

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
 Triad Management Services, Inc., et al.) MURs 4568, 4633, 4634 and 4736

GENERAL COUNSEL'S REPORT

I. ACTIONS RECOMMENDED: 1) Take no further action as to certain

respondents in MUR 4736 and close the file as to those respondents. 2) Sever all the respondents identified below from MURs 4568, 4633, 4634 and 4736; open a new MUR and transfer those respondents into the new MUR. 3) Close the new MUR for the reasons discussed below.

II. DISCUSSION

These matters concern activities engaged in by Carolyn Malenick d/b/a Triad Management Services ("Triad/CSM"), Triad Management, Inc. ("Triad, Inc."), Carolyn Malenick, as corporate officer, Robert Cone and thirty-one (31) other respondents during the 1996 election cycle. On June 2, 1998, the Commission found reason to believe that, during the 1996 election cycle, Triad Inc., Carolyn Malenick, Robert Cone and other respondents violated various provisions of the Federal Election Campaign Act of 1971, as amended, ("the Act") in connection with MURs 4568, 4633 and 4634. On February 23 and July 20, 1999, the Commission made reason to believe findings against Triad Inc., Ms. Malenick, Robert Cone and a number of other respondents regarding alleged violations of the Act in connection with MUR 4736 (which included some allegations that were severed from MUR 4783). Due to the related and overlapping nature of the

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28 allegations in the complaints from each of these matters, the Commission decided that
29 MURs 4568, 4633, 4634 and 4736 would be investigated together.

30 The file in these matters has been closed with respect to all named respondents
31 with the exception of Triad/CSM, Triad Inc., Carolyn Malenick, Robert Cone, Meredith
32 O'Rourke, Peter Flaherty, as President of Citizens for Reform, Carlos Rodriguez, Robert
33 Moore and Jeff Larson.¹ This Office is now recommending that the Commission open a
34 new MUR, sever those respondents with respect to whom these matters are closed and
35 transfer those individuals and political committees severed from MURs 4568, 4633, 4634
36 and 4736 into this new MUR as respondents. And then, given that the Commission's
37 investigation relating to the 1995-1996 activities of these respondents has been fully
38 resolved, immediately close that new MUR. Now that the Commission's motion for a
39 protective order in *McConnell, et al. v. FEC, et al.* has been denied, creating and then
40 closing this new MUR in the manner described above will result in the placement of
41 dispositions and disclosable materials on the public record

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43 This Commission action will leave Triad/CSM, Triad Inc., Carolyn Malenick and
44 Robert Cone as respondents in MURs 4568, 4633, 4634 and 4736. The Commission has
45 found probable cause against Triad/CSM, Triad Inc. and Ms. Malenick, and after
46 unsuccessful conciliation, their liability for their 1995 and 1996 activities will be
47 adjudicated through the pending district court litigation in which they are defendants. *See*

¹ Meredith O'Rourke, Peter Flaherty, as President of Citizens for Reform, Carlos Rodriguez, Jeff Larson, as Vice President of Strategic Telecommunications and Bob Moore, as President of Moore Information, were generated as respondents in MUR 4736. The Commission took no action at this time with respect to these respondents. This Office is now recommending that the Commission take no further action with respect to these respondents and close the file in MURs 4568, 4633, 4634 and 4736 as to them. This Office is also recommending that these respondents be severed from MURs 4568, 4634 and 4736 and transferred to the new MUR.

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48 *FEC v. Carolyn Malenick d/b/a Triad Management Services, et al.*, Civ. No. 02-CV-
49 01237 (DDC). Although Mr. Cone's liability for violations of the Act committed during
50 the 1996 election cycle was resolved through a conciliation agreement, Triad, Inc.'s,
51 Carolyn Malenick's and Robert Cone's liability for activities undertaken during the 1998
52 election cycle remains unresolved. Maintaining Triad, Inc., Ms. Malenick and Mr. Cone
53 as respondents within MURs 4568, 4633, 4634 and 4736 will permit this Office to
54 present new recommendations to the Commission relating to their Triad related activities.

55 For the reasons set forth above, this Office recommends that the Commission
56 sever from MURs 4568, 4633, 4634 and 4736 the following respondents: Citizens for
57 Reform; Peter Flaherty, as President of Citizens for Reform; Citizens for the Republic
58 Education Fund; The Rick Hill Committee and Gary F. Demaree, as treasurer; Madison
59 Project Inc. Fund and Elizabeth Smith, as treasurer; American Free Enterprise PAC and
60 David Bauer, as treasurer; Citizens Allied for Free Enterprise and Kirk Knight, as
61 treasurer; Conservative Campaign Fund and Peter Flaherty, as treasurer; Citizens United
62 Political Victory Fund and Kevin Allen, as treasurer; Conservative Victory Committee
63 and Leif E. Noren, as treasurer; Eagle Forum PAC and Margaret Gaul, as treasurer; Faith,
64 Family & Freedom PAC and Devin Anderson, as treasurer; Free Congress PAC and
65 Thomas O'Connor, as treasurer; The Honorable Robert Riley; Bob Riley for Congress
66 and Hughel Goodgame, as treasurer; Robert Riley, Jr.; the Honorable Sam Brownback;
67 Sam Brownback for US Senate and Alan Groesback, as treasurer; John Stauffer; Ruth
68 Stauffer; Meredith O'Rourke; Carlos Rodriguez; Jeff Larson, as Vice-President of
69 Strategic Telecommunications; and Robert Moore, as President of Moore Information. In
70 conjunction with this action, the Office recommends opening up a new MUR naming as

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71 respondents those individual and political committee respondents severed from MURs
72 4568, 4633, 4634 and 4736. The Office further recommends immediately closing this
73 new MUR. The only remaining respondents in MURs 4568, 4633, 4634 and 4736 will be
74 Carolyn Malenick d/b/a Triad Management Services, Triad Management, Inc., Carolyn
75 Malenick, as corporate officer, and Robert Cone.

76 **III. RECOMMENDATIONS**

- 77 1. Take no further action and close the file in MUR 4736 as to: Meredith
78 O'Rourke; Peter Flaherty, as President of Citizens for Reform; Carlos
79 Rodriguez; Jeff Larson, as Vice-president of Strategic Telecommunications;
80 and Robert Moore, as President of Moore Information.
81
82 2. Open a new MUR.
83
84 3. Sever from MURs 4568, 4633, 4634 and 4736 the following respondents:
85 Citizens for Reform; Peter Flaherty, as President of Citizens for Reform;
86 Citizens for the Republic Education Fund; The Rick Hill Committee and Gary
87 F. Demaree; as treasurer; Madison Project Inc. Fund and Elizabeth Smith, as
88 treasurer; American Free Enterprise PAC and David Bauer, as treasurer;
89 Citizens Allied for Free Enterprise and Kirk Knight, as treasurer;
90 Conservative Campaign Fund and Peter Flaherty, as treasurer; Citizens United
91 Political Victory Fund and Kevin Allen, as treasurer; Conservative Victory
92 Committee and Leif E. Noren, as treasurer; Eagle Forum PAC and Margaret
93 Gaul, as treasurer; Faith, Family & Freedom PAC and Devin Anderson, as
94 treasurer; and Free Congress PAC and Thomas O'Connor, as treasurer, The
95 Honorable Robert Riley; Bob Riley for Congress and Hughel Goodgame, as
96 treasurer; Robert Riley, Jr.; The Honorable Sam Brownback; Sam Brownback
97 for US Senate and Alan Groesback, as treasurer; John Stauffer; Ruth Stauffer;
98 Meredith O'Rourke; Carlos Rodriguez; Jeff Larson, as Vice President of
99 Strategic Telecommunications; and Robert Moore, as President of Moore
100 Information, and transfer these respondents into the new MUR.
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102 4. Close the new MUR in which the following are named as respondents:
103 Citizens for Reform; Peter Flaherty, as President of Citizens for Reform;
104 Citizens for the Republic Education Fund; The Rick Hill Committee and Gary
105 F. Demaree, as treasurer; Madison Project Inc. Fund and Elizabeth Smith, as
106 treasurer; American Free Enterprise PAC and David Bauer, as treasurer;
107 Citizens Allied for Free Enterprise and Kirk Knight, as treasurer;
108 Conservative Campaign Fund and Peter Flaherty, as treasurer; Citizens United
109 Political Victory Fund and Kevin Allen, as treasurer; Conservative Victory
110 Committee and Leif E. Noren, as treasurer; Eagle Forum PAC and Margaret

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Gaul, as treasurer; Faith, Family & Freedom PAC and Devin Anderson, as treasurer; and Free Congress PAC and Thomas O'Connor, as treasurer; The Honorable Robert Riley; Bob Riley for Congress and Hughel Goodgame, as treasurer; Robert Riley, Jr.; The Honorable Sam Brownback; Sam Brownback for US Senate and Alan Groesback, as treasurer; John Stauffer; Ruth Stauffer; Meredith O'Rourke; Carlos Rodriguez; Jeff Larson, as Vice President of Strategic Telecommunications; and Robert Moore, as President of Moore Information.

5. Approve the appropriate letters.

Lawrence H. Norton
General Counsel

8/22/02
Date

BY:

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