



Corporate participation in national convention activities

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The national conventions are right around the corner, and whether you are headed to Cleveland or Philadelphia, there are some basic rules to remember. Federal election law regulates nominating conventions and impact activity on the convention floor as well as off-site entertainment. Corporations can legally play a big part in convention-related activity, but they must be careful to avoid providing support to delegates and cannot engage in any election activity. As with any event, corporations that are hosting public employees and officials should also be aware of any applicable ethics and lobbying restrictions.

Convention-related activities

There are several different kinds of events that can take place at a convention and several types of hosts that may be involved. Corporations should know the nature of any event before using corporate funds to support it.

Official convention events

Federal law strictly prohibits direct corporate participation in "election activity." The delegate selection process and national nomination conventions are defined as elections and, thus, constitute federal election activity. Thus, corporate support of official convention activity is not permitted.

However, corporations can sell, lease, rent or provide goods or services to a convention committee at reduced or discounted rates, or at no charge, so long as the transaction is conducted in the ordinary course of business. In other words, if the company has an established practice of providing the same reductions or discounts for non-political customers, it may provide the same discounts to a convention committee as well. Federal law provides that the value of the goods or services cannot exceed the "commercial benefit reasonably expected to be derived from the unique promotional opportunity presented by the national nominating convention." Corporations may also sell or give away small promotional items of de minimis value (samples, discount coupons, maps, pens, pencils, etc.) to convention attendees.

Political fundraisers



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Some political parties, candidates and other political organizations may also host political fundraisers during the conventions. If the event is for a federal candidate or officeholder, or for a federal political party, then corporate contributions are not permitted. Fundraising events for state and local candidates or parties are regulated by the laws of the state where the candidate or party is registered, not the laws of the state where the event is held. Ohio law prohibits direct corporate support to its candidates and limits corporate support to Ohio political parties. Other states have different regulations.

Host committees or municipal funds

Official host committees have long been at work in both Cleveland and Philadelphia and provide opportunities for corporations to sponsor various events and participate in various promotions that help to showcase the host city. Corporate contributions to host committees are permissible and may be used to defray specific convention-related expenses, such as meeting venues, local transportation services, law enforcement services and other purposes enumerated in federal law.

Social events

Corporations can also host non-political receptions during the convention but must be careful that: (1) no attempt is made to influence the outcome of the convention in any manner; (2) the purpose of the function is neither to solicit contributions for, nor advocate the election or defeat of, any candidate for federal office; (3) the purpose is not to defray any delegate's subsistence expenses during the convention; and (4) the corporation will exercise full control over the event.

Delegates

Official delegates to the convention are governed by federal law and are generally prohibited from accepting corporate support for their convention-related activities. Similarly, corporations are specifically prohibited from making contributions to individual delegates in connection with federal elections, with limited exceptions. Even at the events where corporate participation is permitted, corporate funds cannot be used to defray the delegates' subsistence.

Ethics and lobbying laws

National conventions draw public officials and employees from all across the country and, as with any event of this scale, can present prime opportunities for interactions between the private and public sectors. But it is important to remember that ethics and lobbying rules still apply. Corporations that are directly providing gifts, meals or entertainment to a public official should consider any applicable state or local ethics laws.

General local, state and federal lobbying laws will also apply to interactions between corporate representatives and public officials during the conventions. Lobbyists

should also be aware of some additional restrictions that apply specifically to attendance by public officials at convention-related events. For example, the U.S. Senate Code of Official Conduct prohibits senators from participating in any event directly paid for by a lobbyist or lobbyist's employer that honors the senator during a national convention for the senator's party. Similarly, the U.S. House Committee on Standards of Official Conduct prohibits representatives from participating in events honoring them during the convention. State regulators may provide similar restrictions or issue state-specific guidance to lobbyists and public officials governed by state laws.

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