Commission Sends Annual Legislative Recommendations to President and Congress

On March 25, 2005, the Commission transmitted to the President and Congress its annual recommendations for changes to the Federal Election Campaign Act. Of the 16 recommendations transmitted, the Commission identified as high priority:

- Adding the FEC to the list of agencies authorized to issue immunity orders under 18 U.S.C. §6001(1);
- Increasing the record retention period from three to five years under 2 U.S.C. §432(d);
- Providing that any person may later be named a respondent if that person is found, during an enforcement action, to have aided or abetted another party in violating the Act (if passed into law, this would be new section 2 U.S.C. §441j);
- Making the administrative fine program permanent under 2 U.S.C. §437g; and
- Requiring Senate candidates to file electronically at the same thresholds as House and Presidential campaign committees under 2 U.S.C. §§432(g) and 434(a)(11).

Notice of Proposed Rulemaking on Internet Communications

On March 24, 2005, the Commission approved a Notice of Proposed Rulemaking (NPRM) seeking comments on a proposed rule to define paid Internet ads as “public communications.” The NPRM also republishes and invites comments on the current definition of “generic campaign activity.” These actions are in response to the U.S. District Court for the District of Columbia’s recent decision in Shays v. FEC, which held that the current definitions of “public communication” and “generic campaign activity” impermissibly exclude all Internet communications.

The proposed addition of paid Internet ads to the definition of “public communication” would affect all other Commission rules that incorporate the term “public communication.” In addition to the definition of “generic campaign activity,” these would include rules governing state, district and local party committees and disclaimers.

The NPRM also invites comments on proposals to:

- Modify the Commission’s rules concerning which Internet communications require disclaimers;

(continued on page 2)
Legislation
(continued from page 1)

Some of the other 11 recommendations in the legislative package include stabilizing the Presidential Public Funding Program and indexing for inflation both the limit on contributions by one authorized committee to another and the contribution limits applicable to multicable political committees. Other recommendations address issues that arose when rules were implemented for the 2003-2004 election cycle under the Bipartisan Campaign Reform Act of 2002, including recommendations to:

• Eliminate the requirement that candidates disclose on their Statement of Candidacy the amount by which they intend to exceed the personal spending threshold under the Millionaires’ Amendment at 2 U.S.C. §§434(a)(6)(B) and 441a-1(b); and
• Modify the definition of “federal election activity” to allow state, district and local party committees to compensate an employee in biweekly, semimonthly or monthly periods when he or she spend more than 25 percent of his or her time in connection with a federal election, under 2 U.S.C. §431(20)(A)(iv).


—Amy Kort

Regulations
(continued from page 1)

• Add new rules specifically excepting certain volunteer activity on the Internet from the definitions of “contribution” and “expenditure”; and
• Expressly exempt from the definitions of “contribution” and “expenditure” certain media activity over the Internet.

The rules proposed in the NPRM are intended primarily to ensure that political committees properly finance and disclose their Internet communications, without impeding individual citizens from using the Internet to speak freely regarding candidates and elections.

Definition of “Public Communication”

The proposed rule would amend the definition of “public communication” at 11 CFR 100.26 to include paid Internet ads placed on another individual’s or entity’s web site as a form of “general public political advertising.” The Commission invites comments on this proposal and asks whether it is appropriate to include only Internet ads that are placed for a fee. Should “general public political advertising” also include ads where the space was provided for something of value other than a monetary payment, such as through an exchange of comparable advertising? Should the Commission additionally amend its regulation to explicitly state that “bloggers” are not included in the “public communication” definition?

Party Committee Web Sites

State, district and local party committees must use entirely federal funds to pay for public communications that promote, attack, support or oppose (PASO) a clearly identified federal candidate. 2 U.S.C. §431(20)(A)(iii) and 11 CFR 100.24(b)(3). The proposed rule would still allow these party committees to reference federal candidates on their official sites without automatically federalizing the year-round costs of maintaining the site. The Commission seeks comments on this approach, as well as on whether the costs of a web site that includes a public communication that PASOs a candidate could be paid in part with nonfederal funds and how an allocation ratio could be determined.

Disclaimers

Currently, the Commission’s disclaimer rules apply to any “public communication,” which in the context of disclaimers includes more than 500 substantially similar unsolicited emails sent within any 30-day period and political committee web sites that are available to the general public. 11 CFR 110.11(a). The Commission proposes to add a definition of “unsolicited email” to the rule that focuses on whether the email addresses were acquired through a commercial transaction. The Commission seeks comments on this approach, asking whether the definition should include a minimum cost for obtaining the email address and whether there is a more appropriate definition of “unsolicited email.”

The Commission also proposes to apply the proposed expansion of the definition of “public communication” at 11 CFR 100.26 to the disclaimer requirements. As a result, an ad placed for a fee on another person’s web site would require a
disclaimer if it expressly advocated the election or defeat of a federal candidate or solicited contributions.

**Bloggers Paid by Candidates**

The Federal Election Campaign Act (the Act) and Commission regulations require a political committee to report disbursements to the Commission, including any disbursement made to a blogger, and the Commission makes these reports publicly available. The Commission does not, therefore, propose to change the disclaimer rules to require bloggers to disclose payments from a candidate, a campaign or a political committee. The Commission asks whether this approach is appropriate and whether, in the alternative, a blogger could or should be required to disclose payments.

**Coordinated Communications**

Under the proposed expansion of the definition of “public communication” at 11 CFR 100.26, certain Internet ads could be considered “coordinated communications” (and thus in-kind contributions to the candidate or committee) if they are:

- Placed on another person’s or entity’s web site for a fee; and
- Coordinated with a candidate, campaign committee or party committee. 11 CFR 109.21.

The proposed rules would continue to exempt from the definition of “coordinated communication” ads that are created by outside vendors for a fee but placed on the payor’s own web site—including the web site of a corporation or other prohibited source. The rules would also continue to exempt from the coordinated communication rules ads that are placed on a prohibited source’s web site for free, even though a fee would normally be charged. The Commission asks whether this is an appropriate approach and whether any of the Commission’s other rules already regulate this type of activity.

**Dissemination, distribution or republication of campaign material.**

A person who finances a public communication that disseminates, distributes or republishes, in whole or in part, campaign-prepared materials may, under certain circumstances, be found to have made a coordinated communication under the current regulations. 11 CFR 109.21(c)(2). Changes to the definition of “public communication” would expand the reach of this regulation to include certain Internet ads placed for a fee on another entity’s web site, but would not affect content placed by an individual on his or her own web site, blog or email. The Commission asks whether it should specifically exempt all dissemination, distribution or republication of campaign material on the Internet.

**Media Exemption**

Under the Act, a news story, commentary or editorial distributed through the facilities of a broadcasting station, newspaper, magazine or other periodical publication is not considered an “expenditure” unless the facilities are owned or controlled by a political party, political committee or candidate. 2 U.S.C. §431(9)(B)(i). This “media exemption” assures that newspapers, television stations and other media can freely cover and comment on political campaigns. The Commission proposes to amend its regulations to make clear that any media activities that otherwise would be entitled to the “media exemption” are likewise exempt when they are transmitted over the Internet. 2 U.S.C. §431(9)(B)(i). The Commission requests comments on this proposal and asks whether the exemption should be limited to the Internet activities of media entities that are covering or carrying a news story, commentary or editorial and/or to media entities that also have off-line operations. Additionally, the Commission asks whether bloggers and/or on-line forums should be entitled to this exemption. Does it make any difference under the statute if a blogger receives compensation or any other form of payment from any candidate, political party or political committee for his or her editorial content? Would such a payment mean that the blogger is “controlled” by a candidate or party committee and, thus, not entitled to the press exemption under 2 U.S.C. §431(9)(B)(i)?

**Definition of “Contribution” and “Expenditure”**

The Commission proposes to create exceptions from the definitions of “contribution” and “expenditure” for certain individual or volunteer Internet activity. Under these proposed rules, an uncompensated individual acting independently or as a volunteer would not make a contribution or expenditure simply by using computer equipment or Internet services to engage in Internet activities for the purpose of influencing a federal election. The proposed rule would apply to computers and other facilities that the individual would ordinarily have access to—including those provided at a public library or school—but would not permit someone to purchase this equipment for the sole purpose of allowing another person to participate in volunteer activity. The purchase of mailing lists, including email lists, for the purpose of forwarding candidate and political committee communications would continue to be considered an expenditure. Likewise, the exceptions would not apply to paid advertising or payments for the use of another person’s web site, other than a nominal fee.

Under these proposed rules, an individual or volunteer producing or maintaining a web site or blog, or conducting grass-roots campaign activity on the Internet, from his or her own home or elsewhere, would not make a contribution or expenditure and would not incur any reporting responsibilities for that activity. Thus, an individual could download materials from a candidate or party (continued on page 4)
Regulations (continued from page 3)

Additional Information
The NPRM was published in the April 4, 2005, Federal Register (70 FR 16967) and is available on the FEC web site at http://www.fec.gov/law/law_rulemakings.shtml and from the FEC faxline, 202/501-3413.

—Amy Kort

Final Rules on Filing by Priority Mail, Express Mail and Overnight Delivery

On March 10, 2005, the Commission approved final rules regarding the timely filing of documents using Priority Mail, Express Mail and overnight delivery service. The rules implement amendments to the Federal Election Campaign Act (the Act) made as part of the Consolidated Appropriations Act, 2004. The statutory amendments permit filers to use these additional delivery options to satisfy the Commission’s “timely filing” requirements for certain designations, reports and statements that are filed with either the FEC or the Secretary of the Senate. Prior to this amendment to the Act, filers could rely on a U.S. Postal Service postmark date only if the documents were sent by registered or certified mail. See 2 U.S.C. §434(a)(2)(A)(i) and (4)(A)(ii) and (5).

Under the new rules, a designation, report or statement is generally considered to be filed on the date of the postmark if it is sent by:

- Registered or certified mail;
- Priority or Express Mail with a delivery confirmation; or
- Overnight delivery service—the document must be scheduled to be delivered the next business day after the date of deposit and must be recorded in the overnight delivery service’s on-line tracking system.

Twelve-day pre-election reports filed by any of these means must be postmarked no later than the 15th day before any election. The new rules do not apply to 48-hour reports of contributions, 24- and 48-hour reports of expenditures and 24-hour reports of electioneering communications. See 11 CFR 104.5(f), (g) and (j).

Designations, reports and statements filed by any other means, including first-class mail and courier, must be received by the Commission or the Secretary of the Senate, as appropriate, by the close of business on the filing deadline.

The final rules were published in the March 18, 2005, Federal Register (70 FR 13089), and are available on the FEC web site at http://www.fec.gov/law/law_rulemakings.shtml. The new rules took effect on April 18, 2005.

—Amy Kort

Final Rules on Party Committee Donations to Tax-Exempt Organizations and Political Organizations

On March 10, 2005, the Commission approved amendments to its rules governing the limits on national, state and local party committees’ donations to certain tax-exempt organizations and political organizations. The amended rules conform to the U.S. Supreme Court decision in McConnell v. FEC. In that decision, the Court upheld the Bipartisan Campaign Reform Act’s (BCRA) restrictions on party committees soliciting any funds for, or making or directing donations of nonfederal funds to:

- 501(c) organizations that are exempt from tax under 26 U.S.C. §501(a) (or have submitted an application to obtain this tax status)

The rules define “postmark” to mean a U.S. Postal Service Postmark or the verifiable date of deposit with an overnight mailing service.

An “overnight delivery service” is a private delivery service of established reliability that offers an overnight (i.e. next day) delivery option.

1 The rules define “postmark” to mean a U.S. Postal Service Postmark or the verifiable date of deposit with an overnight mailing service.

2 An “overnight delivery service” is a private delivery service of established reliability that offers an overnight (i.e. next day) delivery option.
and make expenditures or disbursements in connection with an election for federal office, including expenditures or disbursements for “federal election activity”; and

• Political organizations described in 26 U.S.C. §527 that are not a political committee under the Federal Election Campaign Act (FECA), a state, district or local committee of a political party or the authorized campaign committee of a state or local candidate.

2 U.S.C. §441i(d).

However, the Court stated that this provision of the BCRA could be considered overbroad “if read to restrict donations from a party’s federal account—i.e., funds that have already been raised in compliance with FECA’s source, amount and disclosure limitations.” McConnell, 124 S.Ct. at 179.

National Party Committees

The Commission’s amended rules at 11 CFR 300.11(a) and 300.50(a) prohibit national party committees from making or directing donations of nonfederal funds to tax-exempt organizations that actively participate in federal elections. However, national party committees may make or direct donations of federal funds to these tax-exempt organizations. The prohibition on soliciting funds for tax-exempt organizations that actively participate in federal elections remains in the revised regulation.

State, District and Local Party Committees

The Commission made similar changes to its rules at 11 CFR 300.37(a) and 300.51(a), which govern state, district and local party committee donations to tax-exempt organizations. The revised rules limit the prohibition to donations of nonfederal funds to tax-exempt groups that actively participate in federal elections. The prohibition on soliciting funds for these tax-exempt organizations remains in the revised regulation.

Levin Funds. The new regulations specifically list Levin funds as a type of nonfederal funds that may not be donated or directed to these tax-exempt groups. Levin funds are funds donated to state, district and local party committees, in accordance with state law, from corporations, labor organizations and other persons in amounts not to exceed $10,000 per calendar year. A party committee may not use Levin funds, or other nonfederal funds, to pay for certain communications or certain federal election activities. The Commission concluded that treating Levin funds as a type of nonfederal funds for the purpose of the prohibition on party committee donations was consistent with the Commission’s previous treatment of Levin funds. Moreover, allowing state, district and local party committees to make or direct Levin fund donations to tax-exempt organizations, which are not equally restricted in how they may pay for communications and federal election activity, risked the circumvention of the party committee soft money restrictions.

Additional Information

The final rules were published in the March 16, 2005, Federal Register (70 FR 12787) and are available on the FEC web site at http://www.fec.gov/law/law_rulemakings.shtml. The rules took effect on April 15, 2005.

—Amy Kort

Commission to Hold Public Hearing on Proposed Rules

On May 17, 2005, the Commission will hold a hearing to receive testimony on proposed rules regarding:

• Federal candidate and officeholder solicitation at state, district and local party committee fundraisers;

• The definition of “agent” for the Commission’s coordinated and independent expenditure rules and nonfederal fund regulations; and

• Payroll deductions for contributions to trade association separate segregated funds.

(See the April 2005 Record, page 4; March 2005 Record, page 4; and February 2005 Record, page 2.)

The hearing will begin at 10:00 a.m. in the FEC’s 9th Floor Hearing Room, 999 E Street, NW, Washington, DC.

—Amy Kort

Statistics

Party Committees Raise Nearly $1.5 Billion

Democratic and Republican party committees raised nearly $1.5 billion and spent $1.41 billion between January 1, 2003, and December 31, 2004. Republican national, state and local committees who report to the Commission raised $784.8 million in federal funds, or “hard money,” (continued on page 6)
during 2003-2004. Democratic committees raised $683.8 million. Democratic party receipts were more than 89 percent higher than in the comparable period during the 2000 Presidential campaign, while Republican party fundraising grew by 46 percent when compared with the same period.

The 2004 election cycle is the first in which national parties have been prohibited from receiving nonfederal funds, or “soft money,” as a result of the Bipartisan Campaign Reform Act of 2002 (BCRA). Overall, the federal fundraising totals for both parties’ national committees were greater during the 2004 cycle than their combined federal and nonfederal fundraising in any prior campaign.

However, while the Democratic National Committee (DNC) and Republican National Committee (RNC) raised substantially more this cycle than before—even counting nonfederal funds raised in prior election cycles—both parties’ Senatorial committees raised less in 2004 than they had in previous cycles.

The charts below show fundraising totals over the past three election cycles for the DNC, the Democratic Senatorial Campaign Committee (DSCC), the Democratic Congressional Campaign Committee (DCCC), the RNC, the National Republican Senatorial Committee (NRSC) and the National Republican Congressional Committee (NRCC). Note that no nonfederal funds were raised by national party committees for the 2004 cycle. However, for the 2002 and 2000 cycles, nonfederal funds generally represented a substantial portion of the total funds raised by each committee—in some cases as much as two-thirds of the total amount.

Spending directly in support of federal candidates also increased substantially in 2004. Democratic party committees reported a total of $176.5 million in independent expenditures. Of this amount, the DNC alone reported independent expenditures of $120.3 million on Presidential candidates. In addition, Democratic committees spent a total of $33.1 million in coordinated expenditures on behalf of general election candidates. Republican party committees reported $88 million in independent expenditures and $29 million in coordinated expenditures. Spending on these activities had declined during the period when soft money was increasing for the parties. In addition, while the RNC reported making $18.3 million in independent expenditures, they also reported $45.8 million in “generic media expenses,” which are ads in which they shared the costs with Bush-Cheney ’04. The DNC spent an additional $24 million during the general election period for media production and consulting not included in the independent expenditure totals.

The 2004 cycle was also unusual for party committees with respect to their funding sources. All national committees of the two parties substantially increased their contributions from individuals and also the financial support they received from federal candidates. Particularly noteworthy were the large transfers the DNC and RNC received from their Presidential nominees during the final weeks of the campaign, along with the number and size of transfers from members of Congress to their respective party campaign committees.

A breakdown of individual contributions by size shows that while proceeds from small unitemized contributions grew considerably for each committee, they made up a smaller proportion of all federal contributions than in earlier cycles. Con-
tutions of the maximum amount, on the other hand, made up a greater proportion of contributions than was previously the case for each national committee. The BCRA increased the contribution limit for individuals to $20,000 per year to $25,000. Note, however, that in previous cycles national committees also received unlimited nonfederal donations in amounts that were generally greater than the $20,000 federal limit.

Additional information on party committee financial activity is available in a press release dated March 2, 2005. That release includes detailed tables showing, among other things, the effect of the BCRA on state and local party activity. The BCRA limited the role of soft money in the financing of state and local party activity in the 2004 cycle. As the tables detail, overall increases in hard money spending were offset during this cycle by greater declines in allocated federal/nonfederal spending by these committees.


—Amy Kort

**Alternative Dispute Resolution**

**ADR Program Update**

The Commission recently resolved eight additional cases under the Alternative Dispute Resolution (ADR) program. The respondents, the alleged violations of the Federal Election Campaign Act (the Act) and the final disposition of the cases are listed below.

1. The Commission reached a revised agreement with the Leelanau County Democratic Committee regarding its failure to register as a committee. The respondent acknowledged that it violated the Act by failing to register with the Commission after it contributed more than $1,000 to federal election campaigns. The respondent agreed to pay a $1,000 civil penalty. In order to resolve this matter and avoid violating federal election campaign regulations in the future, the respondent additionally agreed to complete the process of registering the Committee and to establish and maintain in its offices a file on FEC regulations to provide guidance to the Committee on matters pertaining to federal election campaign activity. See the September 2003 Record, page 13, for a description of the initial negotiated settlement. (ADR 108 /MUR 5309)

2. The Commission reached agreement with U.S. Protect Corporation regarding corporate contributions and contributions made in the name of another. This matter was brought before the Commission by the respondent itself. Upon learning of its violation of the Act, the respondent took steps to remedy its situation and to prevent violations from being repeated. The respondent established internal procedures to ensure future compliance with the law by promulgating and posting a company policy prohibiting corporate contributions to federal election campaigns.

   In its negotiated settlement, the respondent agreed to pay a $6,000 civil penalty and to notify the three campaign committees that were recipients of the prohibited contributions that the contributions need to be disgorged and forwarded to the U.S. Treasury. In order to resolve this matter and avoid similar problems in the future, the respondent will also identify a senior corporate employee to be responsible for ensuring compliance with the Act and will select an appropriate representative to attend, within twelve months following the effective date of this agreement, an FEC seminar on federal election campaign reporting responsibilities. The respondent will additionally modify the company’s policy prohibiting corporate contributions to federal election campaigns to encompass corporate officers and directors. (ADR 194/Pre-MUR422: Sua sponte)

3. The Commission reached agreement with Bruderly for Congress and its treasurer, David Bruderly, regarding the Committee’s failure to report receipts and disbursements accurately and to file timely disclosure reports. Citing software and data entry problems, the respondents acknowledge that there were inaccuracies in their initial April and July 2004 Quarterly Reports and that they filed the April report five days late. In order to resolve this matter and avoid similar errors in the future, the respondents agreed to take steps to ensure that the Committee complies with the Act’s reporting and filing requirements. In addition, the respondents agree to the appointment of an appropriate Committee representative to attend, within twelve months of the effective date of this agreement, an FEC seminar on federal election campaign finance reporting requirements. In the event that the Committee determines to conclude its activities and is unable to attend an FEC seminar, the respondents agreed to work with Commission staff to expeditiously terminate the Committee. (ADR 209/MUR 5483)

4. The Commission closed the file involving Michael Jaliman for U.S. House of Representatives and M. Kathryn Jaliman, its treasurer, regarding the Committee’s alleged failure to register timely with the Commission and their alleged violation of the Act’s prohibition on corporate contributions. After reviewing the complaint, the response and documents on file, and considering the lack of evidence to the contrary, the ADR Office concluded that the alleged violations of the Act were unsubstantiated. The Commission concurred and closed the file. (ADR 210/MUR 5508)

(continued on page 8)
Alternative Dispute Resolution  
(continued from page 7)

5. The Commission reached agreement with Jack Davis for Con-
gress and Robert Davis, its treasurer, regarding the Committee’s violation
of the Act’s disclaimer require-
ments. The respondents acknowled-
ged failing to place disclaimers
on printed materials in boxes and in
an appropriate type size and con-
trast, as required by Commission
regulations. The respondents also
noted that, while some campaign
material and mailings failed to
advise that the communications were
paid for by Jack Davis, they believed
they complied with the “spirit of
the law.” In order to resolve this
matter and avoid similar errors in
the future, the respondents agreed
to work with Commission staff to
expeditiously terminate the Commit-
tee decides to conclude its activities
and, therefore, not attend an FEC
seminar on federal election
campaign finance reporting require-
ments. In the event that the Commit-
tee reaches agreement with Jack
Davis for Congress and Robert
Davis, its treasurer, regarding the
Committee’s violation of the Act’s
disclaimer requirements. The ADR
Office recommended that the case
be closed, and the Commission agreed
and closed the file. (ADR 231/MUR
5500)

—Amy Kort

Advisory Opinions

AO 2005-1
Indian Tribe Not a Federal Contractor

The Mississippi Band of Choc-
taw Indians (the Tribe), a federally
recognized Indian tribe, will not
become a federal contractor for the
purposes of the Federal Election
Campaign Act (the Act) when IKBI, Inc. (IKBI), a corporation owned
and controlled by the Tribe, becomes
a federal contractor. Although
though the Tribe will act as co-in-
demnitor on bonds related to IKBI’s
federal contracts, IKBI is a separate
entity from the Tribe and its com-
mercial activity is separate from the
Tribe’s political activities. Thus,
IKBI’s status as a federal contractor
will not affect the Tribe’s ability to
make contributions to federal can-
didates, political parties and political
committees.

Background

The Tribe is an unincorporated
entity that is considered a “person”
under the Act and may make federal
political contributions. 2 U.S.C.
government contractors, however,
are prohibited from making, or
promising to make, contributions to
any federal candidate, party or politi-
cal committee. 2 U.S.C. §441c and
11 CFR 115.2(a). This prohibition
extends from the beginning of con-
tract negotiations until the comple-
tion of the contract performance or
the termination of negotiations. 11
CFR 115.1(b) and 115.2(b).

The Tribe established and char-
tered IKBI in 2004 as a “separate
corporation.” Most of IKBI’s
planned work consists of construc-
tion projects for the U.S. Govern-
ment or federal agencies. IKBI is
governed by a board of directors,
which is elected by its sole share-
holder, the Choctaw Development
Enterprise (CDE), acting on behalf
of the Tribe. CDE, in turn, is oper-
ed and managed by its five-member
enterprise board, which is appointed
by the Tribal Council with Tribal
Chief and the Tribal Secretary-
Treasurer serving as the enterprise
board’s Chairman and Treasurer,
respectively.

Although the Tribal Council re-
tains the authority to issue shares of
IKBI stock, IKBI’s board of direc-
tors manages the business and affairs
of the corporation. Board members
must be members of the Tribe, but
no member of the Tribal Council
may serve on the board. IKBI has
its own tax identification number
separate from that of the Tribe and
has its own separate legal counsel. It
maintains separate office space and
has its own bank account separate
from the Tribe. It leases or owns its
own property, has its own corporate
employees and personnel policies
and provides employee benefits
separate from the Tribe.

For all its construction projects,
both federal and nonfederal, the
owner/purchaser will require IKBI to
obtain bonds from a reputable bond-
ing company. As a condition for
issuing the bonds, the bonding agent
will require the Tribe, (through CDE
as the sole stockholder of IKBI), to
sign an “agreement of indemnity”
obligating the Tribe (through CDE)
to act as co-indemnitor (along with
IKBI) for any losses and liabilities
on the bonds.

Analysis

In AO 1999-32, the Commission
concluded that if a tribal enterprise
Public Funding

Commission Certifies Final Matching Funds for Presidential Candidates

On March 29, 2005, the Commission certified the final matching payments for Presidential candidates in the 2004 primaries. The Commission certified $53,237 in payments to two Presidential candidates, and the U.S. Treasury Department made the payments on April 1. Including these payments, the Commission certified a total of $28,433,885.61 in federal funds to eight Presidential candidates in the 2004 primaries under the Matching Payment Account Act.

Presidential Matching Payment Account

Under the Presidential Primary Matching Payment Account Act, the federal government will match up to $250 of an individual’s total contributions to an eligible Presidential primary candidate. A candidate must establish eligibility to receive matching payments by raising in excess of $5,000 in each of at least 20 states (i.e., over $100,000). Although an

(continued on page 10)

Matching Funds for 2004 Presidential Primary Candidates: March Certifications

<table>
<thead>
<tr>
<th>Candidate</th>
<th>Certification March 2005</th>
<th>Cumulative Certifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wesley K. Clark (D)(^1)</td>
<td>$0</td>
<td>$7,615,360.39</td>
</tr>
<tr>
<td>John R. Edwards (D)(^2)</td>
<td>$52,297.00</td>
<td>$6,706,458.44</td>
</tr>
<tr>
<td>Richard A. Gephardt (D)(^3)</td>
<td>$0</td>
<td>$4,104,319.82</td>
</tr>
<tr>
<td>Dennis J. Kucinich (D)(^4)</td>
<td>$0</td>
<td>$3,291,962.59</td>
</tr>
<tr>
<td>Lyndon H. LaRouche, Jr. (D)(^5)</td>
<td>$0</td>
<td>$1,456,019.13</td>
</tr>
<tr>
<td>Joseph Lieberman (D)(^6)</td>
<td>$0</td>
<td>$4,267,796.85</td>
</tr>
<tr>
<td>Ralph Nader (I)(^7)</td>
<td>$940.00</td>
<td>$891,968.39</td>
</tr>
<tr>
<td>Alfred C. Sharpton (D)</td>
<td>$0</td>
<td>$100,000.00(^8)</td>
</tr>
</tbody>
</table>

\(^1\) General Clark publicly withdrew from the Presidential race on February 11, 2004.
\(^3\) Congressman Gephardt publicly withdrew from the Presidential race on January 2, 2004.
\(^4\) Congressman Kucinich became ineligible to receive matching funds on March 4, 2004.
\(^5\) Mr. LaRouche became ineligible to receive matching funds on March 4, 2004.
\(^7\) Ralph Nader became ineligible to receive matching funds on September 2, 2004.
\(^8\) On May 10, 2004, the Commission determined that Reverend Sharpton must repay this amount to the U.S. Treasury for matching funds he received in excess of his entitlement. See the July 2004 Record, page 8.

Advisory Opinion Request

AOR 2005-4

Reporting payments resulting from court-ordered restitution after payments are assigned to charitable organization; reporting embezzled funds as debt (John Boehner and Friends of John Boehner, March 24, 2005)
Public Funding  
(continued from page 7)

individual may contribute up to $2,000 to a primary candidate, only a maximum of $250 per individual applies toward the $5,000 threshold in each state. Candidates who receive matching payments must agree to limit their committee’s spending, limit their personal spending for the campaign to $50,000 and submit to an audit by the Commission. 26 U.S.C. §§9033(a) and (b) and 9035; 11 CFR 9033.1, 9033.2, 9035.1(a)(2) and 9035.2(a)(1).

Candidates may submit requests for matching funds once each month. The Commission will certify an amount to be paid by the U.S. Treasury the following month. 26 CFR 702.9037-2. Only contributions from individuals in amounts of $250 or less are matchable.

The chart on page 9 lists the amount most recently certified to each eligible candidate who elected to participate in the matching fund program, along with the cumulative amount certified to each candidate.  
—Amy Kort

Outreach

Reporting Roundtables

On July 13, 2005, the Commission will host two roundtable sessions on reporting, including disclosure requirements under the Bipartisan Campaign Reform Act of 2002 (BCRA) and recent FEC regulations. See the chart at right for details. Both sessions will be followed by a half-hour reception at which each attendee will have an opportunity to meet the campaign finance analyst who reviews his or her committee’s reports. Representatives from the FEC’s Electronic Filing Office will also be available to meet with attendees.

Attendance is limited to 30 people per session, and registration is accepted on a first-come, first-served basis. Please call the FEC before registering or sending money to ensure that openings remain. The registration form is available on the FEC website at http://www.fec.gov/info/outreach.shtml#roundtables and from Faxline, the FEC’s automated fax system (202/501-3413, request document 590). For more information, call the Information Division at 800/424-9530, or locally at 202/694-1100.

—Amy Kort

FEC to Hold State Outreach Workshops in July and August

As part of the FEC’s State Outreach Program, Public Affairs Specialists conduct informal meetings in different cities across the country to brief PACs, party committees and candidate committees on areas of the law specific to their needs. This summer, FEC staff will hold workshops in the following cities:

• Savannah, GA, July 26-27;
• Denver, CO, August 10-11; and
• Portland, OR, August 23-24.

For more information about this outreach program, or to receive e-mail notification when registration begins, call the FEC’s Information Division at 1-800/424-9530 (or locally at 202/694-1100) or send an e-mail to Conferences@fec.gov.

Registration information is available online at http://www.fec.gov/info/outreach.shtml#state.

—Amy Kort

<table>
<thead>
<tr>
<th>Roundtable Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date</strong></td>
</tr>
<tr>
<td>July 13</td>
</tr>
<tr>
<td>July 13</td>
</tr>
</tbody>
</table>
labor organizations and membership organizations (and the PACs of any of these groups) June 1-3 in Chicago, IL. The registration fee is $400 per attendee, and a late fee of $10 will be added to registrations received after May 11.

The conference will be held at the Hyatt Regency Chicago on the Riverwalk, 151 E. Wacker Drive, Chicago, IL 60601. The hotel is located one block off of Chicago’s Magnificent Mile.

Attendees are responsible for making their own hotel reservations. Call 1-888/421-1442 or click on the link on the FEC’s conference webpage (http://www.fec.gov/info/outreach.shtml#conferences) to make hotel reservations and receive a special group rate of $199/single or $224/double per night. You must mention that you are attending the conference to receive the group rate. After May 11, room rates will be based on availability.

Registration Information
Complete registration information for FEC conferences is available on the FEC web site at http://www.fec.gov/info/outreach.shtml#conferences.

Please direct all questions about conference registration and fees to Sylvester Management Corporation at 1-800/246-7277. For questions about the conference program, or to receive e-mail notification when registration begins for the Fall conferences, call the FEC’s Information Division at 1-800/424-9530 (or locally at 202/694-1100) or send an e-mail to Conferences@fec.gov.

— Amy Kort

Updated Brochures Available
The Commission has updated three brochures, “Contributions,” “Committee Treasurers” and “The FEC and the Federal Campaign Finance Law,” to reflect recent changes in the campaign finance law. The brochures are available on the FEC web site at http://www.fec.gov/pages/brochures/brochures.shtml. A limited number of printed copies are also now available for those without Internet access. To request a printed copy, call the Information Division at 800/424-9530 or 202/694-1100.

— Amy Kort

Advisory Opinions
2004-40: Status of state party as state committee of political party, 1:8
2004-41: Non-affiliation of SSFs, 2:4
2004-42: LLC as connected organization for SSF, 2:7
2004-43: Discounted sale of ad time not a contribution, 4:6
2004-45: Accounting method for determining excess contributions under Millionaires’ Amendment, 3:7
2005-1: Indian tribe not a federal contractor, 5:8

Compliance
Administrative fines assessed, 2:13
ADR program update, 1:9; 2:12; 4:9; 5:7
MUR 5020: Corporate facilitation, 4:6

Court Cases
_____ v. FEC
– Alliance for Democracy, 4:4
– Augusti and Augusti for Congress, 1:12
– Citizens for Responsibility and Ethics in Washington, 2:10
– EMILY’s List, 3:1; 4:1
– Judicial Watch, 4:3
– Kean for Congress, 4:3

Regulations
“Agent” definition for coordinated and independent expenditures and nonfederal funds regulations, Notice of Proposed Rulemaking, 3:4; public hearing scheduled, 5:5
BCRA technical amendments, final rules, 1:6
Candidate solicitation at state, district and local party committee fundraisers, Notice of Proposed Rulemaking, 4:4; public hearing scheduled, 5:5
Contributions by minors to candidates and party committees, final rules, 3:3
“De minimis” exemption for Disbursement of Levin funds by state, district and local party commit-

(continued on page 12)
Index
(continued from page 19)

tees, Notice of Proposed Rule-
making, 3:6
Filing by Priority Mail, Express
Mail and overnight delivery, No-
tice of Proposed Rulemaking, 2:1;
final rules, 5:4
Party committee donations to certain
tax-exempt organizations and
political organizations, Notice of
Proposed Rulemaking, 1:7; final
rules, 5:4
Payroll deductions for contributions
to trade association SSF, Notice of
Proposed Rulemaking, 2:2; public
hearing scheduled, 5:5
Internet communications, Notice of
Proposed Rulemaking, 5:1

Reports
April reporting reminder, 4:1
California special election reporting,
2:3
Due in 2005, 1:3
Electronic filing software, FEC
Form 3X, updated, 2:1