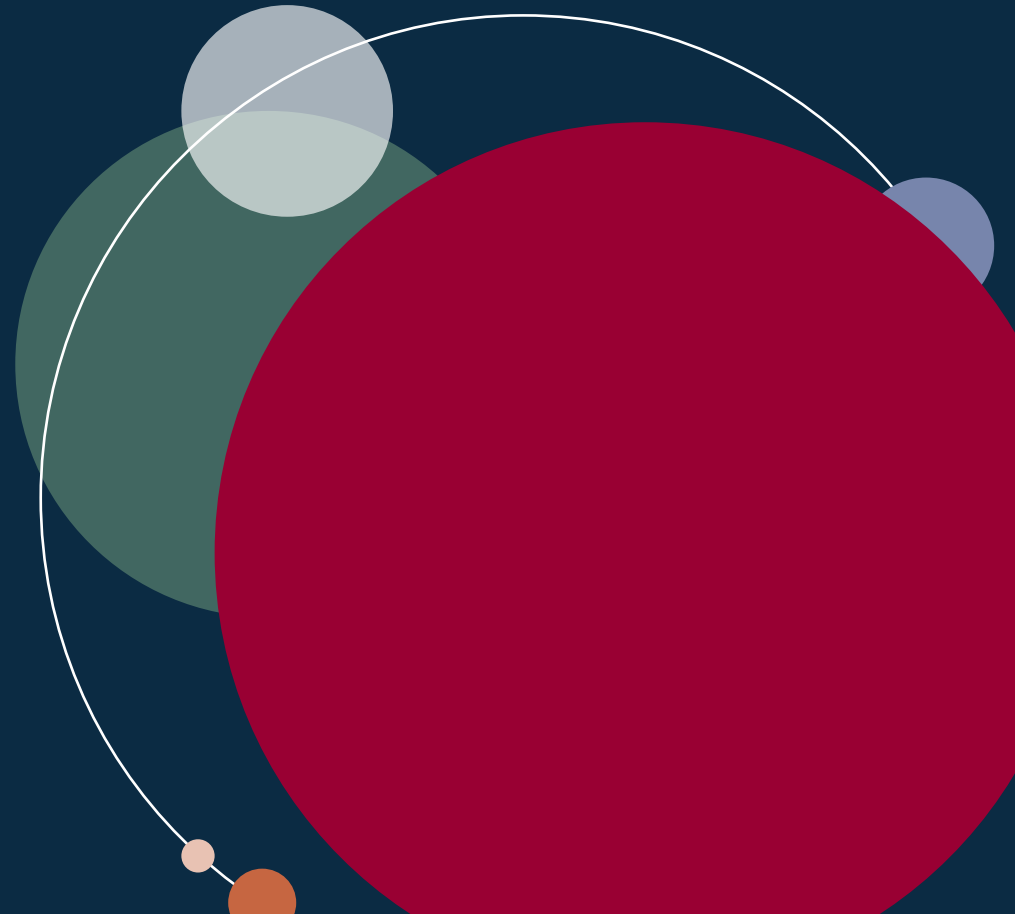


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Structuring PAC Budgets, Boards and Bylaws: *Optimizing PAC Boards & Governance*

March 25, 2025



Agenda

A strong governance structure sets your program up for success and helps demonstrate transparency in your political involvement efforts.

This session will include:

- 1 The importance of bylaws and what to include
- 2 Creating candidate criteria and procedures that hold your PAC accountable but allow flexibility
- 3 Establishing board roles and responsibilities to empower your program

Why Does Governance Matter?

- Provides shareholder transparency
- Minimizes potential appearance of quid pro quo and/or linking contribution to a specific action
- May lead to better engagement from prospective donors
- Helps directly with some legal obligations – i.e., voluntariness
- Impacts the effects of polarization and politicization of business



Current Political Environment

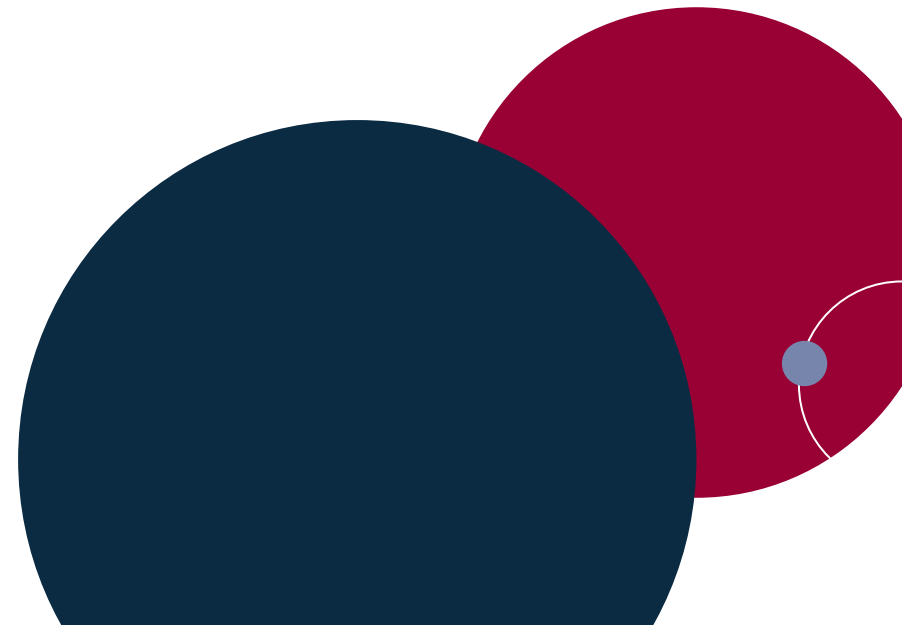
- Polarizing political environment:
 - Declining trust in institutions
 - Significant events can affect political engagement, e.g., corporate PAC pause post-January 6th
- Increasingly negative views of PACs and system of campaign finance

Core Components of Governance

1. PAC Board
2. PAC Organizational Documents
3. Decision-Making Governance / Budget
4. Company Board Oversight
5. Legal and Compliance Involvement
6. Audits

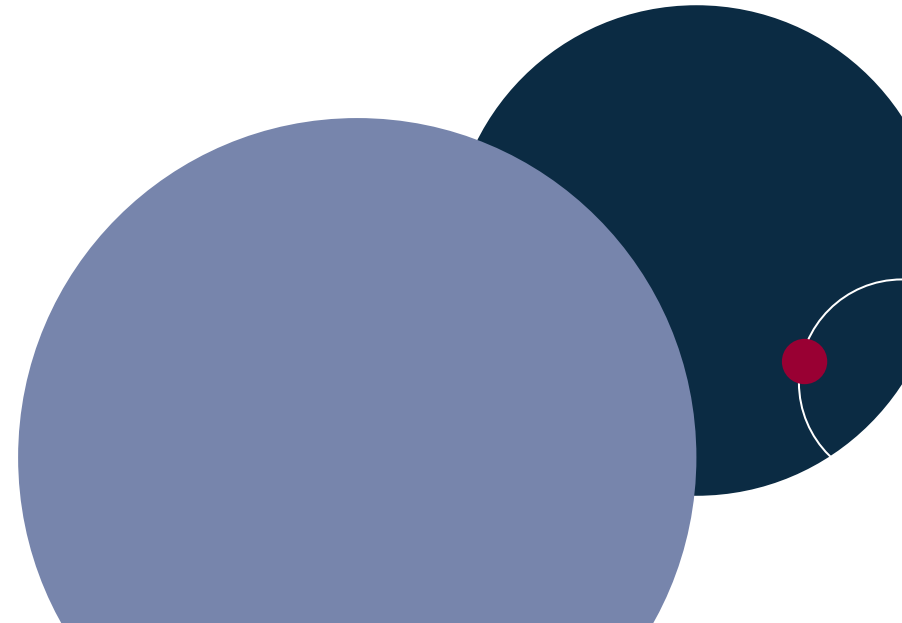
PAC Board

- Consider makeup and size
- Include legal personnel
- Consider the relative weight of government affairs/senior management
- Membership selection (and removal) processes



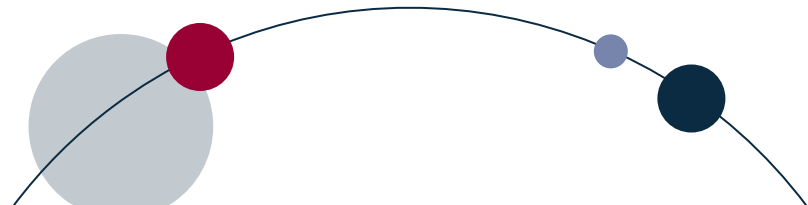
PAC Organizational Documents

- By-Laws
- PAC Manual and corresponding policies and procedures
- Procedures related to receipt and disbursement of checks
- Reporting and record-keeping obligations



Decision-Making and Budgeting Process

- Goal is to minimize appearance of linkage and proper assessment and basis for contributions
- Use pre-determined factors set by policy focused on relevance to business, customers, and employees
 - Incumbents
 - Hold positions on relevant committees
 - Leadership
 - In jurisdictions where company has offices, employees or customers
 - Positions on issues relevant to the company
 - Consistent with values of the company



Decision-Making and Budgeting Process

- Timing
 - To minimize the appearance of impropriety, consider the timing of contributions
 - Be mindful of legislative session bans
 - Consider not making contributions 30 days prior to an election or other big decisions relevant to business
- Flexibility
- Partisan split
- State corporate giving v. PAC sources

Company Board Oversight

- What is an appropriate level of Board transparency and approval?
- Considerations for foreign-headquartered companies



Legal Compliance

Contribution Restrictions

- Legislative session bans
- Pay-to-play laws
- Lobbyist employer bans/lower limits

Foreign National Prohibitions

- Prohibited from contributing, soliciting, or directing contributions to federal, state, or local candidates and PACs. Permanent residents, such as green card holders living in the United States, are not considered foreign nationals for purposes of this prohibition.
- Cannot direct, control, or directly or indirectly participate in the decision-making of any other entity, including a corporation, with respect to making contributions, donations, or spending money in connection with federal, state, or local elections.

Voluntariness

- Employee contributions to a corporate PAC must be made voluntarily.
- Every solicitation must include certain disclaimers, including a statement informing employees of the PAC's political purpose and the employees' right to refuse to contribute without reprisal.

Reporting

- Reporting with the FEC is required for federal PACs. State reporting may also be required in some circumstances. Suspected reporting violations may be referred for enforcement or an audit.
- State PACs also have reporting requirements.

Record-keeping

- PACs are required to maintain records sufficient to substantiate the contents of reports filed with the FEC in a manner that is readily accessible for FEC inspection upon request.
- PACs must retain a copy of every FEC report filed and original supporting records for three years after a report is filed. For contributions to the PAC of \$50 or more, a copy or digital record of each check or written instrument must be retained. For disbursements by the PAC exceeding \$200, the PAC must retain a receipt, invoice, or canceled check.
- States may have additional or different record-keeping requirements.

Embezzlement

- Embezzlement and/or misappropriation of funds can result in enforcement actions, fines, and criminal penalties.



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Jason Abel leads Steptoe's Campaign Finance and Political Law practice and advises clients on a range of government affairs issues, including legislative strategy and process. Jason served as chief counsel for US Senate Committee on Rules and Administration Chairman Charles Schumer and prior to that, as counsel for Senator Schumer in his personal office. Clients benefit from Jason's valuable Capitol Hill experience, where he worked with Senate leaders on both sides of the aisle to craft and execute strategy for several successful pieces of bipartisan legislation.

Recognized by Chambers USA in the political law arena and named a "Top Lawyer" for Campaign and Election Law by Washingtonian, Jason counsels candidates, corporations, trade associations, individuals and nonprofits on the complex intersection of law and political activity. His federal campaign finance practice includes PAC formation and compliance, and he counsels clients on Federal Election Commission rules and regulations. Jason has significant experience working on complicated questions arising under the House and Senate Ethics and Gift Rules, the Lobbying Disclosure Act (LDA), the Honest Leadership and Open Government Act (HLOGA), the Foreign Agents Registration Act (FARA), the Federal Election Campaign Act (FECA), and the various statutory provisions and rules surrounding conflict of interest and "revolving door" employment. He also advises financial services firms, government contractors and other businesses, as well as nonprofit entities on federal, state, and local pay-to-play and campaign finance matters, lobbying compliance, and gift and entertainment rules.

[Click here](#) for full biography.



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Claire's cross-border practice includes representing multinational corporate clients in investigations, including government-facing and internal investigations relating to corruption, fraud, sanctions, anti-competitive behavior, and procurement misconduct.

Claire also advises multinational corporations and financial institutions on political laws, including federal, state, and local regulations on campaign finance, pay-to-play, electoral engagement, lobbying, ethics, conflicts of interest, and gifts to public officials.

Claire has been recognized by Chambers USA since 2017, noting that Claire "is deeply experienced in political law enforcement and litigation." According to Chambers, "clients praise her 'incredible judgment,'" explaining "she is very fast to . . . zero-in on the most important aspects of a legal issue. She has a very sensible approach towards finding practical solutions."

Claire began her career at the Federal Election Commission (FEC) where she conducted litigation and investigations and served as counsel to Commissioner Ellen L. Weintraub. Her FEC litigation experience includes matters at the United States Supreme Court, as well as various federal circuit and district courts throughout the United States.

[Click here](#) for full biography.

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