

AOR 2012-35

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Re: Additional Information for Global Transaction Services Group, Inc. pre-AOR
William Morrison

to:
EHeiden@fec.gov, rknop@fec.gov, Mike Wofford, Teresa Brookshire
10/24/2012 05:48 PM

2012 OCT 24 PM 6:06

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COUNSEL

Hide Details

From: William Morrison <b Morrison@gtsgglobal.com>

To: "EHeiden@fec.gov" <EHeiden@fec.gov>, "rknop@fec.gov" <rknop@fec.gov>, "Mike Wofford" <mwofford@gtsgglobal.com>, Teresa Brookshire <tbrookshire@gtsgglobal.com>,

2 Attachments



Federal Election Commission - Request for Advisory Opinion (Anthony Herman 10-12-12) FINAL 10-24-12-201278.pdf



FEC questions.doc

Good afternoon,

Attached are the updated letter and response questions. Thank you for your assistance in understanding the wording and process. Please feel free to call with any questions.

As a brief review, there are only three changes made. The request form GTSG now reads: *"Would the proposed process outlined below allow Global Transaction Services Group, Inc. to process anonymous donations and distribute them to the recipient political committee customers?"*

Also, we have modified the response to questions 9 & 11 in the corresponding document.

Thank you.

Bill Morrison
VP Mobile Solutions
Global Transaction Services Group



**Global Transaction
Services Group, Inc.**

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OFFICE OF GENERAL COUNSEL
Michael R. Wofford
President and CEO
Cell: 402.250.8900
Email: mwofford@gtsgglobal.com

October 12, 2012

Mr. Anthony Herman
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: Advisory Opinion Request

Dear Mr. Herman:

On behalf of Global Transaction Services Group, Inc. ("GTSG"), I am writing to request a Federal Election Commission ("FEC") Advisory Opinion ("AO") for the process we have developed - and plan to offer soon to federal political committees - related to contributions initiated by text message and completed by credit or debit card.

GTSG is a technology company based in Omaha, Nebraska that provides client solutions in the areas of mobile payments, data intelligence and security, transaction fraud security, healthcare transactions and e-commerce. The patent-pending process we have developed for texting donations via a contributor's credit or debit card will represent GTSG's initial service offering in the political campaign market.

During the past two years, we have worked to perfect our unique process of enabling a financial transaction through a text message, with the transaction being completed through a charge to the contributor's credit or debit card. Our intention to now offer this product to candidate and political committees leads us to request this Advisory Opinion. Therefore, GTSG seeks an opinion to the following question: Would the proposed process outlined below allow Global Transaction Services Group, Inc. to process anonymous donations and distribute them to the recipient political committee customers?

The GTSG Contribution Process

To initiate a contribution, a wireless user sends a text message using a pre-assigned "keyword" to a "common short code". GTSG assigns, reserves and manages the keyword for the candidate or committee and it will be registered to only them. For example, a text will be sent to the short code "313131" with the message "Smith" (for US Senate candidate Jon Smith).

GTSG has credit and debit card transaction relationships with card processors. GTSG will serve as the aggregator and manager of all facets of the transaction including contributor interface, settlement and all relationships with political committee customers. The contribution will NOT appear as a charge on the contributor's wireless provider billing. Rather, the contribution charge will appear on the contributor's credit or debit card statement with an identifier explaining the charge, such as "Smith for Senate Campaign".

Our intention is to offer a text and card charge product that resembles in some respects the text-to-give process recently adopted by the FEC with AO 2012-17. However, our process differs in other respects and is therefore, we believe, suitable for an AO based on the new and unique process we have developed.

One key area of similarity between our process and the process outlined and approved in AO 2012-17 is that all contributions are anonymous. All limitations and restrictions in law or regulation that pertain to such contributions will be addressed by GTSG in much the same manner as those who petitioned for the opinion of text-to-give, resulting in AO 2012-17.

Areas of Similarity with AO 2012-17

There are several areas in which the GTSG process is the same or similar to the findings in AO 2012-17 and these are stated below for your information:

- After the contributor sends the initial text message, the response screen from GTSG will require the contributor's affirmative response that they intend to engage in the transaction and a second screen where they attest that they are eligible to make contributions under the Federal Election Campaign Act (the Act) and FEC regulations.
- The common short codes that GTSG uses are "country-specific" and are therefore used only by US-based wireless service providers.
- Potential political committee customers will only be accepted as customers if they are in good standing with the FEC and appropriate State election authorities.
- Contributions to political committees, less any associated fees outlined in GTSG service agreements with them, will be transmitted from general corporate funds based on the unique keyword registered to the committee and used by the contributor.
- The contributor's ten-digit phone number associated with the contribution will be provided to the political committee customer, along with the amount and date of the contribution. Information provided to each political committee customer will also indicate the contributor's attestation that they intended to make the contribution and affirmed their eligibility to contribute.

GTSG Processes NOT Similar to AO 2012-17 Summary

There are several areas in which the GTSG process is different and NOT the same or similar to the processes outlined in AO 2012-17. These new features are the basis for the AO request. These are:

- The charge is made to the contributor's credit or debit card and appears on their debit or credit card statement. Charges are not levied through the contributor's wireless service provider.
- GTSG requests only the minimum amount of cardholder information for the contribution. The name and address of the contributor are not requested and are not available to GTSG or the political committee. (However, of course, the credit card processor that processes the contribution has full cardholder information.) The only card information requested of the contributor is the card number, expiration date, and the three- or four-digit security code. The contributor will also have the

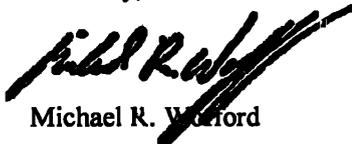
opportunity to enter a contribution amount of \$50.00 or less to comply with the limitations on anonymous contributions.

- Because the source of the charge is a credit or debit card, funds are transmitted to GTSG in the amount of the contribution as soon as it clears the credit/debit card network. This typically takes one business day. Consequently, GTSG can provide the full amount of all contributions, less any applicable fees, to the political committee customer without the need for partial or factored payments. GTSG will provide contribution totals and supporting documentation to political committee customers every seven days.
- The GTSG process will reject any single one-time contribution over \$50 and will reject a contribution of any amount wherein the contribution will result in that wireless user exceeding the anonymous contribution aggregate limit of \$50. The GTSG system does not request or capture the contributor's name or address; consequently, this information will not be available to the political committee customer.

Given the issuance of your very recent AO 2012-17 that addressed many of the questions surrounding conventional text-based contribution solutions, and the upcoming general election in November, we respectfully ask for an expedited review of this letter so the permissible solution can be presented to the marketplace as soon as possible.

Thank you for your attention to this request. Should you have any questions related to this letter, please contact me using the information below.

Sincerely,



Michael R. Woodford

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Reply to email received October 3, 2012 regarding questions the FEC questions would like addresses. The email reads:

Mr. Wofford,

Thank you again for taking the time to speak with us today. I'm emailing a list of the questions we have regarding your request. As discussed on the phone, we look forward to receiving your revised request, including the additional information below.

Please don't hesitate to contact me or Robert Knop if you have any questions. You can reach either of us at the Office of General Counsel's main number - (202) 694-1650, or at this email address.

Sincerely,

*Esther Heiden
Office of General Counsel, Policy Division
Federal Election Commission
999 E Street, NW
Washington, DC 20463*

The questions and responses below:

1. Please include the question on which you are seeking the Commission's opinion. For example: "Would the proposed process outlined below constitute an impermissible corporate in-kind contribution from Global Transaction Services Group, Inc. to the recipient political committee customers?"

Response: The request letter has been updated to reflect the question(s) for which GTSG is seeking an Opinion. The updated letter is included with this document for the reply.

2. How would the contributor's credit or debit card information be transmitted to GTSG?

Response: The flow of credit or debit card information is as follows:

1. Once the contributor texts the keyword to the short code and receives the contribution screen, they will enter their card information into a data screen on their mobile device.
2. The card information is then transmitted securely to the card processor for authorization.

3. Finally, on a monthly (or on demand) schedule, an encrypted version of the card information is transmitted to GTSG through online transaction reports and/or through electronic PDF files.

3. Please clarify that incoming contributions are commingled with GTSG's general corporate treasury funds, but that GTSG will apply an accounting method using key words/short codes.

Response: GTSG has an accounting structure in our QuickBooks application that allows for all GTSG monies to be designated and restricted based on point-of-entry. As part of our standard operating procedure, GTSG will receive a data file from the contribution process that indicates which monies are restricted to which project (campaign). GTSG will match that file with actual contributions received to dictate the distribution of funds. The accounting methodology will utilize the keyword, short code, date-time stamp and card verification data from the file to complete the match.

4. Does GTSG already have a similar service that they provide to non-political committee customers?

Response: Yes, GTSG utilizes a similar service for retail processing as well. GTSG also licenses the service to Humanitarian Relief International (HRI), a non-profit organization, to process donations and other charitable contributions.

5. The request states that potential political committee customers will only be accepted as customers if they are in good standing with the FEC and appropriate State election authorities. Assuming that a potential political committee customer is in good standing, will GTSG accept any political committee as a customer? If not, what criteria will be applied to determine whether to accept a political committee as a customer? (see Advisory Opinion 2012-28 (CTIA II))

Response: GTSG may develop eligibility criteria based upon commercial considerations and therefore may decide to accept only proposals from some political committees and not others. GTSG will not exclude any candidate based on discriminatory evaluations (ex. age, gender, party affiliation, heritage, etc.)

6. What criteria will GTSG apply in setting fees/rates for providing this service to political committee customers? Will GTSG charge the same fees for political committees and non-political committees? (see Advisory Opinion 2012-31 (AT&T))

Response: GTSG will evaluate market comparisons to determine a competitive rate schedule. GTSG anticipates a lower fee for services provided to political committees versus a non-political, or retail project. However, we do not foresee a substantial difference in costs. GTSG does not set the fee schedule for HRI, a separate non-profit organization licensed to utilize the GTSG service.

7. The request states that the proposed process will reject "a contribution of any amount wherein the contribution will result in that wireless user exceeding the anonymous contribution aggregate limit of \$50." Please clarify whether the system would simply reject the contribution, or whether it would allow the contribution, but seek additional identification information from the contributor.

Response: The system can be customized for either solution. At this time, a back office process will be developed to seek out additional contributor information for aggregate totals in excess of \$50. If no information can be gathered, the donation could be refunded to the card. GTSG will continue to pursue technical enhancements to allow the process of limiting anonymous donations automatically.

8. Will GTSG keep a tally of contributions made from each mobile phone number? Will political committee customers have access to this tally? (see Advisory Opinion 2012-26 (m-Qube II))

Response: Yes, GTSG will tally the contributions and make them available to the political committee customer.

9. Will GTSG or its political committee customers be able to block phone numbers associated with pre-paid carriers (or for any other reason)?

Response: GTSG is a globally focused organization with an International customer base. Blocking phone numbers will be a technical characteristic of our system. GTSG will implement additional blocking enhancements that include selectively blocking numbers, groups of numbers and/or International codes.

10. Will GTSG wait until the credit card company has processed the contribution before transmitting the funds to the recipient political committee customer?

Response: Yes.

11. What will the certification that the contributor must agree to regarding eligibility to make contributions look like? (see Advisory Opinion 2012-17 (m-Qube I))

Response: After texting the keyword and entering their card information, the eligibility certification wording the contributor would see will be similar to the following:

"Press Donate Now to process your contribution to the [candidate's name] campaign. This certifies you are at least 18 years, using your own funds, not a Federal Contractor and are not a foreign national. Terms at gtsgglobal.com/t."

Please feel free to contact Mike or myself for any additional clarification and/or questions.

Respectfully submitted,



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