

1 Adopt 2 Cal. Code Regs., Section 18422.1 to read:

2 **§ 18422.1 Required Recordkeeping for Multipurpose Organizations.**

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

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

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

13 (B) The original source documentation must consist of all bank statements, check registers,  
14 check stubs, bank or passbooks, and any other records reflecting a continuous computation of  
15 campaign account balances in any savings or checking account, money market account, certificate  
16 of deposit, credit card account, or any other campaign account, in any bank or other financial  
17 institution.

18 (2) For a contribution received of \$25 or more, but less than \$100, and for other receipts of  
19 \$25 or more, solicited or accepted for the purpose of making contributions or expenditures in  
20 California, and any other payment that meets the criteria of Section 84222(c)(2), (3), or (4):

21 (A) The accounts and records must contain all information required in subparagraph  
22 (a)(1)(A), and include the date of each contribution or other receipt, the amount, and the full

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

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

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

17 (iii) For purposes of Sections 84501(c)(3)(A) and 85704(d) if a committee that received  
18 earmarked funds makes contributions and still has earmarked or non-earmarked funds  
19 remaining after making such contributions, it must retain documentation showing how a  
20 determination of which top contributors to disclose on its advertisements was made. This  
21 determination must be done using a reasonable accounting method such as but not limited to  
22 the last in first out accounting method, but no accounting method will be given more credence  
23 over another and no presumption of any kind regarding compliance is hereby created by the

1 use of the last in first out accounting method. Notwithstanding anything else in this clause,  
2 earmarked funds must be taken into account first before non-earmarked funds.

3 (B) The original source documentation must consist of all items required in  
4 subparagraph (a)(1)(B), and copies of contributor checks, cashier's checks, money orders, wire  
5 transfers, deposit or duplicate deposit slips, and any other documents, reflecting all items  
6 deposited, and all deposits made, to any campaign account, in any bank or other financial  
7 institution. Original source documentation must also include contributor cards, letters of  
8 transmittal, and notices received from contributors. In the case of a nonmonetary contribution,  
9 if the contributor has not provided the value of the nonmonetary contribution, the original  
10 source documentation must also include a memorandum or other record describing the method  
11 used to determine the value of the goods or services contributed. In the case of contributions  
12 made through wire transfer, credit card transaction, debit account transaction, or similar  
13 electronic payment option (including those made via the Internet), the original source  
14 documentation must also include all credit card receipts, transaction slips or other writings  
15 signed by the contributor, credit card vouchers, and other documentation of credit card  
16 transactions, including credit card confirmation numbers and itemized transaction reports, as  
17 well as any other information collected when debiting the contributor's account. In the case of  
18 contributions made through electronic transactions via the Internet, original source  
19 documentation must also include a record of the transaction created and transmitted by the  
20 cardholder including the name of the cardholder, the cardholder's address and the last four  
21 digits of the card number or if no credit card was used in the transaction, a transaction number.

22 (3) For a contribution received of \$100 or more solicited or accepted for the purpose of  
23 making contributions or expenditures in California, any other payment that meets the criteria of

1 Section 84222(c)(2), (3), or (4), or other payment of \$1,000 or more that a multipurpose  
2 organization must report under the last in, first out accounting method under Section  
3 84222((e)(1)(C)) or Section 84222(f)(1):

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

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

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

16 (A) The accounts and records must contain the date the expenditure was made (or, for an  
17 accrued expense, the date the goods or services were received), the amount of the expenditure,  
18 the full name and street address of the payee, and a description of the goods or services for  
19 which each expenditure was made. If the person or vendor providing the goods or services is  
20 different from the payee, the accounts and records must also contain the same detailed  
21 information for that person or vendor. For an expenditure that is a contribution to a candidate  
22 or another committee, or an independent expenditure, the records must also contain the  
23 cumulative amount of the contributions to, or independent expenditures to support or oppose,

1 each candidate, committee, or ballot measure.

2 (B) The original source documentation must consist of cancelled checks, wire transfers,  
3 credit card charge slips, bills, receipts, invoices, statements, vouchers, and any other  
4 documents reflecting obligations incurred by the committee, and disbursements made from any  
5 checking or savings account, or any other campaign accounts, in any bank or other financial  
6 institution. In lieu of cancelled checks, the original source documentation may consist of  
7 copies of cancelled checks that contain a legible image of the front and back of the cancelled  
8 check, provided the copy was obtained from the financial institution.

9 (5) For a loan made or received:

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

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

16 (6) For receipt of an enforceable promise to make a payment, as defined in Regulation  
17 18216:

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

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

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

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

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

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

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

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

10 (9) For all written notices sent to all contributors of \$5,000 or more, pursuant to Section  
11 84105 and Regulation 18427.1, and for all written notices sent to contributors of \$50,000 or  
12 more which are themselves multipurpose organizations, pursuant to Section 84222 and  
13 Regulation 18422:

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

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

17 (b) In addition to the recordkeeping requirements set forth in subdivision (a), a  
18 multipurpose organization that qualifies as a committee under Section 84222(c) must maintain  
19 records of the following:

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

23 (A) Solicitations to donors.

1 (B) Confirmation from donors of earmarked funds.

2 (C) Confirmation from donors of restricted funds.

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

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

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

12 (3) A detailed memorandum describing the accounting method used to identify the  
13 sources of donor contributions on campaign statements and reports that reflects the accounting  
14 method chosen for reported contributions and a description of the donor selection process,  
15 including dated records of the organization's allocations of checks for specific uses not indicated  
16 in the check memo field.

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

21 (c) When using available nondonor funds to make contributions or expenditures, a  
22 multipurpose organization must maintain documentation sufficient to verify the contributions or  
23 expenditures were made using available nondonor funds as defined in Section 84222(c)(5)(B).

1 there was a sufficient balance of nondonor funds at the time of the expenditure or accrued  
2 expense to cover the contribution or expenditure of the multipurpose organization, and the source  
3 of those nondonor funds. Examples of such required documentation include but are not limited  
4 to:

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

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

11 Note: Authority cited: Section 83112, Government Code. Reference: Sections 82015, 84104 and  
12 84222, Government Code.

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