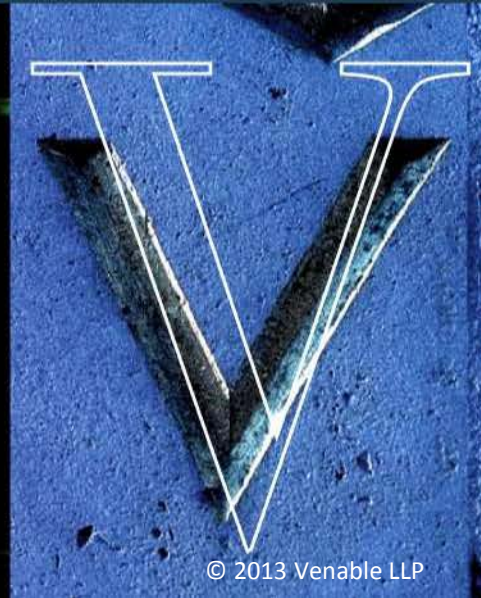


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Political Law 101

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Agenda

1. Political Activities

2. Pay-to-Play

3. Federal Lobbying

4. State Lobbying

5. Gifts and Entertainment

6. Putting It All Together



Risks and Rewards

- Protect your business
- New opportunities
- Enhance reputation
- Favorable regulatory climate
- Laws vary widely
- Many traps
- Impact on business and personal activity
- Scrutiny from:
 - Regulators
 - Media
 - Competitors
 - Watchdogs
- Compliance must involve entire company



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Political Activities



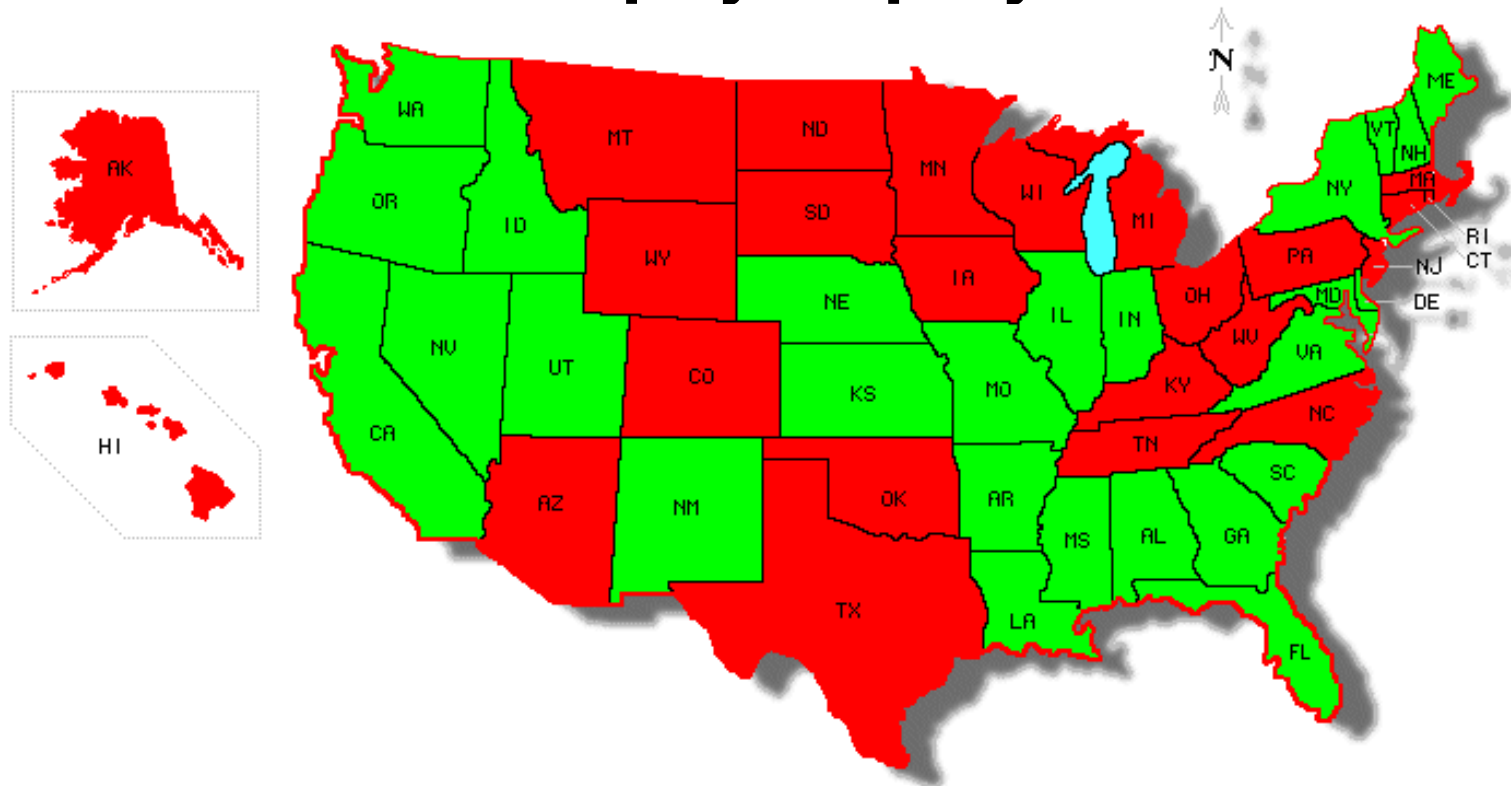
Corporate Campaign Contributions

- Prohibited at the federal level
- May create a PAC



Corporate Campaign Contributions

- State law varies
- Beware of “pay-to-play” laws

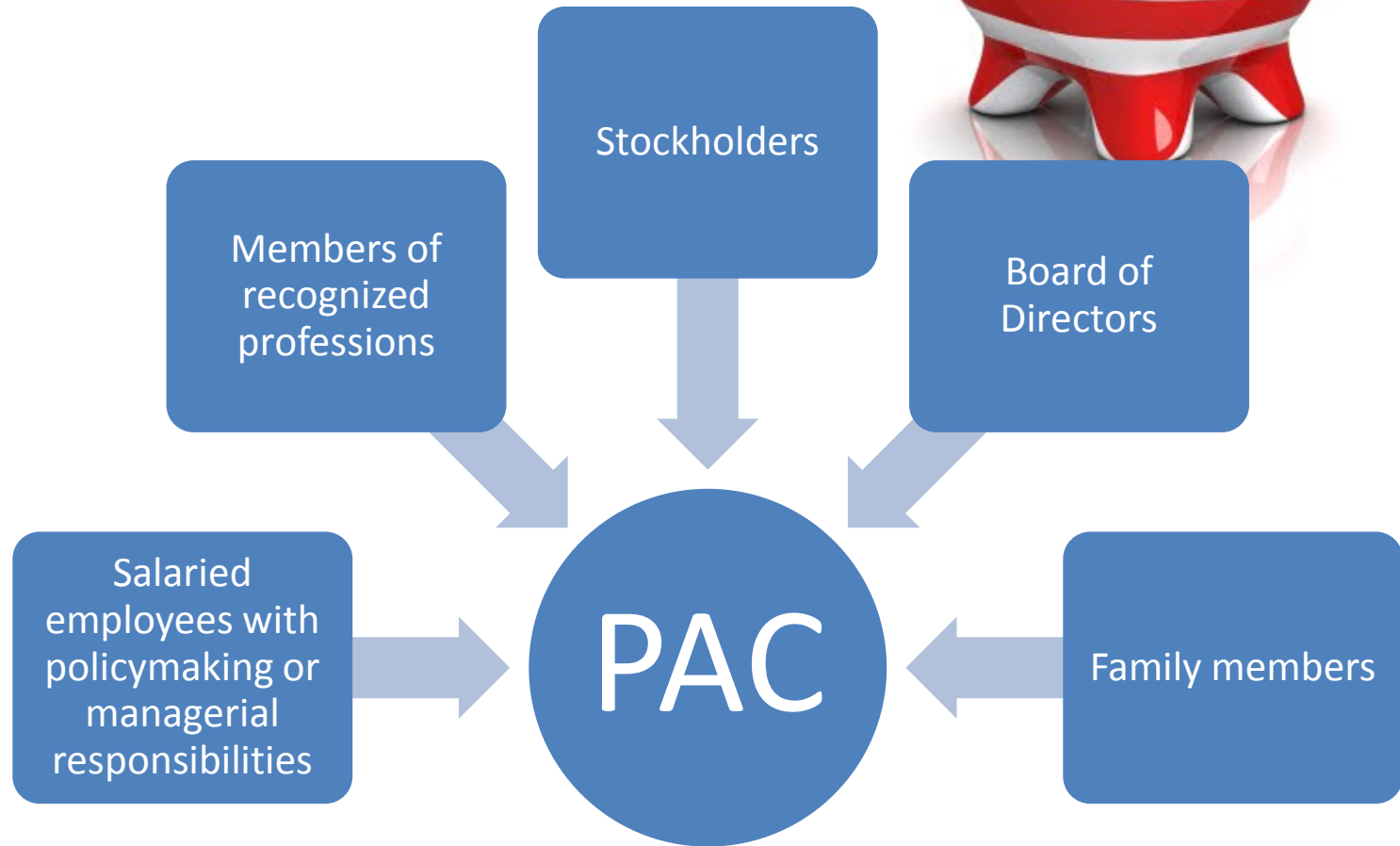


What is a PAC?

- **Special bank account**
- **Corporate name**
- **Administrative support from corporation**
- **Host fundraising events**



Who Funds a PAC?



Who funds a PAC?

- **Limit: \$5,000 per year**
- **May use payroll deduction**
- **Only U.S. Citizens or “green card” holders**



Making Contributions

- May support federal candidates, PACs, and parties
- May support state candidates subject to state law
 - Registration and/or reporting often required



Federal Contribution Limits

	To a Candidate	To a National Party Committee	To State and Local Party Committees	To Other Political Committees	Aggregate Biennial Limit
Individual may give	\$2,600 per election	\$32,400 per year	\$10,000 per year	\$5,000 per year	\$123,200 overall limit, of which <ul style="list-style-type: none"> • \$48,000 may be given to all candidates and • \$74,600 may be given to all PACs and parties, of which <ul style="list-style-type: none"> ▪ No more than \$48,600 may be given to PACs and local parties
Multicandidate PAC may give	\$5,000 per election	\$15,000 per year	\$5,000 per year	\$5,000 per year	No limit
Non Multicandidate PAC may give	\$2,600 per election	\$32,400 per year	\$10,000 per year	\$5,000 per year	No limit

Click [here](#) for a printable version of this chart.

Disclosure

- Filed with FEC
- Donors disclose:
 - Name
 - Address
 - Occupation
 - Employer
- Online



Corporate Support of the PAC

- Administrative costs
- Fundraising costs
 - Prizes
 - Charitable match
 - Trinkets
- May not contribute to the PAC



What is a Super PAC?



Makes independent expenditures

Does not contribute to candidates

May not coordinate with candidates



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Pay-to-Play Laws



17



Where are there *Local*/P2P Laws?

- 
- California
 - Oakland
 - L.A. City
 - County of L.A.
 - Culver City
 - San Francisco
 - County of San Diego
 - Colorado
 - Denver
 - Florida
 - Fort Lauderdale
 - Orange County
 - New Jersey
 - In over 165 cities and towns
 - Illinois
 - Chicago
 - Cook County
 - New York
 - New York City
 - Pennsylvania
 - Philadelphia
 - Texas
 - Dallas
 - Houston
 - San Antonio
 - Teacher Retirement System of TX



What's at Stake?

- Bids disqualified and contracts voided
- Barred from future contracts
- Fines and criminal penalties
- Damage to reputation



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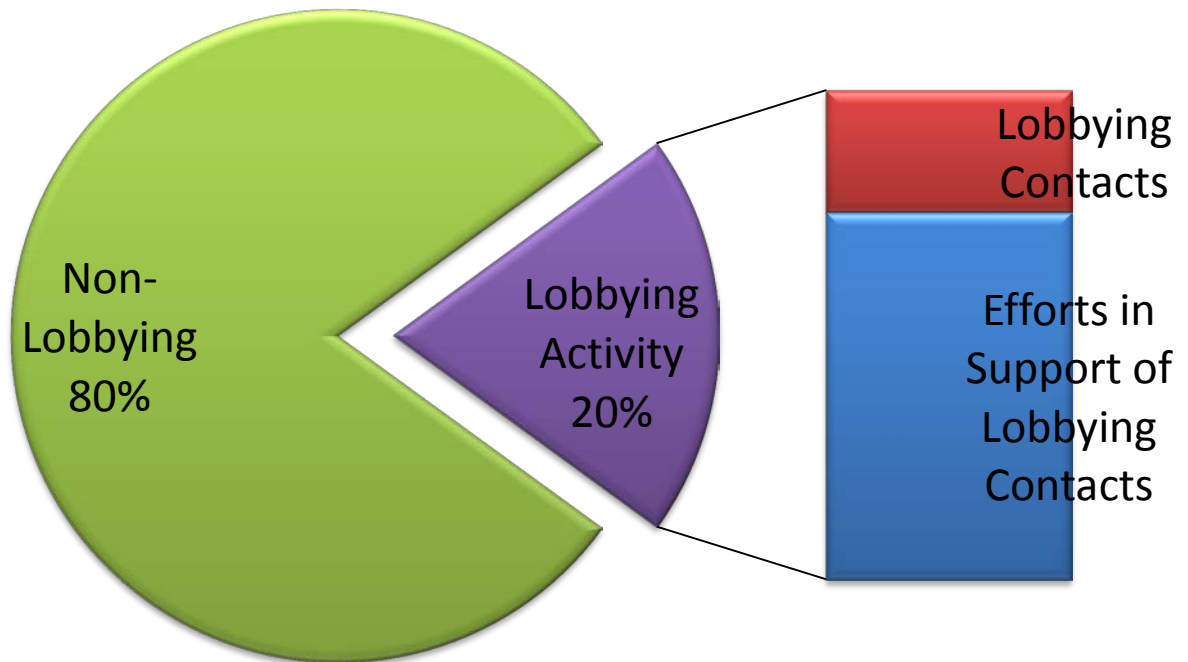
Federal Lobbying



Who is a Lobbyist?

More than one lobbying contact

PLUS



What is a Lobbying Contact?

Oral or written communication:

- Legislation
- Policy
- Contracts/Grants
- Nominations



Who is a Covered Official?

- Congress & Staff
- President & VP
- Executive Office of the President
- Executive Schedule 1-5
- Admirals and Generals
- Schedule C Appointees



What is Lobbying Activity?

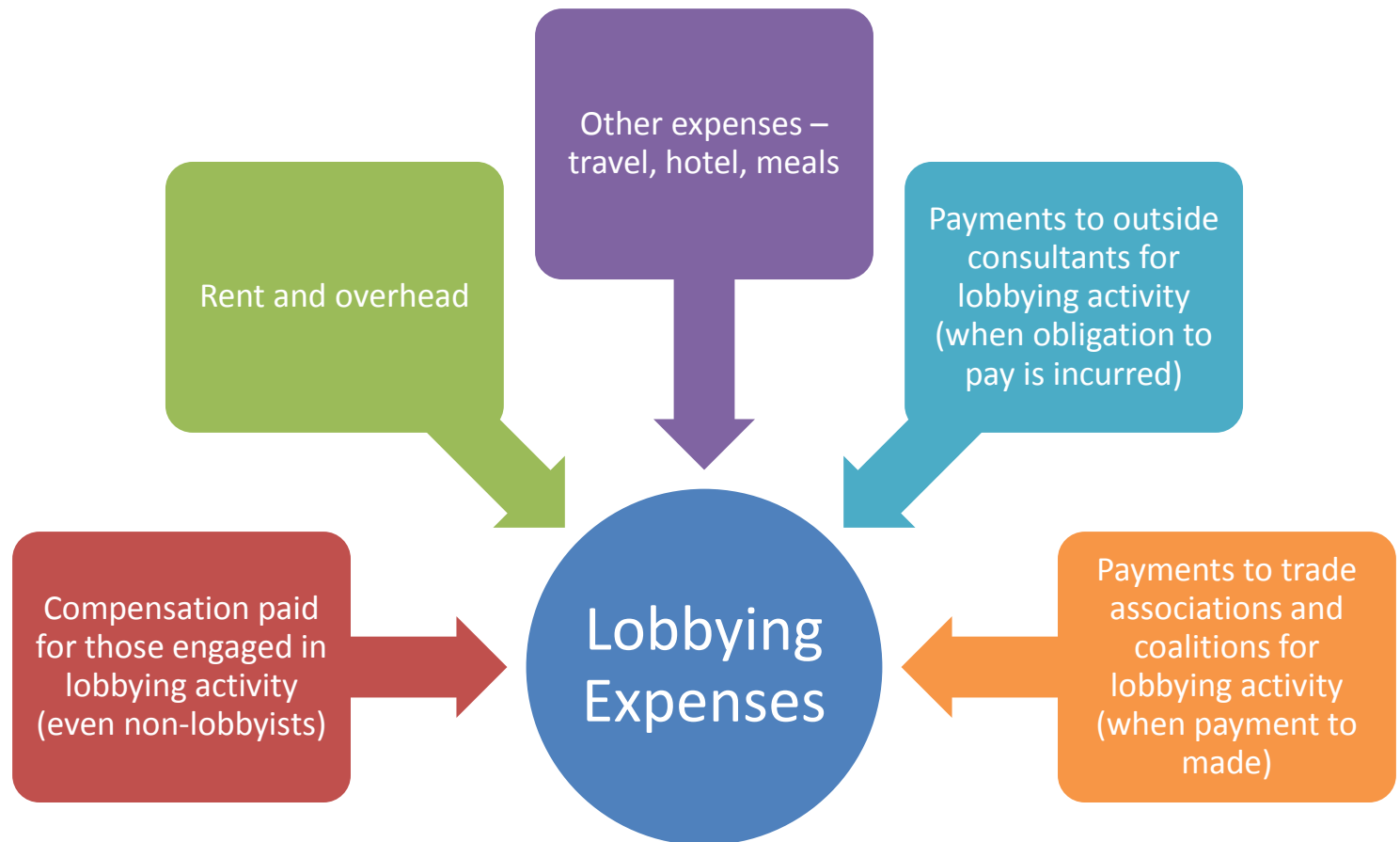


Quarterly Reports

- **Issues and agencies lobbied**
- **Amount spent on lobbying**
- **Names of lobbyists**
- **Publicly available**



Expenses



Semiannual Contribution Report

Federal Campaign Contributions

Events Honoring/Recognizing Official

Meetings Held by/In Name of Official

Entity Established/Controlled by Official

Presidential Library/Inaugural Committee



The Lobbying Tax

Type of Lobbying

State
Grassroots
Legislative
Executive
International

LDA

No
No
Yes
Broad
No

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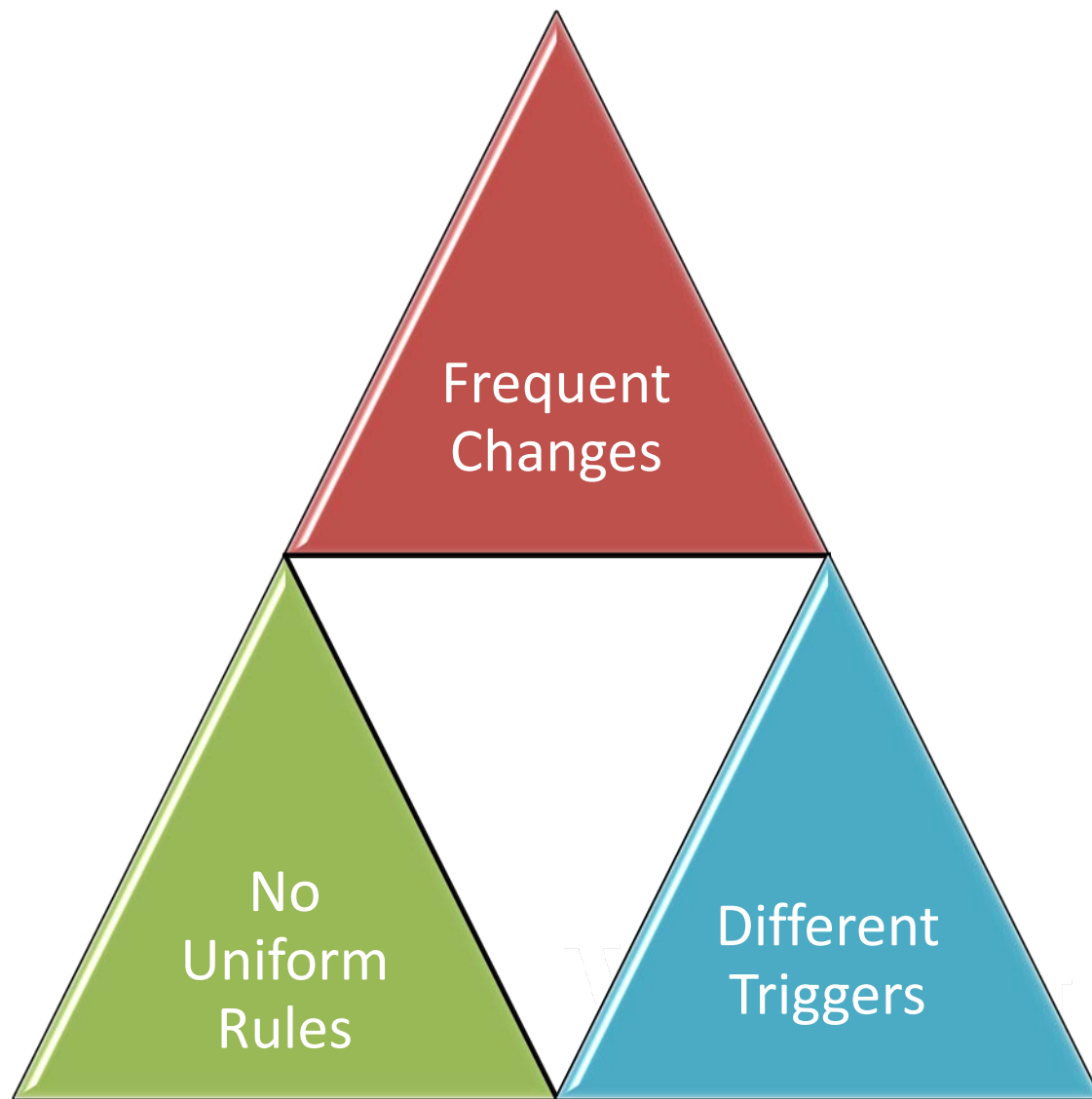
Yes
Yes
Yes
Narrow
Yes

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State Lobbying



State Lobbying



What is Lobbying?



Common State Issues

- Companies that employ or hire lobbyists must register and file reports
- Goodwill lobbying covered
- Stricter gift rules on lobbyist-employers and government contractors
- Officers/owners subject to stricter limits and disclosure of personal political contributions
- Training, certifications



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Gifts and Entertainment



Gifts to Government Officials

Highly regulated –
federal, state and local

Elected officials *and*
employees

Reporting requirements
may apply

Additional restrictions
on lobbyists and their
employers, and
government contractors

Exceptions very specific



What is a Gift?



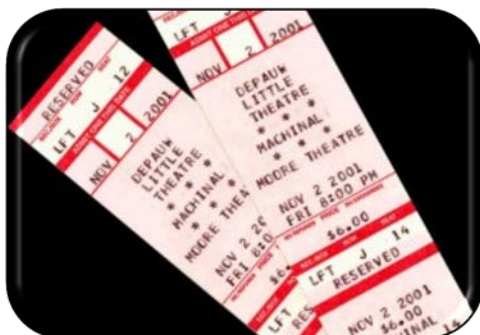
Meals and
beverages



Travel expenses



Invitations to
charitable events



Tickets

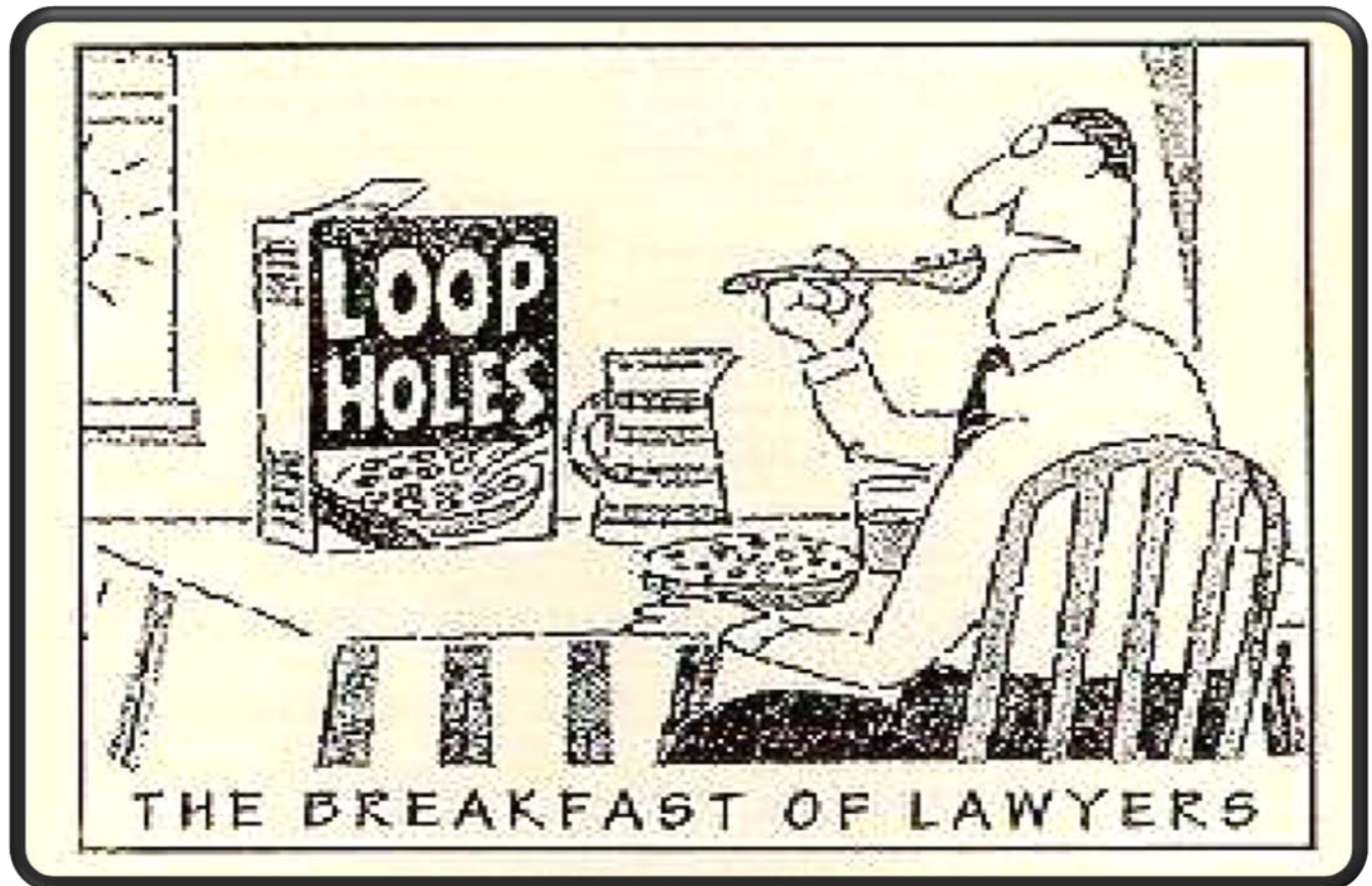


Commemorative
items



Books, periodicals
and informational
materials

Common Exceptions



Federal Gift Rules



Congress

- Registrant:
 - No, unless exception
- Lobbyist:
 - No, unless exception
- Others:
 - <\$50 or exception



Career

- Registrant:
 - \$20 or exception
- Lobbyist:
 - \$20 or exception
- Others:
 - \$20 or exception



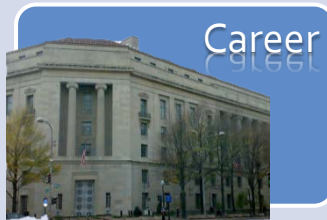
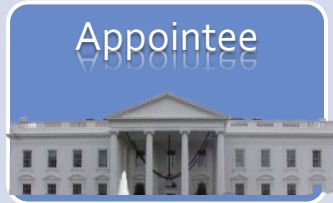
Appointee

- Registrant:
 - No, unless exception
- Lobbyist:
 - No, unless exception
- Others:
 - \$20 or exception



Widely Attended Events

Invitee



Event

Speaker at the event or determine that attendance is related to official duties

Speaker

In the interest of the agency because it will further agency programs and operations or speak at the event

Number of People

More than 25 non-Hill

If not sponsor, more than 100; if sponsor no number

If not sponsor, more than 100; if sponsor no number

Audience

Individuals from throughout an industry or profession or represent a wide range of persons interested in a given matter

Diversity of views or interests will be present

Diversity of views or interests will be present



Site Visits

- Food and refreshments on site, in group setting with employees
- Local transportation
- Senator's own state or House member's own district (or at House expense)
- Lobbyist may not plan/arrange for travel



Receptions

CONGRESS

- Hors d'oeuvres & beverages
- Coffee & bagels
- No sit-down meal
- No one-on-one

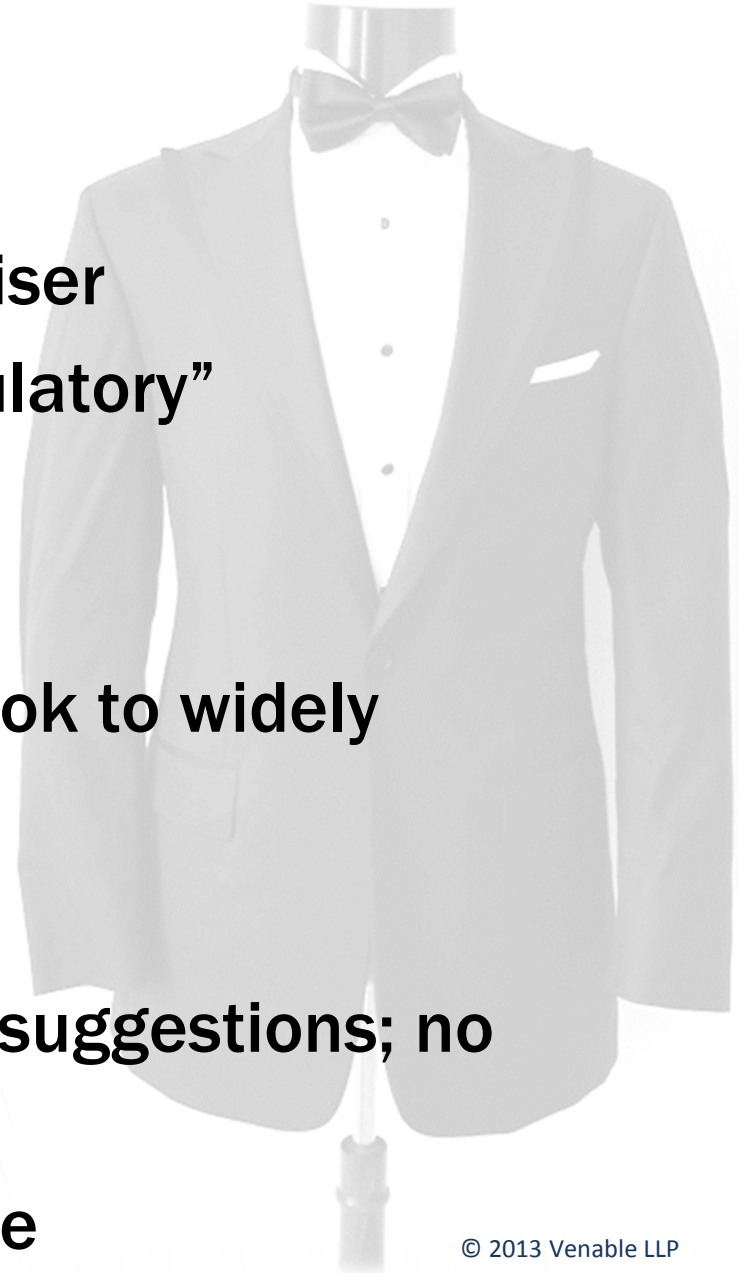
EXEC BRANCH

- \$20 per person/\$50 per year
- Coffee, donuts, etc.
- Often have to pay to attend



Charity Events

- **House & Senate**
 - Charitable fundraiser
 - Not just “congratulatory” celebration
- **Executive**
 - No special rule, look to widely attended
- **Invitations**
 - House: allows for suggestions; no direct contact
 - Senate: harder line



Personal Friendship

- Cannot expense gifts
- Look to history of relationship
 - Mutual exchange of gifts
 - Duration and formation
 - Similar gifts to others
- Allows gifts up to \$250 (without waiver) for legislative branch—no limit on executive



Personal Hospitality

- Meal hosted in home
- No business purpose underlying invitation
- No reimbursement and not claimed as a business expense
- If value > \$250, Member or staffer must obtain approval
- If invitation from registered lobbyist, must also be history of reciprocal gift-giving



Others

- Plaques
- Home State Items
- Promotional Items
- Informational Materials
- Cards
- Items of Nominal Value



State Rules

Broadly defined

Apply to elected officials and employees

Legislative and executive may differ

Exceptions vary widely

Often have different rules for lobbyists



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Putting It All Together



Risk Management

- Develop simple and clear policies and procedures
- Provide regular training
- Let employees know who is responsible for answering questions
- Separate responsibility for government relations and legal compliance



Risk Management

- Don't forget consultants
- Obtain pre-approval of gifts
- Track time on activities that support lobbying
- Assess risks under pay-to-play laws



Final Thoughts

- Heavily regulated area, with many traps for the unwary
- Ask first!
- Usually a way to accomplish your goals
- Regardless of the rules, always consider the *Washington Post* test



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