

FEC Fines Corporation for Fundraising Expenses Not Paid in Advance

September 2009

On June 3, 2009, the Federal Election Commission (FEC) entered into a conciliation agreement with Worth & Company, Inc. (Worth) detailing violations of the federal campaign finance laws in connection with a fundraising event held by Worth for congressional candidate Tom Manion. Though Worth contended that the violations were inadvertent and unintentional, it nonetheless agreed to pay a \$6,000 penalty to settle the matter.

Federal campaign finance laws require that corporate resources used for candidate fundraising events be paid in advance. In addition, solicitations by corporations for contributions to federal candidates may be only directed to a corporation's shareholders and executive or administrative personnel as those terms are defined by FEC regulations.

Worth incurred \$5,612.97 in expenses in connection with a March 25, 2008, fundraising event at its offices for congressional candidate Tom Manion. Manion's campaign committee paid the expenses after the fact when presented with a June 30, 2008, invoice. Invitations to the event, which included solicitations for contributions, were issued to Worth employees as well as to individuals who were not employed by or shareholders of Worth.

Notwithstanding the seemingly nominal nature of these violations, they resulted in a full-blown FEC investigation, negative publicity and the payment of a civil penalty. This matter serves as an important reminder that the use of corporate resources in connection with federal candidate fundraising is highly regulated and should only be conducted with full knowledge of the relevant legal requirements.

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