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Democracy Rules

June 3, 2015

Federal Election Commission
Office of General Counsel
999 E Street
NW Washington, DC 20463

To Whom It May Concern,

My name is Ray Cashman and I am the executive director of Democracy Rules Inc., a non-partisan 501c(4) citizen's lobbying organization that aggregates and forwards user donations to the re-election committees of legislators and advocate groups. Democracy Rules is completely issue oriented. Our mission to enable each American to directly affect every social welfare issue through lobbying efforts designed to counteract the special interest groups currently corrupting our nation's democracy. Democracy Rules does not directly participate in elections or recommend specific electoral candidates. The home page of the Democracy Rules website may be found at: <https://democracyrules.org/index.php> For personalization reasons, users must register to view all portions of the site on this page:

https://democracyrules.org/dr3/index.php?r=site/login&refer_page=%2Findex.php However for convenience, the following login information can be used for viewing purposes Login: testemail@democracyrules.org Password: YixaZDkEVt

The democratic process determines the operation and dictates the actions of Democracy Rules. Each month, users may vote for their most important issues and whether they support or oppose those issues. They then send letters to their representatives notifying them of their position, and pledge funds to support the reelection of legislators they believe will act in a generally responsive and representative manner. Afterwards, users may vote for the recipient, or trustee, of their pledge group's funds. Typical trustee candidates may be the principal campaign committee of legislators with jurisdiction over legislation associated with these issues, or advocate groups successfully working with these issues.

Democracy Rules hosts a four-week (28-day) presentation cycle process which identifies both our member's most important issues and their position on these issues. DR organizes 355 social welfare issues into 24 categories ranging from Agriculture to Terrorism. Each category is divided into several subcategories, and each subcategory normally contains 3 issues. After choosing their most important issue in a subcategory, a member also votes to support or oppose that issue. Typically, there are 6 possible polling options for each subcategory - three issues, each with a support or oppose option. At the conclusion of the 7-day polling period, the option with the highest number of votes in each subcategory will be "presented" to our membership for pledge acceptance. The ensuing pledge period lasts 14 days, and the minimum pledge accepted is one dollar and the time it takes to write a short note to one's representatives, if desired. Those who have pledged to an issue may then vote for the recipient, or trustee, of their pledge group's funds during the 7-day trustee election beginning on the 22nd day. A member may join a cycle at any time by pledging before the end of the trustee election on midnight of the 28th day. Members may participate in as many of DR's 113 monthly presentation cycles as desired, and they may also pledge to an issue without having

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participated in the issue poll or if they had voted for a different polling option. At the conclusion of each presentation cycle, these issues enter the polling section again, beginning a new cycle. To view DR's Polling, Pledging and Electing pages, please access DR's main Issues page: <https://democracyrules.org/dr3/?r=issues/categories> and click on an issue in one of the columns. (URL addresses for individual presentation cycle pages are not static, as they roll over into new locations every 7 days.)

Before users may participate in DR's presentation cycle, they must first register as a member and deposit funds into their personal DR account. We use PayPal to conduct this transaction, depositing user's funds into our main bank account, called the "Members Bank Account". Users (now members) may then draw on these funds when pledging to an issue, or when donating to a Long Term Campaign, Disaster Aid, or to assist in DR's administration costs. Please use the login information provided above to view our "My Account" section:

https://democracyrules.org/user_my_account.php When a member pledges funds to a presentation cycle issue, those funds are deducted from their personal account and earmarked for the trustee election. This procedure is a bookkeeping mechanism to reflect that the pledged funds are now unavailable for additional pledges. Upon the conclusion of this election, all funds pledged to a legislator's principal campaign committee will be forwarded without terms or conditions with a check from our Member's Bank Account within 10 days. Likewise, donations to the administration of Democracy Rules are transferred, by check, from the Member's Bank Account to our corporate treasury account at the end of each month. Proceeds from the sale of DR merchandise are directly deposited into DR's corporate treasury bank account by means of a separate, dedicated Pay Pal function.

Democracy Rules does not charge membership fees or extract commissions from member's pledges. The deductions from a deposit into a member's account consist of the merchant fees PayPal charges to process checks and credit card payments (2.9% plus \$0.30 per transaction), plus 10 cents for administrative revenue. DR's website is nearly completely automated, allowing for surprisingly low overhead for a project of this magnitude. However, if donations and merchandise sales do not generate enough website revenue, we shall charge either a membership fee or a commission on our member's pledges. Democracy Rules has not and will not accept contributions from any special-interest individual or organization - including any advertiser, advocate, industry or government group. We believe that employing a model which shuns revenue from advertising, fees and commissions will demonstrate our integrity while making DR more effective by forwarding greater sums to re-election committees. We also expect it to motivate administration donations and spur merchandise sales. The expenditure of excess administration revenue, if any, will be decided by members through the use of opinion polls, displayed on our home page.

In addition to donating funds to the principal campaign committee of legislators and advocates during our presentation cycle, members may also donate funds for Disaster & Humanitarian Aid, to a Long Term Campaign, and to assist in the cost of administering Democracy Rules. Democracy Rules accepts donations for humanitarian aid for countries experiencing disasters, including our own. Members may choose from a list of aid agencies to support a specific disaster. Please view our home page for an example of the Ebola epidemic disaster: <https://democracyrules.org/>. Democracy Rules does not extract fees or commissions from these donations, and these funds are forwarded to advocate groups at the end of each month.

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Members may also allocate funds from their personal DR account to support a Democracy Rules Long Term Campaign. Long Term Campaigns are designed to bypass our monthly presentation cycle. This function enables funding for issues that require unusually prolonged support. For example, if during a presentation cycle, members vote to amend our Constitution, DR will initiate a Long Term Campaign and display it on our home page – similar in appearance to our Disaster Aid function. We then accept donations for a variety of options designed to amend the Constitution as asked by our members. These options may include the principal campaign committee of a legislator with jurisdiction over an amendment bill, and advocate groups working to that end. Affecting these types of issues require years of uninterrupted effort. Long Term Campaigns provide continued funding for an issue which is independent of a presentation cycle election. For reporting purposes, the principal campaign committee of a legislator receiving funds from a Long Term Campaign is treated no differently than one who receives funds from a presentation cycle. These campaigns remain active for as long as they receive adequate donations or until the issue is resolved. All funds pledged to the principal campaign committees of legislative trustees will be disbursed to these individuals within 10 days of the conclusion of the trustee election.

In regards to the objectivity and accuracy of our issue descriptions, Democracy rules attempts to provide brief, definitions, histories, statistics and some pro and con positions on most issues. The facts and stats cited in these write-ups are correct to the best of our knowledge, but we expect our readers to take or leave the words in between. DR understands most members have already decided how they will vote on most issues before reading our write-ups, should they decide to do so. Democracy Rules does not wish to influence the vote, on any issue, of any uncommitted member. As such, we strongly emphasize our desire for members to research the issues on which they intend to vote and implore them to disregard our issue descriptions in favor of their own research and opinions. However, we do recommend that members pay close attention to the polling options and legislation associated with each issue since these will be the actions taken to affect it.

The main question Democracy Rules asks of the Commission to decide in this advisory opinion request is whether forwarding our member's funds to the legislator's principal campaign committees is legally permissible under current law. We hope and believe these actions will be allowed for the following reasons:

1.) Democracy Rules, a California corporation, believes it qualifies for a commercial vendor exemption to the Federal Election Campaign Act since Democracy Rules receives earmarked contributions from individuals and forwards those contributions to Federal candidates without engaging in an impermissible action under the Act. Democracy Rules provides a commercial service to our members when it transmits their contributions to the principal campaign committee of legislators. Democracy Rules will operate exclusively on a commercial basis, and the transaction fee that it will charge will cover its credit card processing costs, expenses, and provide an adequate profit to the company.

2.) In summarizing how Democracy Rules handles its members' funds: Democracy Rules (DR) maintains a single account in Paypal that collects all of the funds of the DR members (Members Account). A member registers with DR and deposits funds into the Members Account to be used for future pledges. At the time of this deposit, Paypal deducts 2.9% of the deposit amount

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plus \$.30 as its fee for processing the deposit. DR deducts \$.10 from each deposit to cover expenses. The remaining money may be used by the member to make a pledge to an issue, donate funds to a long term campaign or disaster relief, or donate to help pay for the administration of DR.

When a member pledges to an issue, an accounting entry is made and the following things occur:

- a.) The requisite amount of funds in the Members Account are earmarked for the pledged issue;
- b.) The requisite amount of funds is deducted from the individual member's account statement and the amount of funds available to the member for future pledges is reduced.

The funds remain in the Members Account along with all of the DR members' funds until a trustee is chosen.

3.) Nearly all DR's administrative decisions are decided democratically, by vote of our membership. This includes which issues are chosen for "presentation," (as well as the stance taken on each issue); the type and amount of resources pledged to affect these issues (both monetary and/or time - the time it takes to write a letter to one's representatives); and which trustee candidate will receive our member's funds (either legislator's principal campaign committees, advocates or both). The only unilateral decisions Democracy Rules administrators exercise in our presentation cycle process are the initial choice of which 355 social welfare issues to inventory, and which trustee candidates are chosen for these issues. However, legislative trustee choices are constrained by the requirement to best affect legislation associated with an issue, leaving little to the discretion of administrators. The principal campaign committee of legislators with jurisdiction over our bills will always be chosen as trustee candidates. To help minimize shortcomings regarding issue and trustee discretion, we have placed suggestion boxes on our polling and pledging pages for members to suggest relevant issues and worthy trustees which administrators may have overlooked. If submitted in a timely manner, member's trustee suggestions could be researched and displayed in that same presentation cycle. Please access issues in the Polling and Pledging columns on the Issues Page to view these suggestion boxes: <https://democracyrules.org/dr3/issues/categories>

4.) To help ensure integrity and transparency, Democracy Rules maintains an extensive archive section. In addition to recording our member's issue and trustee suggestions, all current and past information regarding the operation of Democracy Rules is detailed in this section. DR's Archives display presentation cycle data in real-time, before being permanently recorded at the conclusion of each cycle. A record of trustee payments displayed by issue as well as recipient, and all DR's internal financial data, including income, expense and tax information is publically displayed here. Lastly, our archives also contain our Disaster Aid and Long Term Campaign totals, as well as the results of our opinion polls. All archived data is available for outside, independent review or audit. Please view our Archives here: https://democracyrules.org/user_archive.php

5.) Democracy Rules has the ability to refund member's pledges, when necessary, by nullifying a specific presentation cycle. This function returns the funds back into the accounts of members who pledged them. Nullification may occur if a trustee refuses our pledges, or if an issue is resolved, or the status of a bill is changed before funds have been distributed. Other circumstances may also require the nullification of a presentation cycle and the need for pledges to be returned. It is possible, particularly in DR's beginning, that members could cast

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conflicting votes on an issue from one month to the next. This would put DR in the awkward position of having to award funds to a trustee to both support and oppose an issue. Should this occur in consecutive cycles, DR will credit the accounts of the smaller pledge group and promote the interests of the larger group.

6.) The following function is required for user registration:

By checking this box I attest the following statements are true and accurate

- a.) This contribution is made from my own funds and not from another.
- b.) This contribution is not from the general treasury funds of a corporation, labor organization or national bank.
- c.) I am not a Federal government contractor.
- d.) I am not a foreign national who lacks permanent resident status in the United States.
- e.) I am over the age of 18, and if not, I am a minor making this contribution of my own volition.
- f.) I understand contributions to individual legislator's reelection campaigns must not exceed \$2,700 per election.

(We are developing a function, to be displayed on the member's account page, which tracks the amount of annual donations made to each legislator's re-election committee, and warns them as they approach the \$2,700 limit.)

7.) Website-generated Excel files, listing all required donor information, will be forwarded to legislator's re-election committees when funds are disbursed.

Thank you very much for your consideration of this matter.

Sincerely,



Ray Cashman

Executive Director, Democracy Rules Inc.