



FEDERAL ELECTION COMMISSION
Washington, DC 20463

MEMORANDUM

February 28, 2005

TO: The Commission

THROUGH: James A. Pehrkon
Staff Director

FROM: Allan D. Silberman
Director, ADR Office

SUBJ: Negotiated Settlement: **ADR 210**

Attached for your review is a signed negotiated ADR settlement agreement, **ADR 210** (MUR 5508), Michael Jaliman for US House of Representatives and M. Kathryn Jaliman, Treasurer (the "Respondents Jaliman"). This matter was opened on August 4, 2004 and assigned by the Commission to the ADR Office ("ADRO") on January 4, 2005.

ADR 210/MUR 5508: Complainant alleges that Respondents Jaliman failed to register with the FEC after exceeding the \$5,000 threshold in expenditures. Complainant further contends that Respondents Jaliman accepted in-kind contributions from Innovation Consultants Inc. ("Respondent Innovation") when he mailed campaign literature soliciting support on the firm's corporate letterhead. In addition, Complainant argues that Respondent Innovation made illegal, in-kind corporate contributions when they permitted their letterhead to be used to solicit support for candidate Jaliman. Respondents Jaliman contend that Innovation Consultants is not a corporation but a sole proprietorship. Respondents Jaliman acknowledged that the letters cited in the complaint were sent out on the firm's stationery but to no more than a few hundred persons before the candidate declared his candidacy. Respondents Jaliman advises that Respondent Innovation was reimbursed for the mailing and stationery, which was listed on its Third Quarter 2004 report. Respondents Jaliman also contend that the campaign committee did not exceed the \$5,000 threshold until September 2004 more than a month after the complaint was filed.

ADR Director's Recommendation:

- 1) Approve the attached negotiated agreement, **ADR 210**, and subsequently close the file on this matter;
- 2) Dismiss the complaint against Michael Jaliman and Innovations Consultants and close the file on this matter.

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