



CREDIT CARD GUIDANCE DOCUMENT

Special processing, reporting, and recordkeeping requirements must be met in order for credit card contributions to be matched with public funds. This handout is intended to be a step-by-step guide to complying with these requirements.

I. GETTING STARTED

A) Processing Method:

The first step in accepting credit card contributions is to decide how your campaign will process them. There are three options available: manual, online and a hybrid of the two (each of these options is explained further in Section II – Credit Card Processing). Once you select an option, you need to establish your campaign’s own unique merchant account.

B) Establishing a Unique Merchant Account:

A merchant account is a contract under which a bank or financial institution accepts credit card transactions on behalf of the customer, in this case, the campaign. The Campaign Finance Board (CFB) requires your campaign to establish its own, unique (not shared or pooled) merchant account in its own name. Merchant accounts are generally linked to bank accounts so that receipts may be deposited electronically. Some credit card processing vendors will also provide your campaign with its own unique merchant account; if they do not, your bank may be able to set one up for your campaign.

C) Disclosing Your Unique Merchant Account:

Once you have established a unique merchant account, you must disclose it on your [Filer Registration](#) (FR). If you have already submitted this form, an amendment must be submitted using the [Change of Bank Account Form](#). If you choose to accept credit card contributions through your campaign’s website, you must disclose the website address on your Filer Registration. If you are unsure if your unique merchant account or your website has been disclosed on your Filer Registration, please contact your Candidate Services Unit (CSU) liaison. Your liaison can also advise your campaign on whether your website conforms to CFB requirements for accepting online contributions.

II. CREDIT CARD PROCESSING

There are three ways in which credit card transactions are processed:

Manual Processing – This is where a campaign uses a “swipe” terminal, like those used by most businesses, OR when a campaign manually enters the contributor’s credit card information into a terminal. Since the contributor is present to swipe his/her credit card and to fill out and sign a [Credit Card Contribution Card](#), it is the easiest way to collect the required backup documentation.

Online Processing – This is where a campaign sets up a website to process online contributions. All the elements of the Credit Card Authorization Form, including the credit card information, are captured and submitted to an online processor which processes the contribution immediately. While this may be the most convenient method of collecting credit card contributions, the absence of physical interaction with the contributor may require greater effort to obtain the required records. The documentation requirements are discussed in Section III-B – Recordkeeping Requirements.

Hybrid Processing – This is where a campaign collects the contributor’s credit card information using its website, and then, in a separate processing step, manually processes the transaction. In this hybrid setup, a campaign usually enters the contributor’s information received via electronic notification generated by its website into a separate online processing system. (This method produces some of the needed backup documentation, but, like the online option, the absence of interaction with the contributor necessitates the same contributor authorization process).

There may be other methods available. If you are contemplating something other than the above processing methods, please contact your CSU liaison.

A) Real-Time Address Verification (AVS):

Your credit card processor must use real time address verification to verify transactions, also known as AVS. This is a system where the processor verifies the residential address provided by the contributor against the billing address on file for the credit card account. This verification should be based on, at minimum, characters from the street address and zip code and the credit card expiration date. The purpose of AVS is to verify the contributor is a New York City resident and to ensure a contributor is using his/her own personal funds. This level of verification may be higher than what some vendors require but it is not unusual in the context of political fundraising.

B) Additional Information Regarding Online Contributions:

- 1) If your website is soliciting contributions, it must contain the following statement in a conspicuous and clearly recognizable manner:

“State law prohibits making a contribution in someone else’s name, reimbursing someone for a contribution made in your name, being reimbursed for a contribution made in your name, or claiming to have made a contribution when a loan is made.”

This requirement for solicitations is separate from the recordkeeping requirement for each contribution (see Section III).
- 2) The part of your website that collects contributor information should be secure.
- 3) It is strongly recommended for your website to list prohibited contributions and contribution limits. Make sure that the maximum contribution amount your website is able to process is the contribution limit for the office you are seeking.
- 4) It is advisable that you set up your website such that all information you require for the purpose of reporting the contribution on disclosure statements (and claiming it for matching funds) is collected by the website. Consider using required fields to obtain that information before the transaction can be processed.

III. RECORDKEEPING

A) Credit Card Authorization Form:

Similar to other types of contributions, your campaign is required to collect a [Credit Card Contribution Card](#) for each credit card contribution, or a functional equivalent (a printout of where your website collected the same information) for contributions received over the Internet. The Credit Card Authorization Form needs to collect all of the information outlined below in Section B-3a.

B) Recordkeeping Requirements:

There are five components to the recordkeeping requirements for credit card contributions. Following the detailed discussion is a section that describes what must be submitted with each disclosure statement to substantiate transactions claimed for public matching funds (“backup documentation”).

1) Unique Merchant Account Agreement and Statements:

As discussed in Section I – Getting Started, a merchant account is established with a contract. The contract outlines the terms and conditions of the merchant account and demonstrates whether it is a unique (not shared or pooled) account specific to your campaign. For example, the agreement might contain the AVS requirements necessary for the campaign and the fee schedule being charged. The campaign must keep this document, as well as any addenda or changes to it, and submit it to the CFB upon request.

2) Statements or Reports from the Credit Card Processing Company:

Many credit card processing companies provide regular statements by paper, electronically, or both. These statements generally contain summary information regarding the transactions processed and the fees taken. Certain companies might generate separate reports to address chargebacks or attempted transactions that failed. Reports from the credit card processing company might also contain explanations for codes that appear on the proof of processing documents (see below, Section 4).

3) Proof of Authorization of the Contribution by the Contributor:

The purpose of requiring proof of authorization of the contribution by the contributor is the same as the CFB’s requirement that contributors sign their checks or, in the case of cash or money orders, sign contribution cards.

- a) If you are accepting credit card contributions under circumstances where the contributor will be completing a physical authorization form:

Your campaign must obtain a [Credit Card Contribution Card](#) which includes the following:

- i. Contributor’s name
- ii. Contributor’s residential address
- iii. Amount of the contribution
- iv. Authorized committee’s name
- v. Credit card account type (e.g., Visa, Mastercard, etc.)
- vi. Credit card account number
- vii. Credit card expiration date
- viii. The following affirmation statement with a line directly below it for the contributor’s signature and the date:

“I understand that State law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal funds, is not being reimbursed in any manner, and is not being made as a loan; in addition, in the case of a credit card contribution, I also hereby affirm that this contribution is being made from my personal credit card account, billed to and paid by me for my personal use, and has no corporate or business affiliation.”

- b) If your campaign is accepting credit card contributions online and collecting the online equivalent of a Credit Card Authorization Form:

Your campaign's website must clearly identify itself as the campaign's website and collect the following:

- i) Contributor's name
- ii) Contributor's residential address
- iii) Amount of the contribution
- iv) Credit card type (e.g., Visa, MasterCard, etc.)
- v) Credit card account number
- vi) Credit card expiration date
- vii) The contributor's agreement to the following statement and affirmation:

"I understand that State law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal credit card account, billed to and paid by me for my personal use, and having no corporate or business affiliation; and is not being made as a loan."

The contributor's acknowledgement of the above affirmation may be obtained with a check box that is a required field for the contributor to affirm, prior to proceeding with the online transaction. This acts as an electronic signature that indicates that the contributor is agreeing to the affirmation.

4) Proof of Processing:

The purpose of this requirement is to verify that credit card transactions were actually processed; and processed in such a manner as to make them potentially matchable contributions in accordance with the CFB's guidelines. There are many variations in how different processors are able to meet these requirements, including being done in two separate documents that are cross-referenced to each other.

Proof of processing consists of documentation from the credit card processor that must include:

- a) A transaction number or code from the processor for each individual transaction.
- b) Contributor's name and residential address as the billing address.
- c) The type of credit card, the last 4 digits of the contributor's credit card account number and the expiration date. (If the processor provides the entire credit card number, you should redact all but the last 4 digits before submitting to the CFB.)
- d) The transaction amount.
- e) Indicia of successful AVS verification for each individual transaction. Where AVS has failed, that too should be indicated.
- f) Transaction approval (or declination).
- g) Your committee name or unique merchant account number must be identifiable as the recipient payee of the transaction.

5) Website Content and Processing Documents:

You must retain copies of your campaign's web content, completed Credit Card Authorization Forms (including printouts of those completed on the website) and all above-mentioned

processing documents. Just like all other campaign records, state law requires that these be retained for six years after the election.

IV. BACKUP DOCUMENTATION

As with other contributions for which matching claims are made, credit card contributions will be matched with public funds only if they are from individual New York City residents. For each credit card contribution that your campaign wants to have matched with public funds (see Section V – Reporting), your campaign must submit with each disclosure statement the Credit Card Authorization Form or its functional equivalent as proof of authorization and the proof of processing from the credit card processor for each transaction as described in Section III B-3 and Section III B-4 of this document. These will serve as the backup documentation for matching claims for credit card contributions. Together, the proof of authorization and the proof of processing should provide the CFB with the ability to track the contribution from the contributor through the verification process. As with all backup documentation, backup documentation for credit card transactions must be labeled with the transaction ID numbers from C-SMART. All backup documentation for matching claims should be submitted in transaction ID number order when the disclosure statement is filed. A claim will be invalidated for failing to provide complete backup documentation.

We strongly urge you to contact your CSU liaison to review the content of your campaign’s website and the sample backup documentation from your credit card processor to ensure that you are collecting the proper documentation before you begin accepting actual credit card contributions. This is to help your campaign preemptively make sure that all of the credit card contributions received are in preliminary compliance with CFB guidelines.

V. REPORTING

To report a credit card contribution in C-SMART, select or add the contributor’s name record and add a monetary contribution. Under “Contribution Type,” select “Credit Card.” All other information for these transactions is entered in the same manner as for any other type of monetary contribution. To claim matching funds for a credit card contribution, you must also enter an amount in the “Matching Amount” field.

Your campaign must also report any charges and/or fees resulting from soliciting or processing credit card contributions and/or from ordering reports or statements related to those transactions. These are considered campaign expenditures and must be reported as such. In C-SMART, your campaign must report these as “Bills” and “Bill Payments”. These expenditures include any percentages withheld as processing or transaction fees, as well as any costs related to creating and maintaining a website.

If a credit card processing company takes its fee with each transaction processed, your campaign should still report the full amount contributed by the contributor and a bill and bill payment to the credit card processing company for the amount of the fee. The fees for multiple credit card transactions may be combined on a periodic basis and entered into C-SMART as a single transaction, since that is what many processors may do. The backup documentation and records maintained by your campaign should provide an audit trail clearly showing both amounts.

For installment contributions:

Sometimes, campaigns will ask supporters to contribute in a series of installments (for example, the pledge of a contribution of \$300 given in 12 monthly installments of \$25). The campaign should report each installment as a separate transaction on the date each contribution is made. Each transaction

requires its own backup documentation (although one Credit Card Authorization Form is sufficient if it explicitly covers all of the installments); all annotated with C-SMART transaction ID number. If your campaign accepts installment contributions, it must inform those contributors that they may discontinue their authorizations at any time by contacting your campaign. Installment contributions are eligible to be matched with public funds, but only as each installment is actually processed, received by the campaign, and reported timely on the correct disclosure statement. Each eligible installment, up to \$175, should be identified as a matchable contribution when entered into C-SMART. For example, if an individual contributes \$200 in \$50 installments, the first three installments should be entered with \$50 matchable amounts, and the fourth installment should be reported with \$25 as the matchable amount.

For contributions made by using convenience checks:

So-called “convenience checks” drawn on credit card accounts (i.e., checks that credit card companies send to their customers for use) should be reported and treated like regular checks. Their monetary contribution type is “Check” and backup documentation requirements for checks apply.

VI. HELP

If you have questions regarding credit card contributions or require clarification on any of the requirements delineated in this document, please contact your CSU liaison at 212-409-1800 or CSUmail@nyccfb.info.