December 20, 2016

Stephen Johnson
182 West High Street
Somerville, NJ 08876

Advisory Opinion No. 01-2016

Dear Mr. Johnson:

Your request for an Advisory Opinion has been reviewed and I am issuing this response pursuant to N.J.S.A. 19:44A-6(f). You submitted your request on behalf of Ciattarelli for Governor (Ciattarelli Committee or Committee), a gubernatorial candidate committee for the 2017 primary election. The Election Law Enforcement Commission (Commission) requested additional information from you on November 30, 2016. You provided the requested information on December 6, 2016.

Your request pertains to the Ciattarelli Committee’s receipt of contributions over the Internet. Specifically, you have asked whether an electronic signature by the contributor would satisfy the signature requirement for a contribution to qualify for public matching funds. You state that the Committee “has not engaged in accepting electronic signatures for our online contributions.”

Commission Response

You are hereby advised that an electronic signature for a contribution made over the Internet will satisfy the signature requirement to be eligible for public matching funds if you comply with the requirements set forth in Advisory Opinion No. 04-2001 (AO 04-2001) and this Advisory Opinion. For ease of reference, AO 04-2001 is attached hereto.

Submitted Facts

You indicate that it is the intention of the Ciattarelli Committee to participate in the public financing program for the gubernatorial primary election which will be held on June 6, 2017. The Ciattarelli Committee is currently accepting contributions submitted electronically by way of the Internet. You write that the Committee believes that permitting electronic signatures for contributions that qualify for public matching funds “will streamline the contribution process while safeguarding the importance of the signature requirement.”
Relying upon AO 04-2001, you note that for an electronic contribution to qualify for public matching funds the contributor is required to “print an online contribution form, sign and forward the signed form to the publicly financed candidate.” You state that “electronic commerce has increased over the last several years,” as well as the use of electronic signatures when “conducting transactions online.” You note that the Uniform Electronic Transactions Act was enacted by the State of New Jersey in June of 2001 “which allows state agencies to conduct official business utilizing electronic forms, filing as well as signatures.”

**Discussion**

AO 04-2001 addressed whether contributions made over the Internet to a gubernatorial candidate committee would qualify for public matching funds. In AO 04-2001 we advised that contributions accepted over the Internet would qualify for public matching funds “provided that the requirements of the New Jersey Campaign Contributions and Expenditures Reporting Act, N.J.S.A. 19:44A-1 et seq.” and “Commission regulations, N.J.A.C. 19:25, for receipt and deposit of the contributions, recordkeeping for the contributions and related expenditures, and contribution limits are entirely observed.” These requirements were further detailed in AO 04-2001.

This Advisory Opinion specifically pertains to the signature requirement set forth on page 4 of AO 04-2001 captioned “Maintain signature requirement for each contribution from an individual submitted for match.” AO 04-2001 states:

The requirement to obtain a contributor’s signature serves an important enforcement purpose and will be strictly enforced. The Commission’s public financing staff reviews contributions prior to distribution of public matching funds to a publicly-financed gubernatorial candidate, and review of signatures on contribution checks and on other supporting documents is an integral part of the Commission’s examination of contributions submitted for match; see N.J.A.C. 19:25-15.14(d), 15.15(f), 16.11(d), and 16.13(f). The Commission finds that the absence of signature information for contributions made by credit card over the Internet would significantly compromise its ability to determine whether or not a contribution is in an excessive amount (that is, an amount greater than the $2,600 contribution limit) and to conduct detailed review of contributions for compliance with all statutory and regulatory mandates.

Observance of the signature requirement does not preclude matching of contributions received via the Internet. Instructions to the contributor may be placed on the Internet website directing that an additional step is necessary to permit the candidate to apply for public matching funds. The contributor may print a copy of the on-line contribution form, sign the form, and send or deliver it to the publicly financed candidate. If a gubernatorial candidate wishes to submit an Internet contribution for match, he or she may submit a copy of the signed form with his or her application to the Commission to receive public matching funds.
You have asked whether an electronic signature would satisfy the signature requirement discussed above. An electronic signature is defined as “an electronic symbol, sound or process that is either attached to or logically associated with a document (such as a contract or other record) and executed or adopted by a person with the intent to sign the document.” Black’s Law Dictionary 1415 (8th ed. 2004). An electronic signature will satisfy the signature requirement to be eligible for public matching funds when: (1) a contributor or authorized representative provides the required information, as specified below; (2) the contributor or authorized representative attests to his or her intent to authorize the contribution and provide their signature by typing their name; and, (3) a verification process is performed by the credit card processor.

Verification process by the credit card processing company.

All contributions must undergo verification by the credit card processing company. Specific characteristics of a credit card contribution must correspond with each other to allow the credit card issuer to process payment. The required characteristics that must undergo verification include: cardholder name, credit card number, billing zip code, expiration date and the security code (cvv code) on the card. Transactions that contain inconsistencies among the characteristics listed above will fail and not be processed by the processing company.

Before any contributions containing an electronic signature can be submitted to ELEC for public matching funds, the treasurer must provide a certified statement to ELEC that a verification process performed by the credit card processing company is in place and that the process complies with this paragraph. Documents from the credit card processing company demonstrating the details of the verification process must be attached to the treasurer’s certified statement.

Required contributor information.

The Committee must collect and maintain certain information from a contributor submitting a contribution over the Internet with an electronic signature to qualify for public matching funds. The contributor must certify that the individual is the owner of the credit card, indicate the name as it appears on the credit card, state the amount of the contribution and acknowledge that, “by typing your name on the line below you are indicating your intent to sign this authorization to make this contribution utilizing this credit card.”

In the alternative, the authorized representative of an entity must certify that the credit card is owned by a corporation, association or labor organization and indicate his or her position within such entity, the individual must state that he or she is authorized to use the credit card, provide the name of the entity as it appears on the credit card, and state the amount of the contribution. Likewise, the authorized representative must acknowledge that, “by typing your name on the line below you are indicating your intent to sign this authorization for the contribution that is being made by the corporation, association or labor organization.”

Partnerships, LLCs and LLPs are prohibited from making contributions. N.J.A.C. 19:25-11.10. Contributions made from an account belonging to a partnership, LLC or LLP must be allocated to a partner or member. N.J.A.C. 19:25-11.10. However, “[t]he account used to make the contribution made by an electronic transfer of funds or a credit card must be owned by the individual contributor or other entity making the contribution.” N.J.A.C. 19:25-10.16(a)(3). Thus, the Committee is reminded that it cannot receive a contribution made on a credit card owned by a partnership, LLC or LLP.
Receipt/Confirmation.

The final step that must be taken in order for a contribution made over the Internet with an electronic signature to be eligible for public matching funds is to provide ELEC with a separate receipt or confirmation for each contribution. The receipt/confirmation must contain the following information: the contributor’s name as it appeared on the credit card, the contributor’s or authorized representative’s name as it appears on the signature line, the contributor’s address, the amount of the contribution, and the date the contribution was electronically submitted. A recommended approach to this would be to have the receipt/confirmation sent to the Committee via email each time a contribution is submitted electronically with an electronic signature. That receipt must be included in the Committee’s submission to ELEC for public matching funds.

Conclusion

You are advised that an electronic signature will satisfy the signature requirement set forth on Page 4 of AO 04-2001 if all the requirements in this Advisory Opinion are satisfied. You are further advised that contributions submitted electronically over the Internet, including contributions made using a credit card, will be eligible for public matching funds only if all the requirements set forth in AO 04-2001 are also satisfied. Thank you for your inquiry.

Very truly yours,
Election Law Enforcement Commission

By: ______________________________
    Demery J. Roberts, Esq.
April 19, 2001

BY FAX & FIRST CLASS MAIL

William W. Pascoe, III
Campaign Manager
Schundler for Governor, Inc.
395 Pleasant Valley Way
West Orange, New Jersey 07502

Advisory Opinion No. 04-2001

Dear Mr. Pascoe:

Your request for an Advisory Opinion has been considered by the Commission, and the Commission has directed me to issue this response. You have asked whether or not the Schundler gubernatorial candidate committee may accept contributions by means of the Internet and whether or not those contributions will qualify for match with public funds. You have stated in your request that Candidate Schundler “does not plan to seek public funds for the primary election.” You have also stated that none of the activities described in the Advisory Opinion Request has been undertaken by the candidate committee.

The Commission notes that on April 12, 2001, Candidate Schundler submitted documentation, pursuant to N.J.S.A. 19:44A-45a and N.J.A.C. 19:25-16.37 and 16.38, to establish his qualification to participate in the 2001 primary election Republican gubernatorial candidates’ debates and to qualify to apply for primary election matching funds at a later date, but that he has not applied, as of this date, to receive 2001 primary election public matching funds.

Commission Response

The Commission finds that the Schundler candidate committee may accept contributions over the Internet and may submit those contributions for match with gubernatorial public matching funds provided that the requirements of the New Jersey Campaign Contributions and Expenditures Reporting Act, N.J.S.A. 19:44A-1 et seq. (hereafter, the Campaign Reporting Act) and Commission regulations, N.J.A.C. 19:25, for receipt and deposit of the contributions, recordkeeping for the contributions and related expenditures, and contribution limits are entirely observed.
These requirements include:

**Receipt and Deposit of Contributions**

- **Separate depository account and deposit of each contribution directly into the separate account within ten days of receipt.** The Campaign Reporting Act requires that each candidate committee establish a separate campaign depository account and that all contributions received by the candidate committee be deposited directly into that account within ten days of receipt from a contributor; see N.J.S.A. 19:44A-9c, 10, and 12. An Internet vendor acts as an agent or person authorized by the candidate committee to receive contribution funds, and all funds, whether received by a candidate committee or its agent, are required to be deposited directly into the separate campaign depository account within ten days of receipt; see N.J.S.A. 19:44A-12 and N.J.A.C. 19:25-6.1.

- **Commingling of a New Jersey candidate's funds at any time with funds of any other candidate or committee is prohibited.** Contributions to a New Jersey candidate received by credit card via the Internet may not at any time be commingled in an account with funds belonging to any other candidate or committee, and must be deposited into a separate depository account established and maintained for each New Jersey candidate committee. With regard to a publicly-financed gubernatorial campaign, the Commission notes that any funds remaining at the conclusion of the campaign are required to be returned to the State; see N.J.S.A. 19:44A-35c and N.J.A.C. 19:25-15.47 and 16.34. It is therefore imperative to protect the interest of the State in the return of unspent funds by maintaining contributions in a separate bank account that is protected and insulated from creditors of the Internet vendor and other candidates.

- **Merchant account for receipt of Internet contributions must be established as a candidate committee depository account.** If a contribution is held in a merchant account during the Internet contribution process for any period of time prior to its deposit in the New Jersey candidate’s depository account, that merchant account must be established as a separate escrow account for the New Jersey candidate, in the name of the New Jersey candidate. The New Jersey candidate must file a Single Candidate Committee-Certificate of Organization and Designation of Campaign Treasurer and Depository (Form D-1) for the account. The merchant account must be insulated from creditors of the company providing the Internet contribution services, and therefore funds must be held in escrow for the New Jersey candidate.

- **Identification of contribution on credit card statement.** Each contribution to a New Jersey candidate or committee received via the Internet must be separately identified on the contributor’s credit card or bank statement, and the contribution transaction reported on the statement must include the name of the recipient candidate or committee.

- **Deposit into bank authorized to do business in New Jersey.** Each bank into which contributions to a New Jersey candidate or committee are deposited must be authorized to transact business in New Jersey and must maintain a branch office in this State; see N.J.A.C. 19:25-5.2.

**Contribution and Expenditure Reporting and Recordkeeping:**

- **Contribution date of receipt.** The date of receipt of a contribution made over the Internet by an electronic transfer of funds is the date on which the account owner or credit card owner authorizes the contribution to be charged to the owner’s account or credit card; see N.J.A.C. 19:25-10.16(a)1.
• **Contribution amount.** The amount of a contribution received via an electronic transfer of funds over the Internet is the full amount of the contribution authorized by the contributor, and that amount shall not be reduced for any fees that may be deducted by the Internet company, credit or debit card company, or merchant bank for its services; see N.J.A.C. 19:25-10.16(a)2.

• **Fees for receipt of Internet contributions.** Any fees or costs imposed upon a candidate committee by an Internet vendor or financial institution for receipt or processing of Internet contributions must be itemized and timely reported by the candidate and treasurer on election cycle and quarterly reports as an expenditure to the Internet vendor or financial institution; see N.J.A.C. 19:25-12.

• **Recordkeeping requirements.** The campaign treasurer is required to make and maintain a written record of each contribution received, including a contribution received via the Internet; see N.J.S.A. 19:44A-12, which requires a "written record of all funds" received, and N.J.A.C. 19:25-7.1, 7.3, and 10.16(a)4. The record for each contribution must include the name and address of the contributor, the amount and date the contribution was received, and if the contributor is an individual, the occupation of the individual and the name and mailing address of the individual’s employer.

N.J.A.C. 19:25-7.1(a) requires that a campaign treasurer maintain a record of the name of the account on which a contribution check is drawn. N.J.A.C. 19:25-10.16(a)3 requires that when a contribution is made by means of a credit or debit card, that is by an electronic transfer of funds, the account to which the contribution is charged must be owned by the individual or entity making the contribution. To insure that these two requirements are met, the Commission finds that for each contribution received via the Internet, the campaign treasurer is required to maintain a record of the name of the account to which the contribution is charged or debited.

• **Four-year record retention requirement.** For all contributions, including those received via the Internet, and for all expenditures, including those related to fees for Internet contribution transactions, a candidate and treasurer must observe the four-year record retention requirement; see N.J.S.A. 19:44A-12 and N.J.A.C. 19:25-7.

• **Documentation of deposit of contributions.** As discussed above, a candidate committee is required to maintain a separate campaign account for deposit of all contributions and to maintain all records relevant to receipt of contributions for four years. These records include deposit slips and monthly bank statements for the campaign depository. A candidate committee is required to obtain and maintain records of the deposit of all contributions into any account used to receive Internet contributions.

**Responsibility for Compliance with the Campaign Reporting Act and Commission Regulations:**

• **Candidate and treasurer are responsible for compliance with the Campaign Reporting Act and Commission regulations.** The Campaign Reporting Act makes each candidate and campaign treasurer responsible for compliance with the reporting and recordkeeping requirements; see N.J.S.A. 19:44A-22a. In order to comply, each New Jersey candidate and treasurer must have immediate access to contributor information obtained by an Internet vendor for each contribution transaction. A candidate and treasurer are required to report contributor information on timely candidate and committee reports, including supplemental contributor reports of contributions in excess of $400.00, and 48-hour notices of contributions in excess of $800.00; see N.J.S.A. 19:44A-8 and 16 and N.J.A.C. 19:25-8 et seq. and N.J.A.C. 19:25-9 et seq. Further, it is the responsibility of a candidate and treasurer to determine
whether or not a contribution, or aggregate contributions, from a contributor is in an amount that exceeds the applicable contribution limit, and to return the excessive portion of the contribution within 48-hours of receipt; see N.J.A.C. 19:25-11.8. The fact that an Internet vendor solicits and handles contributions to a candidate committee does not affect the legal responsibility a candidate and treasurer have for compliance with all requirements of the Campaign Reporting Act and Commission regulations.

Contributions Eligible for Match with Public Funds:

The following additional requirements apply to contributions received via the Internet that will be submitted for match with public funds:

- **Maintain signature requirement for each contribution from an individual submitted for match.** The requirement to obtain a contributor’s signature serves an important enforcement purpose and will be strictly enforced. The Commission’s public financing staff reviews contributions prior to distribution of public matching funds to a publicly-financed gubernatorial candidate, and review of signatures on contribution checks and on other supporting documents is an integral part of the Commission’s examination of contributions submitted for match; see N.J.A.C. 19:25-15.14(d), 15.15(f), 16.11(d), and 16.13(f). The Commission finds that the absence of signature information for contributions made by credit card over the Internet would significantly compromise its ability to determine whether or not a contribution is in an excessive amount (that is, an amount greater than the $2,600 contribution limit) and to conduct detailed review of contributions for compliance with all statutory and regulatory mandates.

Observance of the signature requirement does not preclude matching of contributions received via the Internet. Instructions to the contributor may be placed on the Internet website directing that an additional step is necessary to permit the candidate to apply for public matching funds. The contributor may print a copy of the on-line contribution form, sign the form, and send or deliver it to the publicly-financed candidate. If a gubernatorial candidate wishes to submit an Internet contribution for match, he or she may submit a copy of the signed form with his or her application to the Commission to receive public matching funds.

- **Separate account for deposit of contributions intended for match with public funds.** N.J.S.A. 19:44A-32 and N.J.A.C. 19:25-15.17(b) and 16.18(b) direct that a publicly-financed gubernatorial candidate establish a separate depository account in a national or state bank, entitled a “matching fund account,” and that to be eligible for match with public funds, a contribution shall be deposited into that account; see N.J.A.C. 19:25-15.15(f) and 16.13(f). The Commission notes that if a gubernatorial candidate establishes a website for the receipt of contributions, the candidate may have to establish two matching fund accounts, one for the receipt of traditional contributions such as checks and money orders, and the other as a merchant account for the deposit of contributions received by electronic transfer of funds via the Internet. The Commission concludes that if the candidate properly notifies the Commission of the establishment of each account, by filing the Single Candidate Committee-Certificate of Organization and Designation of Campaign Treasurer and Depository (Form D-1), two matching fund accounts may be established and maintained in a gubernatorial election.

- **Documentation of deposit of Internet contributions submitted for match:** N.J.A.C. 19:25-15.15(f) and 16.13(f) require that a deposit slip or equivalent bank record specifically identifying the contributor and the amount of the contribution be filed with the Commission as evidence of deposit into the candidate’s account of the contribution for which matching funds are sought. Before public matching funds are provided to a gubernatorial candidate, the Commission finds that it is reasonable to expect proof that contributions have been deposited into a candidate’s account. Use of the Internet as a vehicle for
receiving contributions does not necessitate any change in these requirements, which exist to protect the integrity of matching fund eligibility.

The Commission observes that even without an Internet vendor to provide the services described in your Advisory Opinion Request, a gubernatorial candidate may use Internet technology as a component of its fundraising methods. A publicly-financed gubernatorial candidate has the option to solicit matchable contributions by credit card without the use of an Internet vendor; see N.J.A.C. 19:25-10.16, 15.15(f), and 16.13(f). That option would entail establishing a merchant account for processing of credit card contributions solicited on the candidate’s website. This procedure avoids the possibility of commingling contributions to the gubernatorial candidate with contributions made to other candidates who may be clients of the Internet vendor and avoids the necessity of an escrow account.

Thank you for submitting this request, and for your interest in the work of the Commission.

ELECTION LAW ENFORCEMENT COMMISSION

By: NEDDA G. MASSAR
Deputy Legal Director
Advisory Opinion Request
For Candidates and Committees

NEW JERSEY ELECTION LAW ENFORCEMENT COMMISSION
P.O. Box 185, Trenton, NJ 08625-0185
(609) 292-8700 or Toll Free Within NJ 1-888-313-ELEC (3532)
Website: www.elec.state.nj.us

PLEASE PROVIDE THE INFORMATION REQUESTED BELOW

A person, committee or entity subject to, or reasonably believing he, she or it may be subject to, any provision or requirement of the Campaign Reporting Act may request that the Commission provide an advisory opinion pursuant to N.J.S.A. 19:44A-6. Such request must include the following:

1. This request for an Advisory Opinion is being submitted on behalf of:
   Full name of Person, Committee, or Entity:
   Ciattarelli for Governor

   Mailing Address: 166 West Main St
   Somerville, NJ 08876

   *Day Telephone Number: (908) 253-9001
   *Evening Telephone Number: (908) 253-9001

2. Indicate if the above named person, committee, or entity currently files reports with the Commission:
   [ ] Yes  [ ] No

   a. If yes, indicate in what capacity it is filing:

      Candidate committee [✓]  Recall committee  [ ]
      Joint candidates committee [ ]  Recall defense committee  [ ]
      Political committee [ ]  Personal financial disclosure statement  [ ]
      Continuing political committee [ ]  Other (please describe): [ ]
      Political party committee [ ]
      Legislative leadership committee [ ]

   b. If no, indicate if the above named person, committee, or entity has in the past filed reports with the Commission, giving elections (i.e., 2005 general election) or calendar years, and identify filing capacity:

   c. If reports are or were filed under a different name than that appearing in Question #1 above, provide that name:

3. Please provide below a statement of the cognizable question of law arising under the Campaign Reporting Act, including specific citations to pertinent sections of the Campaign Reporting Act and Commission regulations (if known).

   Campaign funds are allowed to accept contributions electronically over the internet. However, in order for these contributions to qualify for public funds matching, Advisory Opinion No. 04-2001 stipulates a manual signature is required. We request an Advisory Opinion to determine if an electronic signature by the contributor would satisfy the signature requirement in order for a contribution to qualify for public funds matching.
4. Please provide below a full and complete statement of all pertinent facts and contemplated activities that are the subject of the inquiry. Your statement must affirmatively state that the contemplated activities have not already been undertaken by the person, committee, or entity requesting the opinion, and that the person, committee, or entity has standing to seek the opinion, that is the opinion will affect the person’s or committee’s reporting or other requirements under the Act. Attach additional sheets if necessary.

Statement of Facts:

The Ciattarelli for Governor Candidate Committee is currently accepting contributions electronically by means of the internet, as allowed pursuant to Advisory Opinion No. 04-2001. The Committee believes the internet is an effective and efficient tool in communicating with the electorate and in securing contributions from our supporters. It is the committee’s intention to participate in the public funds match program for the gubernatorial primary election.

Advisory Opinion No 04-2001, outlines the requirements which allows a candidate committee to accept contributions over the internet and, in addition, have the contributions be eligible for the gubernatorial public matching funds as long as they met all the additional requirements of the program.

More specifically, one of the elements for contribution is to "maintain signature requirement for each contribution from an individual submitted for match." The opinion concludes that the signature is an important element in determining contributor’s intent and participation in the public fund match. The opinion goes onto provide a set of additional procedures that a campaign committee may take to secure a signature which will allow for the contributions inclusion for public funds match. Specifically, the procedure requires a contributor to print an online contribution form, sign and forward the signed form to the publicly financed candidate.

Electronic commerce has increased over the last several years. This includes the use of electronic signatures. Electronic signatures are now readily used in conducting transactions online. In fact, on June 26, 2001, the State of New Jersey approved the Uniform Electronic Transaction Act (UETA) which allows state agencies to conduct official business utilizing electronic forms, filings as well as signatures.

The UETA defines electronic signature as "means an electronic sound, symbol or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record."

The Ciattarelli for Governor Candidate Committee has not engaged in accepting electronic signatures for our online contributions. We believe the allowance of electronic signatures will streamline the contribution process while still safeguarding the importance of the signature requirement.

As Committee Treasurer, I believe I have standing to request the Advisory Opinion.
5. Please provide below a statement of the result that the person, committee, or entity seeks, and a statement of the reasoning supporting that result:

The Ciattarelli for Governor Candidate Committee recommends the following procedures to satisfy as well as safeguard the signature requirement of online contributions. Further, they will qualify for the public funds matching program, if allowed, to meet the requirements of an electronic signature (as defined by the UETA).

It is our intent to implement a two step process to "create" the electronic signature. First, we will outline a set of terms that ensures the contributor understands the step they are taking (it is their intent to sign the document). Then the contributor will have to affirmatively check a box with the following wording - "By checking this box and typing my name below, I am electronically signing this contribution receipt."

Second, we will have the contributor type their name. It is only after these two steps are taken that the contributor can "click" the submit button to make a contribution.

6. Person who is submitting this advisory opinion request on behalf of the committee or entity listed in Question #1:

Full Name:
Stephen Johnson

Mailing Address:
182 West High St.
Somerville, NJ 08876

*Day Telephone Number:
(908) 722-6400

*Evening Telephone Number:
(908) 722-6400

Fax Number:
(908) 722-4853

a. Official Capacity of Person Requesting Opinion:

- Candidate
- Treasurer [✓]
- Organizational Treasurer
- New Jersey Attorney representing requesting person, committee, or entity
- Other (please describe):

b. Dated: 11/14/16

7. I hereby consent to an extension of the 10 day response period provided in N.J.S.A. 19:44A-6 to a 30 day period for Commission response, which period shall start on the date of Commission receipt of the completed advisory opinion request. (CROSS OUT THIS PARAGRAPH IF CONSENT IS WITHHELD).

8. A request for an advisory opinion will not be considered filed until a fully completed and signed application is received by the Commission.

Signature:

*Leave this field blank if your telephone number is unlisted. Pursuant to N.J.S.A. 47:1A-1.1, an unlisted telephone number is not a public record and must not be provided on this form.