

7. Adoption of Proposed Regulation 18430.1 and Amendments to Regulation 18421.3 and 18401, Limitations on Prepaid Cards and Recordkeeping Requirements for Contract Vendors.

Staff: Zachary Norton, Senior Commission Counsel. Staff proposes adoption of Regulation 18430.1 to add prohibitions and limitations on contributions and expenditures using prepaid cards, as well as amendments to Regulation 18421.3 to prohibit candidates or committees from contracting with payment processors that do not utilize more stringent verification measures and Regulation 18401 to add additional recordkeeping requirements relating to contributions received through payment processors. Staff presented this proposal for pre-notice discussion in June and now presents it for adoption.

Staff Memo

Proposed Amendments to Regulation 18401

Proposed Amendments to Regulation 18421.3

Proposed Adoption to Regulation 18430.1

Comment Letter, California Political Attorneys Association

Comment Letter, Michael A. Farr

3. **Emily Andrews** says:

August 21, 2025 at 11:45 am

Thank you, Chair Silver and Commissioners. My name is Emily Andrews on commenting on behalf of the California Political Attorneys Association. I would like to clarify that that the one-bank account rule discussed today is only applicable to candidate, and not other committees. If part of the Commission's rationale here is a concern about how this impacts the one-bank account rule, then the regulation may need to differentiate between candidate committees and other types of committees. Moreover, while different committees may take a different approach to whether it is prudent to use the prepaid cards, the regulation can address how best those cards can be used via recordkeeping requirements. The Commission does not limit use of a credit card by a campaign committee and instead imposes record keeping obligations, which it should similarly do here.

2. **Nicholas Sanders** says:

August 21, 2025 at 11:40 am

I also want to thank Mr. Norton for his work on these regulations, and want to highlight some of the information he raised. Online contribution are much more common now than when regulations regarding third party payment systems were adopted. While I have no comment on the current proposed third party payment system regulations, I want to request that the Commission take up as soon as possible an amendment to Regulation 18421.1(e), which defines when a committee receives a contribution made through a third party vendor. Currently, the Regulation deems a contribution as received when it is sent to a third party vendor, even though it has not hit the committee's bank account. That means contributions are given seven days a week. Because 24-hour reporting begins 90 days before an election, treasurers now work seven days a week for six months every election year, and in many non-election years. This is creating a huge burden on treasurers and causing attrition in the field.

1. **Nicholas Sanders** says:

August 21, 2025 at 11:36 am

Thank you Chair Silver and Commissioners, my name is Nick Sanders with The Political Law Group, and am unable to unmute my phone. I wanted to first note that I am here to answer any questions regarding my submitted comment letter. Though it was submitted late, I can summarize my letter as requesting the Commission clarify that it is not seeking to prohibit expense cards, which are different than prepaid debit, prepaid credit or gift cards, and which seem to address the specific concerns raised in Mr. Norton's presentation and memo. I also want to agree with the arguments presented by CPAA, and consider my letter as a supplemental consideration to CPAA's arguments in the event that the Commission proceeds with considering new language for this Regulation.

