Proposed Rules on Electronic Filing

On March 27, 1996, the FEC’s proposed rules on electronic filing were published in the Federal Register (61 FR 13465). This rulemaking corresponds to a Congressional mandate to make electronic filing a reality by the start of 1997. (Public Law 104-79; see the February 1996 Record, page 2.) Recent statutory changes enable the FEC to implement electronic filing. The proposed rules address: FEC criteria for accepting electronic reports; procedures for amending electronic reports; and methods for verifying the authenticity of electronic reports. Starting with the first report covering financial activity in 1997, committees filing with the FEC will have the option of doing so elec-
(continued on page 2)

Tips for FEC Filers

Campaign finance reports are public documents that leave an impression on the citizens, reporters and researchers who view them. The FEC is interested in making the disclosure process easy and cost-effective for everyone involved: the public, the filer and the FEC. To this end, we offer the following suggestions.

Filing “Don’ts”

Do not submit multiple copies of a report. Only one copy of a report is needed for disclosure purposes, and the law requires that the treasurer’s original signature be on it. Submitting additional copies is required as a means of assuring a report’s authenticity.

(continued on page 4)

Georgia Primary Moved to July 9

The Georgia primary House and Senate election formerly scheduled for July 16 has been rescheduled for July 9. The filing dates have been revised as follows:

<table>
<thead>
<tr>
<th>Pre-Primary Report</th>
<th>Close of Books</th>
<th>Certified Mail Date</th>
<th>Filing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd Quarter Report</td>
<td>June 19</td>
<td>June 24</td>
<td>June 27</td>
</tr>
<tr>
<td></td>
<td>June 30</td>
<td>July 15</td>
<td>July 15</td>
</tr>
</tbody>
</table>

The if-needed runoff election is still scheduled for August 6; see the January 1996 Record, page 10, for the filing dates.
that have implemented similar electronic filing systems.

The FEC is particularly interested in the filing community’s answers to the following questions:

• What information do you presently store electronically and what computer hardware and software do you use?
• Do you intend to file your campaign financial disclosure reports electronically once the option is available?
• How can electronic filing make disclosure easier for you?
• What problems or concerns do you have with respect to the proposed rules?

Comments must be submitted in writing by May 28, 1996. Comments should be addressed to:
Susan E. Propper
Assistant General Counsel
999 E Street, NW
Washington, DC 20463

The FEC is also developing a set of standardized format specifications for electronic reports. For instance, the FEC is defining the “data fields” that make up the reports and determining how much space should be allocated to each field. Software vendors and FEC filers are encouraged to comment and make suggestions to:
Data Systems Division
Federal Election Commission
999 E Street, NW
Washington, DC 20463

The proposed rules are summarized below. 3

Accepting Electronic Reports
The FEC is developing validation software, which will enable future filers to ensure that their electronic reports meet the requirements of the FEC’s format specifications. The FEC will make this software available to its filers free of charge.

Future electronic filers need to make sure that the FEC can read their electronically submitted reports. The FEC will reject reports that do not conform to the format specifications it is developing. Similarly, the FEC will reject reports submitted on a damaged disk that cannot be read.

At first, electronic filers will be required to submit their reports on floppy disks. Eventually, the FEC plans to accept electronic reports through telecommunications. This will require the FEC to devise a mechanism that can handle a large influx of data during a compressed period with intervening periods of no activity. Filers and other jurisdictions are encouraged to share with the FEC their experiences with telecommunications technology.

Amending Electronic Reports
In order for the FEC to more effectively manage the disclosure program and to ensure that information is filed in a consistent format, the proposed rules would require a committee that has begun to file electronically to continue to do so for all reports covering financial activity in the same calendar year. This would also apply to amendments.

The proposed rules would require electronically filed amendments to include the entire report, and not just the items that were changed from the earlier submission, as is the present practice.

The advantage to this approach is that the complete updated report would be entered into the public record, saving reviewers from having to piece together amendments and earlier submissions. One possible disadvantage, however, is that the amended changes would not be readily apparent.

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3 Refer to the Federal Register notice for the complete rules. The Federal Register notice may be obtained from the FEC’s automated Flashfax system: dial 202/501-3413 and request document 234. Alternatively, call the FEC’s Public Records Office directly at 202/219-4140 or use the FEC’s toll-free line: 800/424-9530. The notice is also posted on the FEC’s World Wide Web home page: http://www.fec.gov.
The FEC encourages comments on the pros and cons of requiring complete, updated reports when amending an earlier submission.

**Signature Requirements**

The treasurer’s original signature must be on all reports submitted to the FEC by a political committee (48-hour notices are the only exception). 2 U.S.C. 434(a)(1) and (c). The original signature is required as a means of verifying a report’s authenticity.

As permitted by Public Law 104-79, the FEC’s proposed rule offers future electronic filers two methods for verifying their campaign financial disclosure reports: electronically filed reports would need to be accompanied by either a signed paper certification or a digitized version of a signed certification on a floppy disk.4

Once the FEC begins to accept reports filed via telecommunications, other verification methods will be introduced (i.e., encryption keys).

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**Legislation**

**FEC Recommends Changes to Election Law**

On April 4, 1996, the FEC sent 50 recommendations for legislative action to the President and the Congress. The recommendations were submitted in three parts.

Part one contained 18 recommendations focused on making it easier for political committees to comply with the law and streamlining the administration of the law. These recommendations included:

- **Waiver authority.** Give the Commission the authority to grant reporting waivers to eliminate unnecessary reporting, and to adjust the filing requirements when warranted.
- **Campaign-cycle reporting.** Eliminate reporting provisions that require campaigns to track contributions on both a calendar-year basis and a per-election basis.
- **Election period limitations.** Replace separate contribution limits for primary and general elections with a single limit for the entire campaign.
- **Commission as sole point of entry for disclosure documents.** Require Senate candidates to file reports with the FEC instead of the Secretary of the Senate. This would save government resources and speed up the public disclosure process.
- **FEC independent authority in all litigation.** Ensure nonpartisan enforcement of the law by explicitly authorizing the Commission to petition the Supreme Court for certiorari under Title 2.

Part two contained 23 recommendations that address problematic areas in the law, such as disclaimer notices and distinguishing official travel from campaign travel. In each case the Commission describes the problem and asks Congress to consider clarifying or reforming the law.

Finally, part three contained nine recommendations that seek to correct outdated or inconsistent portions of the law, such as sections that need to be updated to reflect judicial action.

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4 This would also apply to schedules and forms that require third party signatures. For example, Schedule E and Form 5, used to disclose independent expenditures, must be certified by a notary public. Schedule C-1 and Form 8 require signatures from lenders and creditors, respectively.

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**Budget**

**FEC Requests $30.8 Million for FY ’97**

The FEC is seeking a $30.8 million appropriation for FY ’97. The Clinton administration’s FY ’97 budget proposal contains a $29.3 million appropriation for the FEC. Last year, Congress reduced the FEC’s $29 million budget request for FY ’96 to $26.5 million and set aside $1.5 million of that amount for computer upgrading.

In a justification document submitted to Congress and the White House, the FEC states that the requested funding is needed to meet: Congress’s computer-upgrade demands; the FEC’s new responsibilities associated with the point-of-entry change for House candidate reports; and the increased work load associated with a Presidential election year.

The level of campaign finance activity has exploded in the last few election cycles and continues to grow. The FEC expects political-committee spending to increase from $1.75 billion during the 1994 election cycle to at least $2.25 billion during the 1996 election cycle. This increase in activity will generate more questions for the FEC to answer, more transactions for the FEC to process, more pages of documents for the FEC to review, and more audit and enforcement situations for the FEC to address.

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**Federal Register**

Federal Register notices are available from the FEC’s Public Records Office.

1996-10
11 CFR 104: Electronic Filing of Reports by Political Committee; Notice of Proposed Rulemaking (61 FR 13465, March 27, 1996)
800 Line
(continued from page 1)

sloths down the disclosure process as FEC staff must then compare the reports to make sure they are duplicates before discarding the extra copies.

Do not fax reports. Filers may not fax in their reports because a faxed report will not have the treasurer’s original signature on it. The only exception to the “no fax” rule is the 48-hour notice (because the treasurer’s original signature is optional due to the notice’s time-sensitive nature). Filers who choose to fax in their 48-hour notices do not need to send paper copies as well; doing so offers no benefit and slows down the disclosure process (see above).

Do not file two-sided reports. Reports received by the FEC are run through a scanner/microimager that reads only one side of a page. When double-sided reports are received, FEC staff must photocopy one side of the report, insert these copies between the pages of the original report and then run all the pages through the machine. This slows down the disclosure process.

Do not bind reports. Bound reports must be taken apart before they can be run through the FEC’s scanner/microimager. It is difficult to stamp a microfilm number on pages with holes in the left margin.

Filing “Do’s”

Use the FEC mailing label. The FEC mails prior notices to remind committees of upcoming filing deadlines. Committees should stick the mailing label that comes with the prior notice on their reports. Committees that do not use the label should make sure to enter their committee identification number in the appropriate box.

Type your reports. Reports must be legible. Copy quality suffers the further a photocopy is removed from the original. It is therefore important that the original be as clean, as neat, and as clear as possible. Typed reports are preferred to handwritten reports, but in the alternative reports filled out in ink are preferable to reports filled out in pencil.

Use standard-sized (8 1/2 x 11), white bond paper. Use of another size of paper (i.e. legal size) slows the process, and the scanner/microimager runs best when bond paper is used. Photostatic paper (fax paper) is problematic. Copies come out best when the report is submitted on white bond paper.

Computer-Generated Reports

Filers wishing to use their own computer-generated forms must be sure that their form provides the required disclosure information. These forms must be approved in advance by the FEC’s Reports Analysis Division. Any changes suggested by that office must be incorporated in order to make the form acceptable.

Computer-generated forms should display the same type size, spacing, and page margins used on the official FEC form. Do not reduce the size of the computer-generated form. The FEC recommends this simple test: place the computer-generated form on top of the official FEC form and hold them up to a light; the spacing and type size on the two forms should match up fairly well.

Lastly, filers submitting computer printouts should make sure that the print is dark enough to be legible (filers using dot matrix printers should consider applying double strike to their printouts) and should separate perforated pages.

Special Considerations for House Candidates

Note state and district on the summary page of the report. The FEC files House reports by state and district. House candidate committees should note this information in box 1 of the summary page.

Point-of-entry change. House candidate committees must now file all their campaign disclosure reports with the FEC; they no longer file with the Clerk of the House.2 House candidate committees should not mail complimentary copies of their campaign disclosure reports to the Clerk of the House—the Clerk will only forward them to the FEC and the FEC will discard them.

Note, however, that House candidates must file their personal financial disclosure statement with the Clerk of the House. This report is outside the FEC’s jurisdiction and therefore should not be filed with the FEC.

Court Cases

Albanese v. FEC

On March 12, 1996, the U.S. Court of Appeals for the Second Circuit affirmed the district court’s decision to dismiss this case for lack of standing. See the July 1995 Record, page 8, for a summary of the district court’s ruling.

Plaintiffs challenged the constitutionality of the Federal Election Campaign Act (the Act) on the grounds that it “allows for” the solicitation and use of private funds to finance federal campaigns, thereby allegedly handicapping candidates who are not incumbents, are not wealthy or are not backed by affluent supporters. Plaintiffs also challenged the franking privilege enjoyed by incumbents (39 U.S.C. §3210).

The district court dismissed this case largely because plaintiffs had failed to show that they had suffered

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2 Public Law 104-79 changed the point of entry for House campaign disclosure reports from the Clerk of the House to the FEC. See the February Record, page 1.
an injury caused by the Act. The district court also rejected their arguments that the Act and the franking statute are unconstitutional.

The court of appeals concurred.

U.S. Court of Appeals for the Second Circuit (95-6099), D.Ct. No. CV 94-3299.

Common Cause v. FEC
(94-02104)

On March 29, 1996, the U.S. District Court for the District of Columbia ordered the FEC to reconsider portions of two administrative complaints that the Commission had dismissed (MURs 3087 and 3204).

Background

MURs 3087 and 3204 were based on two separate administrative complaints filed with the FEC in 1990 by Common Cause and John K. Addy. These complaints alleged that the National Republican Senatorial Committee (NRSC) and the Montana Republican Party (MRP) had exceeded their contribution and expenditure limits with respect to Conrad Burns’s 1988 U.S. Senate campaign and had failed to disclose all the contributions and expenditures that they had made on behalf of the candidate.

Under the Act: the MRP’s contribution limit for the Burns campaign was $5,000 (2 U.S.C. §441a(a)(2)(A)); the NRSC’s contribution limit for the Burns campaign was $17,500 (2 U.S.C. §441a(h)); and the NRSC’s 1988 coordinated-party-expenditure limit for the Burns campaign was $92,200 (2 U.S.C. §441a(d)).

The FEC’s Office of General Counsel investigated the matters alleged in the complaints and found evidence that both committees had erroneously reported certain transactions as transfers, administrative costs or exempt volunteer activities when in fact they were contributions and expenditures made in excess of the Act’s limits. Based on this evidence, the General Counsel recommended that the six-member Commission find probable cause to believe that:

• The NRSC and the MRP knowingly and willfully violated the Act when the NRSC transferred funds to the MRP to pay for direct mail materials promoting the Burns campaign;

• The MRP violated the Act when it paid the salary of an MRP employee who worked on the Burns campaign;

• The NRSC violated the Act when it paid for daily polls tracking the progress of the Burns campaign;

• The NRSC violated the Act when it did not charge the Burns campaign for a development of a list of registered voters; and

• The NRSC violated the Act by exercising direction and control over contributions it received in response to a solicitation letter that asked contributors to support Mr. Burns and other Republican candidates, and by not reporting a portion of the solicitation costs as a contribution to the Burns campaign.

At least four of the six FEC Commissioners must approve of an action before the FEC can execute it. Fewer than four FEC Commissioners voted to accept the General Counsel’s recommendations. After further deliberations failed to yield a compromise, five of the Commissioners voted to close this case without taking any action. Subsequent to having their administrative complaints dismissed, Common Cause and Mr. Addy filed suit.

The Court’s Decision

The court stated that it could only order the FEC to reconsider its dismissal of these MURs if it found that the dismissal was arbitrary or capricious or an abuse of discretion. Akins v. FEC. The court reviewed the reasons for the Commissioners’ actions, as articulated in their “statement of reasons.” The court found that Commissioners on both sides of most of the issues involved in these MURs presented well reasoned explanations for their differing interpretations of federal election law; the court let the Commission’s dismissal of these issues stand. The court, however, did not accept the Commission’s reasons for dismissing the following issues.

MRP payments to mailing vendor. Both the NRSC and the MRP had argued that payments for a direct mailing that promoted Mr. Burns’s candidacy were not contributions or expenditures on the candidate’s behalf. The MRP had argued that these payments fell under the volunteer activities exemption at 2 U.S.C. §431(8)(B)(x) and were therefore not contributions. The court noted that this exemption only applied when the purchased materials were distributed by volunteers and not by commercial vendors. 11 CFR 100.7(b)(15)(iv) and 100.8(b)(16)(iv). The Commissioners who voted against finding probable cause assumed that the MRP used volunteers to distribute these materials, but the MRP never produced any documentation that showed that volunteers were used. The court therefore ordered the FEC to reconsider its dismissal of this charge.

MRP salary payments to Burns campaign worker. MRP employee Ken Knudson was paid a salary by the MRP while he was extensively involved in managing and staffing the Burns campaign. The FEC’s General Counsel had determined that the MRP’s salary payments to Mr. Knudson constituted contributions to the Burns campaign. The Commissioners who disagreed with this determination reasoned that payments made to field staff who perform a variety of functions for a variety of persons need not be attributed to any one candidate. They based this reasoning on MUR 3218. The court noted, however, that MUR 3218 states that such salary payments would not constitute a contribution to a candidate’s campaign “absent evidence that [a committee’s] field (continued on page 6)
staff were extensively involved in managing or staffing a particular campaign on an ongoing basis. Since this was precisely what Mr. Knudson had been doing for the Burns campaign, the court found the dismissal of this charge to be arbitrary and capricious and ordered the FEC to reconsider this issue.

Solicitation costs for earmarked contributions. All of the Commissioners agreed that the NRSC had made a contribution to the Burns campaign when it incurred costs associated with the mailing of a letter that encouraged contributors to earmark their contributions to the Burns campaign, among other Republican campaigns. 11 CFR 106.1(c)(1). However, despite this consensus, the Commission failed to take action on this issue because the Commissioners who originally accepted the General Counsel’s probable-cause-to-believe finding refused to separate this issue from the less-clear-cut issue of whether the NRSC had exercised direction and control over these earmarked contributions. In their statement of reasons, these Commissioners explained that they were reluctant to separate these issues because doing so would imply that they rejected the General Counsel’s direction-and-control analysis. The court noted that the General Counsel’s report made separate recommendations with regard to the direction-and-control issue and the solicitation-costs issue. Therefore, the court reasoned, approving one recommendation did not imply rejecting the other. Based on this reasoning, the court found the Commission’s dismissal of the solicitation-costs issue to be arbitrary and capricious. The court ordered the FEC to reconsider its dismissal of this issue.

New Litigation

Clifton, et al. v. FEC

Plaintiffs Robin Clifton and the Maine Right to Life Committee (MRLC) ask the court to declare that the FEC’s regulations governing the use of a corporation’s general treasury funds in the preparation and distribution of voting records and voter guides to the general public are unconstitutional on First and Fifth Amendment grounds and in excess of the FEC’s statutory authority. (The challenged regulations are found at 11 CFR 114.4(c)(4) and (5).) Plaintiffs also ask the court to enjoin the FEC from enforcing these regulations against MRLC. This is the first court challenge to provisions of the corporate communication regulations that took effect on March 13, 1996. See the April 1996 Record, page 1.

MRLC is a nonprofit membership corporation established for the purpose of advocating pro-life stances. MRLC intends to use its funds to create and distribute to its members and the general public voter guides and voting records. Robin Clifton is a Maine voter who wishes to receive this information.

FEC regulations at 11 CFR 114.4(c)(4) and (5) make it illegal for a corporation to distribute voting records or voter guides to the general public if such materials expressly advocate the election or defeat of a clearly identified candidate or if the corporation consults or coordinates with any candidates concerning the content or distribution of such materials. Additionally, at 11 CFR 114.4(c)(5)(ii), the FEC lists guidelines that require, for instance: that corporations preparing voter guides give all candidates for a particular House or Senate seat an

On Appeal?

The FEC voted on whether to appeal the following court decisions. The results of the votes were:

<table>
<thead>
<tr>
<th>Case Description</th>
<th>Appeal?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chamber of Commerce v. FEC (94-5339)</td>
<td>No 1</td>
</tr>
<tr>
<td>Appeals court, D.C circuit, ruled that 11 CFR 114.1(c)(2) —definition of member—was arbitrary and capricious. See the January 1996 Record, page 2.</td>
<td></td>
</tr>
<tr>
<td>FEC v. GOPAC (94-0828-LFO)</td>
<td>No</td>
</tr>
<tr>
<td>District court, D.C., dismissed the FEC’s case against GOPAC; the court ruled that an organization is a political committee if its major purpose is to elect a particular candidate or group of candidates to federal office. See the April 1996 Record, page 1.</td>
<td></td>
</tr>
<tr>
<td>Maine Right to Life Committee v. FEC (95-261-B-H)</td>
<td>Yes</td>
</tr>
<tr>
<td>District court, Maine, ruled that 11 CFR 100.22(b) —definition of express advocacy—exceeded the FEC’s statutory authority. See the April 1996 Record, page 9.</td>
<td></td>
</tr>
</tbody>
</table>

1 The FEC needs the U.S. Solicitor General’s authorization to file a petition for certiorari with the Supreme Court (see FEC v. NRA Political Victory Fund, February 1995 Record, page 1). In this case, the FEC voted not to ask the U.S. Solicitor General for authorization.
equal opportunity to respond; that voter guides not feature one candidate more prominently than others; and that voter guides not contain an electioneering message.

MRLC argues that the regulations are beyond the FEC’s statutory authority because they purport to govern corporate communications that do not expressly advocate the election or defeat of a clearly identified candidate. *FEC v. Massachusetts Citizens for Life.* Further, MRLC argues that the regulations are unconstitutional on First Amendment grounds because they restrict speech based on content and are not narrowly tailored to serve a compelling government interest. The regulations are also unconstitutional on Fifth Amendment grounds, argues MRLC, because they ban the presence of an “electioneering message” without defining what constitutes such a message, thus failing to provide notice of what conduct is prohibited and thereby vesting the FEC with excessive enforcement discretion.


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**Advisory Opinions**

**AO 1995-47**

**Use of Campaign Funds for Travel to Party’s Presidential Nominating Convention**

The Honorable Robert Underwood, Guam’s delegate to Congress who is seeking reelection in 1996, may use campaign funds to pay for his and his wife’s roundtrip travel from Washington, DC, to Chicago to attend the Democratic National Convention that will be held there on August 26-29, 1996. These travel expenses do not constitute a personal use of campaign funds.

The Democratic party bestows the designation of “super delegate” on its party’s representatives in Congress. Super delegates participate in the convention in the same way as other delegates.

Delegate Underwood plans to travel to the Democratic National Convention in his capacity as a “super delegate.” His wife will accompany him “to campaign at the convention.” The Underwoods plan to return to Washington, DC, directly after the convention.

The proposed use of campaign funds to pay for this travel raises issues with regard to the FEC’s personal use rules: campaign funds may not be converted to the personal use of the candidate or of any other person. 11 CFR 113.1(g) and 113.2(d).

Personal use is defined at 11 CFR 113.1(g) as any use of campaign funds for an expense that would exist irrespective of the candidate’s campaign or duties as a federal officeholder.

Delegate Underwood and his wife will engage in activities that further his reelection campaign, including maintaining contacts and goodwill with persons who will assist him in his fundraising efforts and contribute to his campaign, and discussing his campaign with his constituents. Delegate Underwood considers his wife’s attendance at these events, whether alongside him or in his place, to be important, since her presence will enhance his reelection effort. Therefore, the Underwoods’ attendance at the convention is campaign related, and campaign funds may be used to cover their travel expenses to and from the event. 1 Relevant to this conclusion is the inherently political nature of the national nominating convention.

Date Issued: March 29, 1996;
Length: 4 pages.

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**AO 1996-1**

**Corporate Partisan Communications**

The Association of Trial Lawyers of America (ATLA) may communicate its endorsement of candidates to its members. ATLA may also encourage its members to support ATLA-endorsed candidates by bestowing honorific designations on generous contributors.

**Background**

ATLA is a federation of trade associations comprised of trial attorneys, law professors, judges, military attorneys, government attorneys and law students.

ATLA wishes to encourage its members to make contributions to ATLA-endorsed federal candidates. To this end, ATLA proposes sending its members a communication that lists the candidates and party committees it endorses. This list would include the mailing addresses of the endorsed committees and instruct members to mail their contributions to the committees directly and not to ATLA headquarters. ATLA does not intend to provide its members with the envelopes or stamps to mail their contributions, or otherwise facilitate the transmittal of its members’ contributions.

ATLA also wishes to establish honorific designations, which would be bestowed on ATLA members who contributed certain amounts to endorsed candidates or party committees.

**The Communication**

ATLA’s proposed communications and the use of honorific designations to encourage contributions closely resemble partisan communications proposed by...
Advisory Opinions
(continued from page 7)

another federation of trade associations in AO 1987-29. The communications proposed in AO 1987-29 were found to be permissible.

ATLA’s proposed communications differ from the AO 1987-29 communications in that they will be more frequent and they will suggest levels of contributions. These are not material differences, however, and so ATLA’s proposed communications are permissible.

Two characteristics of ATLA’s proposed communications were key to this determination: ATLA’s program does not facilitate the making of contributions and ATLA members will not suffer adverse effects should they decide not to participate in the program.

Earmarking Issues

ATLA asked whether its members could send their contributions to another ATLA member serving as an authorized agent of an ATLA-endorsed political committee. The Commission could not reach the required four-vote consensus on whether this arrangement constituted impermissible corporate facilitation under 11 CFR 110.6(b)(2) and 114.2(f)(2).

Coordination Issues

ATLA intends to communicate with candidates before endorsing them to determine, for instance, their stand on certain issues. Should ATLA’s communication with a candidate’s campaign include a discussion of the candidate’s plans, projects or needs, ATLA’s ability to make political communications to the general public would be compromised. Communicating with the candidate beyond what is permitted by 11 CFR 114.3 might be considered evidence of coordination that would negate the independence of a future election communication to the general public. 11 CFR 109.1(b)(4) and 114.2(c).

Coordination would also be presumed in the case of an expenditure made by or through an ATLA member who is or has been an officer of an authorized committee, or who is or has been receiving any form of compensation or reimbursement from the candidate, the candidate’s committee or an agent of the committee. 11 CFR 109.1(b)(4).

Further, coordination would be presumed if someone who held a significant position in a candidate’s campaign were involved in the planning and execution of ATLA’s and ATLAPAC’s political programs.

Date Issued: March 29, 1996;
Length: 7 pages.

AO 1996-4
Public Funding Shortfalls And Bridge Loans

Lyndon LaRouche’s 1996 Presidential campaign asked the FEC for guidance with regard to a number of issues related to the 1996 public funding shortfall. (See: the January 1996 Record, page 13; the November 1995 Record, page 1; and the February 1995 Record, page 2.) These issues included:

• Obtaining a bridge loan from a lending institution by pledging future matching payments and ensuring the institution’s receipt of such payments;

• Assuring the lending institution of loan repayment with delayed matching funds even if Mr. LaRouche were to lose his eligibility to receive matching funds; and

• A loan from Mr. LaRouche’s 1992 Presidential campaign to his 1996 campaign.

Obtaining a Bridge Loan

Mr. LaRouche may pledge future matching funds to obtain a campaign loan from a qualified lending institution. The lending institution should obtain a written agreement whereby the candidate pledges the future matching fund payments. The amount of the loan cannot exceed the amount of pledged matching payments. The loan amount must also be based on a reasonable expectation of the receipt of pledged payments and the provision of supporting documents. Mr. LaRouche must authorize the Secretary of the Treasury to deposit his future matching fund payments into an account opened specifically to receive these payments and to which the lending institution has access. 11 CFR 100.7(b)(11)(i)(B).

Receipt of Previously Certified Payments After Candidate’s Loss of Matching Fund Eligibility

A Presidential primary candidate who is certified to receive matching funds is at risk of losing his or her eligibility if he or she participates in a party’s primary process and receives less than 10 percent of the vote in primary elections held on two consecutive primary dates. (The highest percentage in any one state will govern.) A candidate in that situation must garner at least 20 percent of the vote in a subsequent primary election in which he or she vies for the same party’s nomination in order to maintain his or her public funding eligibility. 11 CFR 9033.5(b).

Normally, candidates receive matching funds about a month after their submissions have been certified. Due to the public funding shortfall, however, 1996 candidates have received only a portion of their matching fund entitlements. Should Mr. LaRouche lose his eligibility in the course of the primary season, he will not receive the balance of his outstanding entitlement unless his campaign has a net debt. If his campaign has net outstanding campaign obligations (NOCO), he will receive matching funds equaling the previously certified, but

1 This is described more fully in AOR 1996-1.
unpaid, amounts or the NOCO amount, whichever is less. 11 CFR 9034.1, 9036.4(c)(2) and 9034.5(f).

For instance, let us assume that Mr. LaRouche loses his matching fund eligibility on March 30. Let us also assume that, as of that date, the LaRouche campaign has not received $350,000 of Mr. LaRouche’s entitlement and that the campaign has net obligations of $275,000 for qualified campaign expenses. Under these circumstances, the LaRouche campaign may receive only $275,000 of the $350,000 unpaid entitlement.

Therefore, one way to provide some assurance to the lending institution that the matching payments will be made is for the campaign to obtain the loan before the candidate becomes ineligible for public funds. In that way, the obligation to repay the bank loan becomes part of the committee’s debt, as shown on its NOCO statement to the FEC.

Mr. LaRouche’s campaign committee needs to be aware, however, that the loan proceeds may be used only to repay debts incurred as a result of either qualified campaign expenses prior to the candidate’s date of ineligibility, or winding down costs after the candidate’s date of ineligibility. Loan proceeds used to continue the campaign after the date of ineligibility will not be included in the NOCO total, and matching funds may not be used to repay that part of the loan. The committee will be audited by the FEC at campaign’s end and will be required to make a pro rata repayment of matching funds for any nonqualified campaign expenses it incurred in the course of the campaign.

Loan From 1992 Campaign

The LaRouche 1996 campaign committee proposed obtaining a loan from the LaRouche 1992 campaign committee, instead of from a financial institution, and securing such a loan with the prospective receipt of previously certified matching funds. Such a transaction is in effect a “transfer” instead of a “loan.”

Candidates may transfer funds without limit from a past campaign to a present campaign provided the candidate is not seeking election to more than one federal office and the transferring committee has no outstanding debts. 11 CFR 110.3(c)(4) and 116.2(c)(2). Additionally, publicly funded Presidential campaigns must also fulfill their other obligations (e.g. matching fund repayments) before they can make such a transfer. AOs 1988-5 and 1990-11. Mr. LaRouche’s 1992 campaign committee has satisfied its relevant obligations and may therefore loan its excess funds to Mr. LaRouche’s 1996 campaign committee. The 1996 committee must deposit the matching funds it receives into its own account before using them to repay the 1992 committee for the loan.

Date Issued: March 14, 1996; Length: 7 pages. ♦

AO 1996-5 Refunding Illegal Contributions

The Jay Kim for Congress committee, having learned that it received $10,000 in corporate contributions made in the name of corporate employees, must disgorge itself of this amount within 30 days of discovering the illegality. 11 CFR 103.3(b)(2). Alternatively, political committees may submit a payment equal to the illegal contributions to the U.S. Treasury. MUR 3460.

Accordingly, the Jay Kim for Congress committee must, within 30 days of receiving this advisory opinion, either refund $10,000 to Samsung America or submit a $10,000 payment to the U.S. Treasury.

This advisory opinion did not address issues concerning the liability of the committee, the candidate or any other person with regard to the acceptance of illegal contributions. Those issues can only be considered in an enforcement action (a.k.a. Matter Under Review (MUR)).

Date Issued: March 14, 1996; Length: 4 pages. ♦

AO 1996-7 Public Funding Certifications

Harry Browne, a candidate for the Libertarian party’s 1996 Presidential nomination, may not apply to be certified to receive matching funds under the circumstances described in his request.

(continued on page 10)
**Advisory Opinions**

(continued from page 9)

Mr. Browne wished to be certified for public funds without actually accepting public monies. Libertarians are ideologically opposed to the public funding of Presidential campaigns, but some states require a public funding certification for ballot access and some organizations use the certification as a criterium for deciding whom to invite to participate in a debate or to give a talk. Mr. Browne therefore wished to be certified but did not wish to compromise the principles of the Libertarian party; he asked the FEC if it would review his threshold submission with the understanding that he would not accept public funds and would therefore not be subject to the requirements at 26 U.S.C. §9033(a).

In order to be eligible to receive matching funds, a candidate must agree in writing that, upon the FEC’s request, he or she will obtain and furnish documents, records, books and information, and will submit to an FEC audit at campaign’s end. 26 U.S.C. §9033(a). Agreeing to undergo the certification process solely for the purpose of satisfying criteria for participating in other campaign events without actually intending to accept the funds or be bound by the conditions at §9033.1 does not satisfy the written-assent requirement. 26 U.S.C. §9033(a) and 11 CFR 9033.1(a)(2).

Date Issued: March 29, 1996; Length: 3 pages. ◆

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**Advisory Opinion Requests**

Advisory opinion requests are available for review and comment in the Public Records Office.

**AOR 1996-8**

Establishing building fund for local party committee (Jefferson County (KY) Democratic Executive Committee; March 13, 1996; 3 pages)

**AOR 1996-9**

Transfer of excess campaign funds to state party committee with stipulation that funds be used, in part, to create library to house candidate’s papers (Senator James Exon; March 25, 1996; 2 pages)

**AOR 1996-10**

PAC solicitation of employees participating in employee stock ownership plans (USX Corporation PAC; March 25, 1996; 6 pages plus 72-page attachment)

**AOR 1996-11**

Noncampaign appearances of candidates at convention of membership organization (National Right to Life Conventions, Inc.; March 25, 1996; 6 pages plus 7-page attachment)

**AOR 1996-12**

Criteria used to determine whether specific disbursements are qualified Presidential campaign expenditures (Dr. Lenora B. Fulani; March 26, 1996; 6 pages plus 15-page attachment)

**AOR 1996-13**

Space in townhouse owned by limited liability company donated or rented to campaign committees (Townhouse Associates, L.L.C.; April 2, 1996; 2 pages plus 15-page attachment)

**Alternative Dispositions of Advisory Opinion Requests**

**AOR 1996-6**

The Commission could not reach agreement by the required four-vote majority on draft AO 1996-6 (see agenda document 96-33). This request, submitted by Barrick Goldstrike Mines, Inc., raised issues related to the establishment of a PAC by a domestic subsidiary of a foreign corporation. ◆

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**Public Funding**

**March Tax Receipts End Public Funding Shortfall**

Public funding tax checkoff receipts and repayments from past Presidential campaigns totaled $16,459,323 for the month of March, exceeding the April 15 payout demand of $16,043,920 by a little more than $400,000. Certified 1996 Presidential candidates therefore received their full entitlements, including amounts that had been owed to them from previous matching fund payouts.

Candidates had not been receiving their full entitlements due to a public funding shortfall. (See page 13 of the January 1996 Record.) Instead, all certified candidates were receiving the same percentage of their entitlement, based on the monies available at the time of the payout. The U.S. Treasury made unscheduled payouts to lessen the impact of the shortfall.

The April 15 payout is the fifth matching fund disbursement of 1996. Previously, the U.S. Treasury made the following disbursements:

- March 15: $7,072,308 in matching funds to 11 certified Presidential candidates, representing 35 percent of each candidate’s unpaid entitlement as of that day.
- February 13: $550,538 in matching funds to 10 certified Presidential candidates, representing 3 percent of each candidate’s unpaid entitlement as of that day.
- February 2: $198,013 in matching funds to 10 certified Presidential...
Motor Voter

New National Mail Voter Registration Form

The National Mail Voter Registration Form has been revised to reflect changes in the registration procedures of some states and to note address changes for some state offices. This form allows citizens to register to vote by mail and offers them greater flexibility in the times and places they can register to vote. For example, residents of most states who are away from home can register to vote in their home districts by simply filling out the national voter registration form and mailing it to the address listed on the form for their state’s election office.

Below are answers to some commonly asked questions about the form.

Where can I get the form?

To obtain the form, contact your state’s chief election official—this often is the Secretary of State but may be the State Board of Elections or the Lieutenant Governor.

The form is also available on-line from the FEC’s World Wide Web site: http://www.fec.gov. On-line registration is not available, but computer users may download this image of the form and then print out a copy on regular stock paper, fill it out and mail it in. The following 22 states accept downloaded copies or photocopies of the form: Alabama, Alaska, Arizona, California, Colorado, Hawaii, Iowa, Kansas, Louisiana, Michigan, Minnesota, Montana, Nebraska, New Jersey, New York, Oklahoma, Pennsylvania, South Carolina, Texas, Utah, Washington and Wisconsin. All other jurisdictions require the postcard-weight, original application.

The FEC does not distribute hard copies of the form. However, the

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Motor Voter
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FEC’s Clearinghouse Division (call 800/424-9530 or 202/219-3670) will provide, upon request, camera-ready copy and print specifications for the form, which may be used to print copies in bulk.

Do all states accept the form?
Wyoming is the only state that does not accept the national mail voter registration form. Illinois, Kansas and Mississippi accept the form, but only to register for federal elections. New Hampshire and Vermont town and city clerks will forward their state’s mail-in registration form to persons who submit the national form to them. North Dakota does not require its residents to register to vote. All other states and the District of Columbia accept the form unequivocally.

Is the form available in other languages besides English?
The form is available in Spanish, Chinese, Japanese, Vietnamese and Tagalog (Philippine), as well as in English.

Statistics

'96 Congressional Candidates Raise $185 Million in '95
Candidates for 1996 House and Senate seats raised $184.9 million in 1995, according to financial disclosure reports filed with the FEC. This sum represents a $14.2 million increase over receipts in 1993, the midpoint of the 1994 election cycle.
Fundraising by House candidates accounted for this increase. Senate candidates, on the other hand, raised $8.8 million less than they did in 1993. Comparisons of Senate races between cycles are difficult, however, due to differences in the states involved.
Individuals continue to be the largest source of campaign funds. Individual contributions account for $106.2 million of the $184.9 million total. PACs were the next largest source of campaign funds, contributing $54.5 million of the 1995 total.
A March 13 FEC news release contains these and other data on Congressional financial activity in 1995. To obtain a copy of this release, contact the Office of Public Disclosure (800/424-9530 or 202/219-4140) or use the automated Flashfax system (202/501-3413) and request document 530. The latest available figures are on the FEC’s World Wide Web site: http://www.fec.gov.
The accompanying graph is based on data contained in the news release.

Republican and Democratic Parties Set Fundraising Record in ‘95
Republican and Democratic national party committees raised record amounts of money during 1995. FEC disclosure reports covering financial activity from January 1 through December 31 show that the Republican National Committee, the National Republican Senatorial Committee and the National Republican Congressional Committee raised a total of $96 million for their federal accounts, representing a 27 percent increase over 1991, the year before the last Presidential race. The Democratic National Committee, the Democratic Senatorial Committee and the Democratic Congressional Committee raised $52 million in 1995 for their federal accounts, more than twice what they raised in 1991.
With regard to “soft money,” the Republican national committees raised $35.3 million while their Democratic counterparts raised $28.5 million, increases of 148 percent and 42 percent over their respective totals in 1993.
This information and more is contained in a March 13, 1996, FEC news release. To obtain a copy of this release, contact the Office of Public Disclosure (800/424-9530 or 202/219-4140) or use the automated Flashfax system (202/501-3413) and request document 531. The latest available figures are on the FEC’s World Wide Web site: http://www.fec.gov.
The accompanying graph is based on data contained in the news release.

Congressional Receipts at Election Cycle Mid-Points, 1987-1995

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1 “Soft money” refers to funds raised and spent outside the limits and prohibitions of federal election law. This includes contributions that exceed federal limits and that were made with corporate and/or labor organization treasury funds. Such contributions may not be used in connection with federal elections, but may be used for other purposes.
National Party Committees: Federal Account Receipts From Individuals and PACs in 1993 and 1995

Each bar below represents individual and PAC receipt totals only (other receipts are not included), as reported by the three national committees of each major party. For the Democrats, this includes the Democratic National Committee, the Democratic Senatorial Campaign Committee and the Democratic Congressional Campaign Committee. For the Republicans, this includes the Republican National Committee, the National Republican Senatorial Committee and the National Republican Congressional Committee. Nonfederal account receipts (soft money) are not included.

Publications

1996 Combined Federal/State Disclosure Directory Now Available

The 1996 edition of the Combined Federal/State Disclosure Directory is now available. The directory lists the state and federal offices responsible for public disclosure of reports and for dispensing information on the following topics:

- Campaign finance
- Personal finances of candidates and officials
- Public financing
- Spending on state initiatives and referenda
- Lobbying
- Candidates on the ballot
- Election results
- Accessibility to polling places
- Election-related enforcement actions
- Corporate registrations

In addition, the directory notes which state offices have on-line access to the FEC’s data base and which have their data bases on-line as well.

The directory includes addresses, phone numbers and fax numbers for each office, and also identifies staff who are knowledgeable in the subject areas. For the first time, the directory also includes Internet addresses for the state offices that have them.

Limited copies of the printed directory are available free of charge from the FEC’s Public Records Office. The directory is also available on Macintosh and IBM formatted 3.5 inch disks for $5. To obtain a copy, call 800/424-9530 (press 3 on the menu) or 202/219-4140.

The FEC Now Takes Visa and Mastercard

FEC customers can now pay for FEC materials with Visa or Mastercard. Most FEC materials are available free of charge, but some are sold, including financial statistical reports ($10 each), candidate indexes ($10) and PAC directories ($13.25). The FEC also has a 5¢ per page copying charge for paper documents and a 15¢ per page copying charge for microfilmed documents.

Paying by credit card has its advantages. For instance, since the FEC will not fill an order until payment is received, using a credit card speeds delivery by 4 to 5 days.

Visitors to the FEC’s Public Records Office will also be able to make payments by credit card. Regular visitors, such as researchers and reporters, who in the past have paid for FEC materials out of their own pockets, may now make payments with a company credit card.

The new credit card payment system also reduces costs and paperwork associated with check processing, enabling FEC staff to better serve the walk-in visitor.
**Information**

**Federal Information Relay System Aids Persons With Hearing and Speech Impairments**

Individuals with speech and hearing impairments may communicate with federal agencies through the Federal Information Relay System (FIRS). FIRS relays calls between individuals with hearing and speech impairments and government agencies. The system enables federal employees to conduct business more effectively with individuals with hearing and speech difficulties. FIRS also broadens employment and advancement opportunities for the hearing and speech impaired community by providing them access to the Federal Telecommunications System.

The system works this way: A TDD/voice user calls FIRS and gives the agent the phone number to be called. The agent makes the call on a separate line. The conversation can then begin. The agent reads aloud the words of the TDD user and keyboards the words of the voice user.

Here are some tips for using FIRS. Before calling FIRS, have the phone number that you want to call ready. When the agent answers, give him or her the area code and number. When the agent connects your call, direct your conversation to the voice/TDD user as if the agent were absent. Do not direct any comments to the agent during your conversation because these comments will be relayed as well. If you are a voice user, speak in a slow and clear manner. When leaving a message, you may also want to indicate that you are calling through FIRS.

Both TDD and voice users may initiate calls through FIRS by calling 1-800-877-8339. The hours of operation are from 8 a.m. to 8 p.m., Monday through Friday.

**Compliance**

**California and Texas Primary Nonfilers**

The Brink for Congress committee was the only candidate committee that failed to file a 1996 pre-election report for California’s March 5 House primary election. This committee served as Benjamin Brink’s principal campaign committee in his run for the U.S. House seat representing California’s 14th district. See the FEC news release of March 22, 1996.

The Victor Morales for Senate Campaign committee was the only candidate committee that failed to file a 1996 pre-election report for Texas’ April 9 Senate primary election. See the FEC news release of April 5, 1996.

The FEC is required by law to publicize the names of nonfiling candidates. 2 U.S.C. §438(a)(7). The FEC pursues enforcement actions against nonfilers on a case-by-case basis.

**MURs Released to the Public**

Listed below are summaries of FEC enforcement cases (Matters Under Review or MURs) recently released for public review. This listing is based on the FEC news releases of March 25 and April 4, but it does not include the 31 MURs in which the Commission took no action. Files on closed MURs are available for review in the Public Records Office.

**MUR 3998**

**Respondents:** (a) David Duke for U.S. Senate Committee, James A. McPherson, treasurer (LA); (b) various individuals (CA, IL, KY, LA, OH, PA and WI)

**Complainant:** FEC initiated (Audit)

**Subject:** Excessive contributions; transfer from candidate’s nonfederal account containing prohibited funds; failure to properly itemize contributors; failure to maintain records of persons contributing in excess of $50; failure to promptly dispose of cash contributions over $50

**Disposition:** (a) $15,000 civil penalty; reason to believe, but took no further action (failure to maintain records of persons contributing in excess of $50 and to promptly dispose of cash contributions over $50); (b) $4,650 in total civil penalties ranging from $300 to $700 for nine individuals; probable cause to believe, but took no further action for two individuals; reason to believe, but took no further action for seven individuals (excessive contributions); sent admonishment letters to all individuals

**MUR 4022**

**Respondents:** Murkowski ’98, Donna Pagano Murray, treasurer (AK)

**Complainant:** FEC initiated (RAD)

**Subject:** Foreign national contribution; corporate contribution; excessive contributions; failure to accurately report receipts as designated for primary/general election

**Disposition:** $7,500 civil penalty; respondents to refund outstanding excessive contributions, including those not properly redesignated, or donate like amounts to charitable or educational entity; and amend previously filed reports to correct inaccuracies

**MUR 3968**

**Respondents:** (all in MO):
(a) Steven R. Carroll; (b) Missourians for Carroll, John E. Bardgett, Sr., treasurer; (c) Kenneth A. Carroll; (d) Rheyma J. Carroll

**Complainant:** Todd Spencer Ransom (MO)

**Subject:** Excessive contributions; exceeding the annual $25,000 contribution limit; failure to file statement of candidacy timely

**Disposition:** (a-d) $38,000 civil penalty
MUR 4281
Respondents: Hispanic PAC USA, Inc., Dennis Rivera, treasurer (NY)
Complainant: FEC initiated (RAD)
Subject: Failure to file disclosure reports timely
Disposition: $3,400 civil penalty

MUR 4301
Respondents: MID-PAC, Anton A. Weiss, treasurer (NY)
Complainant: FEC initiated (RAD)
Subject: Failure to file disclosure report timely
Disposition: $500 civil penalty

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The first number in each citation refers to the “number” (month) of the 1996 Record issue in which the article appeared. The second number, following the colon, indicates the page number in that issue. For example, “1:4” means that the article is in the January issue on page 4.

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Back Issues of the 1996 Record Now Available on the Internet

This issue of the Record and all other 1996 issues of the Record are now available through the Internet as PDF files. Visit the FEC’s World Wide Web site at http://www.fec.gov and click on “What’s New.” Future Record issues will be posted here as well.
Change of Address

Political Committees
Treasurers of registered political committees automatically receive the Record. A change of address by a political committee (or any change to information disclosed on the Statement of Organization) must, by law, be made in writing on FEC Form 1 or by letter. The treasurer must sign the amendment and file it with the Secretary of the Senate, the Clerk of the House or the FEC (as appropriate) and with the appropriate state office.

Other Subscribers
Record subscribers who are not registered political committees should include the following information when requesting a change of address:
• Subscription number (located on the upper left corner of the mailing label);
• Subscriber’s name;
• Old address; and
• New address.

Subscribers (other than political committees) may correct their addresses by phone as well as by mail.