



FEDERAL ELECTION
COMMISSION
SECRETARIAT

FEDERAL ELECTION COMMISSION 2006 OCT 27 A 10: 03
Washington, DC 20463

October 27, 2006

MEMORANDUM

TO: The Commission

FROM: Lawrence H. Norton
General Counsel *LH Norton*

Rosemary C. Smith *RS*
Associate General Counsel

Amy L. Rothstein *ALR*
Acting Assistant General Counsel

Richard T. Ewell *RTE by ALR*
Attorney

SUBJECT: Draft Request for Comment Regarding "Purpose of Disbursement"
Entries for Reports Filed with the Commission

AGENDA ITEM
For Meeting of: 11-02-06

SUBMITTED LATE

Please find attached a draft Request for Comment regarding descriptions of the purpose of committee disbursements. The Office of General Counsel has been asked to transmit this document to the Commission Secretary in anticipation of the Open Session on November 2, 2006.

The Request for Comment contains a list of descriptions of "purpose of disbursement" that are generally acceptable for committees to use when filing reports with the Commission, and a list of descriptions that are generally unacceptable. These lists, which were developed by the Reports Analysis Division and the Audit Division, are consistent with the lists set forth at 11 CFR 104.3(b)(3) and (4).

Attachment



FEDERAL ELECTION COMMISSION

Washington, DC 20463

November 2, 2006

Request for Comment: “Purpose of Disbursement” Entries for Filings with the Commission

Summary:

The Commission requests comment on proposed guidance regarding descriptions of disbursements for political committees and others filing reports with the Commission. The guidance below includes a non-exhaustive list of “purpose of disbursement” entries that are generally acceptable, and a non-exhaustive list of terms that are generally not acceptable.

Dates: Comments must be submitted by December 4, 2006.

Addresses: All comments must be in writing, must be addressed to Ms. Amy Rothstein, Acting Assistant General Counsel, and must be submitted in either e-mail, facsimile, or paper copy form. Commenters are strongly encouraged to submit comments by e-mail or fax to ensure timely receipt and consideration. E-mail comments must be sent to purposedisburse@fec.gov. If e-mail comments include an attachment, the attachment must be in either Adobe Acrobat (.pdf) or Microsoft Word (.doc) format. Faxed comments must be sent to (202) 219-3923, with paper copy followup. Paper comments and paper copy follow-up of faxed comments must be sent to the Federal Election Commission, 999 E Street, NW., Washington, DC 20463. All comments must include the full name and postal service address of the commenter or they will not be considered. The Commission will make every effort to post public comments on its web site within ten business days of the close of the comment period.

Contacts: For further information, please contact Debbie Chacona, Branch Chief, Party/Non-Party Branch, Reports Analysis Division, at (202) 694-1130.

Background and Guidance:

Political committees and other persons required to file campaign finance reports with the FEC must itemize certain disbursements and, for each itemized disbursement, must provide the full name and address of the recipient, the date the disbursement was made, and a brief statement or description of why the disbursement was made. *See* 2 U.S.C. 434(b); 11 CFR 104.3(b)(3) and (4), 104.10(b)(4), 104.17(b)(3) and 300.36(b)(2)(iii). The “purpose of disbursement” entry, when considered along with the

identity of the disbursement recipient, must be sufficiently specific to make the purpose of the disbursement clear. 11 CFR 104.3(b)(3)(i)(B) and (4)(i)(A). The Commission's regulation requiring a description of the purpose of each itemized disbursement includes examples of descriptions that are acceptable (*e.g.*, "dinner expenses," "salary," "travel expenses") and examples that are unacceptable (*e.g.*, "advance," "miscellaneous"). Neither list is exhaustive.

The Commission recognizes that the "purpose of disbursement" entries, when linked to information provided about the recipient of the payment, may provide sufficient disclosure. For example, a disbursement to an office supply vendor for the stated purpose of "Supplies" provides adequate and acceptable disclosure, while a disbursement to a committee staff member for the same purpose of "Supplies" would likely trigger a request for a more complete description of the purpose of the disbursement. In the former case, it is obvious to the reader what type of supplies were purchased, while in the latter case, it is not.

As a rule of thumb, filers should consider the following question: "Could a person not associated with the committee easily discern why the disbursement was made when reading the name of the recipient and the purpose?" For example, a person not associated with the committee could not easily discern the purpose of a disbursement made to a vendor for "Consulting" (unless the vendor's name makes the purpose clear, *e.g.*, Smith Fundraising Consulting, Inc.). If the committee were to provide additional detail with respect to the type of consulting the vendor provided (*e.g.*, "Fundraising Consulting"), however, an unassociated person would have no difficulty discerning the purpose of the disbursement.

All information on campaign finance reports submitted to the FEC, including the entries for "purpose of disbursement," are reviewed by analysts in the Reports Analysis Division (RAD). Some campaign finance reports, particularly those filed by presidential campaign committees accepting public funding, are also reviewed by auditors in the Audit Division. In practice, the RAD analysts and the auditors often encounter "purpose of disbursement" entries that are not listed in the examples contained in 11 CFR 104.3(b)(3) and (4), and receive questions from filers regarding acceptable descriptions. Therefore, in order to provide further guidance to filers and to encourage consistency between filers, the Commission is publishing lists of additional generally acceptable and generally unacceptable descriptions.

The Commission does not intend to request that a committee provide additional information about a purpose of disbursement entry if the committee uses those descriptions listed below as providing sufficient detail. However, if a committee uses a description that is listed as lacking sufficient detail, a RAD analyst may review the report more closely but the Commission would not automatically take any particular action. In most instances, the Commission will merely contact the reporting committee and the committee may then amend its report. In the rare circumstances in which the Commission deems it necessary to pursue the matter further, the Commission will

conduct a separate review of the sufficiency of the description of purpose to determine whether it meets the requirements of 11 CFR 104.3(b).

Any future revisions to these lists will be posted on the Commission's website at <http://www.fec.gov/law/policy.shtml#guidance>. Committees with questions can contact either their assigned RAD analyst (phone: (800) 424-9530 (press 5)) or the FEC Information Division (phone: (800) 424-9530 (press 6); e-mail: info@fec.gov).

Descriptions of purpose that provide sufficient detail:

- “Salary” for a disbursement to a staff member.
- “Media” for a disbursement to a television or radio communication company.
- “Polling” for a disbursement to a research/communications company.
- “Travel,” “Travel Expenses,” or “Travel Expense Reimbursement” for a disbursement to a staff member.
- “Printing” for a disbursement to a printing company.
- “Phone Banks” for a disbursement to a vendor providing phone bank services.
- “Dinner Expense” for a disbursement to a restaurant.
- “Catering Cost” for a disbursement to a hotel or restaurant where a fundraiser was held.
- “Party Fees” or “Party Annual Dues” for a disbursement to a National Party Committee for their annual dues.
- “Exit Polling,” “Door-to-Door Get-Out-the-Vote,” “Get-Out-the-Vote Phone Calls,” or “Driving Voters to the Polls” to individuals or vendors contracted for get-out-the-vote or voter registration activity.
- “Supplies” for a disbursement to an office supply vendor.

Purposes that generally lack sufficient detail:

Administrative Expenses
Admin.
Advance
Bonus
Bounty
Campaign Expense
Campaign Material
Charges
Collateral
Collateral Materials
Commission
Compensation (*other than committee staff*)
Consultant
Consulting
Consulting Non-FEA
Consulting Service
Contract

Contract Labor
Contractual Services
Convention Expenses
Convention Services
Costs
Delegate
Delegate Expenses
Design
Discount Fees
Election Day Expense
Entertainment
Event
Event Expense
Event Reimbursement
Event Supplies (*if to an individual*)
Expenses
Expense Reimbursement
Fees
Fundraising (*if to an individual*)
Fundraising Event
Fundraising Expense (*if to an individual*)
Fundraising Fees (*if to an individual*)
Fundraising Supplies (*if to an individual*)
General Advice
General Consulting
Generic Campaign Activity
Generic Consulting
Get-Out-The-Vote or GOTV
GOTV Expenses
GOTV Labor
Invoice
Labor
Literature
Meeting (*if to an individual*)
Meeting Expenses (*if to an individual*)
Meeting Supplies (*if to an individual*)
Miscellaneous or Misc.
Miscellaneous Expense
Office Expense (*if to an individual*)
Office Services
Outside Services
Operating Expenses
Other Expenses
Production
Professional Fees
Professional Fees – Consulting

Professional Services
Promotional Material
Publication
Push Card
Reimbursement
Rendered Service
Services
Services Rendered
State Convention
Supplies (*if to an individual*)
Voter Bounty
Voter Contact
Voter Drive
Voter Identification or Voter ID
Voter Registration
Worker

###