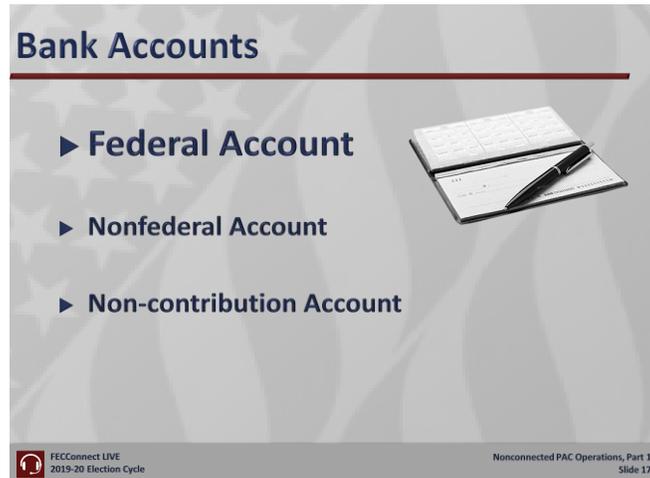
**F. “I want to do it all! Make contributions to AND independent expenditures for/against both state and federal candidates”**

**Form a Hybrid PAC.**

Although, in some cases, you may need to also form a separate nonfederal PAC in order to comply with applicable state laws when active in nonfederal elections.

**Alternatively, form a traditional nonconnected federal PAC,** but be aware that such a PAC is subject to federal contribution limits and prohibitions.

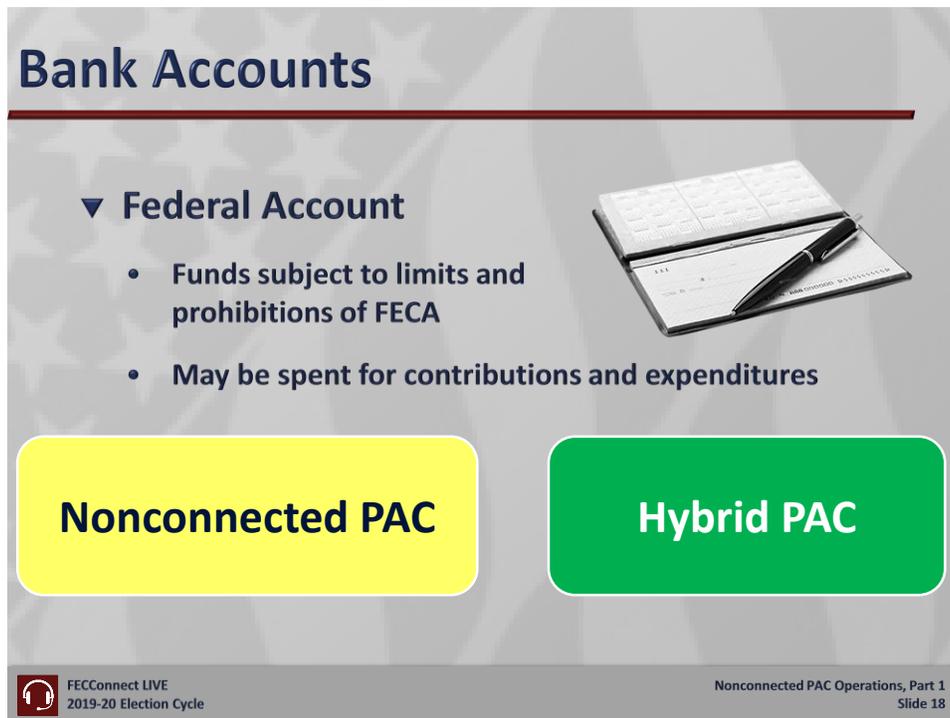
## II. Bank Accounts for Nonconnected Committees



**Bank Accounts**

- ▶ Federal Account
- ▶ Nonfederal Account
- ▶ Non-contribution Account

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**Bank Accounts**

- ▼ Federal Account
  - Funds subject to limits and prohibitions of FECA
  - May be spent for contributions and expenditures

**Nonconnected PAC**      **Hybrid PAC**

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### A. Federal Account

1. **Used by:** nonconnected PACs and Hybrid PACs
2. **Purpose:** Making contributions to federal candidates and committees. May also be used for independent expenditures, and if state law permits, nonfederal contributions.

## Bank Accounts

### ▼ Federal Account deposits

- Funds must be expressly designated or solicited for use in connection with federal elections; or
- Contributors must be informed that contribution is subject to federal limits and prohibitions.



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3. **Conditions:** All funds deposited are subject to federal limitations and restrictions (in other words, must be federally permissible).
  - Funds must be **expressly designated or solicited** for use in connection with federal elections; **or**
  - **Contributors must be informed** that contribution is subject to federal limits and prohibitions.

## Bank Accounts

- ▶ Federal Account
- ▶ Nonfederal Account
- ▶ Non-contribution Account



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## Bank Accounts

- ▼ Nonfederal Account
  - Funds subject to state law
  - May be spent for nonfederal activity



**Nonfederal PAC**

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### B. Nonfederal Account

1. **Used by:** All types of nonconnected PACs
2. **Purpose:** Activity that is in connection with state and local elections
3. **Conditions:**
  - Does not register with FEC; activities regulated by state law.
  - If used for federal activity, subject to funding restrictions and registration threshold of \$1,000.
  - May not transfer funds into an affiliated federal PAC except for allocable share of allocable fundraising activity (covered later).

## Bank Accounts

- ▶ Federal Account
- ▶ Nonfederal Account
- ▶ Non-contribution Account



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## Bank Accounts

- ▼ Non-contribution Account
  - Unlimited funds, including corporate/labor money
  - May be spent for independent expenditures



**Super PAC**

**Hybrid PAC**

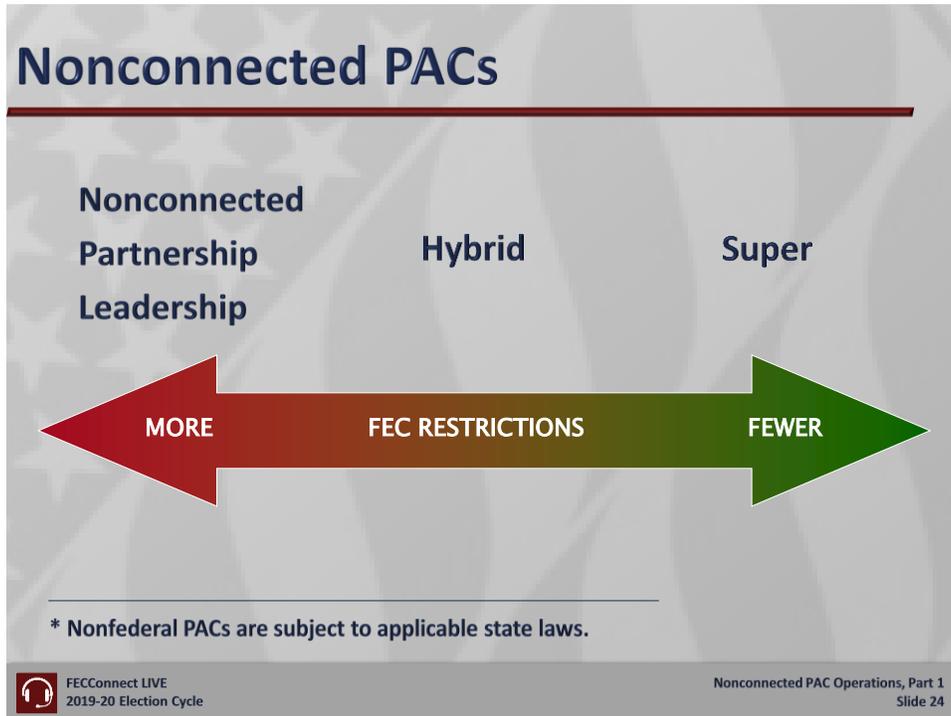
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- C. **Non-contribution Account**
1. **Used by: Super PAC; Hybrid PAC**
  2. **Purpose:** Used to make independent expenditures (communications that contain express advocacy for or against a clearly identified candidate or party and that are not coordinated with any candidate or candidate's committee – more on this in Part 2).

**3. Conditions:**

- Contributions into account are not limited in terms of amount and may be accepted from corporations and labor organizations (normally prohibited from making contributions in connection with federal elections).
- May not be used to make contributions.



**D. Remember:**

- The type of PAC you form and the restrictions it is subject to depends on your intentions.
- A PAC formed to make contributions to federal candidates and committees is subject to more FEC restrictions than one that is formed solely to make independent expenditures.

### III. Registering a Nonconnected Committee

The image shows a screenshot of the FEC Form 1, 'STATEMENT OF ORGANIZATION'. The form is titled 'FEC FORM 1 STATEMENT OF ORGANIZATION'. It includes fields for 'NAME OF COMMITTEE (in full)', 'ADDRESS', 'CITY', 'STATE', 'ZIP CODE', 'COMMITTEE'S E-MAIL ADDRESS', and 'COMMITTEE'S WEB PAGE ADDRESS (URL)'. A large red text overlay reads: 'Nonconnected PACs have a \$1,000 registration threshold'. The form also includes checkboxes for 'Check if name is changed' and 'Check if address is changed'. The bottom of the slide features the 'FECConnect LIVE 2019-20 Election Cycle' logo and the text 'Nonconnected PAC Operations, Part 1 Slide 25'.

#### A. \$1,000 Registration Threshold (11 CFR 100.5(a))

All types of nonconnected PACs must register with the FEC once committee has raised or spent more than \$1,000 in a calendar year in connection with federal elections.

##### 1. Basic information disclosed on Form 1

- Mailing address – use the one where you want to receive mail.
- Committees that file electronically must include their email address. Others are encouraged to do so. Best practice: give two email addresses.
- URL if committee maintains a website.

##### 2. Amendments (11 CFR 102.2(a)(2))

- Amend Statement of Organization (and other filings) when necessary within 10 days of change.
- Use online webform if electronic filer to amend.
- See <https://www.fec.gov/help-candidates-and-committees/filing-amendments/>.

## Committee Registration

### ▼ Name of Committee

- Statute prohibits unauthorized committees from using candidate's name in official name
- Recent court decision affected rules for using candidate's name in projects and communications



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### B. Name of Committee

- 1. Use of candidate's name not permitted in official name.**

Statute and FEC regulations prohibit the use of a candidate's name by an unauthorized committee in the name of the committee that is registered with the Commission. 52 U.S.C. § 30102(e)(4); 11 CFR 102.14(a).
- 2. Use of candidate's name in special projects or communications**
  - Commission regulations at 11 CFR 102.14(a) and (b)(3) prohibit the use of a candidate's name in the title of special projects or communications unless the name shows clear opposition.
  - Rules affected by appeals court ruling: *Pursuing America's Greatness v. FEC* – (Summary at <https://transition.fec.gov/law/litigation/PAG.shtml>)

## Use of Candidate's Name

- ▣ **Regulation banning unauthorized committee's use of candidate's name in titles of special projects (e.g., websites) found unconstitutional**
  - **Committees may now use candidate's name in projects and other communications**
  - **Statutory ban on using candidate's name in committee name remains**



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### 3. **Effects of Appeals Court ruling**

- FEC rules that prohibited use of candidate's name in title of special projects or communications (such as online activities) unless it shows clear opposition found unconstitutional by appeals court.
- FEC enjoined from enforcing regulation.
- Result: PACs may now use a candidate's name in all names under which they conduct activities, including how they identify themselves or their projects in solicitations or other communications.
- Statutory ban on PAC's use of a candidate's name in its official name remains in place.

# Committee Registration

FEC Form 1 (Revised 02/2009) Page 2

5. TYPE OF COMMITTEE

**Candidate Committee:**

(a)  This committee is a principal campaign committee. (Complete the candidate information below.)

(b)  This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)

Name of Candidate \_\_\_\_\_

Candidate Party Affiliation \_\_\_\_\_ Office Sought:  House  Senate  President State

**Political Action Committee (PAC):**

(e)  This committee is a separate segregated fund. (Identify connected organization on line 6.) Its connected organization is a:

Corporation  Corporation w/o Capital Stock  Labor Organization

Membership Organization  Trade Association  Cooperative

In addition, this committee is a Lobbyist/Registrant PAC.

(f)  This committee supports/opposes more than one Federal candidate, and is NOT a separate segregated fund or party committee. (i.e., nonconnected committee)

In addition, this committee is a Lobbyist/Registrant PAC.

In addition, this committee is a Leadership PAC. (Identify sponsor on line 6.)

In addition, this committee is a Leadership PAC. (Identify sponsor on line 6.)

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- C. **Filling out the Form 1 to Register** (11 CFR 102.1(d) and 102.2)  
All types of nonconnected committees must file Statement of Organization (FEC Form 1), checking **box (f)** to indicate the type of committee on Line 5, **within 10 days** of triggering registration by raising or spending more than \$1,000.
- Online webform available at <https://webforms.fec.gov/>

# Super PAC Registration

The screenshot shows a registration form with the following fields: "Committee Name:", "If registered, FEC ID:", and "Today's Date:". A blue text box is overlaid on the form, containing the text: "This committee intends to make independent expenditures, and consistent with the U.S. Court of Appeals for the District of Columbia Circuit decision in *SpeechNow v. FEC*, it therefore intends to raise funds in unlimited amounts. This committee will not use those funds to make contributions, whether direct, in-kind, or via coordinated communications, to federal candidates or committees." Below the text box are fields for "Treasurer's signature" and "Treasurer's Name: \_\_\_\_\_, Treasurer".

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**1. Additional letter for Super PACs ONLY**

Committee must file notification letter along with FEC Form 1 at the time of registration, to inform Commission of its intent to be a Super PAC and to state that it will not use the funds in its account to make contributions to federal candidates or committees. (See footnote 1, AO 2010-09 (Club for Growth).)

- Use FEC's template at [https://www.fec.gov/resources/cms-content/documents/ie\\_only\\_letter.pdf](https://www.fec.gov/resources/cms-content/documents/ie_only_letter.pdf)
- See: <https://www.fec.gov/help-candidates-and-committees/filing-pac-reports/registering-super-pac/>

## Hybrid PAC Registration

Committee Name:  
  
If registered, FEC ID:  
  
Today's Date:

Consistent with the stipulated judgment in *Carey v. FEC*, this committee intends to establish a separate bank account to deposit and withdraw funds raised in unlimited amounts from individuals, corporations, labor organizations, and/or other political committees. The funds maintained in this separate account will not be used to make contributions, whether direct, in-kind, or via coordinated communications, or coordinated expenditures, to federal candidates or committees.

Treasurer's Name:  
, Treasurer

### 2. **Additional letter for Hybrid PACs ONLY**

Until Commission adopts formal rules, nonconnected committees that establish a separate non-contribution account consistent with stipulated judgment in *Carey* should notify Commission of their intent to do so.

- Registered traditional nonconnected committees that wish to establish a separate non-contribution account to become a Hybrid PAC should notify the FEC by letter (available online at [https://www.fec.gov/resources/cms-content/documents/noncontribution\\_letter.pdf](https://www.fec.gov/resources/cms-content/documents/noncontribution_letter.pdf)) or electronic submission (Form 99) with wording shown above.
- Newly registering committees should include the notification letter with their Form 1 (Statement of Organization) at the time of registration.
- See *Reporting Guidance for Political Committees That Maintain a Non-Contribution Account* at <https://www.fec.gov/updates/fec-statement-on-carey-fec/> and our help page at <https://www.fec.gov/help-candidates-and-committees/filing-pac-reports/registering-hybrid-pac/>.

# Committee Registration

FEC Form 1 (Revised 02/2009) Page 2

5. TYPE OF COMMITTEE

**Candidate Committee:**

(a)  This committee is a principal campaign committee. (Complete the candidate information below.)

(b)  This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)

Name of Candidate \_\_\_\_\_

Candidate Party Affiliation \_\_\_\_\_ Office Sought:  House  Senate  President State

**Political Action Committee (PAC):**

(e)  This committee is a separate segregated fund. (Identify connected organization on line 6.) Its connected organization is a:

Corporation  Corporation w/o Capital Stock  Labor Organization

Membership Organization  Trade Association  Cooperative

In addition, this committee is a Lobbyist/Registrant PAC.

(f)  This committee supports/opposes more than one Federal candidate, and is NOT a separate segregated fund or party committee. (i.e., nonconnected committee)

→  In addition, this committee is a Lobbyist/Registrant PAC.

→  In addition, this committee is a Leadership PAC. (Identify sponsor on line 6.)

In addition, this committee is a Leadership PAC. (Identify sponsor on line 6.)

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### 3. Additional requirements for lobbyist/registrant PACs ONLY (11 CFR 104.22(c))

Check applicable box if the PAC is:

- a) Disclosed as being established or controlled by a lobbyist/registrant on a report filed with the Clerk of the House or Secretary of the Senate
- OR
- b) If unable to ascertain whether (a) applies, meets one of these two criteria:
- Lobbyist/registrant had primary role in establishment of political committee; or
  - Lobbyist/registrant directs the governance or operations of committee (either formally or informally)

### 4. Additional requirements for leadership PACs ONLY (11 CFR 100.5(e)(6))

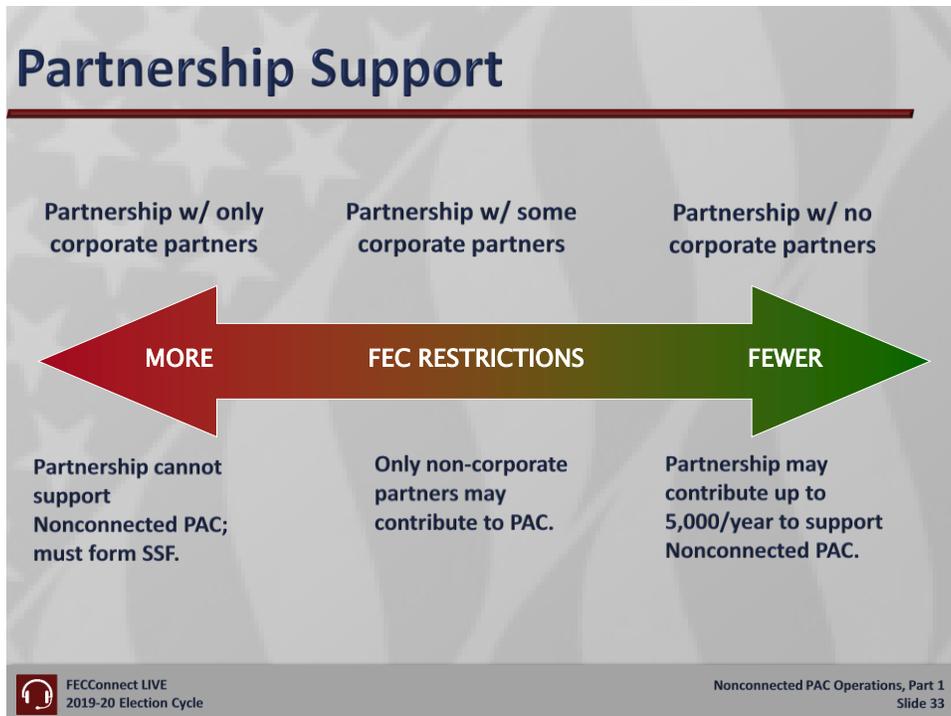
Check applicable box if the PAC is directly or indirectly established, financed, maintained or controlled by federal candidate/officeholder (more later in this section).

#### IV. Other Registration and Organization Issues: No Connected Organization

The screenshot shows a registration form titled "Committee Registration" with a sub-section "No Connected Organization". The form includes a question: "6. Name of Any Connected Organization, Affiliated Committee, Joint Fundraising Representative, or Leadership PAC Sponsor". Below this is a "Mailing Address" field with a grid for text entry. A large red text overlay reads: "Nonconnected PACs pay their own administrative expenses". Below the address field are fields for "CITY", "STATE", and "ZIP CODE". At the bottom, there is a "Relationship:" section with four radio button options: "Connected Organization", "Affiliated Committee", "Joint Fundraising Representative", and "Leadership PAC Sponsor". The "Connected Organization" option is circled in red with a diagonal slash through it, indicating it is not to be selected.

- A. **Basic principle: All types of nonconnected committees pay for their own administrative expenses using funds raised for the committee.**

**Why? By definition, nonconnected PACs do not have a “connected organization” – in other words, the PAC does not have a sponsoring organization that is incorporated or a labor organization.**



### B. Special rules for partnership and LLC PACs

1. **Partnership without corporate partners (11 CFR 110.1(d) and (e); AO 1982-63)**
  - a) Partnership may sponsor a nonconnected committee (or PAC).
  - b) Partnership support of PAC is limited to \$5,000 a year, based on the contribution limits.

**NEW web page for partnerships with PACs at <https://www.fec.gov/help-candidates-and-committees/candidate-taking-receipts/partnership-llc-contributions/#political-action-committees-sponsored-by-partnerships>**

2. **Partnership with corporate partners**
  - a) Partnership composed entirely of corporate members may not establish political committee unless the partnership is affiliated with one of the corporate partners (for example, when a joint venture partnership is affiliated with one of its corporate owners). In that case it may establish a corporate PAC (separate segregated fund). AO 2003-28.
  - b) Corporate PAC would follow completely different rules for establishing PAC and soliciting contributions for the PAC. See <https://www.fec.gov/help-candidates-and-committees/registering-ssf/partnerships-and-llcs-involved-corporations-ssfs/> and 11 CFR Part 114. See also AOs 2008-05 and 2004-42.

V. **Other Registration and Organization Issues: Affiliation**

## Affiliated Committees

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**Committees established, financed, maintained or controlled by same entity**

**Generally treated as one committee for purposes of the federal campaign finance laws:**

- **Share limits on contributions made and received**

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- A. Affiliated committees (11 CFR 100.5(e) and 110.3(a)(3))**
- 1. How to determine:**
    - a) Principle: committees established, financed, maintained, or controlled by same entity or group of persons.
    - b) Others may also be affiliated depending on various factors, such as similar patterns of contributions, common officers, etc.
  - 2. Examples:**
    - a) Nonconnected PACs established, financed, maintained, or controlled by same entity or group of persons.
    - b) A partnership PAC might be considered affiliated with another PAC if the partnership and the entity sponsoring the other PAC are commonly owned or financed.
    - c) **Exception:** leadership PACs (discussed next page)
  - 3. Why important:**
    - a) Same contribution limit applies to contributions received and made by affiliated committees.
    - b) If one committee qualifies as multicandidate, all its affiliated committees qualify.
    - c) No limit on transfers between affiliated committees.

## Definition: Leadership PAC

Nonconnected PAC directly/indirectly controlled by federal candidate or officeholder, but is:

- ✗ NOT an authorized committee;
- ✗ NOT affiliated with an authorized committee; and
- ✗ NOT a party committee.

#### 4. Application to leadership PACs (11 CFR 100.5(e)(6) and 104.22)

##### a) Definition of leadership PAC:

A federal PAC that is directly or indirectly established, financed, maintained or controlled by federal candidate/officeholder but is:

- Not an authorized committee;
- Not affiliated with an authorized committee; and
- Not a political party committee.

## Committee Registration

### ▣ List Leadership PAC Sponsor

6. Name of Any Connected Organization, Affiliated Committee, Joint Fundraising Representative, or Leadership PAC Sponsor

Jane Doe

Mailing Address 123 Main Street

Anytown ST 00000

CITY STATE ZIP CODE

Relationship:  Connected Organization  Affiliated Committee  Joint Fundraising Representative  Leadership PAC Sponsor

**NOT AFFILIATED**



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- b) **For Form 1: Leadership PACs should:**
- Check applicable box if the PAC is a federal PAC that is directly or indirectly established, financed, maintained or controlled by federal candidate/officerholder.
  - Identify the federal candidate/officerholder.
- c) **Leadership PACs are not affiliated with authorized committees**
- Although a leadership PAC technically has a “sponsor” that must be listed on Form 1, by definition it is not affiliated with the authorized committee of its sponsoring official or candidate. 11 CFR 100.5(e)(6).

## VI. Other Registration and Organization Issues: Treasurer

# Committee Registration

- List PAC Treasurer

The image shows a screenshot of the FEC Form 1 registration form. A yellow cartoon character with a thumbs-up gesture is pointing to a text box that says "FEC Recommended: Assistant Treasurer". The form has two main sections: "Treasurer" and "Designated Agent". Each section has fields for "Full Name", "Mailing Address", "Title or Position", "CITY", "STATE", and "ZIP CODE". The "Designated Agent" section also has a "Telephone number" field. The form is titled "FEC Form 1" and includes instructions for listing the treasurer and designated agent.

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- A. Treasurer required; Assistant Treasurer strongly recommended**  
Identify on Form 1.
- B. Duties:**
1. Deposits receipts
  2. Authorizes all expenditures
  3. Monitors contributions
  4. Keeps all required records
  5. Signs reports
  6. Files accurate reports on time

## Committee Registration

- ▼ **Treasurer/Assistant Treasurer**
  - Deposits receipts
  - Authorizes all expenditures
  - Monitors contributions
  - Keeps all required records
  - Signs reports
  - Files accurate reports on time



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## Treasurer's Liability

- ▶ **Treasurer generally named as enforcement respondent in official capacity**
- ▶ **Personal liability possible if:**
  - **Knowingly & willfully violated the Act;**
  - **Recklessly failed to fulfill duties; or**
  - **Intentionally ignored information that led to the violation**

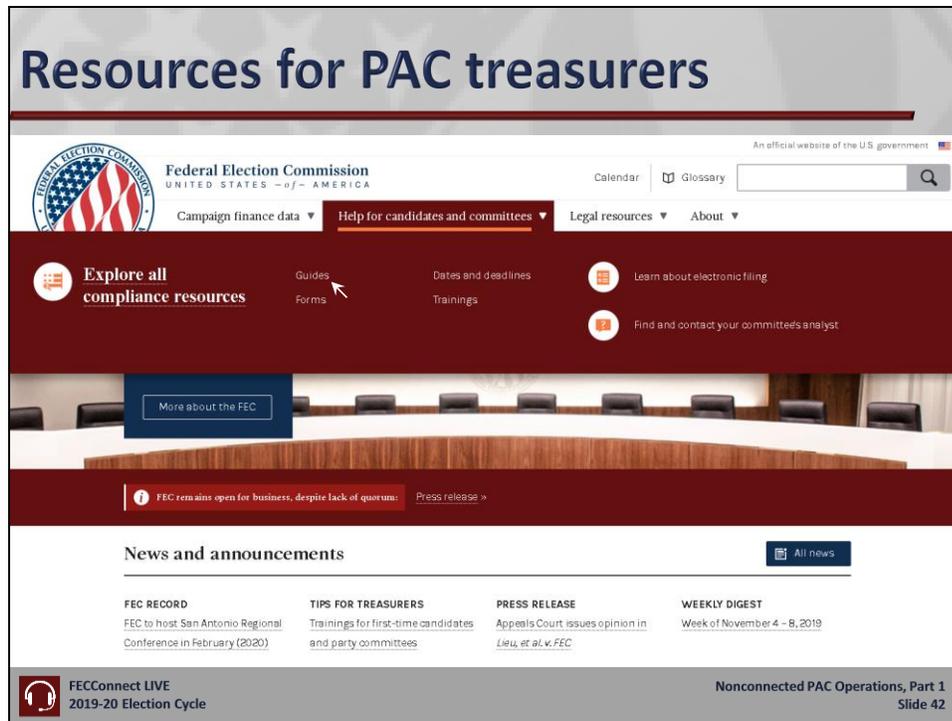


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### **C. Treasurer responsible for compliance**

- Usually named in enforcement actions.
- Policy statement on when treasurer may be found personally liable (online at <https://transition.fec.gov/law/policy/2004/notice2004-20.pdf>)
- Embezzlement policy (online at [https://transition.fec.gov/law/cfr/ej\\_compilation/2007/notice\\_2007-9.pdf](https://transition.fec.gov/law/cfr/ej_compilation/2007/notice_2007-9.pdf))



#### D. Resources for Treasurers:

- **Tips for treasurers:** [https://www.fec.gov/updates/?update\\_type=tips-for-treasurers](https://www.fec.gov/updates/?update_type=tips-for-treasurers)  
RSS feed, weekly email, links to relevant publications and reporting and best practices information
- **Record:** [https://www.fec.gov/updates/?update\\_type=fec-record](https://www.fec.gov/updates/?update_type=fec-record)  
News articles on the latest Commission developments in reporting, outreach, litigation and advisory opinions
- **Help for candidates and committees:** The Campaign Guide updated and organized into topic-specific web pages: <https://www.fec.gov/help-candidates-and-committees/guides/?tab=political-action-committees>
- **Webinars:** <https://www.fec.gov/help-candidates-and-committees/trainings/>.  
Send email to [conferences@fec.gov](mailto:conferences@fec.gov) to be added to email list for upcoming webinar announcements.

**VII. Other Registration and Organization Issues: Recordkeeping and Best Efforts  
(11 CFR 102.8 and 102.9)**

## Recordkeeping

- Contributions over \$50, record:**
  - Amount
  - Date received
  - Donor's name and address
  - Full-size photocopy or digital image of check



- Contributions aggregate over \$200, record:**
  - Above information plus occupation and employer if from individual

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- A. Recordkeeping for receipts**
- 1. Required information:**
    - For any amount, record date received and amount.
    - Over \$50, name and address of contributor/payor.
    - Over \$200, above plus occupation and employer.

## Making Best Efforts

- ✓ Request contributor info when soliciting contribution
- ✓ If info missing, make follow-up request within 30 days
- ✓ Amend report to disclose missing information once received



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### B. Best efforts (11 CFR 104.7)

1. Required to make “best efforts” to obtain, maintain and report required information.
2. To show “best efforts,” committee must:
  - Request information in solicitation materials, along with applicable disclaimer informing contributors that the committee is required to make “best efforts”
  - Wording:  
*“Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200 in a calendar year.”*
  - Make follow-up request within 30 days of receipt of contributions lacking required information, keep written documentation of follow-up request (with no additional solicitation made); and
  - Amend reports to disclose information received but not previously disclosed (or include information in memo entries on the next report filed).
3. See: <https://www.fec.gov/help-candidates-and-committees/keeping-pac-records-nonconnected/recording-nonconnected-pac-receipts/>

## Recordkeeping

### All disbursements, record:

- Amount
- Date
- Name and Address of Payee
- Purpose of Disbursement



### For contributions:

- Above information, plus name of candidate, state, district and election designation



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### C. Recordkeeping for disbursements

- a) For any amount, record name and address of payee, purpose, date made.
- b) For contributions made, also record name of candidate, state, district, and election designation.

### D. Record retention

Retain each record for three years from the date of the report on which it was last disclosed.

## FILING REPORTS

### I. Where to File: FEC

## Where to File (Paper Filers)

**Federal Election Commission**  
**1050 First Street, NE**  
**Washington, DC 20463**  
**(Use ZIP code 20002 for overnight/hand delivery)**



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- **Electronic filers file electronically**
- **Paper filers:**

**Postal deliveries to the FEC:**

Federal Election Commission  
1050 First Street, NE  
Washington, DC 20463

**For reports shipped via delivery services (such as FedEx, UPS or DHL)**

Use the ZIP code 20002

## II. Filing Schedule (11 CFR 104.5(c))

**Quarterly Filers - 2019**

Report Type	Coverage Dates	Due Date
Mid-Year	01/01/19 – 06/30/19	07/31/19
Year-End	07/01/19 – 12/31/19	01/31/20

*Semi-annual Reports*

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- A. During non-election year (odd-numbered year)  
PACs file quarterly/semi-annually or monthly**
- 1. Quarterly filers**
    - File on semi-annual schedule; Reports due July 31 and January 31
    - May trigger pre-election report(s) if participate in special election
    - See <https://www.fec.gov/help-candidates-and-committees/dates-and-deadlines/> for special election and regular filing report notices

# Monthly Filers - 2019

Reporting Period	Due Date
January 1-31	February 20
February 1-28	March 20
March 1-31	April 20
April 1-30	May 20
May 1-31	June 20
June 1-30	July 20
July 1-31	August 20
August 1-31	September 20
September 1-30	October 20
October 1-31	November 20
November 1-30	December 20
December 1-31 (Year-End)	January 31, 2020



**2. Monthly filers:**

- Monthly reports due on 20<sup>th</sup> of each month; Year-End on January 31
- No pre-election report(s) required for special elections

## Quarterly Filers - 2020

Report Type	Coverage and Due Dates
April Quarterly	Covers 1/1 - 3/31; Due 4/15/20
July Quarterly	Covers 4/1 - 6/30; Due 7/15/20
October Quarterly	Covers 7/1 - 9/30; Due 10/15/20
Pre-Election	Covers 1st day of current period to 20 days before election; Due 12 days before election (12G covers 10/1 - 10/14; Due 10/22/20)
Post-General	Covers from 1 <sup>st</sup> day of period to 11/23; Due 12/03/20
Year-End	Covers 11/24 - 12/31/20; Due 1/31/21

- B. During election year (even-numbered year): PACs file quarterly or monthly**
- 1. Quarterly filers:**
    - Reports due April 15, July 15 and October 15 and January 31

## Quarterly Filers - 2020

Report Type	Coverage and Due Dates
April Quarterly	Covers 1/1 - 3/31; Due 4/15/20
July Quarterly	Covers 4/1 - 6/30; Due 7/15/20
October Quarterly	Covers 7/1 - 9/30; Due 10/15/20
<b>Pre-Election</b>	Covers 1st day of current period to 20 days before election; Due 12 days before election (12G covers 10/1 - 10/14; Due 10/22/20)
Post-General	Covers from 1 <sup>st</sup> day of period to 11/23; Due 12/03/20
Year-End	Covers 11/24 - 12/31/20; Due 1/31/21

**TRIGGERED BY ACTIVITY**



- Post-General (mandatory)
- Pre-Election (Primary, Run-off, Convention) and Pre-General reports are triggered by contributions or expenditures made during coverage period.

## Quarterly Filers - 2020

### Pre-Election Reports

- ▣ **Due 12 days before any primary, run-off, convention or general election in which the PAC makes previously undisclosed contributions or expenditures**



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2. **Monthly filers:**
  - **Report due on the 20<sup>th</sup> of each month**
  - **Exception:** Pre-General and Post-General required in lieu of November and December Monthly reports.

## Monthly Filers 2020

Reporting Period	Due Date
January 1 - 31	February 20
February 1 - 29	March 20
March 1 - 31	April 20
April 1 - 30	May 20
May 1 - 31	June 20
June 1 - 30	July 20
July 1 - 31	August 20
August 1 - 31	September 20
September 1 - 30	October 20
October 1 - 14 (Pre-General)	October 22
October 15 - November 23 (Post-General)	December 3
November 24 - December 31 (Year-End)	January 31, 2021

**NO PRE-PRIMARY REPORTS  
12G & 30G BOTH REQUIRED**



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## Choosing a Filing Schedule

Committees active in many states may  
benefit from filing monthly.



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## Changing Filing Frequency

- ▶ Request on or before next report's due date
  - Electronic filers must submit request electronically
- ▶ No more than once per year



### C. Changing filing schedule

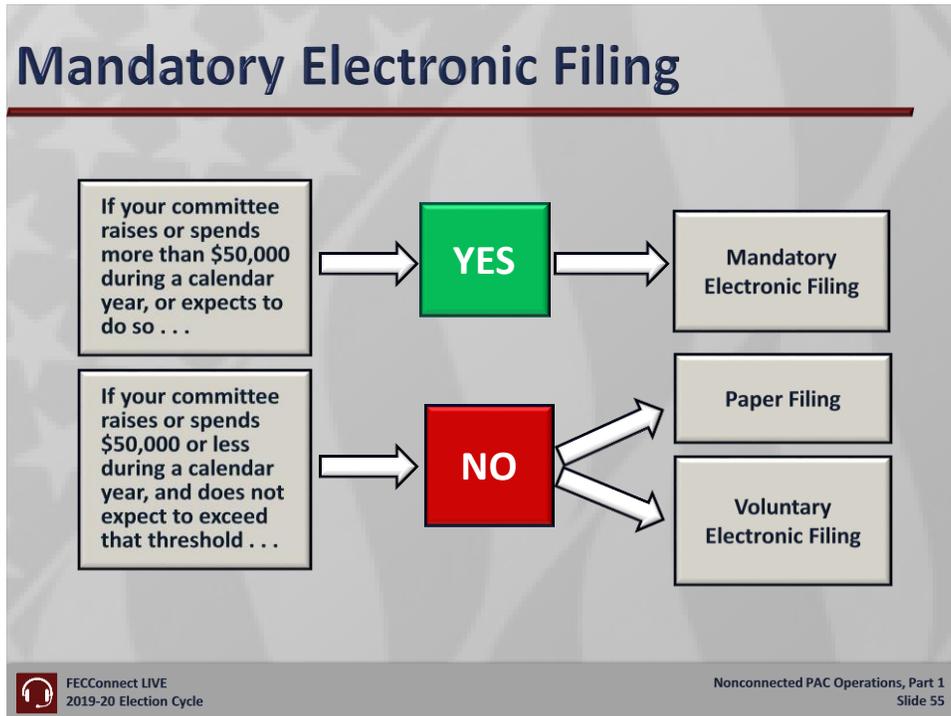
#### 1. Timing

- a) PACs may change filing schedule (from quarterly to monthly or monthly to quarterly) only after notifying the Commission in writing (or electronically if e-filer) at the time it files a required report under its current filing schedule, or by separate miscellaneous text submission (Form 99) filed at any time.
- b) Such political committee will then be required to file the next required report under its new filing schedule and will receive a letter which lists the subsequent filing requirements.

#### 2. **May only change filing schedule once per calendar year.**

3. **A semi-annual filing PAC in 2019 will automatically be considered a quarterly filer in 2020.** No need to notify FEC (unless switching to monthly).

### III. Electronic Filing



- A. Mandatory for:**  
Committees that raise or spend more than \$50,000 in calendar year or have reason to expect to do so.

The screenshot shows the Federal Election Commission's website for the Electronic Filing Password Assignment System. The URL is <https://webforms.fec.gov/psa/getstarted.htm>. The page features the FEC logo and navigation links for Home, Help for candidates and co., Filing candidate reports, and Password Assignment Sys. The main heading is "Electronic Filing Password Assignment System". Under "Who can get a password?", it states that only the official treasurer of a registered committee can obtain an electronic filing password, while other entities may also obtain one. Under "How do I get a password?", it explains that registered committees can enroll into the system to create, retrieve, and change passwords using a 9-digit FEC Committee ID number. A "QUICK LINKS" sidebar includes links for Help, Contact the Electronic Filing Office, FEC home page, Electronic filing, and Password Assignment System home. At the bottom, there are buttons for "Enroll Now" and "Already Enrolled". The footer includes "FEConnect LIVE 2019-20 Election Cycle" and "Nonconnected PAC Operations, Part 1 Slide 56".

## B. First Step: Get a password

### 1. Required

Before you can electronically file your report, you will have to obtain a password. You cannot file without one.

### 2. Who can get a password?

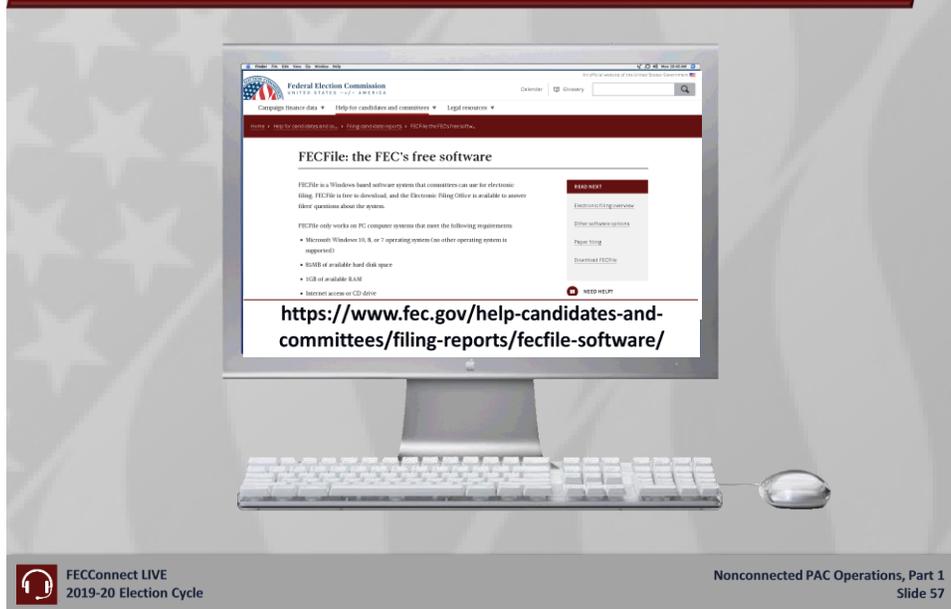
For registered committees, only the official treasurer can obtain an electronic filing password. It is important that the committee has provided a valid email address on its Statement of Organization, as a validation email will be sent to the Committee.

### 3. How do you get a password?

Most committees may obtain or change their password online.

Visit <https://webforms.fec.gov/psa/getstarted.htm>.

## Electronic Filing



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4. **Use updated software**
  - Software revised when forms changed – always use the latest version. Auto update feature makes it simple.
  - FEC offers free software: FECFile
  - Latest version of FECFile 8 – build 8.3 available for download on FEC website at <https://www.fec.gov/help-candidates-and-committees/filing-reports/fecfile-software/>
5. **Paper filing by e-filer**

Committees that submit a report on paper that should have been filing electronically will be treated as non-filers and may be subject to enforcement actions (including administrative fines).
6. **For more information:** <https://www.fec.gov/help-candidates-and-committees/filing-reports/electronic-filing/>.

## Filing on Time

- ▣ **No Extensions**
  - Filing dates not extended for weekends or holidays.
  - Must be received on business day preceding filing date.
- ▣ **Registered/Certified vs. Overnight Mail**
  - If filing using USPS registered/certified mail, keep receipt.
  - “Overnight Mail” means next-day express or priority mail with delivery confirmation or overnight service with online tracking system. Same terms as registered/certified mail.



- C. **Other reporting considerations for paper filers**
1. **Statute prohibits extensions** (Applicable to paper and electronic filers).
  2. **Weekends and holidays**  
Filing dates not extended for weekends or holidays. Must be received on business day preceding filing date.
  3. **Registered vs. Overnight Mail**
    - If filing using USPS registered or certified mail, keep receipt as proof of the date of filing
    - Overnight Mail” means express or priority mail with a delivery confirmation or an overnight service with an on-line tracking system. File using same terms as certified/registered mail. (Keep receipt.)

## CONTRIBUTIONS AND FUNDRAISING

### Objectives

- ▣ Identify types of nonconnected PACs and review basic characteristics and organization
- ▣ Discuss fundraising rules
- ▣ Describe methods of supporting federal candidates
- ▣ Highlight key rules on travel and lobbyist bundling

### I. Contribution Limits

## Limits to Nonconnected PACs

For 2019–20 Elections	Candidate Committee per election	PAC (SSF and Nonconnected) per year	State, District & Local Party Committee per year	National Party Committee per year	Additional National Party Committee Accounts per year
Individual	\$2,800	\$5,000	\$10,000 (combined)	\$35,500	\$106,500
Candidate Committee	\$2,000	\$5,000	Unlimited Transfers	Unlimited Transfers	
PAC: multicandidate	\$5,000	\$5,000	\$5,000 (combined)	\$15,000	\$45,000
PAC: Nonmulticandidate	\$2,800	\$5,000	\$10,000 (combined)	\$35,500	\$106,500
National Party Committee	\$5,000	\$5,000	Unlimited Transfers	Unlimited Transfers	
State, District & Local Party Committee	\$5,000 (combined)	\$5,000 (combined)	Unlimited Transfers	Unlimited Transfers	

**A. Limits on contributions given to traditional nonconnected federal PAC**

A contributor may give up to \$5,000 per calendar year to a traditional federal nonconnected PAC (including a leadership PAC, partnership PAC and the federal account of a hybrid PAC).

## Contribution Limits

For 2019-20 Elections	Candidate Committee per election	PAC (SSF and Nonconnected) per year	State, District & Local Party Committee per year	National Party Committee per year	Additional National Party Committee Accounts per year
Individual	\$2,800	\$5,000	\$10,000 (combined)	\$35,500	\$106,500
Candidate Committee	\$2,000	\$5,000	Unlimited Transfers	Unlimited Transfers	
PAC: multicandidate	\$5,000	\$5,000	\$5,000 (combined)	\$15,000	\$45,000
PAC: Nonmulticandidate	\$2,800	\$5,000	\$10,000 (combined)	\$35,500	\$106,500
National Party Committee	\$5,000	\$5,000	Unlimited Transfers	Unlimited Transfers	
State, District & Local Party Committee	\$5,000 (combined)	\$5,000 (combined)	Unlimited Transfers	Unlimited Transfers	

Limits do not apply to Super PACs or Hybrid PACs' non-contribution account

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**C. Application to Super PACs and non-contribution accounts**

Contribution type	Limited or Prohibited?
Contributions TO Super PACs and non-contribution accounts	Unlimited
Contributions BY Super PAC or non-contribution accounts	Prohibited

## II. Contribution Prohibitions

**Prohibited Sources**

-  **Corporations and Unions**  
Ban does not apply to Super PACs or Hybrid PACs' non-contribution account
-  **Federal Government Contractors**
-  **Foreign Nationals**
-  **Contributions in Name of Another**

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- A. Corporations (including incorporated membership, trade and cooperative organizations or associations), labor organizations and national banks** are prohibited from making contributions in connection with federal elections. **11 CFR 114.2**. Therefore, they may not:
1. Act as conduit for earmarked contribution.
  2. Give discount to campaign or committee that is not in normal business practice.
  3. Allow use of facilities or resources without reimbursement, and, in most cases, advance payment.
  4. **This ban does not apply to contributions made to Super PACs or non-contribution accounts of Hybrid PACs.**  
See: Note to 11 CFR 114.10(a).
- B. Federal government contractors (11 CFR Part 115)**  
Employees may use personal funds to make contributions.
- C. Foreign nationals (11 CFR 110.20)**
1. **Ban does not apply to permanent resident aliens (green card holders).**
  2. **Individuals who are foreign nationals may:**
    - Volunteer for political committees. AOs 2014-20, 2007-26 and 2004-26.
    - Attend campaign fundraising events. AO 2004-26.

3. **They may not, however,** participate in decision-making regarding election activities for a political committee. AOs 2004-32 and 2004-26.

**D. Contributions in the name of another (11 CFR 110.4(b))**

**E. Certain prohibitions apply to all elections (11 CFR 114.2(a))**

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

**III. Fundraising by Federal Officeholders and Candidates for PACs (11 CFR 300.61)**

**Fundraising Restrictions**

---

**Prohibited Activity**

Generally, federal candidates and officeholders—and entities they directly or indirectly establish or control—cannot solicit, receive, direct, transfer, spend or disburse funds outside federal limits and prohibitions.

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**A. For federal elections**

Federal candidates and officeholders—and **entities they directly or indirectly establish or control (such as leadership PACs)**—may solicit, receive, direct, transfer, spend or disburse only federal funds in connection with a federal election.

**B. For nonfederal elections**

Federal candidates, officeholders (**and their leadership PACs**) may solicit, receive, direct, transfer, spend or disburse **only federal funds** for elections other than federal elections.

## Raising Funds for Super PACs

- ▣ Candidates may attend, speak at, or be featured guest at a Super PAC fundraiser

**BUT**

- ▣ Candidates may not solicit more than \$5,000 in contributions from individuals or other PACs and may not solicit contributions from prohibited sources.

- C. Application to Super PACs and non-contribution accounts:**
- 1. Attendance at Super PAC fundraising event**  
Federal candidate or officeholder may attend, speak at, or be a featured guest at a nonfederal fundraising event (including fundraising for Super PAC subject to \$5,000 limit).
  - 2. Restrictions on federal candidates/officeholders/national party officers' solicitations for Super PACs**
    - Federal candidates, officeholders and national party officers may solicit only those contributions that are subject to the Act's amount limitations and source prohibitions when they solicit contributions on behalf of Super PACs and non-contribution accounts.
    - Moreover, federal candidates, officeholders and officers of national party committees are limited to soliciting funds up to \$5,000 for Super PACs from individuals and other sources not barred from making contributions. See AO 2011-12.

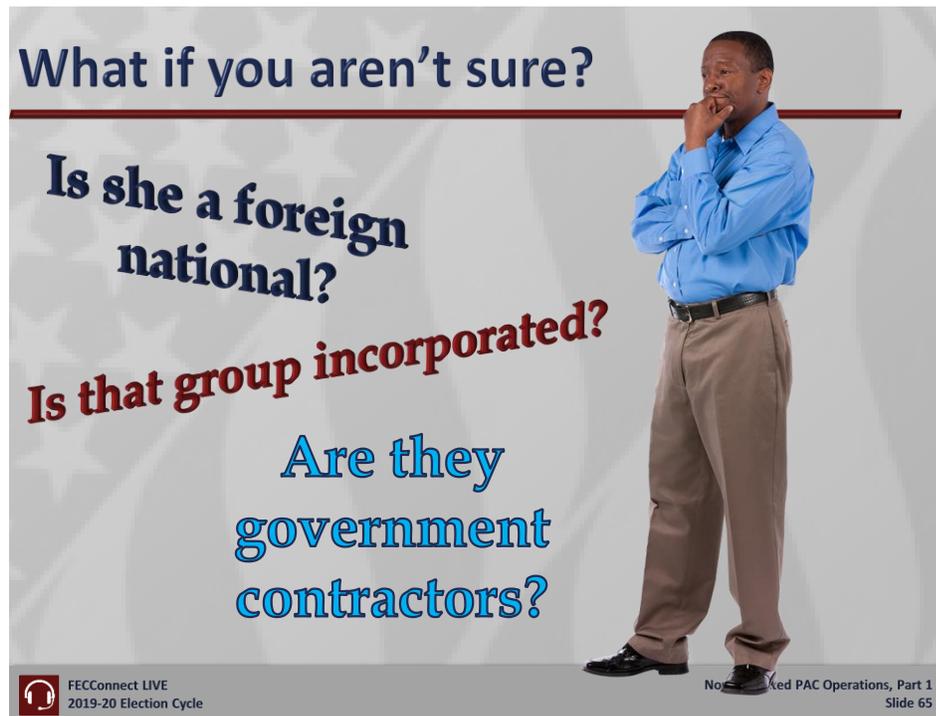
*See: <https://www.fec.gov/help-candidates-and-committees/making-disbursements-pac/fundraising-super-pacs-federal-candidates-nonconnected-pac/>*

### 3. Advisory Opinions

- **Agents of candidates:** Agents of candidates may solicit nonfederal funds for Super PACs, provided that the individuals **act in their own capacities** and “exclusively on behalf of” the other organizations when fundraising for them, “not on the authority of” the candidate, and raise funds on behalf of the candidate and the other organizations “at different times.” See AO 2015-09, question 11.
- **State officeholders that sponsor Super PACs**  
A state officeholder sought an advisory opinion from the FEC regarding her proposal to establish, maintain, and control a federal Super PAC. The Commission held that the proposed Super PAC would be acting as the state representative’s agent in making the proposed public communications in connection with federal elections, and, therefore, the PAC must pay for such expenditures with funds that are subject to the Act’s source and amount limitations. See AO 2018-07. This outcome has been challenged in *Mace v. FEC*.

## IV. Handling Questionable Contributions to Federal PAC Accounts (11 CFR 103.3)

*What happens if you aren’t sure if your PAC may accept a contribution you’re received? Let’s look at an example:*



## Questionable Contributions

MICHAEL OR LISA SMITH  
123 MAPLE LEAF WAY  
**MONTREAL, CANADA**

1936  
December 1, 2019  
DATE

PAY TO THE ORDER OF Your PAC \$ 5,000.00

Five thousand and xx/100 ----- DOLLARS

FOR Lisa Smith

**POSSIBLE FOREIGN NATIONAL**

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This check has a Canadian address, which sends up a red flag. You will need to verify that the contributor (Lisa Smith) is a U.S. citizen or green card holder.

*How should you handle this questionable contribution?*

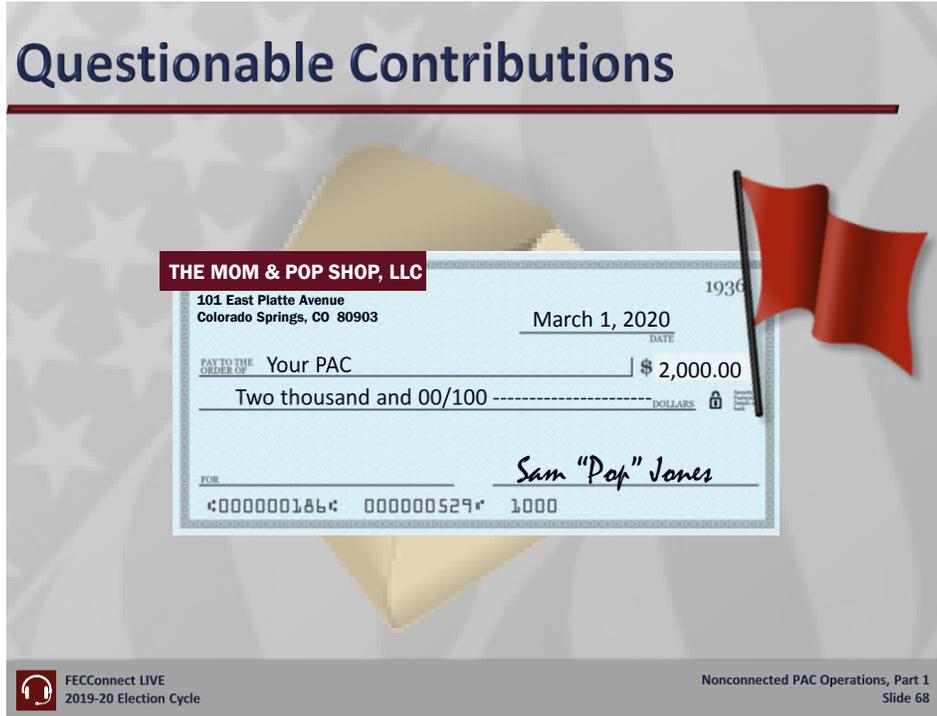
## Questionable Contributions

- ▣ **Deposit/return check – 10 days**
- ▣ **Contact the donor – 30 days to confirm legality**
- ▣ **If donor is US citizen or green card holder, contribution is acceptable**
- ▣ **If not, contribution is prohibited; campaign must issue a refund**

### A. **Procedures:**

1. **Deposit while checking permissibility**  
If unsure whether contribution is from a permissible source, PAC may deposit it while confirming permissibility.
2. **Refund after 30 days if unable to verify legality**  
Within 30 days of receipt, must refund if unable to determine if contribution is permissible.
3. **Questionable foreign national contribution:**  
If determining if individual/entity is a foreign national, seek and obtain copies of valid U.S. Passport papers.

*Let's look at another example.*



This check is from an LLC, but the LLC failed to provide information on how to attribute the contribution or how the LLC is taxed (as a partnership or corporation).



**Chat room question: Check yes or no when prompted.**

You've received a contribution from an LLC, but it's just a check with no other information. Is it permissible on its face?

- Yes
- No

## Questionable Contributions

- ▣ Deposit/return check – 10 days
- ▣ Contact the donor – 30 days to confirm legality
- ▣ If LLC taxed as partnership, contribution is acceptable but needs documentation.
- ▣ If LLC is taxed as corporation, contribution is prohibited – refund (unless Super PAC)



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### 2. **Questionable Limited Liability Company (LLC) contribution:**

- To determine if LLC is taxed as a partnership or corporation, contact LLC or visit IRS website to see how LLC has chosen to file under IRS rules:  
<https://www.irs.gov/businesses/small-businesses-self-employed/llc-filing-as-a-corporation-or-partnership>
- If LLC is a corporation, refund the money (unless given to Super PAC or Hybrid PAC)
- If LLC is taxed as a partnership, contact them and inform them:
  - At the time it makes a contribution, an LLC that has elected to be treated as a partnership must notify the recipient committee:
    - That it is eligible to make the contribution; and
    - How the contribution should be attributed among members.
- d) More information on LLCs on FEC website:  
<https://www.fec.gov/help-candidates-and-committees/candidate-taking-receipts/partnership-llc-contributions/> (NEW PAGE)

## V. Elements of a Solicitation for Funds

**Nonconnected PAC Solicitation**

**CANDY PAC**

Dear Mr. and Mrs. Goodbar,

Please help us elect candy-loving candidates to Congress by contributing to our PAC.

As you may know, Candy PAC may accept individual contributions up to \$5,000 per year, but cannot accept corporate or union funds.

Note that federal law requires us to ask for the name, address, occupation and employer of any contributor who gives more than \$200 in the calendar year.

Best,  
*Kandi Caine*  
Executive Director

Paid for by the Citizens Who Love Candy PAC and not authorized by any candidate or candidate's committee. [www.CandyPAC.com](http://www.CandyPAC.com)

← **PAC's Purpose**

← **Basic Rules**

← **Best Efforts**

← **Disclaimer**

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### A. Statements to include in solicitation for nonconnected PAC

Note that while wording may vary, all of these elements should be present in any solicitation by any type of nonconnected committee.

#### 1. PAC's purpose

Include a statement that indicates that the contribution will be used in a federal election. This is required when the contribution is solicited for the contribution to be deposited into a federal account. 11 CFR 102.5.

#### 2. **Helpful: statement of contribution limits and prohibitions**

#### 3. **Strongly recommended: best efforts statement**

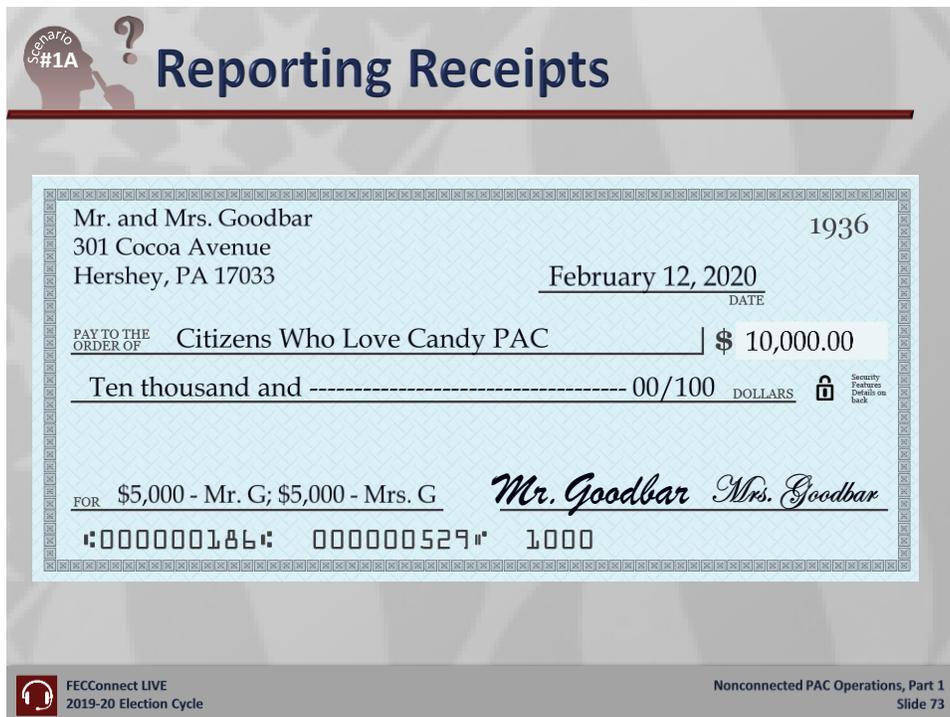
Required to make "best efforts" to obtain, maintain and report required information.

#### 4. **Required disclaimer for PAC solicitations**

- Must disclose the full name and permanent street address, telephone number or website address of the person who paid for the communication, and also state that the communication was not authorized by any candidate. 11 CFR 110.11(b)(3).
- **Sample disclaimer wording:**  
"Paid for by Citizens Who Love Candy PAC and not authorized by any candidate or candidate's committee. [www.CandyPAC.com](http://www.CandyPAC.com)"

*Let's look now at how to report contributions received from individuals...*

## Reporting Scenario #1A: Reporting Receipts - Itemizing Individual Contributions Received



Mr. and Mrs. Goodbar made a \$10,000 contribution on February 12, 2020, to the Citizens Who Love Candy PAC, a federal nonconnected PAC that makes contributions to federal candidates. The PAC received their check on February 14. They used their personal joint account for this contribution, but were careful to both sign the check and note how much to attribute to each of them.

**How must this contribution be reported by the PAC?** (Assume that the PAC files on a monthly basis and that neither Mr. nor Mrs. Goodbar have contributed to the PAC in 2020.)

**Answers to Reporting Scenario #1A:  
Reporting Receipts - Itemizing Individual Contributions Received**



## Reporting Receipts

SCHEDULE A (FEC Form 3X) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE OF
			<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 12
			<input type="checkbox"/> 11b	<input type="checkbox"/> 13
			<input type="checkbox"/> 11c	<input type="checkbox"/> 14
			<input type="checkbox"/> 12	<input type="checkbox"/> 15
			<input type="checkbox"/> 13	<input type="checkbox"/> 16
			<input type="checkbox"/> 14	<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)  
**Citizens Who Love Candy PAC**

---

**A. Mr. Goodbar**

Full Name of Individual (Last, First, Middle Initial) or Full Organization Name

Mailing Address  
**301 Cocoa Avenue**

City: **Hershey** State: **PA** Zip Code: **17033**

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

Name of Employer (for Individual): **The Hershey Co.** Occupation (for Individual): **Candy Maker**

Receipt For:  Primary  General  Other (specify) ▼

Aggregate Year-to-Date: **5,000.00**

Date of Receipt: **02 / 14 / 2020**

Amount of Each Receipt this Period: **5,000.00**

Memo Item

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**B. Mrs. Goodbar**

Full Name of Individual (Last, First, Middle Initial) or Full Organization Name

Mailing Address  
**301 Cocoa Avenue**

City: **Hershey** State: **PA** Zip Code: **17033**

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

Name of Employer (for Individual): **The Hershey Co.** Occupation (for Individual): **Candy Maker**

Receipt For:  Primary  General  Other (specify) ▼

Aggregate Year-to-Date: **5,000.00**

Date of Receipt: **02 / 14 / 2020**

Amount of Each Receipt this Period: **5,000.00**

Memo Item

**Answer:** Mr. and Mrs. Goodbar have each made a \$5,000 contribution to the PAC. Since the PAC has now received aggregate contributions from Mr. and Mrs. Goodbar that exceed \$200 in the calendar year, it must disclose each contribution by itemizing it on their March Monthly report on Schedule A, Line 11a(i), along with each contributor’s aggregate year-to-date total (\$5,000) and contributor information.

Remember, for contributions greater than \$50, a committee must obtain the identity of the contributor and the date the contribution was received. The committee must also use “best efforts” to obtain, maintain and report the name of employer and occupation since their aggregate year-to-date contributions total to the PAC is greater than \$200 each in the calendar year.

**Points to Remember:**

- Itemize contributions from an individual or other person/entity on Schedule A, Line 11(a)(i), once aggregate calendar year to date received exceeds \$200.
- **Required information in itemizing receipts:**
  - Full name and address of contributor or source
  - Occupation/employer – if contributor is an individual
  - Date of receipt
  - Amount
  - Aggregate year-to-date total of all receipts from the same source.
  - Optional, but encouraged: Committee ID# where applicable
- Date reported is the date of receipt, not the date of deposit, or the date on the check.
- Don't fill in election information on Schedule A for individual contributions.

**B. Example of a solicitation for Super PAC**

**Super PAC Solicitation**

**CANDY PAC**

Dear Ike Candymaker,

Please help us elect candy-loving candidates to Congress by giving to our new Super PAC.

As a Super PAC, we may accept unlimited contributions, including contributions from corporations and labor unions.

Note that federal law requires us to ask for the name, address, occupation and employer of any contributor who gives more than \$200 in the calendar year.

Best,  
*Kandi Caine*  
Executive Director

Paid for by the Citizens Who Love Candy Super PAC and not authorized by any candidate or committee. [www.CandyPAC.com](http://www.CandyPAC.com)

← **PAC's Purpose**

← **Basic Rules**

← **Best Efforts**

← **Disclaimer**

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C. Example of a solicitation for Hybrid PAC

## Hybrid PAC Solicitation(s)

**CANDY PAC**

Dear Ike Candymaker,

Please help us elect candy-loving candidates to Congress by giving to our new Hybrid PAC.

We collect contributions subject to FEC limits and prohibitions and also collect unlimited contributions--including funds from corporations and labor unions—to finance independent expenditures.

Note that federal law requires us to ask for name, address, occupation and employer for any contributor who gives more than \$200 in the calendar year.

Best,  
*Kandi Caine*  
**Executive Director**

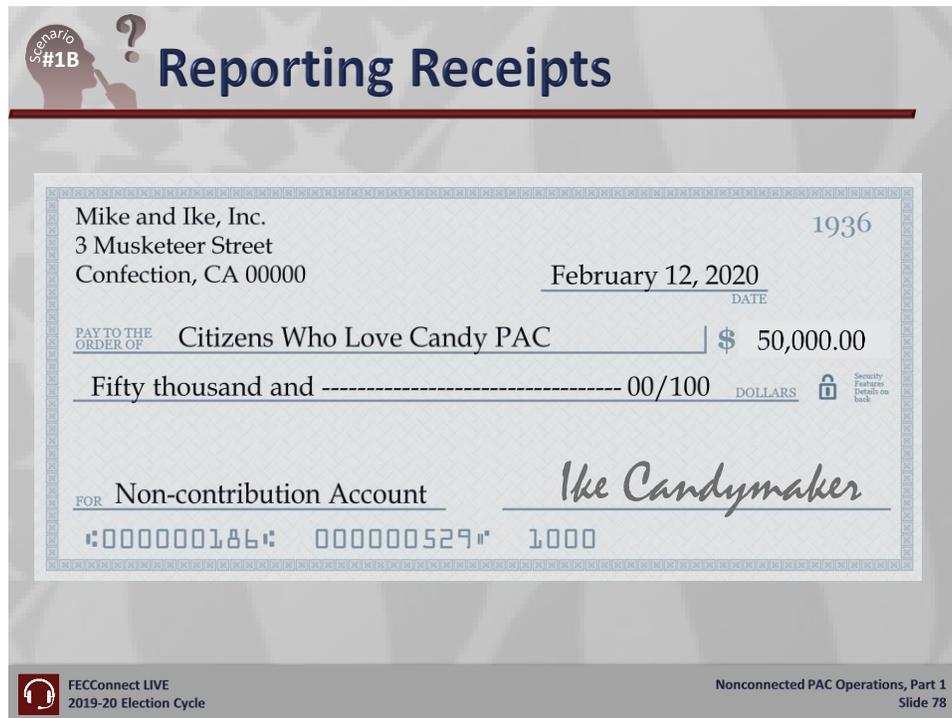
Paid for by the Citizens Who Love Candy Hybrid PAC and not authorized by any candidate or committee.  
Visit us at [www.CandyPAC.com](http://www.CandyPAC.com)

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Note that for the hybrid PAC, the same elements are required. The description of the law combines the descriptions for the Super PAC and for the traditional PAC.

## Reporting Scenario #1B: Reporting Receipts - Contributions Received by Non-Contribution Account of Hybrid PAC and Super PAC



As a Hybrid PAC, the Citizens Who Love Candy PAC maintains a non-contribution account for making independent expenditures. Using their corporate account, Mike and Ike issued a check to the PAC's non-contribution account on February 12, 2020, for \$50,000.00, which the PAC received on February 14, 2020.

### How must the committee disclose the transaction?

**Answers to Reporting Scenario #1B:  
Reporting Receipts - Contributions Received by Non-Contribution Account**

**Scenario #1B** **Contribution to Hybrid 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 type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input type="checkbox"/> 12	<input checked="" type="checkbox"/> 17
<input type="checkbox"/> 13	<input type="checkbox"/> 14	<input type="checkbox"/> 15	<input type="checkbox"/> 16	

PAGE OF

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

NAME OF COMMITTEE (In Full)  
**Citizens Who Love Candy PAC**

Full Name of Individual (Last, First, Middle Initial) or Full Organization Name  
A. **Mike & Ike, Inc.**

Date of Receipt  
02 / 14 / 2020

Mailing Address  
**3 Musketeer Street**

City  
**Confection** State **CA** Zip Code **00000**

Amount of Each Receipt this Period  
**50,000.00**

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

Memo Item

Name of Employer (for Individual) Occupation (for Individual)

Receipt For:  
 Primary  General  
 Other (specify) ▼

Aggregate Year-to-Date ▼  
**50,000.00**

**Non-contribution Account**

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**Answer:** The PAC should report all contributions to its non-contribution account on **Schedule A, Line 17**, “Other Federal Receipts,” of Form 3X. When itemizing such contributions, electronic filers should identify the receipts by entering “Non-Contribution Account” in a memo text or in the description field. Paper filers should write “Non-Contribution Account” below the amount.

As with any aggregated contributions to a federal PAC that exceed \$200 in a calendar year from the same source, we’ll need the contributor’s name and address. We will also need the date of receipt, the amount of the contribution, and the aggregate year-to-date total of all contributions that the contributor has made. In this instance, since the contributor is a corporation, we need not request an employer or occupation. However, in the case of individuals, once the aggregate year-to-date contributions exceed \$200, the PAC would need to use their best efforts to obtain and report the name, address, employer and occupation of the individual.

**Points to Remember:**

- Itemize contributions to a Hybrid PAC’s non-contribution Account on Line 17 (Other Federal Receipts)
- Be sure to note on the report each itemized contribution to the non-contribution account by indicating in the description field or by memo text, “non-contribution account.”
- See reporting guidance for Hybrid PACs posted online at <https://www.fec.gov/updates/fec-statement-on-carey-fec/>

*Now what if this had been a contribution to a Super PAC instead? Let’s look at an example.*

**Scenario #1B**

## Contribution to Super PAC

---

**SCHEDULE A (FEC Form 3X)**  
**ITEMIZED RECEIPTS**

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

FOR LINE NUMBER:		PAGE	OF
(check only one)			
<input checked="" type="checkbox"/>	11a		
<input type="checkbox"/>	11b		
<input type="checkbox"/>	11c		
<input type="checkbox"/>	12		
<input type="checkbox"/>	14		
<input type="checkbox"/>	15		
<input 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)  
**Citizens Who Love Candy Super PAC**

**A.** Full Name of Individual (Last, First, Middle Initial) or Full Organization Name  
**Mike & Ike, Inc.**

Mailing Address  
**3 Musketeer Street**

City  
**Confection**      State  
**CA**      Zip Code  
**00000**

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

Name of Employer (for Individual)      Occupation (for Individual)

Receipt For:  
 Primary     General  
 Other (specify) ▼

Date of Receipt  
**02 / 14 / 2020**

Amount of Each Receipt this Period  
**50,000.00**

Memo Item

Aggregate Year-to-Date ▼  
**50,000.00**

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**Points to Remember:**

- Itemize contributions to a Super PAC on Schedule A, Line 11a.
- You do not need to note that it’s a non-contribution account because that’s the only type of account a Super PAC has.

## VI. Paying for Operating and Fundraising Expenses of the PAC

### Paying for Operating Expenses

- ▣ PAC pays its own operating expenses from funds it raises
- ▣ If an individual advances funds on behalf of the PAC to pay for expenses, counts as contribution until reimbursed
- ▣ Special rules apply to expenses for fundraising for both federal and nonfederal account with same event/program.

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- A. **Operating expenses paid from funds raised**  
See: <https://www.fec.gov/help-candidates-and-committees/making-disbursements-pac/operating-expenses-nonconnected-pac/> and <https://www.fec.gov/help-candidates-and-committees/filing-pac-reports/operating-expenditures/>
- B. **Advances of personal funds count as contribution until reimbursed**
- When an individual uses his or her personal funds (or personal credit) to pay for a committee expense, that payment is generally an in-kind contribution from that individual.
  - If an individual is later reimbursed by the committee, special reporting rules apply.
  - See: <https://www.fec.gov/help-candidates-and-committees/handling-nonconnected-pac-loans-debts-and-advances/advances-personal-funds-nonconnected-pac-expenses/>
- C. **Fundraising costs**
- Generally paid from funds raised
  - If for event or program raising funds for both federal and state PAC, special rules apply (more later).



**Answers to Reporting Scenario #2:  
Reporting Receipts – Identifying Ultimate Payees**



# Identifying Ultimate Payee

---

Made and Reimbursed in Same Period

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 checked="" type="checkbox"/> 21b	<input type="checkbox"/> 22	<input type="checkbox"/> 23	<input type="checkbox"/> 26	<input type="checkbox"/> 27
<input type="checkbox"/> 28a	<input type="checkbox"/> 28b	<input type="checkbox"/> 28c	<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)  
**Citizens Who Love Candy PAC**

<p><b>A. Almond, Joy</b></p> <p>Full Name (Last, First, Middle Initial)</p> <p>Mailing Address <b>460 Butterfingger Way</b></p> <p>City <b>Confection</b> State <b>CA</b> Zip Code <b>00000</b></p> <p>Purpose of Disbursement <b>Reimbursement for office supplies</b></p> <p>Candidate Name</p> <p>Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President</p> <p>Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼</p> <p>State: District:</p>	<p>Date of Disbursement <b>04 / 30 / 2020</b></p> <p>FEC Identification Number <b>C</b></p> <p>Amount of Each Disbursement this Period <b>750.00</b></p> <p><input type="checkbox"/> Memo Item</p>
<p><b>B. Staples</b></p> <p>Full Name (Last, First, Middle Initial)</p> <p>Mailing Address <b>900 5<sup>th</sup> Avenue</b></p> <p>City <b>Confection</b> State <b>CA</b> Zip Code <b>00000</b></p> <p>Purpose of Disbursement <b>Office supplies</b></p> <p>Candidate Name</p> <p>Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President</p> <p>Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼</p> <p>State: District:</p>	<p>Date of Disbursement <b>04 / 20 / 2020</b></p> <p>FEC Identification Number <b>C</b></p> <p>Amount of Each Disbursement this Period <b>750.00</b></p> <p><input checked="" type="checkbox"/> Memo Item</p>



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**Answer:** Joy’s initial purchase is an advance of personal funds. When an individual who is not acting as a vendor advances personal funds to obtain goods or services that are used by a political committee, the committee must treat the individual’s payment as a contribution and as an outstanding debt until reimbursed.

In this case, Joy made her advance and was reimbursed in the same reporting period. Therefore, the reimbursement made to her is itemized on Schedule B for Line 21b (Other Federal Operating Expenses). Joy is listed as the payee, along with her mailing address, and the date, amount and purpose of the reimbursement.

Because her payments to the vendor aggregated more than \$200 in a calendar year, the PAC must also include a memo entry that includes the name and address of the vendor, as well as the date, amount and purpose of the repayment. The specific purpose of the disbursement must meet the qualifications to be considered an “adequate” purpose.

**Points to Remember:**

- Disbursements are itemized when payments made to a specific payee aggregate more than \$200 in a calendar year.
- In these two situations, the political committee must provide additional information about a vendor who was the ultimate payee:
  - The committee reimburses an individual who used personal funds to pay committee expenses aggregating more than \$200 to a single vendor;
  - The committee's payment of its credit card bill includes charges of more than \$200 to a single vendor.
- Notice of Interpretive Rule at 78 FR 40625 (July 8, 2013):  
[https://transition.fec.gov/law/cfr/ej\\_compilation/2013/notice2013-09.pdf](https://transition.fec.gov/law/cfr/ej_compilation/2013/notice2013-09.pdf)
- More information on reporting ultimate payees:  
<https://www.fec.gov/updates/interpretive-rule-on-reporting-ultimate-payees-of-political-committee-disbursements/>

**SHARED SOLICITATIONS/COSTS BETWEEN  
FEDERAL AND NONFEDERAL PACS**

**I. Paying the Bills for Shared Fundraising Costs (Federal/Nonfederal PACs)**

**A. Bills paid in two ways:**

- 1. Some items 100% federal**
- 2. Other items may be paid for using mix of accounts**
- 3. Background on allocation rules**
  - a) Guidelines on how nonconnected committees pay for certain allocable expenses.
  - b) Allocation rules don't apply to PACs that use only federal account to pay for everything.

**B. Paying for allocable expenses**

- If PAC maintains one account for federal and state activity, no allocation is required.
- If PAC maintains a federal and a state account, fundraising expenses for both federal/state PACs must be allocated.

## Allocating Fundraising Costs

### Three-Step Process:

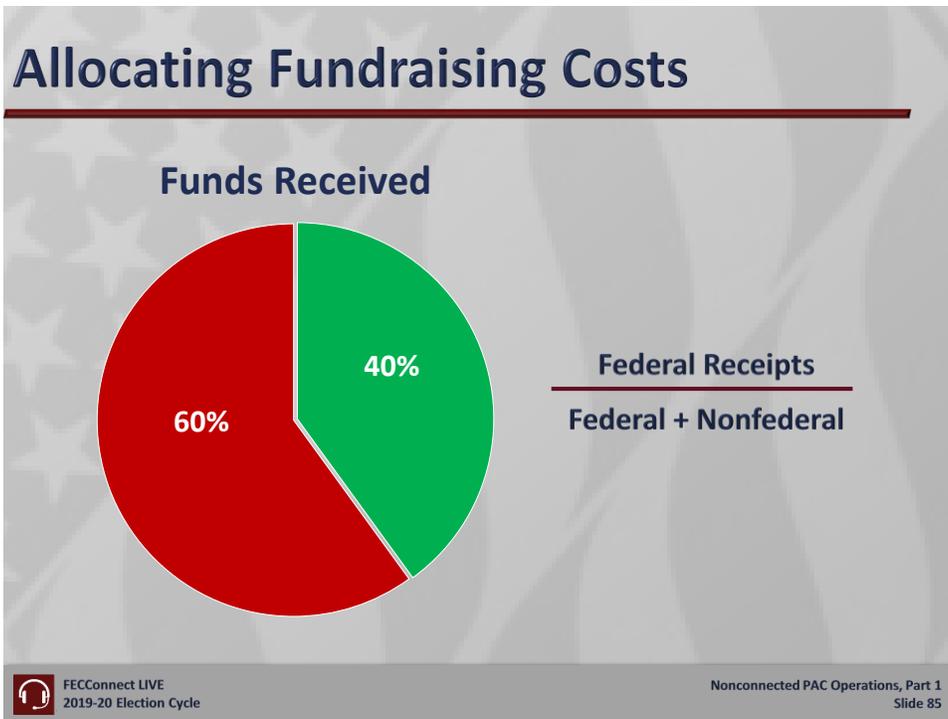
1. **Use Federal Account**
  - **Pay total bill from federal account**
2. **Determine Ratio**
  - **Determine how much each account may pay**
3. **Transfer Funds from Nonfederal Account**
  - **Transfer to federal account to cover share of each allocated expense,  $\leq$  10 days before or 60 after payment to vendor**



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1. **Three-step process**
  - a) **Step 1: use federal account**  
Pay total bill from federal account.
  - b) **Step 2: determine ratio**  
Use ratio set out in regulations to determine how much each account may pay for an allocable expense.
  - c) **Step 3: transfer funds from nonfederal account**  
Transfer to federal account to cover share of each allocated expense, no more than 10 days before or 60 after the payment to the vendor.
2. **Avoid contribution/loan**  
Any transfer from a nonfederal account that does not meet the requirements for timing is presumed to be a loan or contribution from nonfederal to federal account, in violation of the Act.
3. **May pay more than federal share with federal account**  
PAC has the option to pay 100% of a shared activity, without reimbursement from the other accounts. 11 CFR 106.6(e).



**C. Expenses that may be allocated/applicable ratios**  
**1. Direct costs of fundraising events or programs**

**Method: Funds Received ratio**

Ratio:  $\frac{\text{fed receipts for program or event}}{\text{total receipts for program or event}}$

- a) Estimate ratio prior to event, based on reasonable prediction of revenue.
- b) Adjust ratio 60 days after event if actual proportion of funds received for federal vs. nonfederal accounts is different than anticipated; transfer funds between accounts (either way) to reflect adjusted ratio within 60 days after event.
- c) Further transfers from the federal to the nonfederal account may be necessary, should additional federal funds be received after the 60-day period.
- d) Transfers from nonfederal to federal no longer permissible after 60 days.

**Reporting Scenario #3:  
Allocating Expenses - Reporting Shared Fundraising Expenses, Including Ratio Adjustments**

2020 Sweeten the Pot Fundraiser	
Federal Receipts	\$60,000
Nonfederal Receipts	\$140,000
Total Receipts	\$200,000

Estimated Fundraising Breakdown

Legend: Federal Receipts (Red), Nonfederal Receipts (Green)

**Task 1: Determining ratio for allocating fundraising expenses**

**Background:** At the beginning of each year, the Citizens Who Love Candy PAC holds a fundraiser called Sweeten the Pot. Last year, they raised \$200,000: \$60,000 for their federal account and \$140,000 for their nonfederal account. This year, the PAC hopes to raise the same amount of money for each account.

The fundraiser will be held on February 14, 2020. For reporting purposes, the party assigned the name “Sweeten the Pot” to the event.

- 1. What is the first thing we need to do? How do PACs allocate fundraising expenses between their federal and nonfederal accounts?**

**Background:** To help organize the dinner, the PAC contracted with a consultant, Sweet Affairs, Ltd., for \$10,000. On January 21, 2020, they paid the consultant \$10,000. The nonfederal account transferred its share of the expenses on January 30, 2020.

2. **Since we have determined the ratio for this amount, which will allow us to determine each account's share of expenses, how do we actually disclose the payments to the consultant?**
  
3. **What do we have to do next?**

### **Task 2: Determining ratio adjustments for allocated fundraising expenses**

**Background:** If you recall, the event was held on February 14, 2020. So, 56 days after the event, on April 10, 2020, the committee reviews the actual funds received, to determine whether the original ratio reflects the actual funds received by the federal and nonfederal accounts.

The committee determines that they received a total of \$250,000; \$100,000 for the federal account and \$150,000 for the nonfederal account. They spent a total of \$10,000 on the event.

4. **What should the committee do at this point? How long does the committee have to re-estimate and adjust their fundraising ratio?**
  
5. **How do we calculate the amount to transfer from the federal account to the nonfederal account?**

**Background:** The federal account transfers its share of adjusted expenses on April 11, 2020.

6. **How do we report that transfer?**

## Answers to Reporting Scenario #3:

### Task 1: Determining ratio for allocating fundraising expenses

**Background:** At the beginning of each year, the Citizens Who Love Candy PAC holds a fundraiser called Sweeten the Pot. Last year, they raised \$200,000: \$60,000 for their federal account and \$140,000 for their nonfederal account. This year, the PAC hopes to raise the same amount of money for each account.

The fundraiser will be held on February 14, 2020. For reporting purposes, the party assigned the name “Sweeten the Pot” to the event.

**1. What is the first thing we need to do? How do PACs allocate fundraising expenses between their federal and nonfederal accounts?**

**Answer: Step 1: Determine and report ratio.**

PACs allocate the direct costs of each fundraising program or event in which the committee collects both federal and nonfederal funds. The costs are allocated according to the **funds received ratio**: the ratio of the federal funds received to total receipts for the fundraising event.

(In this case, 60,000 federal receipts ÷ \$200,000 total receipts = 30% federal)

Show the calculation of the allocation formula, based on the funds received ratio (using this year’s estimates), and report the ratio on Schedule H2 (Allocation Ratios for Fundraising and Direct Candidate Support Activities). The ratio is 30% federal, 70% nonfederal.

**Background:** To help organize the dinner, the PAC contracted with a consultant, Sweet Affairs, Ltd., for \$10,000. On January 21, 2020, they paid the consultant \$10,000. The nonfederal account transferred its share of the expenses on January 30.

**2. Since we have determined the ratio for this amount, which will allow us to determine each account’s share of expenses, how do we actually disclose the payments to the consultant?**

**Answer: Report allocated federal/nonfederal share.** Show on Schedule H4 the federal and nonfederal shares of the disbursement to the consultant, based on the allocation formula.

(30% federal share = \$3,000; 70% nonfederal share = \$7,000)

Remember, the entire amount is still paid out of the federal account, even though H4 discloses each account’s share.

Scenario #3

# Reporting Payment Allocation

---

## Step 2: Disclose the Payment

**SCHEDULE H4 (FEC Form 3X)**  
**DISBURSEMENTS FOR ALLOCATED FEDERAL/NONFEDERAL ACTIVITY**

PAGE 1 OF 1  
FOR LINE 21a OF FORM 3X

NAME OF COMMITTEE (In Full)  
**Citizens Who Love Candy PAC**

A. Full Name (Last, First, Middle Initial)  Memo Item  
**Sweet Affairs, Ltd.**

Mailing Address  
**344 Peppermint Place**

City **Sweetspot** State **NJ** Zip Code **00000**

Purpose of Disbursement:  
**Fundraising event planning**

Activity or Event Identifier:  
**Sweeten the Pot**

Allocated Activity or Event:  
 Administrative  Fundraising  Exempt  
 Voter Drive  Direct Candidate Support  
 Public Comm (ref to party only) by PAC

Allocated Activity or Event Year-To-Date  
**10,000.00**

Date **01 / 21 / 2020**

Category/Type

FEDERAL SHARE	+	NONFEDERAL SHARE	=	TOTAL AMOUNT
<b>3,000.00</b>		<b>7,000.00</b>		<b>10,000.00</b>

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3. What do we have to do next?

**Answer: Report transfer from nonfederal account.** Show the amount of the nonfederal transfer for its share of this fundraising expense on Schedule H3.

*Reporting example continues on next page*



# Reporting Payment Allocation

## Step 3: Disclose the Transfer

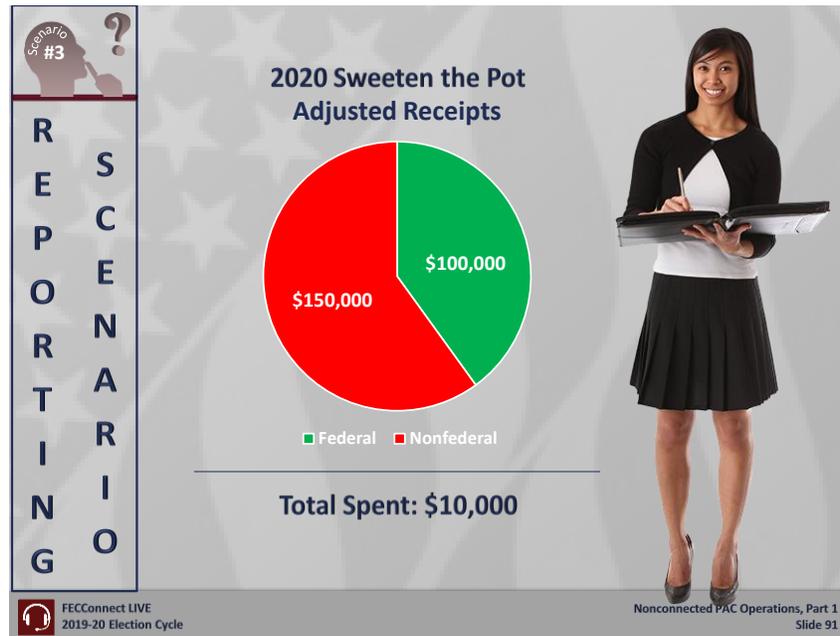
**SCHEDULE H3 (FEC Form 3X)**  
**TRANSFERS FROM NONFEDERAL ACCOUNTS FOR**  
**ALLOCATED FEDERAL / NONFEDERAL ACTIVITY**

PAGE **1** OF **1**  
FOR LINE 18a OF FORM 3X

NAME OF COMMITTEE (In Full) <b>Citizens Who Love Candy PAC</b>		
NAME OF ACCOUNT <b>Citizens Who Love Candy State PAC</b>	DATE OF RECEIPT 01 / 30 / 2020	TOTAL AMOUNT TRANSFERRED <b>7,000.00</b>
BREAKDOWN OF TRANSFER RECEIVED		
i) Total Administrative .....		
ii) Generic Voter Drive .....		
iii) Exempt Activities .....		
iv) Direct Fundraising (List Activity or Event Identifier)		
a) <b>Sweeten the Pot</b>		<b>7,000.00</b>
b) .....		
c) Total Amount Transferred For Direct Fundraising .....		<b>7,000.00</b>



## Task 2: Determining Ratio Adjustments for Allocated Fundraising Expenses



**Background:** If you recall, the event was held on February 14, 2020. So, 56 days after the event, on April 10, 2020, the committee reviews the actual funds received, to determine whether the original ratio reflects the actual funds received by the federal and nonfederal accounts.

The committee determines that they received a total of \$250,000; \$100,000 for the federal account and \$150,000 for the nonfederal account. They spent a total of \$10,000 on the event.

**4. What should the committee do at this point? How long does the committee have to re-estimate and adjust their fundraising ratio?**

**Answer:** The committee has up to 60 days after an event or after the date of a program to adjust the ratio, based on actual funds received, and show the new ratio (40% federal/60% nonfederal) on Schedule H2.

- When the adjustment results in a higher federal percentage than originally estimated (as in this case), transfers must be made from the federal account to the nonfederal account for as long as federal funds are received.
- On the other hand, when the federal percentage becomes lower than originally estimated, transfers from the nonfederal account to the federal account can only be made within 60 days after an event.

*See Reporting Example on Next Page*

Scenario #3 ?

# Reporting Payment Allocation

---

## Step 4: Adjust the Allocation Ratio as Needed

**SCHEDULE H2 (FEC Form 3X)**

**ALLOCATION RATIOS** PAGE 1 OF 1

NAME OF COMMITTEE (In Full)  
**Citizens Who Love Candy PAC**

**RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT ACTIVITIES APPEARING ON THIS REPORT.**

Methods of allocation:

I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.

II. Shared **DIRECT CANDIDATE SUPPORT** activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity. **For PACs Only:** Direct candidate support includes public communications or voter drives that refer to both federal and nonfederal candidates, regardless of whether there is a reference to a political party. Such expenses are allocated using a time/space method.

ACTIVITY OR EVENT IDENTIFIER	FEDERAL %	NONFEDERAL %
<b>Sweeten the Pot (Fundraising event 2/14/20)</b> ACTIVITY IS: <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Direct Candidate Support CHECK IF THE RATIO IS: <input type="checkbox"/> New <input checked="" type="checkbox"/> Revised <input type="checkbox"/> Same as Previously Reported	40.00 %	60.00 %

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5. **How do we calculate the amount to transfer from the federal account to the nonfederal account?**

**Answer:** Apply new federal percentage (40% federal) to total expenditures paid for this event (\$10,000). Since the federal share has increased, you will need to calculate the amount that must be transferred from the federal account to the nonfederal account.

## Calculating Adjustment

- ▣ **Recalculated Federal Share:**

$$\text{\$100,000} / \text{250,000} = \text{40\%}$$

- ▣ **Previous Federal Share = 30%**

- ▣ **Required Transfer = 10% of Expenses**  
*(due to 10% increase in federal share)*

- ▣ **Total Spent on Event = \\$10,000**

$$\text{10\%} \times \text{\$10,000} = \text{\$1,000}$$



- The federal account's percentage under the new ratio is 40%
- The federal account's percentage under the old ratio was 30%
- This is a 10% difference. So the federal account **owes \$1,000 to the nonfederal account** ( $\text{\$10,000} \times \text{10\%} = \text{\$1,000}$ )

**-OR-**

Another way you can determine whether this amount is correct is to calculate the federal account's share using both ratios and transfer the difference. In this case,

- The federal account's share under the new ratio is **\$4,000**.  
( $\text{\$10,000} \times \text{40\%} = \text{\$4,000}$ )
- The federal account's share under the old ratio is **\$3,000**.  
( $\text{\$10,000} \times \text{30\%} = \text{\$3,000}$ )
- So, the federal account **owes \$1,000 to the nonfederal account**  
( $\text{\$4,000} - \text{\$3,000} = \text{\$1,000}$ )

**Background:** The federal account transfers its share of adjusted expenses on April 11.

**6. How do we report that transfer?**

**Answer:** Show reporting of transfer on Schedule H4 as a 100% federal expense.

*See Reporting Example on Next Page*



Scenario #3

# Reporting Adjustment

---

## Adjusted Payment

SCHEDULE H4 (FEC Form 3X)				PAGE 1 OF 1	
DISBURSEMENTS FOR ALLOCATED FEDERAL/NONFEDERAL ACTIVITY				FOR LINE 21a OF FORM 3X	
NAME OF COMMITTEE (In Full) <b>Citizens Who Love Candy PAC</b>					
A. Full Name (Last, First, Middle Initial) <b>Citizens Who Love Candy State PAC</b>			<input type="checkbox"/> Memo Item	Allocated Activity or Event:	
Mailing Address <b>777 Chocolate Tower</b>				<input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
City <b>New York</b>			State <b>NY</b>	Zip Code <b>10000</b>	
Purpose of Disbursement: <b>Ratio Adjustment Transfer</b>				Allocated Activity or Event Year-To-Date <b>10,000.00</b>	
Activity or Event Identifier: <b>Sweeten the Pot (Event date 2/14/20)</b>			Category/Type	Date <b>04 / 11 / 2020</b>	
FEDERAL SHARE		+	NONFEDERAL SHARE		= TOTAL AMOUNT
<b>1,000.00</b>			-----		<b>1,000.00</b>



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**Continue to Monitor Receipts.** Should the committee continue to receive additional federal funds relating to this event, the committee would be required to re-estimate the allocation ratio, adjust the ratio on Schedule H2 and transfer federal funds to the nonfederal account, as appropriate.

### Points to Remember: Reporting Allocated Fundraising Expenses

#### Ratio on Schedule H2

- Use Funds Received ratio based on estimate.
- H2 must be filed with each report that discloses a disbursement for fundraising or direct candidate support activity on H4.

#### Payment on Schedule H4

- Include specific purpose.
- Check appropriate category (fundraising).
- Include unique code or event identifier; make sure it is the same as disclosed on H2.

### Transfer-in of nonfederal share on Schedule H3

- Use appropriate line for type of expense.
- Make sure totals listed for each category match up to bottom of H3.
- Make sure unique code or event identifier is the same as disclosed on H2.

### Debts on Schedule D

- Include contracted-for services.

### After the event or program:

- Continue to monitor receipts and adjust ratio to reflect actual funds received.
- Show new ratio (check revised ratio box and provide date of event).
- Make corrective transfers within 60 days (or afterwards if more federal funds are received).
- Report such transfers on Schedule H4 as 100% federal disbursement if federal share increases; or report transfers on Schedule H3 within 60 days if nonfederal share increases.

**FEC Allocation Rules**

**Court of Appeals opinion in *EMILY's List*:**

- ▣ **Invalidated allocation rules governing:**
  - **Administrative expenses**
  - **Generic voter drives referring to candidates or parties**
  - **Public communications referring to candidates or parties**
- ▣ **Commission repealed those rules**

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#### D. *EMILY's List* case:

##### 1. **Background**

In *EMILY's List*, Court invalidated regulations that governed allocation of federal/nonfederal expenses for administrative costs, generic voter drives referring to candidates or parties, and public communications referring to candidates or parties

## 2. Payment

Committees that choose to pay for any of these expenses with an allocated mix of federal and nonfederal funds may make use of the payment options and transfer provisions at 106.6(e). If a committee chooses to do so, it must also comply with the timing and reporting provisions of that section.

### Objectives

- Identify types of nonconnected PACs and review basic characteristics
- Discuss fundraising rules
- Describe methods of supporting federal candidates
- Highlight key rules on travel and lobbyist bundling

### Workshop Evaluation

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