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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C.

AGENDA DOCUMENT NO. 24-47-A
AGENDA ITEM
For meeting of November 14, 2024

November 7, 2024

MEMORANDUM

TO: The Commission

FROM: Lisa J. Stevenson *NFS for LJS*
Acting General Counsel

Neven F. Stipanovic *NFS*
Associate General Counsel

Robert Knop *RMK*
Assistant General Counsel

Joanna Waldstreicher *JSW*
Attorney

SUBJECT: REG 2024-08 (Untraceable Electronic Payment Methods) Draft NOA

Attached is a draft NOA for REG 2024-08 (Untraceable Electronic Payment Methods). One or more Commissioners have asked for this draft to be made public and placed on the agenda for the Commission's November 14, 2024, Open Meeting.

Attachment

FEDERAL ELECTION COMMISSION

11 CFR Part 112

[NOTICE 2024-XX]

Contributions Through Untraceable Electronic Payment Methods

AGENCY: Federal Election Commission.

ACTION: Notification of Availability of Petition for Rulemaking

SUMMARY: The Commission announces its receipt of a Petition for Rulemaking submitted by Ken Paxton, Attorney General of Texas. The Petition asks the Commission to amend its regulations concerning the use of credit cards to make contributions, to address the potential use of prepaid cards to circumvent contribution amount limitations and source prohibitions.

DATES: Comments must be submitted on or before [insert date 60 days after publication in the *FEDERAL REGISTER*].

ADDRESSES: All comments must be in writing. Commenters may submit comments electronically via the Commission's website at <https://sers.fec.gov/fosers/>, reference REG 2024-08.

Each commenter must provide, at a minimum, his or her first name, last name, city and state. All properly submitted comments, including attachments, will become part of the public record, and the Commission will make comments available for public viewing on the Commission's website and in the Commission's Public Records Office. Accordingly, commenters should not provide in their comments any information that they do not wish to make public, such as a home street address, personal email address, date of birth, phone number, social security number, or driver's license number, or any

1 information that is restricted from disclosure, such as trade secrets or commercial or
2 financial information that is privileged or confidential.

3 **FOR FURTHER**
4 **INFORMATION**

5 **CONTACT:** Robert M. Knop, Assistant General Counsel, or Joanna S. Waldstreicher,
6 Attorney, 1050 First Street, NE, Washington, D.C. 20463, (202) 694-1650 or (800)
7 424-9530.

8 **SUPPLEMENTARY**

9 **INFORMATION:** On October 22, 2024, the Commission received a Petition for
10 Rulemaking (“Petition”) from Ken Paxton, Attorney General of Texas. The Petition asks
11 the Commission to adopt two amendments to its regulations concerning the use of credit
12 cards to make contributions, to address the potential use of prepaid cards to circumvent
13 contribution amount limitations and source prohibitions.

14 The Federal Election Campaign Act (the “Act”) limits the total amount a
15 contributor may contribute to any given political committee.¹ The Act and Commission
16 regulations also prohibit certain persons from making contributions at all.² The Act and
17 Commission regulations further prohibit any person from making a contribution in the
18 name of another person.³ In addition, the Act and Commission regulations require
19 political committees to disclose identifying information from each contributor, including
20 name, address, and – in some cases – the contributor’s occupation and employer.⁴

¹ 52 U.S.C. 30116(a); *see also* 11 CFR 110.1, 110.2.

² 52 U.S.C. 30118, 30119, 30121; *see also* 11 CFR 110.4, 110.9(a), 110.14(c)(2), 114.2, 115.2, 300.10.

³ 52 U.S.C. 30122; *see also* 11 CFR 110.4(b).

⁴ 52 U.S.C. 30104; 11 CFR 104.3, 104.8.

1 The Petition asserts that “there has been substantial public reporting regarding
2 potentially fraudulent transactions on political committee online platforms. Certain
3 platforms appear to facilitate straw donor transactions, where a contributor disguises his
4 identity by attributing his contribution to another, unaware person.”⁵ The Petition further
5 states that “prepaid cards are a favorite tool of fraudsters,”⁶ and that “specific security
6 measures can mitigate this problem,” such as comparing the identifying information
7 supplied by contributors to the name, address, and other billing information on file with
8 the issuer of the credit card used to make the contribution.⁷

9 Accordingly, the Petition states that “new regulations governing electronic
10 payment acceptance and related problems are critical to ensuring the integrity of
11 campaign finance laws.”⁸ The Petition asks the Commission to adopt two amendments to
12 11 CFR 104.14:

- 13 • Amend 104.14(b)(5) to provide that records for contributions made
14 by credit, debit, prepaid, or gift card must include documentation
15 confirming that a cross-check occurred between the contributor's
16 self-reported identifying information with the card issuing
17 institution's own information on the name and billing address of
18 the cardholder.
- 19 • Amend 104.14(e) to provide that contributions cannot be accepted
20 from prepaid or gift cards unless the information from those
21 prepaid or gift cards can be cross-checked with the card issuing
22 institution to confirm the name and billing address required under
23 paragraph (b)(5) of this rule.⁹

⁵ Petition at 1.

⁶ *Id.*

⁷ Petition at 3.

⁸ Petition at 1.

⁹ Petition at 7.

DRAFT

1 The Commission seeks comment on the Petition. The public may inspect the
2 Petition on the Commission’s website at <http://www.fec.gov/fosers/> (reference REG
3 2024-08).

4 The Commission will not consider the Petition’s merits until after the comment
5 period closes. If the Commission decides that the Petition has merit, it may begin a
6 rulemaking proceeding. The Commission will announce any action that it takes in the
7 Federal Register.

8 Dated: _____

9 On behalf of the Commission,

10 Sean J. Cooksey

11 *Chairman,*

12 *Federal Election Commission.*

13 BILLING CODE: 6715-01-P