

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations.)

§ 18422.1. Required Recordkeeping for Multipurpose Organizations.

(a) A multipurpose organization must maintain detailed records and original source documentation necessary to establish its compliance with the registration and reporting requirements of Section 84222 of the Act and Regulation 18422. A multipurpose organization, including a publicly funded nonprofit organization under Section 84222.5, that qualifies as a committee under Section 84222(c) shall maintain records as follows:

(1) For a contribution or other receipt of less than \$25 solicited or accepted for the purpose of making contributions or expenditures in California and any other payment of less than \$25 that meets the criteria of Section 84222(c)(2), (3), or (4), or for an expenditure made of less than \$25:

(A) The accounts and records must contain a continuous computation of reportable fund balances, and include a listing reflecting the dates and daily totals of the contributions, other receipts, or expenditures on the dates of the contributions, other receipts, or expenditures.

(B) The original source documentation must consist of all bank statements, check registers, check stubs, bank or passbooks, and any other records reflecting a continuous computation of account balances in any account in which funds that are required to be reported under Section 84222 were or are contained, including but not limited to checking accounts, savings accounts, money market accounts, certificates of deposit, or credit card accounts, in any bank or other financial institution.

(2) For a contribution or other receipt received of \$25 or more, but less than \$100, and for other receipts of \$25 or more, but less than \$100, solicited or accepted for the purpose of making

contributions or expenditures in California, and any other payment of \$25 or more, but less than \$100, that meets the criteria of Section 84222(c)(2), (3), or (4):

(A) The accounts and records must contain all information required in subparagraph (a)(1)(A), and include the date of each contribution or other receipt, the amount, and the full name and street address of the contributor or the source of the other receipt. In the case of a contribution, the accounts and records must also contain the cumulative amount received from the contributor and specify whether the contribution is monetary or nonmonetary. In the case of a nonmonetary contribution, the fair market value must also be recorded, along with a description of the goods or services received. If a contribution is earmarked as defined in Section 85704 or received through an intermediary or agent, as defined in Regulation 18432.5, the accounts and records must also contain the full name and street address, occupation, and employer (or, if self-employed, the name of the principal place of business) of the intermediary or agent and of the true source of the contribution or the contributor or contributors who earmarked their funds and other supporting documents, including correspondence and communications, indicating the true source of the contribution.

(i) Records of earmarked funds must provide a notation that the funds have been earmarked and document the amount of the earmarked funds and the specific ballot measure, candidate or committee for which the funds have been earmarked.

(ii) A committee making contributions with earmarked funds must maintain documentation showing which earmarked funds were contributed to another committee.

(iii) For purposes of Sections 84501(c)(3)(A) and 85704(d) if a committee that received earmarked funds makes contributions and still has earmarked or non-earmarked funds remaining after making such contributions, it must retain documentation showing how a determination of

which top contributors to disclose on its advertisements was made. This determination must be done using a reasonable accounting method such as but not limited to the last in first out accounting method, but no accounting method will be given more credence over another and no presumption of any kind regarding compliance is hereby created by the use of the last in first out accounting method. Notwithstanding anything else in this clause, earmarked funds must be taken into account first before non-earmarked funds.

(B) The original source documentation must consist of all items required in subparagraph (a)(1)(B), and copies of contributor checks, cashier's checks, money orders, wire transfers, deposit or duplicate deposit slips, and any other documents, reflecting all items deposited, and all deposits made, to any account in which funds that are required to be reported under Section 84222 were or are contained, in any bank or other financial institution. Original source documentation must also include contributor cards, letters of transmittal, and notices received from contributors. In the case of a nonmonetary contribution, if the contributor has not provided the value of the nonmonetary contribution, the original source documentation must also include a memorandum or other record describing the method used to determine the value of the goods or services contributed. In the case of contributions made through wire transfer, credit card transaction, debit account transaction, or similar electronic payment option (including those made via the Internet), the original source documentation must also include all credit card receipts, transaction slips or other writings signed by the contributor, credit card vouchers, and other documentation of credit card transactions, including credit card confirmation numbers and itemized transaction reports, as well as any other information collected when debiting the contributor's account. In the case of contributions made through electronic transactions via the Internet, original source documentation must also include a record of the transaction created and

transmitted by the cardholder including the name of the cardholder, the cardholder's address and the last four digits of the card number or if no credit card was used in the transaction, a transaction number.

(3) For a contribution received of \$100 or more solicited or accepted for the purpose of making contributions or expenditures in California, any other payment that meets the criteria of Section 84222(c)(2), (3), or (4), or other payment of \$1,000 or more that a multipurpose organization must report under the last in, first out accounting method under Section 84222(e)(1)(C) or Section 84222(f)(1):

(A) The accounts and records must contain all information required in subparagraphs (a)(1)(A) and (a)(2)(A), and include the occupation and employer (or, if self-employed, the name of the principal place of business) of the contributor or donor. Section 85700 requires the return, not later than 60 days from receipt, of a contribution of \$100 or more for which the committee does not have on file the name, address, occupation and employer of the contributor. Regulation 18570 sets forth additional recordkeeping requirements concerning occupation and employer information.

(B) The original source documentation must consist of all items required in subparagraphs (a)(1)(B) and (a)(2)(B), and all communications caused to be sent by the committee to secure this information.

(4) For an expenditure of \$25 or more, or a series of payments for a single product or service totaling \$25 or more:

(A) The accounts and records must contain the date the expenditure was made (or, for an accrued expense, the date the goods or services were received), the amount of the expenditure, the full name and street address of the payee, and a description of the goods or services for which

each expenditure was made. If the person or vendor providing the goods or services is different from the payee, the accounts and records must also contain the same detailed information for that person or vendor. For an expenditure that is a contribution to a candidate or another committee, or an independent expenditure, the records must also contain the cumulative amount of the contributions to, or independent expenditures to support or oppose, each candidate, committee, or ballot measure.

(B) The original source documentation must consist of cancelled checks, wire transfers, credit card charge slips, bills, receipts, invoices, statements, vouchers, and any other documents reflecting obligations incurred by the committee, and disbursements made from any accounts in which funds that are required to be reported under Section 84222 were or are contained, including but not limited to checking accounts, savings accounts, money market accounts, certificates of deposit, or credit card accounts, in any bank or other financial institution. In lieu of cancelled checks, the original source documentation may consist of copies of cancelled checks that contain a legible image of the front and back of the cancelled check, provided the copy was obtained from the financial institution.

(5) For a loan made or received:

(A) The accounts and records must contain the interest rate and due date, if any, of the loan, as well as the full name and street address of any guarantor, or any person liable directly, indirectly, or contingently for the loan.

(B) The original source documentation must consist of all promissory notes, extensions of credit, security agreements, loan guarantees, and any other documents reflecting the indebtedness.

(6) For receipt of an enforceable promise to make a payment, as defined in Regulation 18216:

(A) The accounts and records must contain the detailed information required for a contribution set forth in subparagraph (a)(1)(A).

(B) The original source documentation must consist of written contracts and any other documents reflecting the enforceable promise to pay.

(7) For mass mailings, as defined in Section 82041.5, sent or delivered pursuant to Regulation 18435:

(A) The accounts and records must contain the date of the mailing, the number of pieces mailed, and the method of postage.

(B) The original source documentation must consist of an original sample of each mass mailing caused to be sent by the multipurpose organization or its treasurer.

(8) For each mass electronic mailing, as defined in Section 84305:

(A) The accounts and records must contain the date of the electronic mailing and the number of individual electronic mailings sent.

(B) The original source documentation must consist of an original sample of each electronic mass mailing caused to be sent by the multipurpose organization or its treasurer.

(9) For all written notices sent to all contributors of \$5,000 or more, pursuant to Section 84105 and Regulation 18427.1, and for all written notices sent to contributors of \$50,000 or more which are themselves multipurpose organizations, pursuant to Section 84222 and Regulation 18422:

(A) The accounts and records must contain the date of each notice and the name and address of the person to whom each notice is sent.

(B) The original source documentation must consist of a copy of each notice sent.

(b) In addition to the recordkeeping requirements set forth in subdivision (a), a multipurpose organization that qualifies as a committee under Section 84222(c), including a publicly funded nonprofit organization under Section 84222.5, must maintain records of the following:

(1) Information concerning the method by which the multipurpose organization solicits funds, including any communications between the multipurpose organization and its donors in connection with donations or contributions and dated, written records of:

(A) Solicitations to donors for funds being raised for the purpose of making contributions or expenditures.

(B) Confirmation from donors of earmarked funds.

(C) Confirmation from donors of restricted funds.

(D) Confirmation from donors of funds subject to a condition, agreement or understanding that all or a portion of the funds may be used for making contributions or expenditures in California.

(E) If the multipurpose organization and a donor reached a subsequent agreement or understanding that all or a portion of a donor's existing funds may be used to make contributions or expenditures in California, the records must contain a written confirmation of such an agreement and the date of the agreement.

(2) Any correspondence related to and copies of grant proposals, grant letters, or grant agreements including re-grant proposals, letters, or agreements.

(3) A detailed memorandum describing the accounting method used to identify the sources of donor contributions on campaign statements and reports that reflects the accounting

method chosen for reported contributions and a description of the donor selection process, including dated records of the organization's allocations of checks for specific uses not indicated in the check memo field.

(4) Documentation of membership dues structure for multipurpose organizations that receive membership dues, including dues invoices, dues assessment letters, and membership totals and information detailing what monies are received per member per calendar year and what monies will be used or allocated to make contributions or expenditures.

(c) When using nondonor funds to make contributions or expenditures, a multipurpose organization must maintain documentation sufficient to verify the source of those nondonor funds and that the contributions or expenditures were made using available nondonor funds. Such documentation must show that there was a sufficient balance of nondonor funds at the time of the expenditure or accrued expense to cover the contribution or expenditure of the multipurpose organization. Examples of such required documentation include but are not limited to:

(1) Bank records, including account statements, and source documentation for transfers and deposits into the organization's account.

(2) Financial statements, receipts, invoices, and other documentation that the organization made contributions or expenditures using any of the following: investment income, including capital gains; net income earned from providing goods, services or facilities; sale of assets, or other receipts that are not donations.

(d) A federal or out-of-state PAC that qualifies as a committee pursuant to Section 84222(c)(1) is required to comply with this regulation only for records in connection with

information required to be reported on the organization's campaign reports pursuant to Section 84222 and other applicable state or federal laws.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 82015, 84104 and 84222, Government Code.

HISTORY

1. New section filed 10-23-2019; operative 11-22-2019 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2019, No. 43).