

## Candidates' Training

for City Elective Offices of the Board of  
Supervisors, Board of Education, and  
Community College Board of Trustees

San Francisco Ethics Commission  
November 6, 2012 Election

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This is the Ethics Commission's training for candidates running for City elective offices in November 2012. This recording is intended for candidates who have not attended one of the live trainings hosted by Commission staff earlier this year. If there are any inconsistencies between the information provided in this training and the law, the law prevails.

To complete your training requirement on time for the November 2012 election, you must watch this video and file the Form SFEC-107 with the Ethics Commission before November 6, 2012.

## Agenda

Part I: General Requirements  
that Apply to All Candidates

Part II: Requirements that  
Apply Only to Candidates for  
the BOS

Part III: Overview of the BOS'  
Public Financing Program

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The first part of this training covers requirements for all local candidates running for office in November 2012. The second and third parts cover requirements that apply only to candidates for the Board of Supervisors.

## Part I: General Requirements

- Duties and Responsibilities
- Campaign Finance Filing Requirements
- Campaign Contribution Rules
- Voluntary Expenditure Ceilings
- Mass Mailings
- Campaign Advertisements
- Making Changes to your Committee
- Record Keeping
- Late Fees and Penalties


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Part I covers the general requirements for all candidates.

### Duties and Responsibilities

1. Every candidate who forms a committee must have a treasurer.
  - a) Candidate and his or her designated treasurer must attend required training.
2. Establish a complete and organized recordkeeping system.
  - a) Ensure that receipts and expenditures are recorded promptly.
3. Prepare campaign statements personally or carefully review campaign statements prepared by others to ensure they adhere to campaign finance rules and requirements.
4. Verify and sign campaign statements.
5. Submit statements on time to avoid late fees.
6. Comply with applicable laws; personal liability for campaign finance violations.

2 Cal Code of Regs. § 18427 & S.F. C&GC § 1.170(g)



Here are a couple things to keep in mind:

Your committee must have a treasurer or you can not accept contributions or make any expenditures.

Even when you have your staff prepare campaign statements for you, you are personally responsible for verifying that they are complete and accurate.

You and your treasurer are personally and financially liable for campaign finance violations.


## Campaign Finance Filing Requirements

- Before You Raise or Spend any Money
- Raising/Spending Less than \$1,000?
- Raising/Spending \$1,000 or More?
- After Forming a Committee
- FPPC Form 460 Filing Schedule
- Electronic Filing of FPPC Form 460

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In this section, you will learn about the types of forms you need to file and whether you qualify to form a committee.

**Before contributions are solicited or received and before any campaign expenditures are made:**

Action	To Whom Do the Filings Go?
<input type="checkbox"/> File <u>Form 501</u> , the Candidate Intention Statement	<input type="checkbox"/> Ethics Commission
<input type="checkbox"/> File the <u>Declaration of Intention</u> to Solicit or Accept Contributions	<input type="checkbox"/> Department of Elections
	

Before you raise or spend any money, you have to file a Form 501 with the Ethics Commission and a Declaration of Intention form with the Department of Elections.

< \$1,000



**Raising or Spending Less Than \$1,000**

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To find out if you need to form a committee, ask yourself if you will be raising or spending at least \$1,000.

**Raising or Spending Less Than \$1,000**

- File Form 470 (Short Form)
- Open a campaign bank account if you raise any money from others.

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If you are raising and spending less than \$1,000, file the Form 470.


Form 470 is filed one time every year to cover the calendar year so if you have declared your candidacy by June 30, you file the form 470 by July 31. If you declare after June 30 you file the Form 470 no later than the first pre-election filing deadline which generally falls in September.



IF you file a Form 470 but subsequently reach the \$1,000 threshold:

Due Date	Action \$1,000 threshold	File With
Within 48 hours of receiving or spending \$1,000 AND	<input type="checkbox"/> File a Form 470 supplement <input type="checkbox"/> Notify your opponents	<input type="checkbox"/> Ethics Commission <input type="checkbox"/> Secretary of State's Office <input type="checkbox"/> Each candidate seeking same office
Within 10 days of reaching the \$1,000 threshold AND	<input type="checkbox"/> Form a committee by filing <u>Form 410</u> Statement of Organization	<input type="checkbox"/> Original with Secretary of State <input type="checkbox"/> 2 copies with the Ethics Commission
(see future slide for info)	<input type="checkbox"/> Form 460	

If you filed a Form 470 and then subsequently reached the \$1,000 threshold, you have to file a Form 470 supplement, notify your opponent, and form a committee.

 $\geq \$1,000$

Raising or spending \$1,000 or more

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To find out if you need to form a committee, ask yourself if you will be raising or spending at least \$1,000.

Raising or spending \$1,000 or more		
Due Date	Action	File With
	<input type="checkbox"/> Open a bank account	
Within 10 days of reaching the \$1,000 threshold	<input type="checkbox"/> Form a committee by filing <u>Form 410</u> Statement of Organization	<input type="checkbox"/> Original with Secretary of State <input type="checkbox"/> 2 copies with the Ethics Commission
(See FPPC Filing Schedule.)	<input type="checkbox"/> File Form 460 <input type="checkbox"/> File Form 497	<input type="checkbox"/> Ethics Commission

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When you receive or spend \$1,000 or more, open a bank account and form a committee by filing Form 410.

**After Forming a Committee, You Must File FPPC Form 460 for the Life of Your Committee.**

**FPPC November 6, 2012 Filing Schedule**

July 31, 2012	thru – 6/30/12	<u>460</u> <u>470</u>
<i>Semi-Annual</i>		
Oct 5, 2012	7/1/12 – 9/30/12	<u>460</u> <u>470</u>
<i>Pre-Election</i>		
Oct 25, 2012	10/1/12 – 10/20/12	<u>460</u>
<i>Pre-Election</i>		
Within 24 Hours	10/21/12 – 11/5/12	<u>497</u>
<i>16-Day Reports</i>		
Jan 31, 2013	10/21/12 – 12/31/12	<u>460</u>
<i>Semi-Annual</i>		

**File personal delivery or guaranteed overnight services ONLY!**

**File if a contribution of \$1,000 or more is received by the committee.**

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Afterwards, you file the Form 460 for the life of your committee to disclose your contributions and expenditures.

You can check the deadlines for the Form 460 on the Fair Political Practices Commissions' Filing Schedule. If your committee is still active after the election, you file Form 460 until you terminate your committee.

**\$1,000 or More during the  
Late Reporting Period**

If you make contributions (including loans) to your campaign totaling \$1,000 or more during the 16 days immediately preceding the election, you must file:

- ☐ Late Contribution Report (FPPC Form 497) with the Ethics Commission, within 24 hours of making the contribution
- ☐ File Electronically and
- ☐ File in paper form (fax accepted)

**For the November 6, 2012 election, the late period covers from October 21 to November 5, 2012**

Gov't Code § 84203

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During the late reporting period is the 16-day period before an election. In the November 2012 election, the late reporting covers October 21 through November 5, 2012.

If a candidate loans or contributes \$1,000 or more to his or her committee, the candidate files Form 497 – in paper and electronic format – within 24 hours of making the contribution.

## Electronic Filing

S.F. C&GC Code § 1.112

If you receive  $\geq \$5,000$  in any calendar year, you must file electronic statements for the life of your committee



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If your committee receives \$5,000 or more in a calendar year, you submit your campaign statements electronically as well as in paper form. If you have met the \$5,000 threshold, please contact the Ethics Commission staff to set-up an online e-filing account on the San Francisco Electronic Disclosure System or SFEDS – to complete your online campaign statements.

#### **Rules for All Committees**


- Mass Mailings
- Campaign Contribution Rules
- Campaign Advertisements
- Voluntary Expenditure Ceilings
- Wrapping Up
- Late Fees and Penalties

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The following slides discuss other rules that apply to all committees.

**Mass Mailing Disclosure Requirements**  
(> 200 pieces substantially similar pieces of mail)

- ☐ Display in **font size  $\geq$  14 pt.** on outside:
- ☐ “Paid for by [insert committee’s name], and
- ☐ Street address, city, state and zip



Gov't Code § 84305 and SF C&GC Code § 1.161

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A mass mailing is any mailing of more than 200 pieces of mail sent in a calendar month. For example, letters soliciting contributions or a brochure listing the candidate’s position and urging voters to support the candidate may be mass mailings. The committee is required to ensure that certain disclosure is on the outside of the mailer.

The committee must place the words “paid for by” in at least 14 point font followed by the committee name as well as the committee’s street address and city, state and zip code. There are filing requirements in addition to the disclosure requirements as discussed in the next slide.



**Mass Mailing Disclosure Requirements**  
(> 200 pieces substantially similar pieces of mail)

- ☐ File *Form SFEC-161(a)* with
- ☐ 2 pieces of the mailing
- ☐ within 5 working days after the date of the mailing

Due 5 days after the date of mailing!

Two pieces

**\*DUE WITHIN 48 HOURS** during the **LATE REPORTING PERIOD** (16-day period immediately preceding an election).

Gov't Code § 84305 and SF C&GC Code § 1.161

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When you send a mass mailing, you must file a Form 161(a) along with two pieces of the mail within five business days of sending the mass mailing.

During the late reporting period the filing deadline is shorter and Form 161(a) must be filed within 48 hours of the date of the mailing.

## Aggregation of Contributions

- Contributions from affiliated persons must be aggregated.

Example:

+ \$100 John Campbell  
+ \$100 Campbell Pottery  
= \$200 aggregated and  
cumulative contribution



S.F. C&GC Code § 1.114(d)

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All cumulative contributions from persons that are affiliated have to be aggregated to determine whether they are within the \$500 limit.

For example, if John Campbell gives you \$100 and his business Campbell Pottery also gives you \$100, then the total aggregated contribution from John Campbell is \$200.

### Contribution Limits S.F. C&GC Code §§ 1.114(a), 1.116 and 1.140(a)(2)(D)

Candidates may not accept more than \$500 from one contributor but can contribute more than \$500 to his or her own campaign



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No one aggregated contributor can give a candidate more than \$500 per election but a candidate may contribute more than \$500 to his or her own campaign. Candidates can not make in-kind contributions to their committees and are required to deposit personal contributions into the campaign bank account before spending the funds.

<b>Loan Limits</b> <span style="float: right;">S.F. C&amp;GC Code §§ 1.116 &amp; 1.140</span>	
City Elective Office	Limit on loans from candidate's personal funds
Candidates for the Board of Supervisors, the Board of Education or Community College District	\$15,000 at any given time
Supervisorial Candidates seeking public financing	\$5,000 in total from candidate's personal funds (includes monetary contributions and loans)
Loans from others are considered contributions and are subject to the \$500 contribution limit.	
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Although you do not have a limit on the amount of money you may contribute to your own campaign, you may only loan \$15,000 to your committee.

If you are a supervisorial candidate interested in seeking public funds, you have a combined limit on contributions and loans of \$5,000.

Loans from others are considered contributions and are subject to the \$500 contribution limit.

<b>Cash Contributions</b> <b>(must be \$99.99 or less)</b> <input type="checkbox"/> Deposited into the campaign bank account before making expenditures <input type="checkbox"/> Cash contributors should fill out and sign a contributor card		NOTE: "Cash contribution" also refers to: •Money orders •Cashiers checks •Official checks •Travelers checks
<b>Example of a Contributor Card</b>		
Name		
Amount		
Date of Contribution		
Street Address		
Occupation and employer information (if self employed, business name; if no business name exists, specify "self-employment/same")		
Contributor's Signature (include date)		
<small>Cal. Gov't Code § 84300</small>		

Cash contributions must be \$99.99 or less. You cannot accept a hundred dollar bill and give change back.

For every cash contribution that you receive you should ask your contributors to complete and sign a contributor card that provides a record of the contribution and allows you to record the contributor information which you need for the filing of campaign statements.

Keep in mind that cash contributions include items such as money orders, cashier's checks, official checks and traveler's checks.

Contributor Information	
A committee <u>may not deposit</u> a contribution totaling <u>more than</u> \$100 unless the committee has the following:	
Contributor Information	
Full Name	
Street Address (No P.O. Box Addresses!)	
Occupation and Employer Information (if self-employed, business name; if no business name exists, specify "self-employed/same")	

S.F. C&GC Code § 1.114(e)

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For contributions made by check you should ensure that you make copies of all the checks you receive before you deposit them into your campaign bank account. For credit card contributions, you should ensure that your credit card vendor provides reports to you about the contributions that your campaign receives.

Whenever a contributor gives you a contribution totaling one hundred dollars or more you need to make sure you have complete contributor information such as the contributor's full name, street address, occupation and employer information. If the contributor is self-employed you should ask for the contributor's business name. You need this information to file complete and accurate campaign statements.

### Contributor Information: Example

Dan Smith contributes \$50 cash on August 1. Dan Smith writes a check for \$60 on September 1. Committee may accept if it has the full name, street address, occupation and employer information of Dan Smith.

#### Example: FPPC Form 460 Schedule A

DATE RECEIVED	FULL NAME, STREET ADDRESS AND ZIP CODE OF CONTRIBUTOR (PRINT OR TYPE SURVIVAL NUMBER)	CONTRIBUTOR CODE *	IF AN INDIVIDUAL, ENTER OCCUPATION AND EMPLOYER (IF SELF-EMPLOYED, ENTER NAME OF BUSINESS)	AMOUNT RECEIVED THIS PERIOD	CUMULATIVE TO DATE CALENDAR YEAR (JAN. 1 - DEC. 31)
8/1/2012	Dan Smith 123 Smith Lane, SF, CA 94102	X <input type="checkbox"/> IND <input type="checkbox"/> COM <input type="checkbox"/> OTH <input type="checkbox"/> PFTY <input type="checkbox"/> SCC	Attorney, Smith, Kline and Perkins	\$50	\$110.00
9/1/2012	Dan Smith 123 Smith Lane, SF, CA 94102	X <input type="checkbox"/> IND <input type="checkbox"/> COM <input type="checkbox"/> OTH <input type="checkbox"/> PFTY <input type="checkbox"/> SCC	Attorney, Smith, Kline and Perkins	\$60	\$110.00

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Here is an example of how you would report contributor information on Form 460. In this example, Dan Smith contributes \$50 and then another \$60. Because Dan has given you more than \$100 you must also report the contributor's street address and occupation and employer information.

## Use of Campaign Contributions

Funds in a candidate's campaign account may be used

- Only on behalf of the candidacy for the office specified in the candidate's declaration of intention.
- Campaign contributions may be used for expenses associated with holding office.



S.F. C&GC Code § 1.122

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Contributions you receive are only used to support your candidacy. Always deposit your contributions into your campaign account before spending the money. This way you have a record of your contributions and expenditures—including cash contributions.



Campaign funds may NOT be used to:

- Make contributions to or expenses for the purpose of supporting another candidate or to support or oppose a ballot measure.
- Make charitable contributions.
- Reimburse the candidate for campaign expenses.
- Pay for personal expenses such as clothing.
- Pay the candidate for use of his or her home.

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You can't use campaign funds:

- ✓ to support another candidate or to support or oppose a ballot measure;
- ✓ to make charitable contributions;
- ✓ to reimburse yourself;
- ✓ to pay for personal expenses such as clothing; or
- ✓ to pay for use of your home.

### Contributor's Contribution Limits

= \$7,000

for November 2012 Election

S.F. C&GC Code § 1.114 (a), 1.114(c)(1) and 1.114(c)(2)

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The limit a contributor can give to any number of candidates during this election is \$7,000. This limit is calculated by multiplying \$500 by the number of offices up for election.

## Ban on Corporate Contributions

**Contributions  
from  
corporations  
must be  
forfeited.**

S.F. C&GC Code § 1.114(b)



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Corporations are not allowed to make contributions to candidates running for City elective office. You can check the Secretary of State's website to determine whether an entity is a corporation.

### **Ban on Contributions from Contractors**




Contractors who do business with the City when the contract(s) has a total value of \$50,000 or more

Includes time of negotiations to award of contract or 6 months after the negotiations are complete

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Contractors who do business with the City may not contribute to any candidate for such elective office when the contract or series of contracts has a total value of \$50,000 or more. You can find this information on the Ethics Commission website under Form SFEC-126 disclosures provided by various City departments.

Contributions are forfeited  
to the City when they:



- ✓ exceed contribution limits;
- ✓ are received from corporations;

**OR**

- ✓ lack contributor information.

S.F. C&GC Code § 1.114(f)

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Contributions are forfeited to the City under certain conditions.

There may be times when you receive a check but may not want to receive the contribution yet because:

You want to check if the contributor has already given you \$500;

You may not be sure whether the contributor is a corporation; or

It's from someone without complete contributor information.

### Rules for Receipt of Contributions

A contribution will NOT be considered received if...

- ✓ It has not been cashed, negotiated or deposited

AND

- ✓ It is returned to donor before the closing date of the campaign statement on which the contribution would otherwise be reported.

Contributions **MUST BE RETURNED WITHIN 24 HOURS** during the **LATE REPORTING PERIOD** (16-day period immediately preceding an election).

S.F. C&GC Code § 1.114(g)


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You have some time before you are deemed to have accepted the contribution because if you do not cash, negotiate or deposit the contribution and you return it to the donor before the closing date of the current reporting period, you are not considered to have received the contribution.

Remember that during the 16 days immediately preceding the election, you only have 24 hours to decide whether a contribution is acceptable and whether you want to keep it.

Rules for Receipt of Contributions

Example:



Tom receives a \$100 check from Ducks Inc. on 6/10/12. He then realizes that Ducks Inc. is a corporation so he returns the check before the closing date of the period (i.e., 6/30/12).

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In this example, Tom receives a \$100 check from Ducks Incorporated on June 10, 2012. He then realizes that he cannot accept contributions from them because he found out from the Secretary of State's website that Ducks Inc. is a corporation so he returns the check to Ducks Inc. before 6/30/12. Because Tom returned the check by the close of the reporting period, he is NOT deemed to have accepted the contribution.

When situations like this come up, keep records of your research and correspondence for auditing purposes.

## Payment of Accrued Expenses

Candidates who accept goods or services on credit must pay...

- ☐ In full
- ☐ No later than 180 days after receiving bill/invoice
- ☐ Expenses that remain unpaid are considered contributions and are subject to the \$500 contribution limit
- ✓ Exception: Good faith disputes

☐ **Report accrued expenses on  
Schedule F of Form 460**

S.F. C&GC Code § 1.118

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Accrued expenses are unpaid bills for which you've received goods or services. When you don't pay for accrued expenses in a timely manner they are considered to be contributions and are subject to the \$500 contribution limit. It is important that if you receive goods or services on credit, you should periodically assess how much money is in the bank account and pay your vendors in full no later than 180 days after accruing the expense.

If vendors don't provide invoices in a timely manner, it is your responsibility to contact them to get the invoices so that you can meet the requirement. On occasion, candidates realize they can't pay the bills. You must make sure you have sufficient funds to pay your invoices on time because if you don't pay within 180 days, you will be in violation and accrue fines every day the expense remains unpaid.



## Campaign Advertisement Rules

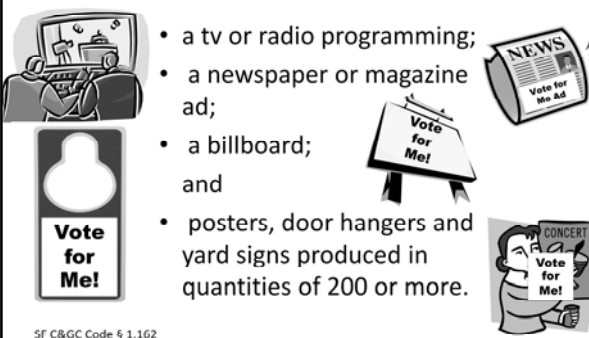
- What are Campaign Advertisements?
- Campaign Ads: Disclosure Requirements
- Live or Recorded Telephone Messages
- Persuasion Polls

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This section covers disclosure requirements pertaining to mass mailings, advertisements, telephone messages and persuasion polls.

### What are Campaign Advertisements?

- a tv or radio programming;
- a newspaper or magazine ad;
- a billboard;
- and
- posters, door hangers and yard signs produced in quantities of 200 or more.



SF C&GC Code § 1.162




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Campaign advertisements urge support for or opposition to one or more candidates for City elective office. Campaign advertisements include television or radio programming; communications placed in a newspaper, periodical or magazine, and billboards. Campaign advertisements also include posters, door hangers, and yard signs that are produced in quantities of 200 or more.

### Campaign Advertisements: Disclosure Requirements

Any campaign advertisement that urges support for or opposition to one or more candidates for City elective office must include the following disclosure statement identifying the person who paid for the advertisement:

- ☐ "paid for by \_\_\_\_\_ (insert name of the person who paid for the communication) \_\_\_\_\_."
- ☐ in at least 14 point type if in printed form; or
- ☐ if in spoken form, at same volume and speed as the rest of the communication and be appropriately conveyed for the hearing impaired.

SF C&GC Code § 1.162

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Whenever you pay for a campaign advertisement you must ensure that it has proper disclosure. The advertisement must include “paid for by,” followed by the name of the committee. If the ad is in written form, this disclosure must be in at least 14 point font and if the ad is in spoken form the disclosure must be played at the same volume and speed as the rest of the communication and appropriately conveyed for the hearing impaired.

## Live or Recorded Telephone Messages

(Distributed to 500 or more households)

### Disclosure Requirements:

- ☐ "Paid for by \_\_\_\_ (name of person who paid for the message)\_\_\_\_.
- ☐ Such statements must be audible and played at the same volume and speed as rest of message.

This message was paid for by the Committee to Support Healthy School Lunches.



S.F. C&GC Code § 1.163  
Gov't Code § 84310

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When calls are made to 500 or more households, they must include the following disclosure: "paid for by" and the name of your committee.

### Persuasion Polls: Filing

Any person who authorizes, administers or makes payment for a persuasion poll must:

- ☐ file *Form SFEC-160.5* with the Ethics Commission
- ☐ within 48 hours of the date of each of the following:
  - ☐ the date that a written formal agreement regarding the persuasion poll is made between the person making the calls and the poll sponsor(s) or the sponsor(s)' agent
  - ☐ the date of the 1000<sup>th</sup> call in the poll; and
  - ☐ the date of each 1000<sup>th</sup> additional call in the poll.

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The definition of a persuasion poll is very technical. Very briefly a persuasion poll is a telephone survey that refers to a clearly identified candidate for City elective office and includes at least 1,000 calls with one completed at least within 60 days before the election. A persuasion poll must also meet at least two additional requirements listed in the candidates' guide. See the candidates' guide to find out if you need to file SFEC-160.5.

If you authorize, administer, or pay for a persuasion poll, you must file form SFEC-160.5 with the Ethics Commission within 48 hours of each of the dates described in the slide.

**Voluntary Expenditure Ceiling**  
for Board of Education and Community College  
Board Candidates ONLY

- Amount
- Filing Requirement
- Lifting of Ceiling

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This section is about the Voluntary Expenditure Ceiling. The Voluntary Expenditure Ceiling does not apply to candidates for the Board of Supervisors. It applies to candidates for the Board of Education or Community College District.

### Voluntary Expenditure Ceiling (VEC)

The VEC amount is

- ☐ \$104,000 for candidates running for the Board of Education or Community College District

To accept the VEC, a candidate must:

- ☐ File *Form SFEC-128* to accept the VEC,
- ☐ No later than the deadline to file nomination papers which is August 10, 2012 at 5PM
- ❖ Once filed, this form may not be withdrawn.
- ❖ The SFEC-128 may not be filed if the Ethics Commission has lifted the VEC.

S.F. C&GC Code § 1.128 & 1.130

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The Voluntary Expenditure Ceiling for candidates running for the Board of Education or Community College District is \$104,000. To accept the Voluntary Expenditure Ceiling, a candidate must file the Form SFEC-128. This form is due no later than August 10, 2012. Once filed, the SFEC-128 may not be withdrawn. Also the SFEC-128 may not be filed if the Ethics Commission has lifted the Voluntary Expenditure Ceiling.

The Ethics Commission's website provides information on whether the Voluntary Expenditure Ceiling is in place or has been lifted. The website also lists names of candidates who have accepted the Voluntary Expenditure Ceiling.

### Voluntary Expenditure Ceiling



Any candidate who accepts the ceiling and makes expenditures in excess of the ceiling when the ceiling has not been lifted is subject to penalties.

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Candidates who accept the ceiling and spend beyond the amount of the ceiling at a time when the ceiling is still in place will be in violation of the law.



What does it mean to “lift” the VEC?

The expenditure ceiling is no longer binding on any candidate seeking election to the same City elective office.



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When the Ethics Commission lifts the ceiling, the ceiling is no longer binding on any candidate seeking election to that office; that includes candidates who initially agreed to abide by the ceiling.

### When is the Voluntary Expenditure Ceiling Lifted?

The VEC is lifted when a candidate who does not accept the VEC receives contributions; or makes qualified campaign expenditures totaling more than the amount of the applicable expenditure ceiling.

If at least one candidate in a race has accepted the VEC and the EC has not lifted the VEC, all candidates must:

- ☐ file *Form SFEC-134(b)*
- ☐ within 24 hours of receiving contributions, making expenditures or having funds that exceed the amount of the ceiling.

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The Voluntary Expenditure Ceiling is lifted if a candidate who does not accept the ceiling receives contributions or makes expenditures of more than the amount of the expenditure ceiling.

If at least one candidate in a race has accepted the Voluntary Expenditure Ceiling and the Ethics Commission has not lifted the Voluntary Expenditure Ceiling, all candidates in such race must notify the Ethics Commission by filing the Form SFEC-134(b) within 24 hours of receiving contributions, making expenditures or having funds that exceed the amount of the ceiling.

When the Ethics Commission receives such notification, it will lift the ceiling for every candidate in that race.

### Lifting of Voluntary Expenditure Ceiling

The VEC may also be lifted when any person (or persons) makes expenditures or payments, or incurs expenses for the purpose of making independent expenditures, electioneering communications or member communications that clearly identify a candidate totaling more than the amount of the applicable expenditure ceiling.

Such persons must report their expenditures to the Ethics Commission each time they spend \$5,000 or more per candidate for City elective office.

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The other scenario in which the Ethics Commission can lift the expenditure ceiling is when third party expenditures in aggregate exceed the amount of the voluntary expenditure ceiling relating to any candidate running for office in a particular race. Such spending by a third party needs to be reported to the Ethics Commission each time \$5,000 or more per candidate are made.

## Wrap Up

- Surplus Funds
- Recordkeeping
- Committee Changes
- Terminating the Committee
- Repercussions for Failure to File
- Penalties
- How to Contact the FPPC and SOS
- Resources Worth Reviewing
- Ethics Commission Information
- Proof of Attendance

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This section explains what you should do when making changes to your committee or terminating your committee. It also includes information about recordkeeping, late filing fees and resources.

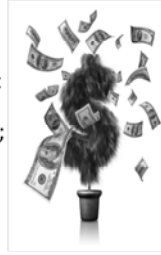
## What Can You Do with Surplus Funds?

Surplus funds are funds that remain in your account on:

- 12/31/12, if not elected to office; or
- When you leave office, if you are elected

Surplus funds can be:

- ☐ returned to donors on a “last in, first out” basis;
- ☐ donated to a charitable organization;
- ☐ donated to the City;
- ☐ used to pay outstanding campaign debts; or
- ☐ used to pay expenses associated with terminating the committee.



S.F. C&GC Code § 1.122)

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Once the election is over your funds become surplus funds. If you are not elected to office your funds will become surplus funds on December 31; if you are elected to office they will become surplus when you leave office.

There are only a few things you can do with surplus funds: you can return the funds to the donors on a last-in first-out basis, you can donate them to a charitable organization, donate them to the City, or use them to pay outstanding campaign expenses, expenses associated with terminating the committee such as bookkeeping fees, legal fees, audits or for the preparation of campaign statements and audits. Until your campaign funds become surplus funds, you may not make any charitable contributions.

Candidates for the Board of Supervisors who receive public funding must return any unexpended funds to the City. Unexpended funds are funds that remain in the bank account on the 30<sup>th</sup> day after the date of the election.

# Recordkeeping

Gov't Code § 84104

Retain for 4 years for audits

Contributions	Expenditures	Other
<ul style="list-style-type: none"> <li>•Copies of contribution checks</li> <li>•Deposit slips</li> <li>•Deposit receipts</li> </ul>	<ul style="list-style-type: none"> <li>•Invoices</li> <li>•Receipts</li> <li>•Payment authorizations</li> <li>•Cancelled checks</li> </ul>	<ul style="list-style-type: none"> <li>•Check register</li> <li>•Bank statements</li> <li>•Filed campaign statements</li> <li>•Any other relevant documents</li> <li>•All correspondence</li> </ul>

Live or Recorded Telephone Calls

- ☐ A record of the number of distributed calls for each message
- ☐ Transcript of the message and
- ☐ A copy of the recording if the message was recorded

S.F. C&GC Code § 1.163 & Gov't Code § 84310

Mass Mailings

- ☐ Samples of all mailings
- ☐ Date mailing was sent
- ☐ Number of pieces sent
- ☐ Method of postage used

2 Cal Code of Regs. § 18401

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Keep all your campaign records for four years in the event that your campaign is audited and you are required to provide your records.

Committee Changes	
When your committee changes any of the following:	
<ul style="list-style-type: none"><li>▪Committee name</li><li>▪Committee purpose</li><li>▪Qualification date</li><li>▪Treasurers</li><li>▪Campaign Bank Account</li></ul>	<ul style="list-style-type: none"><li>▪Principal officers</li><li>▪Committee contact information</li><li>▪Any other information required on Form 410</li></ul>
<input type="checkbox"/> File an amending Statement of Organization (Form 410) within 10 days of any change	
<b><u>DUE WITHIN 24 HOURS</u></b> during the <b><u>LATE REPORTING PERIOD</u></b> (16-day period immediately preceding an election).	

You need to amend your Form 410 Statement of Organization if you make a change to your committee name, purpose, treasurer or any contact information. Form 410 is also used to terminate your committee.

### Termination of Committee

- File a termination Statement of Organization (Form 410)
- Provide the date of termination

To Terminate You Must Have:

- ☐ Zero cash balance
- ☐ No more contributions or expenditures
- ☐ Paid all debt



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Once the election is over, it is important to remember that your filing obligations do not automatically end. Until you terminate your committee you need to continue to file campaign statements. If you don't expect to receive anymore contributions or make any expenditures you should terminate your committee. In order to terminate your committee you need to have a zero cash balance in your campaign bank account and have paid all your debt. To terminate your committee, you file Form 410, checking the box that says termination statement. You also file a Form 460 termination statement indicating that you have a zero cash balance in your bank account.



## Repercussions for Failure to File

Remember! Candidates and Treasurers may be held personally liable for fees and/or penalties!

### Late fees

- ✓ Paper filing: \$10 per day fee (per report). Capped at \$100 or cumulative amount stated in report, whichever is greater.
- ✓ Electronic filing: \$25 per day fee (per report). Capped at \$250 or cumulative amount stated in report, whichever is greater.

### Not Qualify for the Ballot

The Director of Elections will not issue any certificate of nomination or election for any candidate until all of the candidate's campaign declarations, statements or reports have been filed.

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Keep in mind that there are repercussions for failing to file on time. For paper statements there is a \$10 per day late fee and for electronic statements a \$25 per day late fee. These fees can add up very quickly so if you have any questions about your committee's filing obligations please call the Ethics Commission so that we may guide you in meeting your filing obligations.

Also keep in mind that if you don't submit your required campaign statements the director of the department of elections will not issue a certificate of nomination or election until you have filed all of your campaign statements.

## Penalties



### Criminal

- \$5,000 per violation or 6 months imprisonment in County jail, or both.

### Civil

- \$5,000 for each violation, or 3x the amount not reported or amount received or spent in excess of the limits.

### Administrative

- \$5,000 per violation, or 3x amount not reported or received or spent in excess of limits.

S.F. C&GC Code § 1.170

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Local law also provides for penalties – civil, criminal and administrative – when you violate laws so please be sure to familiarize yourself with campaign finance reporting and disclosure requirements including knowing which campaign contributions and expenditures are allowed and which are not.

### Resources Worth Reviewing

- FPPC Campaign Disclosure Manual 2
- SFEC's Candidates' Guide for City Elective Office
- Forms include instructions
- Training on how to use the Commission's electronic filing system
- Candidates for the Board of Supervisors should also review the Supplement for Candidates for the Board of Supervisors

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Be sure to review all of the resources listed on the slide. The FPPC campaign disclosure manual provides detailed instructions on filing campaign disclosure forms and also has a very good section on recordkeeping. The Ethics Commission's candidates guide provides information on local law as well as filing deadlines.

## How to Contact the FPPC or SOS

Fair Political Practices Commission ("FPPC"):

**[www.fppc.ca.gov](http://www.fppc.ca.gov)**

**1-866-ASK-FPPC**

For technical advice

Secretary of State-Political Reform Division:

**[www.ss.ca.gov](http://www.ss.ca.gov)**


For committee identification numbers and  
termination of committees

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Here is the contact information for the FPPC and the Secretary of State's office. The FPPC or Fair Political Practices Commission is the campaign finance regulatory agency at the state level. While the FPPC can give you advice on state law the FPPC will not give you advice on local law. All FPPC forms can be downloaded from the FPPC website or obtained from the Ethics Commission office.

### Proof of Attendance

This training satisfies the training requirement under local law for Candidates and their Treasurers.



☐ Remember to fill out form SFEC-107 and submit it to the Ethics Commission via mail, fax, or in person.

S.F. C&GC Code § 1.107

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Local law requires that every candidate and treasurer attend a training. If you are a candidate for the Board of Education or Community College District, you have satisfied this training requirement. Please remember to submit Form SFEC-107 to the Ethics Commission.

## Questions

San Francisco Ethics Commission  
25 Van Ness Ave., Suite 220  
San Francisco, CA 94102  
Tel: (415) 252-3100  
Fax: (415) 252-3112  
[www.sfethics.org](http://www.sfethics.org)  
[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org)

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If you are unclear about any filing requirements or have any questions please call the Ethics Commission or stop by so that we may assist you.

This concludes Part I of the training. Parts II and III do not apply to candidates for the Board of Education or the Community College District. If you are a candidate for one of these races, you have completed your training obligation. Candidates for the Board of Supervisors should proceed to Part II of this training.

Part II  
Requirements that Apply to all  
Candidates for the Board of Supervisors  
Agenda –  
•Form SFEC-142(a)  
•Form SFEC-152(a)-1  
•Form SFEC-152(a)-2  
•Ethics Commission notification when  
verifying a candidate as eligible for  
public funds

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This section covers filing requirements that apply to all candidates for the Board of Supervisors.

### File Form SFEC-142(a)

All candidates for the Board of Supervisors must file *Form SFEC-142(a) Statement of Participation or Non-Participation in the Public Financing Program*,

- with the Ethics Commission
- no later than August 10, 2012 at 5PM
- indicating whether the candidate intends to participate or declines to participate in the public financing program.

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All candidates for the Board of Supervisors must file a Statement of Participation or Non-Participation indicating whether they intend to participate in the public financing program. This statement must be filed no later than August 10, 2012.



*File Form SFEC-152(a)-1*

All candidates for the Board of Supervisors must file *Form SFEC-152(a)-1*,

- with the Ethics Commission
- within 24 hours of receiving contributions or making expenditures,
- that equal or exceed \$10,000.

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In addition, each candidate for the Board of Supervisors must notify the Ethics Commission by filing Form SFEC-152(a)-1 within 24 hours of receiving contributions or making expenditures from in his or her Campaign Contribution Trust Account that equal or exceed \$10,000.

If at least one candidate is certified as eligible to receive public funding, each candidate for the Board in the same race (district) must file *Form SFEC-152(a)-2*

1. Within 24 hours of receiving contributions or making expenditures that equal or exceed \$100,000; and
2. Thereafter, within 24 hours of every time that the candidate receives additional contributions or makes additional expenditures that equal or exceed \$10,000.

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If the Ethics Commission has certified that at least one candidate is eligible to receive public funds, all candidates running for that office must file Form SFEC-152(a)-2. This form is required to be filed within 24 hours of the candidate receiving contributions or making expenditures that equal or exceed \$100,000. Thereafter, the candidate must file this form within 24 hours of every time the candidate receives or spends an additional \$10,000 or more.

How do you know when the Ethics Commission has certified a candidate as eligible to receive public funds?

- The Ethics Commission will post the information to its website, issue a press release, and notify all other candidates running for the same office.
- In addition, the Ethics Commission will notify any person who requests to receive such notification.

How can you request to receive notification from the Ethics Commission?

- Use *Form SFEC-152(c)* to give the Ethics Commission your contact information such as your email address.

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When the Ethics Commission certifies a candidate as eligible to receive public funds, the Commission will post this information on its website. The Commission will also notify any person who has requested to receive such notification. This concludes Part II. Please proceed if you are interested in the public financing program.

Part III:



Overview of Limited Public Financing  
Program for Candidates for the  
Board of Supervisors

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The third part of this presentation is about the Public Financing Program. The program provides funding for eligible candidates of up to \$155,000.

### Agenda – Part III

- Requirements for eligibility to receive public funds
- Qualification threshold and timeframe
- Certification
- Public funds after certification stage
- Formula for disbursement of public funds
- Individual Expenditure Ceiling
- Campaign Contribution Trust Account
- Campaign Contingency Account
- After the election

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This part of the workshop explains how a candidate can qualify for public financing. It also covers various aspects of the program, such as individual expenditure ceilings.

## Review

- ❑ Read the specific rules for public financing candidates.
  - FPPC Manual 2
  - Candidates' Guide to City Elective Office
  - Supplement for Candidates for the Board of Supervisors

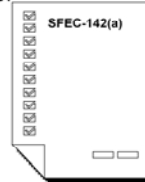


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There are a number of requirements that candidates must meet in order to qualify for public financing. These requirements are also listed in the Candidates' Guide for the Board of Supervisors.

### 12 Things You Must Do to Qualify for Public Financing

- ☐ 1. Seek election to the Board of Supervisors & be eligible to hold office if elected.
- ☐ 2. File a Statement of Participation or Non-Participation or Form SFEC-142(a), indicating your intent to participate.



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Requirements to qualify for public funds include the candidate's obligation to file forms. All candidates for the Board of Supervisors must file a Statement of Participation or Non-Participation. Candidates who seek public financing must indicate on this form that they intend to participate.

## 12 Things You Must Do to Qualify for Public Financing

3. Submit application with supporting documents to show at least

	Non-incumbent	Incumbent
Qualifying Contributions	\$10,000	\$15,000
From # of S.F. Residents	100	150

- ☐ File Declaration for Public Funds or a Form SFEC-142(b)-1 no later than 8/28/12
- ☐ File a Qualifying Contributions List or Form SFEC-142(c)-1 (Required in electronic form) &
- ☐ Provide supporting documentation (grouped by deposit batches)

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Before you submit your application for public funds, you must raise at least \$10,000 in qualifying contributions in amounts ranging from \$10 to \$100 from at least 100 individuals in the City. A qualifying contribution must be received by August 27, 2012.

Incumbents must show \$15,000 in qualifying contributions from 150 residents.



### Qualifying Contributions

**A qualifying contribution is a contribution that is**

- ☐ Made by an individual who is a resident of San Francisco
- ☐ an amount from \$10 to \$100
- ☐ NOT a loan or an in-kind contribution
- ☐ NOT received more than 18 months before the date of the election (5/6/11)
- ☐ Must be received before the 70<sup>th</sup> day before the election (i.e., on or before Monday, 8/27/12) AND
- ☐ NOT made by the candidate or the candidate's immediate family



To be eligible to receive public funds you must establish that you have raised at least \$10,000 in qualifying contributions from at least 100 individuals who reside in the City. A qualifying contribution is a contribution that ranges in amount from \$10 to \$100 and it is received no later than Monday, August 27, 2012. It can not be a loan or an in-kind contribution and it can not be made by the candidate or the candidate's immediate family.

## 12 Things You Must Do to Qualify for Public Financing

### 4. **Bear the Burden Proof!**

Each contribution you rely upon to establish eligibility must be:

- ☐ A qualifying contribution &
- ☐ Expenditures made with public funds must only be used for qualified campaign expenditures



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You must provide supporting documentation with your application for public funds that demonstrates that you've received \$10,000 in qualifying contributions. The supplemental guide provided detailed information about the documentation that is required.

In addition, you must be able to show that any public funds you receive are spent only on qualified campaign expenditures.

### 12 Things You Must Do to Qualify for Public Financing

- ☐ 5. be opposed by a candidate who has qualified for public financing or by a candidate who has received contributions or made expenditures that in the aggregate equal or exceed \$10,000;
- ☐ 6. agree to participate in at least three debates with your opponents;



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You must be opposed by a candidate who has qualified for public financing or who has received or spent \$10,000 or more. You must also agree to participate in at least three debates with your opponent.

### 12 Things You Must Do to Qualify for Public Financing

- ☐ 7. Agree to limit spending on your campaign to no more than your individual expenditure ceiling of \$250,000 or as adjusted by the Ethics Commission;
- ☐ 8. **NOT** accept any loans to your campaign from anyone except yourself, and not loan or donate more than \$5,000 of your own money to your campaign



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Other criteria require the candidate to meet certain conditions such as agreeing to limit his or her spending to an individual expenditure ceiling, which starts at \$250,000. The candidate must also agree not to accept loans from others and not to loan or donate more than \$5,000 of his or her own money.

## 12 Things You Must Do to Qualify for Public Financing

- ❑ 9. **NOT** make any payments to a contractor or vendor in return for the contractor or vendor making a campaign contribution to your committee; and not make more than a total of 50 payments to a contractor or vendor who has made a contribution to your committee;



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You also may not make any payments to a contractor or vendor in return for the contractor or vendor making a campaign contribution to your committee. Also, you may not make more than 50 payments to a contractor or vendor who has made a contribution to your committee.

### 12 Things You Must Do to Qualify for Public Financing

- ☐ 10. Have paid any outstanding finances owed to the City by you or any of your campaign committees;
- ☐ 11. Have filed any outstanding statements, reports or forms owed to the City by you or any of your campaign committees;

AND



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You must have paid outstanding fines owed by you to the City, and must not have any outstanding campaign statements.

### 12 Things You Must Do to Qualify for Public Financing

12. Have **NO** finding by a court or by the Ethics Commission within the past 5 years that you knowingly, willfully, or intentionally violated any provisions in the SF Campaign and Governmental Conduct Code or the campaign finance provisions of the Political Reform Act.



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You also may not have any finding by a court or by the Ethics Commission within the past five years that you violated campaign finance provisions of the Political Reform Act or any provisions in the SF Campaign and Governmental Conduct Code, which includes the Campaign Finance Reform Ordinance, the Lobbyist Ordinance, the Campaign Consultant Ordinance, and the City's conflict of interest laws.

### What Happens After You Qualify?

- ✓ You will receive notice of certification or non-certification.
- ✓ If certified, you will receive an initial amount of \$20,000, (earliest possible disbursement date is June 18, 2012).



After the Ethics Commission reviews your application, you will receive a notice regarding your eligibility. If you are certified as eligible to receive public funds, you will receive a grant of \$20,000.



Can You Receive Additional Funds  
After the Initial Payment of \$20,000?

Yes, you may receive additional funds, depending on the amount of matching contributions you raise. You may begin to submit claims as soon as you have been certified. Funds are disbursed on a first-come, first-served basis.

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After certification, you can apply for additional public funds based on the amount of matching contributions you raise.

### Matching Contribution: Definition

A matching contribution is a monetary contribution that:

- is not a qualifying contribution or a loan
- is made by an individual who is a resident of San Francisco (other than the candidate or the candidate's immediate family)
- is not received more than 18 months before the November election

AND

- complies with all the requirements of the CFRO and its implementing regulations.

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A matching contribution is not a qualifying contribution or a loan. It is a contribution from an individual who resides in the City and it complies with all the requirements of the Campaign Finance Reform Ordinance.

### How to Submit Claims for Matching Funds

Submit:

☐ Form SFEC-144(d)-1: Application for Additional Public Funds

AND

☐ Form SFEC-144(d)-2: Matching Contributions List (also required in electronic form)

☐ Claims must include a minimum of \$1,000 in matching contributions, except that in the last 14 days preceding an election, claims must include a minimum of \$200 in matching contributions.

☐ A candidate may not submit a claim for public funds if the candidate has any claims pending with the Ethics Commission.

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You can submit claims for matching contributions by filing an Application for Additional Funding and an accompanying spreadsheet that lists the matching contributions along with supporting documentation.

The claims for matching contributions must include a minimum of \$1,000 in matching contributions, except that in the last 14 days preceding an election, claims must include a minimum of \$200 in matching contributions. The claims may be submitted on a rolling basis; and you may not submit a claim for public funds if you have any claims pending with the Ethics Commission.

**Formula for Disbursement of Public Funds:  
Non-Incumbent Candidates**

<b>Candidate Raises (non-incumbent)</b>	<b>Election Campaign Fund Pays</b>
\$10,000 in qualifying contributions	\$20,000 (initial payment)
Up to \$50,000 in matching contributions	Up to \$100,000 (2 to 1 match)
Up to \$35,000 in matching contributions	Up to \$35,000 (1 to 1 match)
Total available to eligible candidate	Up to \$155,000

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This table shows how public funds are disbursed to qualified candidates.

When a candidate is certified as eligible to receive public funds, he or she receives a \$20,000 payment. Thereafter, for the first \$50,000 in matching contributions that a candidate raises, he or she receives public funding at a 2 to 1 ratio for up to \$100,000 in public funds. At the next level contributions are matched at a 1 to 1 ratio for up to \$35,000 in public funds, making the total \$155,000.

**Formula for Disbursement of Public Funds:  
Incumbent Candidates**

<b>Incumbent Candidate Raises</b>	<b>Election Campaign Fund Pays</b>
Incumbents need \$15,000 in qualifying contributions	\$20,000 (initial payment)
Up to \$50,000 in matching contributions	Up to \$100,000 (2 to 1 match)
Up to \$32,500 in matching contributions	Up to \$32,500 for incumbents (1 to 1 match)
Total available to eligible candidate	Up to \$152,500 for incumbents

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This table shows how public funds are disbursed to qualified candidates.

When an incumbent candidate is certified as eligible to receive public funds, he or she receives a \$20,000 payment. Thereafter, for the first \$50,000 in matching contributions that a candidate raises, he or she receives public funding at a 2 to 1 ratio for up to \$100,000 in public funds. At the next level contributions are matched at a 1 to 1 ratio for up to \$32,500 in public funds, making the total \$152,500.

## Individual Expenditure Ceiling (IEC)

### If you seek public funds:

- ☐ You must agree not to make expenditures in excess of your IEC, which starts at \$250,000 for candidates for the Board of Supervisors



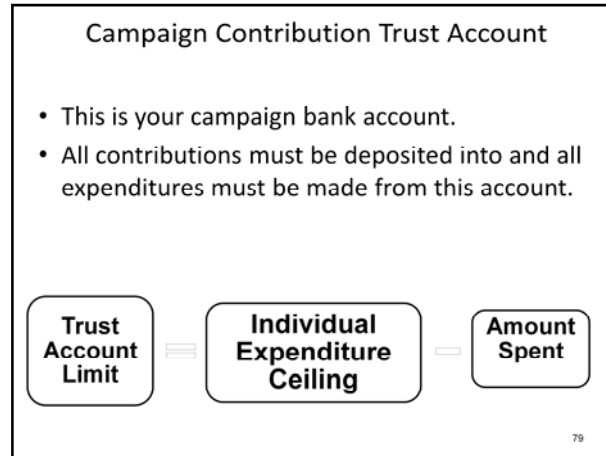
The Ethics Commission will adjust your IEC to an amount that equals:

- Total opposition spending against you, plus
- The highest level of total supportive funds of any of your opponents.

But the highest amount of public funds you can receive is \$155,000.

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If you seek public funds, you are limited to keeping your expenditures to the amount of your individual expenditure ceiling. Every publically funded candidate's expenditure ceiling begins at \$250,000. If appropriate, your individual expenditure ceiling will be adjusted by the Ethics Commission to an amount that equals total opposition spending against you and the highest level of total supportive funds of any of your opponents.



Your campaign bank account is called the campaign contribution trust account. All contributions must be deposited into and all expenditures must be made from this account. The amount of money that, if spent, would cause you to reach your Independent expenditure ceiling is called your Trust Account Limit. If you are publically funded, you are not allowed to have more than your Trust Account Limit in your trust account. For this reason, you have the option of opening a campaign contingency account.

### Campaign Contingency Account

- An account separate from a certified candidate's campaign contribution trust account.
- You may deposit contributions into this account in anticipation of your individual expenditure ceiling being raised.
- You must report contributions deposited into this account on FPPC Form 460.
- Expenditures may not be made from the Campaign Contingency Account.

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If you receive public funding you are not required to but may elect to open a campaign contingency account separate from your campaign contribution trust account. You may deposit contributions into this account in anticipation of your individual expenditure ceiling being raised.

As your expenditure ceiling is raised, you can transfer money from the contingency account to the trust account.



### Campaign Contingency Account: Disclosures

If you open a Campaign  
Contingency Account:

- ☐ File *Form SFEC-108* within 10 days of opening the account.
- ☐ File *Form SFEC-108* and turn over all funds in the Campaign Contingency Account to the City within 10 days after the election or Friday, 11/16/2012.



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After the election, you must turn over all funds in the campaign contingency account to the City, up to the amount of the public funds you received.

### What You Do After the Election?

- ☐ All candidates certified as eligible to receive public funds will be audited.
- ☐ Return unexpended funds to the City.
- ☐ Turn over all funds in Campaign Contingency Account (use *Form SFEC-108*).

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All candidates who receive public funds are audited after the election. You must turn over funds that remain in the contingency account and any unexpended funds in the campaign contribution trust account, up to the amount of public funds you received.

## Questions

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[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org)

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If you have any questions about the public financing program or if you have any other campaign finance questions, please contact the Ethics Commission staff. If you haven't already submitted your Form SFEC-107, please turn it in now so that you may receive credit for completing this required training. Thank you for your participation in this workshop!