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**ADVISORY ON INTERNET CONTRIBUTIONS AND  
THE SALE OF CAMPAIGN MERCHANDISE**

Several campaigns are using PayPal or similar merchant credit card accounts (“merchant account”) to accept contributions and/or sell campaign merchandise over the internet. Some campaigns are using a single web portal to solicit contributions and/or sales of campaign paraphernalia while some use two separate portals to distinguish between active and retired members. The merchant accounts are generally linked to credit cards and/or bank accounts. As a balance from contributions/purchases accumulates in the merchant account, the funds are transferred to a campaign bank account.

If funds in the merchant account are transferred automatically (swept) from a merchant account to a campaign’s general account before the contributions have been verified, then verified and unverified funds are improperly commingled in the campaign’s general account. This issue may be avoided completely by not using an automatic sweep function and leaving all funds in the merchant account until information has been entered and verified in the CCER system for each individual contribution. At that point the funds can then be transferred to the appropriate general or legal and accounting (“L&A”) fund at the bank. A campaign should enter data and attempt to verify funds promptly. If a member makes additional contributions after the internet contribution and that later contribution is entered first, the campaign may not see that the member has contributed earlier.

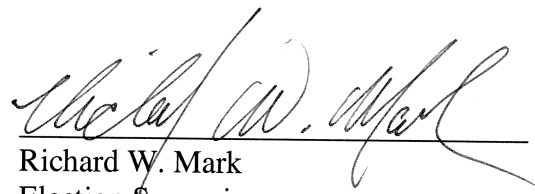
A campaign cannot pay any expenses from a merchant account. Unverified funds cannot be transferred from the campaign’s merchant account to the campaign’s general campaign or L&A account.

A campaign may choose to sweep funds from the merchant account, but it cannot transfer unverified money from the merchant account to either the general campaign account or the L&A Fund. If a sweep function is used for merchant accounts cumulating sums from web solicitations or sales, the campaign must open an additional bank account to receive the swept funds pending verification. A mirror account would also have to be created in CCERs. Separate accounts would be required to hold web-generated general campaign and L&A fund money. The bank account should be titled to reflect that it is associated with the website/web sales. For instance it could be labeled as “[Campaign Name]-Website Account.” A campaign cannot pay any expenses from either a merchant account or a Website Account. Unverified funds cannot be transferred from the Website Account to the campaign’s general campaign or L&A account.

In either instance, contributions solicited through a website should be promptly verified pursuant to the *Rules* as would any other contribution received by the Campaign.

If you have any questions, please contact the Office of the Election Supervisor.

March 9, 2011  
Washington, D.C.

  
Richard W. Mark  
Election Supervisor