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# Appendix C

## Joint Fundraising

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### I. Introduction

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#### What Is Joint Fundraising

Joint fundraising is election-related fundraising conducted jointly by a political committee and one or more other political committees or unregistered organizations.

#### Who Must Observe Joint Fundraising Rules

The rules described in this appendix apply to political committees and unregistered organizations engaged in joint fundraising.

Please note that nothing in these rules supersedes the fundraising restrictions of 11 CFR Part 300. Participants in joint fundraisers should consult those regulations in addition to the provisions described below. See Appendix E, “Fundraising by Federal Candidates and Officeholders.”

The participants in joint fundraising activity may include;

Party committees,

- Party organizations not registered as political committees,
- Federal and nonfederal candidate committees,
- Nonparty political committees (except separate segregated funds — SSFs) and
- Unregistered nonparty organizations. 102.17(a)(1)(i) and (2).

The rules in this appendix do not apply to fundraising by collecting agents and separate segregated funds. 102.17(a)(3). Such organizations may only jointly raise funds with another affiliated organization; for more information, see Chapter 3, Section 9 of the *Campaign Guide for Corporations and Labor Organizations*.

#### Overview of Rules

All participants in a joint fundraising effort, including unregistered organizations, must:

- Create or select a federal political committee to act as the joint fundraising representative;
- Agree to a formula for allocating proceeds and expenses;
- Sign a written agreement naming the joint fundraising representative and stating the allocation formula;
- Establish a separate account for joint fundraising receipts and disbursements;
- Notify the public of the allocation formula and certain other information (detailed below) when soliciting contributions;
- Screen contributions to make sure they comply with the limits and prohibitions of the *Federal Election Campaign Act* (the Act); and
- Report allocated proceeds and expenses (applies to political committees only). 102.17.

The committee named as the fundraising representative has additional responsibilities, as explained below.

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### 2. Fundraising Representative

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Joint fundraising participants must either establish a new political committee (using a Statement of Organization (FEC Form 1)) or select a participating political committee to act as the joint fundraising representative. 102.17(a)(1)(i); see also AO 2007-24. (It is strongly recommended for ease of compliance with the law that participants establish a new political committee.) This committee is responsible for collecting and depositing joint fundraising contributions; paying expenses; allocating proceeds and expenses to each participant; keeping records; and reporting overall joint fundraising activity. 102.17(b)(1) and (b)(2). A new political committee established for the joint fundraiser must register with the FEC using FEC Form 1 (Statement of Organization), and must include the name of each participating federal candidate in the new committee's name. 102.14. (An existing committee would be required to amend its Statement of

Organization.) Thus, for example, a joint fundraising committee established to raise funds for a candidate and a party could not be called “Victory ’12,” but might be called the “John Doe Victory ’12” committee. Any federal candidate participating in the fundraiser must designate the fundraising representative as an authorized committee (by amending the Statement of Candidacy, (FEC Form 2)). 102.17(a)(1)(i), (b)(1) and (b)(2); AO 2007-24.

### Joint Fundraising Representative

If a new committee is established, it collects all the contributions. 102.17(b)(1). Note that such a committee may not itself be a participant in any other joint fundraising effort, though it may conduct more than one event or activity on behalf of its own participants. 102.17(a)(1)(i). Alternatively, if a committee participating in the fundraiser serves as the joint fundraising representative, it and any other participating committees may collect contributions; however, all contributions received by the other participants must be forwarded to the joint fundraising representative within 10 days of receipt. 102.17(b)(2). Under either option, the procedures outlined in the sections below for joint fundraising apply.

### Use of Commercial Firm

Although participants may hire a commercial fundraising firm or other type of agent to assist with organizing and holding the joint fundraiser, they are still required to establish or select a new political committee to serve as the fundraising representative. 102.17(a)(1)(ii).

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## 3. Written Agreement

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Before conducting a joint fundraiser, all participants must enter into a written agreement that identifies the joint fundraising representative and states the allocation formula—the amount or percentage that the participants agree to use for allocating proceeds and expenses. The joint fundraising representative must retain a copy of the written agreement for three years and make it available to the FEC upon request. 102.17(c)(1).

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## 4. Separate Depository

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### Establishing the Account

The joint fundraising participants or the joint fundraising representative must establish a separate account solely for the receipt and disbursement of all joint fundraising proceeds. Each participating political committee must amend its Statement of Organization (FEC Form 1) to show the account as an additional depository.<sup>1</sup> 102.17(c)(3)(i).

### Depositing Contributions

The joint fundraising representative must deposit contributions into the account within 10 days after receiving them. Only contributions permissible under the Act may be deposited in the joint fundraising account. If any participant is an unregistered organization which may, under state law, accept prohibited contributions, the participants may either establish a second account for such contributions or forward them directly to the participants that may accept them. 102.17(c)(3)(i) and (ii).

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## 5. Statements of Organization

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### Joint Fundraising Representatives

As noted above, the joint fundraising committee must file a Statement of Organization (FEC Form 1). The Statement of Organization must:

- Identify the committee as the joint fundraising representative;
- List the names and addresses of all federal committees participating in the joint fundraising effort; and
- Name the depository institution being used by the joint fundraising committee.

(See example opposite.) 102.2.

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<sup>1</sup> Note that when paper filers amend the Statement of Organization (FEC Form 1), only the committee’s name, address and the new or changed information need be included.

## FORM 1 FILED BY JOINT FUNDRAISING REPRESENTATIVE

**JOINT FUNDRAISING REPRESENTATIVE-**

(G)  This committee collects contributions, pays fundraising expenses and disburses net proceeds for two or more political committees/organizations, at least one of which is an authorized committee of a federal candidate.

(f)  This committee collects contributions, pays fundraising expenses and disburses net proceeds for two or more political committees/organizations, none of which is an authorized committee of a federal candidate.

Committees Participating In Joint Fundraiser

1. <u>Doe for Congress Committee</u>	FEC ID number	C	00033000
2. <u>Johnson for Congress Committee</u>	FEC ID number	C	00044000
3. _____	FEC ID number	C	_____
4. _____	FEC ID number	C	_____
5. _____	FEC ID number	C	_____

## Other Joint Fundraising Participants

Each participant in the joint fundraiser (other than the joint fundraising representative) must amend its FEC Form 1 (Statement of Organization) to provide the name and address of the joint fundraising representative—identified as the “JFR”—and to state the name and address of the depository institution holding the joint fundraising account, if that account is different from the depository named on its current FEC Form 1. (See example.) In addition, each federal candidate participating in the fundraiser must amend FEC Form 2 (Statement of Candidacy) to designate the joint fundraising representative as an authorized candidate committee. 102.2(a)(2), 102.17(a)(1)(i), (b)(1), (b)(2) and (c)(3).

## FORM 1 FILED BY PCC SHOWING AFFILIATION

FEC Form 1 (Revised 12/2007) Page 3

Write or Type Committee Name  
Doe for Congress

6. Name of Any Connected Organization, Affiliated Committee, Leadership PAC Sponsor or Joint Fundraising Representative  
Doe / Johnson Golf Outing

Mailing Address  
201 King Street  
Alexandria VA 00000  
CITY STATE ZIP CODE

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

7. Custodian of Records: Identify by name, address (phone number -- optional) and position of the person in possession of committee books and records.

Full Name  
Herman Lotze

Mailing Address  
319 Main Street  
Springfield, VA 00000  
CITY STATE ZIP CODE

Title or Position  
Bookkeeper Telephone number 703-000-0000

8. Treasurer: List the name and address (phone number -- optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name of Treasurer  
Gottlob Frege

Mailing Address  
319 Main Street  
Springfield, VA 00000  
CITY STATE ZIP CODE

Title or Position  
Treasurer Telephone number 703-000-0000

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## 6. Start-Up Costs

Participants may advance funds to the joint fundraising representative for start-up costs of the fundraiser. (Note, however, that individuals may not advance such costs or pay for expenses out of pocket to be reimbursed later. See AO 2007-24.) The amount advanced by a participant should be in proportion to the agreed upon allocation formula. Any amount advanced in excess of a participant’s proportionate share is considered a contribution and must not exceed the amount the participant may contribute to the other participants. 102.17(b)(3)(i) and (ii). (However, an exception is made for funds transferred between party committees under 102.6(a)(1)(ii) and 110.3(c)(1). See also Section 14 below.)

## Example

Committees A, B and C determine they need \$2,000 in start-up costs. According to their allocation formula (Committees A and B, 25 percent each; Committee C, 50 percent), Committees A and B each advance \$500 to the joint fundraising representative, and Committee C, \$1,000. If, however, Committee C advances the entire \$2,000, it has made a \$500 contribution to each of the other committees.

## Unregistered Organizations

An unregistered organization (such as a party organization that has not yet qualified as a political committee) must use permissible funds when advancing money for start-up costs. 102.17(c)(3)(i). If an unregistered participant advances more than its share of start-up costs and thus makes a contribution, the contributed amount may trigger registration and reporting requirements under the *Act*. 100.5.

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## 7. Joint Fundraising Notice

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### General Rule

In addition to any fundraising or disclaimer notices required (see Chapter 10, Sections 1 and 2), a joint fundraising notice must appear with every solicitation for contributions. The notice must contain the following information:

- The names of all participants, regardless of whether they are registered political committees or unregistered organizations;
- The allocation formula (the amount or percentage of each contribution that will be allocated to each participant);
- A statement informing contributors that they may designate contributions for a particular participant (notwithstanding the formula); and
- A statement that the allocation formula may change if any contributor makes a contribution which would exceed the amount he or she may lawfully give to any participant. 102.17(c)(2)(i).

## Special Situations

In two situations, participants must include additional information in the joint fundraising notice:

- If a participant is engaging in the joint fundraiser to pay off outstanding debts, the notice must state that the allocation formula may change if the participant receives enough funds to pay its debts. See Chapter 4, Section 8, “Contributions to Retire Debts.”
- If, under state law, any unregistered participant is permitted to receive contributions prohibited under the *Act*, the notice must say that such contributions will be given only to participants that may legally accept them. 102.17(c)(2)(ii).

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## 8. Screening Contributions

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The fundraising representative and participants must screen all contributions to make sure they are neither prohibited by the *Act* nor in excess of the *Act*'s contribution limits. (Prohibited contributions received by unregistered organizations do not have to be screened.) The maximum amount a contributor may give to a joint fundraiser is the total amount he or she may contribute to all participants without exceeding any limits.

To facilitate screening, participants must provide the joint fundraising representative with records of past contributions so that the representative may determine whether a donor has exceeded the contribution limits. 102.17(c)(4)(i) and (c)(5).

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## 9. Recordkeeping

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### Receipts

With regard to gross proceeds, the joint fundraising representative must collect the following contributor information and later forward it to the participating political committees:

- For contributions exceeding \$50, the amount, date of receipt, and the contributor's name and address.

- For contributions exceeding \$200, the amount, date of receipt, and the contributor's name, address, occupation and employer.

100.12, 102.8(b) and 102.17(c)(4)(ii).

The date of receipt is the date the joint fundraising representative receives the contribution. 102.17(c)(3)(iii).

## Prohibited Contributions

The joint fundraising representative must also keep a record of the total amount of prohibited contributions received, if any, and of any transfers containing prohibited funds made to participants that may accept them. 102.17(c)(4)(ii).

## Disbursements

The joint fundraising representative must retain, for three years, records on all disbursements made for the joint fundraiser. 102.17(c)(4)(iii) and 102.9. The required recordkeeping information is described under Chapter 11, Section 3, "Recording Disbursements." If a commercial fundraising firm or agent is used, it must forward required records on disbursements to the joint fundraising representative. 102.17(c)(4)(iii).

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## 10. Paying Expenses: Step 1 — Allocating Gross Proceeds

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In general, expenses must be paid before proceeds may be transferred to the participants. Thus, the joint fundraising representative may make payments for fundraising expenses from gross proceeds collected at the fundraiser (and from funds advanced by the participants). 102.17(c)(7)(iii). Nevertheless, it must allocate (but not transfer) gross proceeds among the participants.

Generally, the joint fundraising representative must allocate gross proceeds according to the allocation formula. However, as stated in the fundraising notice, the formula may change if the allocation results in:

- An excessive contribution from a contributor to one of the participating committees; or

- A surplus for a participant raising money solely to pay off campaign debts.

Reallocation under these circumstances must be based on the other participants' proportionate shares under the allocation formula. If reallocation results in a contributor exceeding the contribution limits for the remaining participants, the joint fundraising representative must return the excess amount to the contributor. 102.17(c)(6)(i).

## Example

Using the same example mentioned above (allocation formula: Committees A and B, 25 percent each; Committee C, 50 percent), the participants receive a \$2,000 contribution from a donor who had previously contributed up to his limit to Committee C. If the fundraising representative were to divide the contribution according to the allocation formula, Committee C would receive an excessive contribution of \$1,000. Instead, the excess \$1,000 is divided equally between Committees A and B, since their proportionate shares under the allocation formula are equal. Each receives an extra \$500, bringing their total allocation to \$1,000 apiece.

If, however, Committee A can accept only \$800 from the contributor without exceeding the limit, the excess \$200 is allocated to Committee B. If Committee B cannot accept the money for the same reason, the \$200 must be returned to the contributor.

## Designated Contributions

Designated or earmarked contributions that exceed the contributor's limit for a participant may not be reallocated without the prior written consent of the contributor. 102.17(c)(6)(ii).

## Prohibited Contributions

Prohibited contributions must be distributed only to the unregistered participants that may lawfully accept them; they do not have to be distributed according to the allocation formula. 102.17(c)(6)(iii).

## 11. Paying Expenses: Step 2 — Allocating Expenses

After gross proceeds are allocated, the joint fundraising representative must calculate each participant's share of expenses based on its actual share of gross proceeds. This allocation may differ from the original formula—see example below. (Prohibited contributions may be excluded from the gross proceeds when determining the ratio.) 102.17(c)(7)(i)(A). Expenses for a series of fundraising events must be allocated on a per-event basis. 102.17(c)(7)(i)(C).

## Example

At the start of the fundraiser, Committees A, B and C agree to allocate 25 percent of proceeds and expenses to Committee A, 25 percent to Committee B and 50 percent to Committee C. However, because the joint fundraising representative must reallocate some contributions, Committee A is actually allocated 20 percent of gross proceeds; Committee B, 35 percent; and Committee C, 45 percent. The fundraising representative must allocate the joint fundraising expenses, \$10,000, on the same basis: \$2,000 to Committee A, \$3,500 to Committee B and \$4,500 to Committee C.

## Excess Payment

If a participant pays for more than its allocated share of expenses, the excess payment is considered a contribution, subject to the Act's limits (see "Start-Up Costs," Section 6 of this chapter). 102.17(c)(7)(i)(B). (Party committees are exempt from this rule when paying for other party committee participants because, as explained below, they may make unlimited transfers to other party committees.)

Remember, if an unregistered participant makes such a contribution, the payment may trigger registration and reporting requirements for that organization. 100.5.

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
			<input type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d		
			<input checked="" type="checkbox"/> 12 <input type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15		
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) <b>Doe for Congress Committee</b>					
Full Name (Last, First, Middle Initial) <b>A. Doe/Johnson Golf Outing 2012</b>					
Mailing Address <b>201 King St.</b>			Date of Receipt 03 / 28 / 2012		
City <b>Alexandria</b>		State <b>VA</b>	Zip Code <b>00000</b>		
FEC ID number of contributing federal political committee <b>C 00000000</b>			Amount of Each Receipt this Period <b>1,900.00</b>		
Name of Employer		Occupation <b>Joint Fundraiser</b>			
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____		Election Cycle-to-Date <b>2,000.00</b>			
Full Name (Last, First, Middle Initial) <b>B. Rosity, Jenny</b>					
Mailing Address <b>1324 Seven Chimney Ln.</b>			Date of Receipt 02 / 25 / 2012		
City <b>Centreville</b>		State <b>VA</b>	Zip Code <b>00000</b>		
FEC ID number of contributing federal political committee <b>C</b>			Amount of Each Receipt this Period <b>1,000.00</b>		
Name of Employer <b>Centreville College</b>		Occupation <b>Professor</b>			
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____		Election Cycle-to-Date <b>1,000.00</b>			
Full Name (Last, First, Middle Initial) <b>C. Magnanimous, Joseph</b>					
Mailing Address <b>490 Main St.</b>			Date of Receipt 02 / 25 / 2012		
City <b>Fredericksburg</b>		State <b>VA</b>	Zip Code <b>00000</b>		
FEC ID number of contributing federal political committee <b>C</b>			Amount of Each Receipt this Period <b>1,000.00</b>		
Name of Employer <b>Wittgenstein &amp; Russell</b>		Occupation <b>Attorney</b>			
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____		Election Cycle-to-Date <b>1,000.00</b>			
MEMO <b>Joint Fundraiser Doe/Johnson Golf 2012</b>					
MEMO <b>Joint Fundraiser Doe/Johnson Golf 2012</b>					
SUBTOTAL of Receipts This Page (optional).....			<b>1,900.00</b>		
TOTAL This Period (last page this line number only).....			<b>10,060.00</b>		

FEC Schedule A (Form 3) (Revised 02/2009)

## 12. Paying Expenses: Step 3 — Calculating Net Proceeds

The joint fundraising representative may delay transferring net proceeds to participants until after it receives all contributions and pays all expenses for the fundraiser. To determine net proceeds, the fundraising representative subtracts

the participant's share of expenses from its share of gross proceeds. 102.17(c)(3)(ii) and (c)(7)(i)(A).

### Example

Committees A, B and C raise \$50,000 in gross proceeds and spend \$10,000 in expenses, leaving \$40,000 in net proceeds. The joint fundraising representative allocates \$10,000 (20 percent) in gross proceeds to Committee A and \$2,000 (20 percent) in expenses; Committee A's net proceeds equal \$8,000.

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## 13. Reporting

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### By Joint Fundraising Representative

The joint fundraising representative reports all joint fundraising proceeds in the reporting period in which they are received. If any prohibited contributions are received for a participating unregistered organization, the joint fundraising representative must report them as a memo entry. Any Schedule A used to itemize contributions must clearly indicate on the schedule that the receipts are joint fundraising proceeds. 102.17(c)(3)(iii) and (c)(8)(i)(A).

The joint fundraising representative must also report all disbursements made for the joint fundraiser in the reporting period in which they are made. 102.17(c)(8)(ii). Transfers of net proceeds to the joint fundraising participants are reported as transfers to affiliated committees and itemized on a separate Schedule B for that category.

### Electronic Filing

If the joint fundraising participants include a House campaign or a party committee (regardless of whether a Senate campaign is participating), then the joint fundraising representative must file electronically if its total yearly contributions or total yearly expenditures exceed, or are expected to exceed, \$50,000. 104.18. For more information on electronic filing, see Chapter 12, Section 5.

## Participants

After the joint fundraising representative distributes the net proceeds, each participating political committee reports its share as a transfer-in from the joint fundraising representative on Line 12 (Transfers from Other Authorized Committees) and itemizes the transfer on a separate schedule A for that Line. Using the records received from the joint fundraising representative, a participating committee also must itemize its share of gross receipts as contributions from the original donors on a memo entry Schedule A (to the extent required by the rules on itemization—see Chapter 13, Section 4). When itemizing gross contributions, the participant must report the date of receipt as the day the joint fundraising representative received the contribution. 102.17(c)(3)(iii) and (c)(8)(i)(B).

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## 14. Exception for Party Committees<sup>2</sup>

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Payments made by a party committee (that is a registered federal political committee) on behalf of another party committee are considered transfers of funds rather than contributions. Because there is no limit on transfers between party committees of the same political party, a party committee may pay any amount of another party committee's allocated start-up costs and fundraising expenses. Moreover, if all the participants in the fundraiser are party committees, start-up costs and fundraising expenses need not be allocated at all. 102.6(a)(1)(i) and (ii); 102.17(b)(3)(iii) and (c)(7)(ii).

### Payments by Unregistered Party Organizations

The same exception also applies to unregistered party organizations. They must, use funds permissible under the Act when making payments for start-up costs and fundraising expenses. Furthermore, such payments by a party organization on behalf of a registered party committee count against the \$1,000 contribution/expenditure

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<sup>2</sup> This section also applies to nonconnected committees and unregistered political organizations that are affiliated. See Chapter 4, Section 1 for the definition of "affiliated."

threshold for registration as a political committee. 100.5, 102.6(a)(2) and 102.17(c)(7)(ii).