



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 3, 1999

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Robert Alan Dahl, Esq.  
1100 Connecticut Avenue, NW  
Suite 330  
Washington, D.C. 20036

RE: MUR 4736  
The Honorable Bob Riley

Dear Mr. Dahl:

As part of its consideration of Matter Under Review ("MUR") 4736, the Federal Election Commission ("the Commission") has found reason to believe that The Honorable Bob Riley violated 2 U.S.C. § 441a(f), § 441b and § 441f, which are provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed the basis for the Commission's finding, is attached for your information.

The facts underlying the Commission's findings in MUR 4736 are virtually identical to the basis for the Commission's June 1998 findings against Mr. Riley in MURs 4568, 4633 and 4634. Due to the related nature of these MURs, the Commission has decided to investigate MUR 4736 concurrently with its investigation in MURs 4568, 4633 and 4634. Future communications regarding this MUR will refer to MURs 4568, 4633, 4634 and 4736 as being part of a single investigation.

For your information, this Office has considered and will treat Mr. Riley's responses and submissions in MURs 4568, 4633 and 4634 as if they also had been filed in MUR 4736. You also may submit additional factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such additional materials to the General Counsel's Office within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in

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The Honorable Bob Riley  
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settlement of the matter or recommending that pre-probable cause conciliation not be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Mark Shonkwiler or Marianne Abely at (202) 694-1650.

Sincerely,



Scott E. Thomas  
Chairman

Enclosure:  
Factual and Legal Analysis

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**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

RESPONDENT:     The Honorable Bob Riley

MUR: 4736

**I.     GENERATION OF THE MATTERS**

The respondent was added to MUR 4736, which relates to the involvement of Triad Management Services, Inc. ("Triad") in various 1996 congressional elections, on the basis of information ascertained by the Commission in the normal course of its supervisory responsibilities. *See* 2 U.S.C. § 437g(a)(2).

The Commission currently is investigating similar allegations as part of an ongoing investigation in MURs 4568, 4633 and 4634. The Commission determined that it will investigate MUR 4736 jointly with MURs 4568, 4633 and 4634.

**II.    FACTUAL AND LEGAL ANALYSIS**

During the latter part of 1996 and throughout 1997, there were a number of press accounts concerning the activities of Triad in connection with the 1996 federal elections. In summary, it was reported that during both the primary and general elections, Triad came to the aid of a substantial number of Republican congressional campaigns (more than twenty-five), including Bob Riley's campaign for the US House of Representatives, after learning of their needs through a process it referred to as a "political audit."

The assistance that was reportedly provided by Triad came in several different forms. First, Triad reportedly communicated the results of its political audits, along with solicitations for contributions to specific campaigns, to wealthy individuals who received

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periodic "Triad Fax Alerts" and may have forwarded contributions from these individuals to different campaign committees. Second, Triad reportedly set up a plan to arrange contributions from individuals, who already had made the maximum legal contribution to certain congressional candidates, to various political action committees ("PACs"). These PACs reportedly then gave identical or nearly identical amounts back to the original contributor's preferred candidate. Finally, Triad reportedly provided free consulting services to various congressional campaign committees while conducting political audits.

If true, the allegations summarized above suggest that there may have been a pattern of activity on the part of Triad which may have had the effect of circumventing the registration and reporting requirements, as well as the contribution prohibitions and contribution limitations, established by the Federal Election Campaign Act of 1971, as amended, ("the Act"). In connection with this activity, it appears that Bob Riley's campaign may have received either excessive or prohibited contributions.

#### **A. THE APPLICABLE LAW**

The Federal Election Campaign Act of 1971, as amended ("the Act"), provides that no person, including a political committee, may contribute more than \$1,000 per election to any candidate for federal office or his authorized committee. 2 U.S.C. § 441a(a)(1). The Act also limits to \$5,000 the amount that a qualified multicandidate committee may contribute to a candidate or their authorized committee.<sup>1</sup>

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<sup>1</sup> A multicandidate committee is a committee which has been registered with the Commission for at least six months, has received contributions from more than 50 persons, and has made contributions to five or more candidates for federal office. 2 U.S.C. § 441a(a)(4).

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For the purposes of the Act, "expenditures made by any person in cooperation, consultation or concert, with, or at the request or suggestion of, a candidate, his authorized political committees, or their agents, shall be considered a contribution to such candidate." 2 U.S.C. § 441a(a)(7). The Commission has ruled that expenditures for communications which favorably discuss candidates in an election-related context and are coordinated with such candidates constitute in-kind contributions to the candidates. *See* Advisory Opinion 1988-22.

The Act also prohibits a contributor from attempting to hide a contribution to a candidate or committee by making the contribution in the name of another person. 2 U.S.C. § 441f. Specifically, the Act prohibits (1) making a contribution in the name of another; (2) knowingly permitting one's name to be used to effect such a contribution; and (3) knowingly accepting such a contribution. *Id.* In addition, no person may knowingly help or assist any person in making a contribution in the name of another. 2 U.S.C. § 441f, 11 C.F.R. § 110.4(b)(1)(iii).

11 C.F.R. § 110.1(h), entitled "*Contributions to committees supporting the same candidate*," provides that:

A person may contribute to a candidate or his or her authorized committee with respect to a particular election and also contribute to a political committee which has supported, or anticipates supporting the same candidate in the same election, as long as -

(1) The political committee is not the candidate's principal campaign committee or other authorized political committee or a single candidate committee;

(2) The contributor does not give with the knowledge that a substantial portion will be contributed to,

or expended on behalf of, that candidate for the same election; and

(3) The contributor does not retain control over the funds.

The Act further provides that a candidate or his authorized committee may not knowingly accept, and a political committee may not knowingly make, a contribution or expenditure in violation of the provisions of the Act. 2 U.S.C. § 441a(f).

Notwithstanding certain narrow exceptions, the Act prohibits corporations from making contributions in connection with any election.<sup>2</sup> 2 U.S.C. § 441b(a). Similarly, candidates and political committees are prohibited from accepting corporate contributions, including expenditures attributable as in-kind contributions, in connection with any election. 2 U.S.C. § 441b(a).

Corporations also are prohibited from “facilitating the making of contributions” to candidates or political committees. 11 C.F.R. § 114.2(f). Facilitation means using corporate resources or facilities to engage in fundraising activities in connection with any federal election. *Id.* In this same context, a candidate, political action committee or other person is prohibited from knowingly accepting or receiving any prohibited contribution made or facilitated by a corporation. 11 C.F.R. § 114.2(d).

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<sup>2</sup> Corporations are prohibited from making “any direct or indirect payment, distribution, loan, advance, deposit, or gift of money or any services, or anything of value (except a loan of money by a bank in accordance with applicable laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any federal election.” 2 U.S.C. § 441b(b)(2).

**B. FACTS**

**1. Triad**

Triad appears to have been created during the 1996 election cycle. Triad reportedly was founded by Carolyn Malenick, who previously had worked as a fundraiser for various political groups and campaigns, including, *inter alia*, Oliver North's 1994 bid for the US Senate. At different times, Ms. Malenick reportedly has described herself as the President and Chief Executive Officer of Triad; the Director of Triad; and the Chief Operating Officer of Triad. *See, e.g.*, 11/19/97 Carolyn Malenick letter-to-the-editor of the Dayton Daily News.

Triad advertises itself as a political consulting firm that provides services to donors interested in making political contributions to conservative candidates, campaigns, issues and projects. Triad attempts to distinguish itself from other political consulting firms by claiming that it only works for donors, not for candidates or campaigns. *Id.*

Press accounts indicate that Triad representatives have described the company as operating in a manner akin to a stock brokerage for conservative political donors, providing research and analysis of upcoming elections, and dispensing advice on how to maximize the impact of political contributions. *See* 9/28/96 National Journal article. In sum, Triad reportedly seeks to give wealthy contributors advice on how to get the "biggest bang for the buck" with their contributions by telling them which conservative candidates look like winners and which ones need help. *Id.*

**2. Triad's Political Audits**

At least one news account has reported that Triad personnel and consultants performed what Triad labeled as "political audits" on approximately 250 campaigns

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during the 1996 election cycle. See 10/29/97 Minneapolis Star-Tribune article. This news account also reported that a Triad spokesperson described the purpose of these political audits, many of which reportedly included meetings with the candidate or senior campaign officials, as the identification of “races where donors could support candidates who shared their ideological views and had a viable campaign.” *Id.* The Commission has information indicating that Bob Riley personally met with Triad representatives as part of the “political audit” on his campaign.

The political audit reports released as exhibits to the Final Report on Investigation of Illegal or Improper Activities in Connection with 1996 Federal Election Campaigns by the Senate Committee on Governmental Affairs (“Senate Report”) suggest that Triad conducted a standardized review of congressional campaigns. The first point reflected in many of these audit reports was a date on which a Triad representative met with someone from the campaign to obtain the information contained in the audit. Most of the audit reports included as Exhibits to the Senate Report followed a standard format discussing some or all of the topics listed below.



## FORMAT OF TRIAD "POLITICAL AUDIT" REPORT

- I. Finances - (assessment of planned expenditures, current cash-on-hand and possible fundraising shortfalls)
- II. Polling - (review of polling trends in race)
- III. Key Issues - (list of issues considered critical to the campaign's success)
- IV. Needs - (campaign's self-identification of specific nonmonetary needs; e.g., big name speaker to attract supporters to rally)

<u>General Observations</u>	(Comments on campaign organizations)
<u>Good Points about Campaign</u> -	(Subjective analysis of strengths)
<u>Bad Points about Campaign</u> -	(Subjective analysis of weaknesses)
<u>Prospect for Victory</u> -	(Assessment of Candidate's Chance to Win)
<u>Action</u> -	(Follow-up Actions for Triad personnel)
<u>Conclusion</u>	(Recommendation on support for campaign)

*See, e.g.,* Triad political audit reports attached to Senate Report.

Indeed, it appears that as part of these audits, Triad met with representatives from each of the campaigns specifically addressed by these MURs, including Bob Riley for Congress, to discuss the specific strengths and weaknesses of their campaign, and to learn what help the campaign needed to successfully compete in the upcoming election. Information obtained by the Commission suggests that in some instances, after completing an audit, Triad may have had ongoing contacts with some campaigns to assess the developing prospects and needs.

After completing its political audit on a candidate, including Bob Riley, Triad reportedly provided the results of its research and analysis to prospective political donors.

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It appears that rather than waiting for donors to make specific requests for information about a particular campaign, Triad periodically sent general "Fax Alerts" to prospective donors which extolled the virtues of various campaigns and provided Triad's recommendations for political contributions. Based on documents attached as exhibits to the Senate reports, it appears that Triad sent no fewer than sixty (60) separate fax alerts between February and December 1996. *See* Triad Fax Alert Index. Further, while the Commission currently lacks information as to how many potential contributors received each Triad Fax Alert, one of the fax alerts in the middle of the known range (No. 28 out of 60) notes that "over 160 businessmen and women have been added to the Fax Alert in the last 18 months." *See* 10/10/96 Triad Fax Alert titled "Countdown to Election Day: 27 Days."

As discussed below, Triad appears to have used the information derived from its "political audits" in a number of different ways that may have resulted in excessive, prohibited and/or unreported in-kind contributions to the Bob Riley.

a. **Fundraising Efforts**

It appears from the text of the audits attached as exhibits to the Senate report and from examples of the solicitations set forth in what Triad called "Fax Alerts," that the audits were also a source of information based on which Triad decided where to focus its fundraising resources. The Triad Fax Alerts urge the recipients to make contributions and otherwise support various Triad-recommended candidates in both the primary and general elections. *See* Triad Fax Alerts attached to Senate Report. The Bob Riley for Congress campaign is mentioned in several of the Triad Fax Alerts.

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Some of the audit reports refer to what appears to have been a practice Triad had of soliciting donors who already had made the maximum legal contribution to particular candidates Triad was seeking to support. It has been alleged, and some of the audit reports seem to indicate, that Triad may have tried to interest such donors in making contributions to certain selected political action committees ("PACs"), which made subsequent, and often identical, contributions to the original donor's preferred candidate(s).<sup>3</sup>

For example, an excerpt from the Triad audit report of the campaign of Pete Sessions, which is attached to the Senate Minority report, states: "Both Sessions and [the campaign manager] clearly understand the Triad concept and will have a list of their maxed out donors for our inspection as soon as there is a call from Washington." See excerpt from Pete Sessions audit report. Another audit report states that "Ed Merritt has a number of maxed out donors who might want to be introduced to Triad. Towards that end, I have recommended over the telephone to [a Triad employee] that we check out their receptance." See Ed Merritt audit report. In what appears to be reference to the same practice, the Triad audit report on the Sam Brownback for US Senate campaign, notes that Triad will "[n]eed to work with potential clients that may be recommended by the

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<sup>3</sup> It has been reported that Ms. Malenick acknowledged that Triad would try and match donors referred to it by a candidate to PACs who were likely to support the same candidate, but denied that there was any coordination between the individual contribution to the PACs and the PAC contributions to the candidate. See October 8, 1997 Article in The Hill. Triad's advertisements seem to hint at this by stating that its "services to clients" include "[w]orking with conservative political action committees and issue organizations for efforts to maximize their separate funding sources to accomplish common objectives."

Brownback campaign and with the finance chairman to ensure that Triad is properly advertised." See Brownback audit report.

In this context, the complaint in MUR 4633 alleges that Robert Riley, Jr., the son of Congressman Bob Riley, who had made the maximum legal contribution to his father's campaign, used Triad's services to make \$5000 in contributions to five PACs, which within a few weeks, and in some cases a few days, made identical or nearly identical contributions to the Riley Committee.

Name of PAC	Date of Contribution by Riley, Jr.	Amount of Contribution by Riley, Jr.	Date of PAC Contribution to Campaign	Amount of PAC Contribution to Campaign
Conservative Campaign Fund	5/09/96	\$1000	5/29/96	\$1000
American Free Enterprise	5/13/96	\$1000	5/23/96	\$1000
Citizens Allied for Free Enterprise	5/22/96	\$1000	5/24/96	\$1000
Faith, Family & Freedom	5/23/96	\$1000	5/24/96	\$500
Eagle Forum	7/12/96	\$1000	6/16/96 7/29/96 9/11/96	\$1000 \$500 \$500

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<sup>4</sup> The reported date of the contribution is based on the date of receipt reported by the PACs. The Commission has other information which suggests that Robert Riley, Jr. wrote the checks for all five contributions on May 9, 1996 and that Triad forwarded the five checks to the different PACs with cover letters dated May 10, 1996.

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c) Consulting Assistance to Campaigns

In addition to the questions raised with regard to whether the political audits were used to help direct contributions, documents attached as exhibits to the Senate reports suggest that Triad's political audit process was used to provide other assistance to specific congressional campaigns both during and after the audit. The text of some of the Triad audit reports, most of which were written by an experienced political consultant named Carlos Rodriguez, suggest that Triad personnel may have provided uncompensated consulting services to various congressional campaigns as part of the Triad audit process.<sup>5</sup>

Questions regarding possible Triad consulting assistance also are raised by a note of thanks that congressional candidate Robert Riley sent to Triad which read:

TRIAD was instrumental in our victory. Without their help  
the possibility of our success would have been reduced.  
Not only the monetary contributions TRIAD helped us

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<sup>5</sup> One example of possible Triad consulting assistance can be found in an audit report where Mr. Rodriguez notes that he spent several hours visiting with a congressional campaign staff, and convinced them to expand their budget to hire a professional phone bank, something which represented a change in their plans. See Jay Mathis audit report. In another audit report, Mr. Rodriguez states that he gave a congressional campaign "a plan to work out with regards to fundraising, establishing specific financial goals and programs to achieve those objectives." See Vince Snowbarger audit report. With regard to a different campaign, Mr. Rodriguez wrote that "I have suggested to [the congressional candidate] specific steps that need to be taken regarding his fundraising. I have asked the campaign chairman to inform me if [the congressional candidate] does what he has been told he needs to do." See Christian Leinbach audit report. Similarly, in yet another audit report, Mr. Rodriguez gave himself an action item to "call within the next week to 10 days to make sure that [the congressional candidate] is following the advice we gave him with regards to fundraising techniques." See Bob Kilbanks audit report. Finally, several audit reports suggest that Mr. Rodriguez recommended consultants and vendors to campaigns which needed assistance in a particular area of expertise. See e.g., Jim Ryun audit report, Mark Sharpe audit report, and Steve Stockman audit report.

*secure, but their political expertise in formulating a winning strategy was instrumental.*

See 11/8/96 Triad Fax Alert (reprinting note from Representative Elect Bob Riley (emphasis added)).<sup>6</sup> This note raises particular questions, because the audit reports and other information available to the Commission suggest that Triad stayed in regular contact with campaigns it had recommended after their political audit and up to the date of the election.

### **3. Triad's Service as a Conduit for Contributions**

A final component of Triad's service to various congressional campaigns appears to involve assisting an unspecified portion of the donors it solicited in physically forwarding their contribution checks to the recipient campaign or organization. Indeed, Triad often concluded its Fax Alerts with the recommendations that recipients "[i]mmediately contact the TRIAD office so we know when to expect your checks and the amounts you will contribute. Because each race has unique dynamics, please contact TRIAD before determining which races to support. . . . PLEASE MAIL ALL CHECKS TO THE TRIAD OFFICES." See Triad Fax Alert titled "96 Primary Election Alert - July 18, 1996."

The complaint in MUR 4633 alleges that Triad forwarded \$5000 in donor checks from Robert Riley, Jr. to five different PACs. Further, the Commission has information which suggests that Triad performed this same service with other contributions.

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<sup>6</sup> Triad received similar, if not quite as explicit, notes of thanks from a number of other congressional candidates, including: Sam Brownback; Jim Ryun; Anne Northup, John Thune, and J.C. Watts. *Id.*

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In addition to forwarding checks from contributors to PACs, Triad also appears to have forwarded checks from PACs to campaign committees. For example, the Commission has information indicating that at least one PAC made a contribution to a congressional campaign committee "c/o Triad Management Services, Inc." See 10/17/96 Disclosure Report of Free Congress PAC.

### C. ANALYSIS

Given the allegations and information in each complaint, response, and additional information from public sources, the Commission has made findings against Bob Riley under two alternative theories regarding the status of Triad; one as a political committee which may have made excessive contributions in violation of 2 U.S.C. § 441a(a)(1); and the other as a corporation which may have made prohibited expenditures and contributions in violation of 2 U.S.C. § 441b.

#### 1. Theory One: Triad as a Political Committee

From the information the Commission has obtained to date, it appears that Triad made coordinated expenditures in connection with its fundraising and consulting efforts during the 1996 election cycle which constitute in-kind contributions to Bob Riley, and that these in-kind contributions may have exceeded the \$1000 per election limit imposed by the Act. 2 U.S.C. § 441a(a)(7) and § 441a(a)(1)(a).<sup>7</sup>

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<sup>7</sup> Because Triad and CREF never registered with the Commission as a political committee or committees, they do not meet the requirements to qualify as a multicandidate committee which can make contributions of up to \$5000. 2 U.S.C. § 441a(a)(2).

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The information available to date appears to raise questions as to whether Bob Riley accepted excessive in-kind contributions in the form of consulting services and coordinated expenditures and based on information learned through Triad's "political audit" of Bob Riley's candidacy. 2 U.S.C. § 441a(a)(7). Given what is known about the costs associated with these efforts, the available information suggests that if Triad is a political committee, Bob Riley may have accepted in-kind contributions which exceeded the \$1000 limit established by the Act. 2 U.S.C. § 441a(f).

**2. Theory Two: Corporate Contributions**

If Triad ultimately is found not to be a political committee, the available information suggests that Triad and Carolyn Malenick, as the principal officer of Triad, either made or facilitated prohibited corporate contributions to various beneficiary candidates and committees, including Bob Riley, in violation of 2 U.S.C. § 441b.

The information currently available also raises questions as to whether Bob Riley, accepted contributions that were facilitated by Triad using its corporate resources in violation of 2 U.S.C. § 441b and 11 C.F.R. 114.2(f). Corporations are prohibited from using their resources or facilities to engage in fundraising activities in connection with any federal election, other than specific exceptions made for separate segregated funds which do not apply in this case.<sup>8</sup> 11 C.F.R. § 114.2(f)(1).

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<sup>8</sup> Examples of prohibited corporate facilitation include ordering or directing subordinates to plan, organize or carry out fundraising projects as part of their work responsibilities using corporate resources unless the corporation receives advance payment for the fair market value of such services. 11 C.F.R. 114.2(f)(2)(i)(A). Another example of prohibited facilitation is to use a corporate list of customers, clients or vendors to solicit contributions, unless the corporation receives advance payment for the fair market value of the list. 11 C.F.R. 114.2(f)(2)(i)(C). A third example of prohibited corporate facilitation is to collect and forward contributions earmarked for a candidate,



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The available information suggests that Bob Riley may have accepted in-kind contributions from Triad and other contributions that were facilitated by Triad. First, the Triad Fax Alerts appear to represent a fundraising effort designed to help different candidates for federal office that was planned, organized and carried out by Triad's employees, apparently at the direction of Triad management, and with corporate resources for which Triad apparently did not receive advance payment. Second, Triad sent fundraising solicitations for specific candidates named in the Triad Fax Alerts to a list of its clients without receiving advance payment for the use of that list. Finally, Triad may have acted as a corporate conduit by collecting and forwarding checks for different candidates mentioned in its Fax Alerts.<sup>9</sup>

The information available to date appears to raise questions as to whether Bob Riley accepted prohibited corporate contributions or facilitation in connection with the Triad fundraising efforts (including the Triad Fax Alerts) and consulting services, all of which appear to have been coordinated expenditures based on information learned through Triad's "political audit" of Bob Riley's campaign. 2 U.S.C. § 441a(a)(7).

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unless such activity is conducted by a separate segregated fund. 11 C.F.R. § 114.2(f); § 114.2(f)(3).

<sup>9</sup> The current record does not contain evidence that Triad received compensation for the services it provided in connection with each campaign, much less compensation equivalent to the normal and usual charge for such services. Triad argues that it is exempt from the prohibition on acting as a conduit, because it was acting as an agent of the donor. The Commission believes that Triad's position is incorrect as a matter of law. The exemptions to the definition of the term "conduit or intermediary" provided for agents is limited to persons or entities that represent a recipient organization, and do not apply to groups purporting to represent a donor. See 11 C.F.R. § 110.6(b)(2)(i).

**3. Indirect Contributions from Contributors Who Already Had Made the Maximum Legal Contribution to a Committee**

The information currently available suggests that Triad may have been engaged in a pattern of activity through which it would encourage individual donors who had made the maximum contribution to a particular candidate to make contributions to political action committees ("PACs") which would then make identical or nearly identical contributions to the original donor's preferred candidate. The complaint in MUR 4633 appears to present an example of such a pattern of activity. This pattern of activity raises the possibility of violations of the Act by both Triad and other participants.

The available information raises questions as to whether some or all of these contributions, when funneled through a Triad-selected PAC, may constitute contributions made in the name of another person (the PACs) in violation of 2 U.S.C. § 441f. The available information also raises questions as to whether some or all of the contributions from the PACs were attributable to the original donor under 11 C.F.R. § 110.1(h), and thus constitute excessive contributions in violation of 2 U.S.C. § 441a(a)(1).

Some of the reasons for believing that the PAC contributions by Robert Riley, Jr. may have constituted contributions in the name of another person can be summarized as follows. As noted above, documents attached as exhibits to the Senate reports appear to indicate that Triad had a practice of asking campaigns that Triad decided to support for lists of their "maxed out" donors. At this time, there is no other explanation for the proximity in timing and similarity in amounts between the Robert Riley, Jr. contributions to the PACs and the subsequent PAC contributions to Bob Riley. In addition, Robert Riley, Jr. had no prior history of contributing to the PACs involved in this alleged

scheme, and all of the PACs that received contributions from Robert Riley, Jr.

subsequently contributed to the Riley Committee.

In MUR 4633, the original contributor (Robert Riley, Jr.), many of the conduit PACs, and the recipient campaigns (the Riley Committee) generally denied the allegation that original contributors funds had been funneled through the PACs to the recipient campaigns. Notwithstanding these conclusory denials, and for the reasons stated above, the Commission believes that there are substantial unanswered questions regarding these contributions.

Triad generally has asserted that the contributions its clients made to PACs were not earmarked for any particular campaign. Triad also generally claims that it does not submit earmarked contributions, and that it advises its clients that donations to multicandidate political committees cannot be directed for specific candidates or political committees.

It appears, however, that Triad may have had communications with both the original contributor (Robert Riley, Jr.) and with the PACs. Such communications would have created an opportunity for the PACs to have agreed to make a contribution to a Triad-recommended candidate (Bob Riley) in an amount identical to, or nearly identical to, the contributions that they received from a Triad client (Robert Riley, Jr.).<sup>10</sup> The available information suggests that this pattern of activity includes violations of the Act by

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<sup>10</sup> The fact that all of the PACs involved in the communications subsequently did make identical, or nearly identical, contributions to the Triad-recommended political committees raises further questions about whether there was an agreement to make contributions in the name of another person.

Triad, the contributors, the conduit PACs, the recipient candidates and campaign committees.

#### **4. Conclusions**

The available information suggests that Bob Riley violated the Act by accepting what can alternatively be characterized as excessive in-kind contributions or prohibited corporate contributions from Triad. The available information also suggests that Bob Riley violated the Act by accepting indirect contributions from Robert Riley, Jr., which alternatively can be characterized as contributions made in the name of another or as excessive indirect contributions.

##### **A. In-Kind Assistance**

The available information suggests that Bob Riley accepted fundraising assistance from Triad. Thus, Bob Riley violated the Act by accepting what can alternatively be characterized as excessive in-kind contributions or prohibited corporate contributions from Triad.

Based on the likelihood that Triad's fundraising and consulting assistance might be valued at more than \$1000, Bob Riley violated 2 U.S.C. § 441a(f) by accepting excessive contributions might be valued at more than \$1000.

Under the alternative theory, Triad made prohibited corporate contributions to benefit Bob Riley's candidacy. By accepting such corporate contributions, Bob Riley violated 2 U.S.C. § 441b by accepting prohibited corporate contributions from Triad.

For the reasons set forth above, the Commission finds reason to believe that Bob Riley violated 2 U.S.C. § 434 by failing to report in-kind contributions from Triad. The Commission also finds reason to believe that Bob Riley violated 2 U.S.C. § 441a(f) by

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accepting excessive contributions; and under the alternative theory, that they violated 2 U.S.C. § 441b by accepting prohibited corporate contributions.

**B. Indirect Contributions from Robert Riley, Jr.**

For the reasons set forth above, the Commission finds reason to believe that Bob Riley violated 2 U.S.C. § 434 and § 441f by failing to accurately report and by accepting contributions from Robert Riley, Jr., that were made in the name of another person (the PACs).

Under the alternative theory that the PAC contributions to the Riley Committee were attributable to Robert Riley, Jr. under 11 C.F.R. 110.1(h), the Commission finds reason to believe that Bob Riley violated 2 U.S.C. § 434 and § 441a(f) by failing to accurately report and by accepting excessive contributions from Robert Riley, Jr.

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