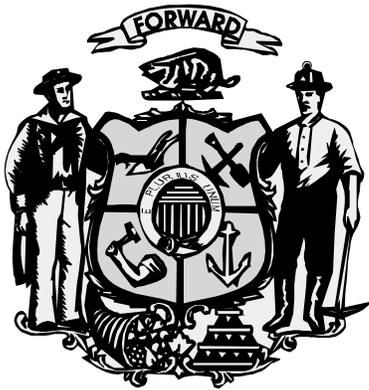


# CAMPAIGN FINANCE OVERVIEW

## CONDUITS

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Government Accountability Board  
212 E Washington Ave, 3<sup>rd</sup> Floor  
Madison, WI 53703

Phone: 608-261-2028  
Fax: 608-264-9319  
E-mail: [gabcfis@wi.gov](mailto:gabcfis@wi.gov)  
Website: <http://cfis.wi.gov>

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## **REGISTRATION REQUIREMENTS**

### **Introduction**

A conduit is defined as:

“...a person other than an individual that receives a contribution of money, deposits the contribution in an account held by the person, and releases the contribution to a candidate committee, legislative campaign committee, political party, or political action committee at the direction of the contributor.”

The conduit may not exercise any discretion over the amount or ultimate recipient of the contributions.

Under Wisconsin law, conduits are required to register and report their contributions to political committees. The Government Accountability Board has developed this guide to assist conduits in understanding the law, meeting the registration and financial reporting requirements, and complying with contribution limits and prohibitions. If after reading through these materials you have questions or need additional information, contact our office at (608) 261-2028.

### **When Conduits are Required to Register**

Under Wisconsin campaign finance statute §11.0702, a new conduit must register “upon its inception and prior to accepting or releasing any... contribution.”

All conduits must register at the state level – with the Government Accountability Board. Conduits register online at <http://cfis.wi.gov>. When completed, to activate your registration, you must print the form and send a signed copy to the Government Accountability Board by email ([gabcfis@wi.gov](mailto:gabcfis@wi.gov)), fax (608-264-9319) or US mail (PO Box 7984, Madison, WI 53707).

After filing the registration statement, a conduit may begin disbursing funds. The conduit’s financial activities must be reported on campaign finance reports (ETHCF-10 or 10a), *unless the conduit has claimed an exemption from filing finance reports.*

### **Completing a Registration Statement**

Several items of information are required on a conduit’s registration statement (ETHCF-9). When any of this information changes, an amendment to the registration statement must be filed in a timely manner (**within 10 days**).

#### **Required Registration Information**

- Along with the name and contact information, new conduits must also supply a four-digit PIN number. The PIN number will be used when submitting any reports or changing registration information in the CFIS website.
- If a conduit has a sponsor, the conduit must provide the name of that organization. A sponsor is “a person, other than an individual or a candidate committee, which is associated with a conduit.” A sponsor may spend an unlimited amount for the conduit’s administrative and solicitation expenses. If the conduit receives contributions and loses contact with the contributor, under some circumstances it may redirect contributions to the sponsor or the conduit’s administrative fund.

- All conduits are required to have an active administrator. Please make sure the email address for the administrator is kept up to date, so the conduit receives notices of filing deadlines and other communications. Failure to keep this information current may result in the conduit being penalized for failure to file necessary reports.
- Additional contacts are not required. However, the Government Accountability Board recommends having more than one contact person for the conduit.
- Every conduit must have a bank account, and provide the name and address of the financial institution. To open the campaign account, it may be necessary to complete a request for Employer Identification Number (EIN) using form SS4. This form should be available from your financial institution or from an IRS office or website <http://www.irs.gov/charities/political/index.html>.
- After registration, every conduit will be issued an Ethics ID#. This ID# also serves as the 'username' to login to the CFIS website. We recommend that this ID#, along with the full conduit name, appear on all conduit checks.

### Exemption From Filing Campaign Finance Reports

Registrants who are eligible for an exemption from filing campaign finance reports should complete this section. The exemption requirements are explained below.

#### Certification

The conduit administrator must sign the registration statement certifying that the information is true, correct, and complete. When G.A.B. staff receive the signed statement, they will activate the conduit, and the CFIS website will send the Ethics ID# (which is also the username) and a password to the email address(es) on file.

#### **Amending a Registration Statement**

When any of the information reported on the registration statement changes, the statement must be amended by filing a new ETHCF-9 within 10 days. This can be done in CFIS through the View/Edit Registration Screen. The conduit administrator may also file the amended ETHCF-9 paper form, checking the "yes" box at the top of the form to indicate that it is an amendment.

## **EXEMPTION FROM FILING CAMPAIGN FINANCE REPORTS**

### **Eligibility**

Conduits may be eligible for an exemption from filing campaign finance reports if the conduit anticipates that it will not accept or release contributions in an aggregate amount exceeding \$2,000 in a calendar year.

The administrator must sign and date the request for exemption on the campaign registration statement (ETHCF-9) or exemption reverification (ETHCF-14). An indication of limited activity (exemption) under this section is effective only for the calendar year in which it is granted. If a conduit wishes to renew its exempt status for the following year, it should file the ETHCF-14 or a new ETHCF-9. Board staff will be providing notice to conduits in each year that they need to renew their exemption.

If a conduit that was not on exempt status previously requests exemption beginning after January 1<sup>st</sup> of a calendar year, the conduit must file a report covering all activity up to the date of the request.

### **Financial Records During Exemption**

When a conduit is exempt, it is not required to file any campaign finance reports (ETHCF-10 or 10a). However, the administrator is required to keep financial records adequate to meet the requirements of campaign finance law. Records must be kept of all receipts and contributions to committees.

### **Revoking Exemption**

If a decision is made at a later date to exceed the \$2,000 limit, the conduit must amend its campaign registration statement immediately, by checking the box: “*This registrant is no longer eligible to claim exemption*” on either the ETHCF-9 or ETHCF-14.

The conduit is then required to file finance reports covering all transactions from January 1 of that calendar year. Any reports past their deadline should be filed in a timely manner.

## **MAJOR PROVISIONS OF CAMPAIGN FINANCE LAW**

Included below is a summary of some of the major provisions of campaign finance law. A copy of Chapter 11, *Wisconsin Statutes*, as well as other campaign finance rules, guidelines and reporting advice can be found on the campaign finance website at <https://cfis.wi.gov>, by clicking the **General Information** button on the bottom left.

### **Prohibited Contributions**

Certain contributions are prohibited by Wisconsin law. A conduit may not collect or pass on the following types of contributions:

1. Anonymous contributions;
2. Contributions in cash of more than \$100;
3. Contributions given in the name of someone other than the contributor (these are laundered contributions);
4. Contributions from businesses, labor organizations or federally recognized American Indian Tribes (see *Wis. Stat. §11.1106* – conduit contributions are limited to individuals only);

### **Transmittal Letters**

When a conduit releases money to a committee, it must send along a transmittal letter. On the transmittal letter, the conduit must identify itself and give an itemized statement listing the date, full name, and street address of the contributor. If the total contribution for that calendar year exceeds \$200, the conduit must also list the contributor’s occupation.

When a conduit enters or uploads information into the CFIS website, CFIS will generate a transmittal letter with a special code. The receiving committee may enter this code and CFIS will automatically upload all of the conduit’s contributions to that committee. Conduits may choose to generate transmittal letters outside of CFIS as long as the required information is included, but the receiving committee will not be able to upload those contributions automatically.

## **Contribution Limits**

THESE LIMITS APPLY TO ALL CANDIDATES AND PERSONAL CAMPAIGN COMMITTEES. Contribution limitations apply cumulatively to the entire primary and election campaign in which the candidate participates, whether or not there is a contested primary election.

The limits posted are for individual contributors. If more than one individual contributes to a candidate through a conduit, the total contribution from the conduit may be more than the contribution limit, but each individual contributor must remain within the limit.

<b>OFFICE</b>	<b>INDIVIDUAL CONTRIBUTORS</b>
GOVERNOR	\$20,000
LT. GOVERNOR	\$20,000
SECRETARY OF STATE	\$20,000
STATE TREASURER	\$20,000
ATTORNEY GENERAL	\$20,000
SUPERINTENDENT OF PUBLIC INSTRUCTION	\$20,000
SUPREME COURT	\$20,000
STATE SENATOR	\$2,000
ASSEMBLY REPRESENTATIVE	\$1,000
APPEALS JUDGE – POPULOUS DISTRICTS	\$6,000
APPEALS JUDGE – OTHER DISTRICTS	\$5,000
CIRCUIT JUDGE – POPULOUS AREA	\$6,000
DISTRICT ATTORNEY – POPULOUS AREA	\$6,000
CIRCUIT JUDGE – OTHER AREA	\$2,000
DISTRICT ATTORNEY – OTHER AREA	\$2,000
LOCAL OFFICES	GREATER OF \$500 OR 2 CENTS TIMES THE POPULATION, BUT NOT MORE THAN \$6,000

\*Note: if a candidate has claimed an exemption from filing campaign finance reports, the candidate has agreed to limit his/her activity to no more than \$2,000 from all sources in a calendar year in exchange for not being required to file campaign finance reports, so a candidate may choose to limit donations from others in order to remain below that threshold.

There is no limit on the amount an individual may contribute to a party committee, legislative campaign committee, or PAC.

### **Redirected Contributions**

Occasionally, an individual will deposit money with a conduit, but the conduit will lose contact with that individual. The conduit may redirect any contributions from that individual to the sponsor, or administrative fund of the conduit, as long as it meets the criteria below:

(2) REDIRECTION. If all of the following apply, a conduit may redirect any contribution received from an individual to a sponsor or, if there is no sponsor, to an administrative fund of the conduit:

(a) The conduit has held the contribution for at least 24 consecutive months, ...over which time the individual or organization that made the contribution has made no contact with the conduit.

(b) Either of the following apply:

1. The conduit has, over the 24-month period described in par. (a), attempted in good faith to contact the individual that made the contribution at least 5 times, and has documented each such attempt, but has been unable to make contact with the individual. A conduit may satisfy the requirement to contact the individual by telephoning the individual at the last-known telephone number; by sending a text message to the individual at the last-known cellular telephone number or pager number capable of receiving text messages; by sending a facsimile transmission to the individual at the last-known facsimile transmission number; by sending a letter or postcard to the individual by U.S. mail; by sending a message by electronic mail; or by any combination of the foregoing. A conduit may not satisfy the requirement to attempt in good faith to contact the individual at least 5 times if all 5 attempted contacts occur within a period of 30 consecutive days.

2. The surviving spouse or executor of the estate of a deceased individual that made the contribution authorizes the redirection of the contribution.

### **Returned Contributions**

Conduits do not have to report when individuals contribute money to the conduit fund – only contributions that are released to political committees must be reported. So if money is returned from the conduit fund to a contributor, that transaction does not have to be reported by the conduit.

Likewise, if a conduit contributes an individual's money to a political committee, and the committee returns the contribution, or never cashes the check, the money should be placed back in the conduit fund under the control of the same individual. The conduit does not have to report the receipt of the returned contribution. (If it is a candidate committee, it is the candidate committee's responsibility to record the return to ensure that contribution limits are not violated).

### **CAMPAIGN FINANCE REPORTS (ETHCF-10 or 10a)**

All registrants that are not exempt from filing must file campaign finance reports. Conduits must continue to file periodic reports until termination of their registration. These reports must be filed with the appropriate filing officer when due. Any conduit that spends more than \$1,000 in a campaign period (two years) must thereafter file reports electronically through the CFIS website.

## When to file Reports

All conduits must file continuing reports in January and July of each year until they terminate their registration. Conduits must file a post-election report after giving to a candidate on the ballot in a special election only if they are not already required to file a January or July continuing report within 45 days of the election.

In the past, conduits were required to file pre-primary and pre-election campaign finance reports. As of 2016, conduits are no longer required to file pre-primary, pre-election, or late contribution reports.

### Itemization of Reporting Periods and Elections:

Spring Primary: A conduit that engages in activity concerning a spring primary must file a report on January 15 and July 15.

Spring Election: A conduit that engages in activity concerning a spring election must file a report on January 15 and July 15. In the case of a special election, unless a continuing report is required to be filed before the 45<sup>th</sup> day after the special election, the conduit must also file a post-election report no earlier than 23 days and no later than 45 days after the special election.

Partisan Primary: A conduit that engages in activity concerning a partisan primary must file a report on January 15 and July 15 and on the 4th Tuesday in September.

General Election: A committee that engages in activity concerning a general election must file a report on January 15 and July 15 and on the 4th Tuesday in September. In the case of a special election, unless a continuing report is required to be filed before the 45<sup>th</sup> day after the special election, the conduit must also file a post-election report no earlier than 23 days and no later than 45 days after the special election.

Reporting deadlines can be found at: (<http://www.gab.wi.gov/campaign-finance/limits-deadlines>)

## How to Complete the ETHCF-10 Campaign Finance Reports

There are two ways to file a campaign finance report:

- Using the online screens in the Campaign Finance Information System (“CFIS”),
- Using the CFIS upload templates

**Every conduit must** use one of the specified, approved forms. A conduit that chooses use the upload template with schedule detail must use the template approved by the G.A.B. **If your template does not match any fields listed in this document, you are using the wrong template and it will not upload properly.** Please contact the Government Accountability Board for the correct form.

For detailed instructions on how to complete and file the campaign finance report, go to <https://cfis.wi.gov> and click on the **Manuals** link in the center of the page.

In the rare case that your conduit is allowed to file a paper report, please contact G.A.B. staff.

## **Information Required**

The information listed on the campaign finance report discloses the financial activity of the conduit. Conduits must disclose any contributions released to a committee, and any contributions redirected to a sponsor. Conduit administrators must exercise diligence in acquiring and furnishing the contributor information required. Under current state law, conduits are required to make a “good faith effort” to obtain all information required on the reports. For all contributors, you must disclose the individual’s name and address. If the individual’s year-to-date contribution total to a single committee exceeds \$200, you must also provide the individual’s occupation.

Conduits will file the ETHCF-10 campaign finance reports electronically through the CFIS website. When you have entered all transactions for a reporting period, the CFIS system will automatically generate the ETHCF-10 report for you, and place all transactions on the appropriate schedules.

All contributions transferred by the conduit will be summarized, and the summary will be followed by the details of the individual contributors. A second section will summarize redirected contributions, and give detail on the individuals whose contributions were redirected.

A conduit does not have to provide information on money received from members that has not been released to committees or the sponsor. A conduit does not have to document contributions that are later returned from a committee to the conduit. A conduit does not have to report administrative and fundraising expenses spent by the conduit’s sponsor or its administrative fund.

## **No-Activity Report (Postcard Report)**

If a conduit doesn’t release any contributions during a reporting period, the conduit may file a postcard report form, ETHCF-10a. This postcard form should be used **only** when there has been no contribution activity. If there is any financial activity, a registrant is required to use the regular campaign finance report form, the ETHCF-10.

## **Reporting Campaign Finance Transactions**

### **Reporting Contributions Released to Committees**

Conduits releasing contributions must report the date, full name and street address of each committee to which contributions were released during the reporting period, along with the sum total of all contributions released to each committee.

For each contribution, conduits must report the date, amount and the individual contributor’s full name and street address. If the contributor’s total contributions to that committee for that calendar year are over \$200, the conduit must also report the contributor’s occupation.

### **Reporting Contributions Redirected to a Sponsor**

Conduits redirecting contributions to a sponsor or administrative fund of the conduit must report the date and the full name and street address of the sponsor (or administrative fund) to which contributions were released during the reporting period. Conduits must also report the sum total of all contributions redirected to the sponsor or administrative fund.

For each redirected contribution, conduits must report the date, amount and the individual contributor's full name and street address. If the individual's total redirected contributions for that calendar year are over \$200, the conduit must also report the contributor's occupation.

### **Filing Fee**

Every conduit registered with the Government Accountability Board whose disbursements exceed a total of \$2,500 in any calendar year must pay an annual filing fee of \$100. The payment is made to the G.A.B. and is due no later than January 15<sup>th</sup> following the calendar year for which the fee was required.

If a conduit terminates during a year, and spends more than \$2,500 in that year, the registrant must pay the \$100 filing fee with its termination request.

Any conduit required to pay the filing fee who fails to do so within the time prescribed will be referred to the Board for further action. The statutes provide for a forfeiture of \$500 plus three times the filing fee which is \$300.

### **TERMINATION OF REGISTRATION**

If a conduit determines that it will no longer be transferring contributions or redirecting contributions it may terminate its registration by filing a final 'Termination' report. Conduits should have no money left in their account when they request termination. Conduits must pay the filing fee, if required for that year, before terminating their committee.

Conduits should ensure that the final report filed by the conduit has a "TERMINATION" watermark in the upper right of the report. Contact G.A.B. staff if you need assistance requesting termination.