

22 11/20/2014 – OCPF Presentation on Depository System

The presentation was given at the Boston Public Library, West End Branch, 151 Cambridge St., Boston, MA. I believe the presenter's last name was Sullivan.

In 2015, all Candidate committees, people's committees and PACs will become part of the depository system. The biggest challenge will be getting things squared away with your respective banks. Under the depository system, banks do much of the political finance reporting. This third-party disclosure (from the banks) provides more transparency into how political funds are spent.

We're making this change in order to get more transparency about how super PAC money is being spent.

OCPF is a non-partisan independent agency, with an appointed director. OCPF has four departments: audit, legal, administration, and IT. They have 17 employees and an annual budget of \approx \$1.4 million dollars.

After receiving a check, you must deposit it within seven days. You'll include the check received on your depository reports. OCPF recommends updating depository reports within three days of making a bank deposit.

Twice a month, the banks file a deposit report with OCPF. OCPF wants to see the amount that you report match up with the amount that the bank reports. The presenter showed an example from Charlie Baker's campaign finance reports: the Baker committee's report matched the bank's report to the penny.

Banks report expenses to OCPF (i.e., debit card charges, and cleared checks). You'll need to amend the bank's report, adding information that the bank can't provide. For example, you'll have to add a 'purpose' to debit card expenses.

All money has to be spent via check or debit card. You cannot make expenditures in cash. Also note that you must state the purpose of *every* expense.

Outline of the transition process:

- Bring form D103 to your bank, have them sign it, and return the signed form to OCPF. D103 declares the bank for a depository account. When you visit the bank, it may be helpful to give them a copy of M-90-04, which explains how the depository system works.

If your bank doesn't want to participate in the depository system, then you'll have to find another bank.

- Try to minimize your expenses in December and January. Your goal for this period: clean up your financial records. Your bank balance should match what you've been reporting to OCPF. If there's a small discrepancy, you can correct

it with a one-time balance adjustment. If it's a large discrepancy, then we'll have to talk, and figure out why the discrepancy exists.

- In Jan 2015, you'll file a transition report.
- In Feb 2015, you'll fully enter the depository system.

The OCPF folks handed out a list of banks that have depository accounts. Eastern bank was on that list (with six accounts).

The depository system requires more work on behalf of the banks, and they may charge an extra fee for doing this. Ask your bank about the fee structures involved.

Banks file their reports on

- the 20th of the month, for days 1–15.
- the 5th of the month, for days 16–end of month.

As a reminder, PACs cannot accept contributions from any businesses. This includes in-kind contributions.

OCPF IDs should appear on PAC checks.

If your PAC writes a check to a candidate, be sure to include their OCPF ID.

At the end of 2015, you'll file a D102 year end report. The year end report is due by Jan 20th.

Liabilities and in-kind contributions are reported once per year.

A reminder: personal services and ordinary hospitality are not considered in-kind contributions. For example, your work as treasurer is considered a personal service, and not an in-kind contribution.

Subvendor reports should be filed on the fifth of each month. When are subvendor reports necessary? Suppose you hire a media consultant, and the media consultant spends some money on advertising (on your behalf). A subvendor report details what the media consultant spent.

Audit tips:

- make copies of checks received
- Keep copies of receipts and invoices
- If you write to a contributor, asking for their employer and occupation, save a copy of the letter.
- Provide the full name of each contributor, and the full name of each vendor. Avoid acronyms.

Next, we look at examples of depository candidate reports. (Marty Walsh, CPF ID 13173). This is the nice thing about the depository system: the OCPF's web site will tell you how much money a candidate has, where the money came from, and what they spent it on. The information won't be any more than two weeks old. No other state provides this level of transparency into political spending.

Note about credit card donations. Suppose someone makes a \$50 dollar donation by credit card, and your card merchant takes a \$1.50 fee. Under the non-depository system, you'd report this as a \$50.00 receipt and a \$1.50 expense. Under the depository system, you'll report this as a \$50.00 receipt and a $-\$1.50$ receipt. $50.00 - 1.50 = 48.50$, which will match the amount that the bank reports.

Question: can green card holders contribute to PACs?

Yes, green card holders can contribute.

Question: can PAC treasurers serve as town meeting members?

Yes, town meeting members aren't considered "elected officials" within the meaning of Massachusetts campaign finance law.