



NORTH CAROLINA

STATE BOARD OF ELECTIONS

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Raleigh, NC 27611
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Maggie Barlow, Treasurer
Justice Allison Riggs Legal Fund
1001 Wade Avenue, Suite 323
Raleigh, North Carolina 27605

April 16, 2025

Re: Request for an advisory opinion under N.C.G.S. § 163-278.23 regarding legal expense funds

Dear Ms. Barlow,

Thank you for your correspondence on behalf of the Justice Allison Riggs Legal Fund. The following written opinion is provided in accordance with N.C.G.S. § 163-278.23. In your letter, you asked whether compliance-related expenses for a legal expense fund may be paid by a legal expense fund, or if they must be born by the candidate's campaign committee. Compliance-related expenses are described as software and professional services used to maintain financial records and filings.

A legal expense fund is "any collection of money for the purpose of funding a legal action, or a potential legal action, taken by or against an elected officer in that elected officer's official capacity." N.C.G.S. § 163-278.300(6). In North Carolina, a legal expense fund *must* be created if an elected officer, or another individual or group of individuals acting on the elected officer's behalf, is given a legal expense donation (1) to fund an existing legal action taken by or against the elected officer in that elected officer's official capacity, or (2) to fund a potential legal action taken by or against an elected officer in that elected officer's official capacity. N.C.G.S. § 163-278.301(a) (emphasis added). In this context, "official capacity" includes actions "related to or resulting from the campaign" as well as those "relating to or resulting from holding public office." N.C.G.S. § 163-278.300(7).

When a legal expense fund is created in North Carolina, the elected officer must appoint a treasurer who will keep detailed accounts of donations and expenditures. *See* N.C.G.S. §§ 163-278.306 and .307(a). While the fund is active, the treasurer must file quarterly reports with the State Board. N.C.G.S. § 163-278.310. These reports must be filed electronically if the cumulative total of donations or expenditures in a quarter exceeds \$5,000. N.C.G.S. § 163-

278.308(d). Many candidates and elected officers choose to hire professional campaign treasurers to manage record keeping and reporting requirements. While the State Board offers free reporting software, the agency will also accept electronic reports generated by third party software. 08 NCAC 21 .0106(a)(2). Typically, the committee must pay a fee to the software provider when third party software is used.

So how can these services be paid for? Can the legal expense fund be used? Once a legal expense donation is received and a fund is created, there are statutorily imposed limits on how donations may be used. Legal expense funds may be used only for reasonable expenses actually incurred by the elected officer in relation to a legal action or potential legal action brought by or against the elected officer in that elected officer's official capacity. N.C.G.S. § 163-278.320(a).

The obligation to create and maintain a legal expense fund stems from the fact that there is a legal action or potential legal action involving the elected officer. Thus, there is a direct relationship between the fund and the legal action. Reasonable expenses incurred for the maintenance of the legal expense fund relate to the legal action and may therefore be paid from the fund under N.C.G.S. § 163-278.320(a). Specifically, compliance-related expenses incurred for statutory record keeping and reporting requirements of the legal expense fund may be paid from the legal expense fund.

The opinion will be filed with the Codifier of Rules to be published in the North Carolina Register.

Sincerely,

A handwritten signature in blue ink that reads "Karen Brinson Bell". The signature is fluid and cursive, with the first name "Karen" being the most prominent part.

Karen Brinson Bell
Executive Director
State Board of Elections

Maggie Barlow
Treasurer, Justice Allison Riggs Legal Fund
1001 Wade Ave, Ste 323
Raleigh, NC 27605

March 20, 2025

Ms. Karen Brinson Bell, Executive Director
North Carolina State Board of Elections
PO Box 27255
Raleigh, NC 27611-7255

Subject: Request for Formal Advisory Opinion on Compliance Software and Services

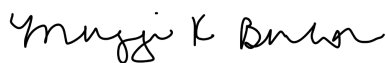
Dear Ms. Brinson Bell,

I am writing to formally request an advisory opinion from the North Carolina State Board of Elections regarding permissible expenditures by Legal Expense Funds. Specifically, I seek guidance on whether compliance-related expenses may be paid by the Justice Allison Riggs Legal Fund or if they must be borne by the campaign committee.

Given the nature of compliance-related expenses, including software and professional services used to maintain accurate financial records and filings, I would appreciate the Board's clarification on whether these costs fall within the scope of allowable expenditures from this fund or if they should be considered campaign-related expenses.

If any additional information is needed to facilitate your review, please let me know. Thank you for your time and consideration. I look forward to your response.

Sincerely,

A handwritten signature in black ink that reads "Maggie K. Barlow". The signature is written in a cursive, flowing style.

Maggie Barlow
Treasurer, Justice Allison Riggs Legal Fund