



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

JUL 18 2001

Timothy Teepell, Treasurer
Madison Project Inc. Fund
119 C Street, SE
Washington, D.C. 20003

RE: MURs 4568, 4633, 4634 and 4736
Madison Project Inc. Fund

Dear Mr. Teepell:

On July 2, 2001, the Federal Election Commission accepted the signed conciliation agreement submitted by you on behalf of the Madison Project Inc. Fund in settlement of a violation of 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to the Madison Project Inc. Fund and to you, as the treasurer for that entity.

This matter will become public within 30 days after it has been closed with respect to all other respondents involved. Information derived in connection with any conciliation attempt will not become public without the written consent of the respondents and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1596.

Sincerely,

Marianne Abely

Marianne Abely
Attorney

Enclosure:
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
The Madison Project, Inc. Fund and) MURs 4568, 4633, 4634 and 4736
Timothy Teepell, as treasurer)

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Micheline Burger. The Federal Election Commission ("Commission") found reason to believe that Madison Project Inc. Fund and Timothy Teepell, as treasurer ("Respondents") violated 2 U.S.C. § 441b.

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. The Madison Project, Inc. Fund ("MPIF") is a political committee within the meaning of 2 U.S.C. § 431(4). MPIF is the separate segregated fund of an incorporated membership organization called The Madison Project, Inc.

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2. Timothy Teepell is the treasurer of MPIF.

3. The Federal Election Campaign Act of 1971, as amended (the "Act"), prohibits corporations from making "a contribution or an expenditure in connection with any election for federal office." 2 U.S.C. § 441b(a). It is not unlawful, however, for a corporation to use its general treasury funds to establish, administer, and solicit contributions to a separate segregated fund to be utilized for political purposes. 2 U.S.C. § 441b(b)(2)(C); 11 C.F.R. § 114.5(b).

4. An incorporated membership organization may also establish and administer a separate segregated fund ("SSF"). 2 U.S.C. § 441b(b)(2)(C); 11 C.F.R. § 114.5(b). An incorporated membership organization may solicit contributions to its SSF from its noncorporate members, its executive and administrative personnel, and the families of both these groups at any time. 11 C.F.R. § 114.7(a). Both an incorporated membership organization and its SSF are prohibited from soliciting funds outside this restricted class. 2 U.S.C. § 441b(b)(4)(A)(i); 11 C.F.R. § 114.5(g)(1).

5. A SSF may accept an unsolicited contribution, that is otherwise lawful, from outside its restricted class. 11 C.F.R. § 114.5(i). However, if the SSF informs anyone outside the restricted class that unsolicited contributions can be accepted, this amounts to a solicitation. AO 1983-38; *See also* FEC Campaign Guide for Corporations and Labor Organizations at p. 14.

6. In July 1995, MPIF staff member Doug Domenech met Triad Management Services Director Carolyn Malenick at a meeting of conservative PAC representatives seeking to share information about congressional races around the country. Shortly after their initial meeting,

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Ms. Malenick asked Mr. Domenech to write a quick description of MPIF, which she could send to donors outside of MPIF's restricted class who might be interested in supporting MPIF financially.

7. On August 15, 1995, Mr. Domenech sent Ms. Malenick a letter which described both The Madison Project, Inc. and MPIF. Mr. Domenech's letter was sent for the purpose of facilitating Triad's efforts to solicit contributions to both The Madison Project, Inc. membership organization and the MPIF. Shortly after sending the August 15, 1995 letter, Mr. Domenech sent Triad and Ms. Malenick a revised description of MPIF. Mr. Domenech sent this revised description of MPIF to Triad and Ms. Malenick for the purpose of facilitating Triad's efforts to solicit contributions to MPIF from outside of its restricted class.

8. Between approximately August 1995 and continuing until at least July 1996, while acting in accordance with the authorization it received from MPIF and Mr. Domenech, Triad solicited contributions to MPIF from individuals outside of MPIF's restricted class.

9. As a result of the Triad solicitations, which it had authorized, MPIF received the following contributions from outside its restricted class:

(a) In January 1996, as a result of a solicitation that Triad made on its behalf, MPIF received a \$5,000 contribution from James and Cecilia Leininger, who were not members of MPIF's restricted class.

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(b) In July 1996, as a result of a solicitation that Triad made on its behalf, MPIF received two \$2,500 contributions (for a total of \$5,000) from John and Ruth Stauffer, who were not members of MPIF's restricted class.

V. Respondents improperly solicited persons outside of MPIF's restricted class for contributions, in violation 2 U.S.C. § 441b(b)(4)(A)(i).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Two Thousand Five Hundred dollars (\$2,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral,

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**Conciliation Agreement
Madison Project Inc. Fund
and Timothy Teepell, as treasurer
MURs 4568, 4633, 4634 and 4736
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made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lois G. Lerner
Acting General Counsel

BY: Abigail A. Shaine
Abigail A. Shaine
Acting Associate General Counsel

7/18/01
Date

FOR THE RESPONDENTS:

Timothy Teepell
Timothy Teepell, Treasurer
Madison Project Inc. Fund

6/21/01
Date

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