

**JUDICIAL COMMITTEE APPEAL
TO VOID THE ADOPTION OF THE SPECIAL INVESTIGATORY
COMMITTEE REPORT
AND ALL ACTIONS TAKEN THEREUPON BY THE LIBERTARIAN
NATIONAL COMMITTEE
AT ITS JUNE 9, 2025 SPECIAL MEETING**

Filed by:

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On behalf of Petitioners

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Supplemental Brief on *Vest* Standard of Independent Investigation

In re: Roos et al. v. LNC (2025 JC Appeal)

Petitioner respectfully submits this supplemental brief on the standard of an independent investigation highlighted in the *Beth Vest v. LNC* case as follows:

The Libertarian National Committee (LNC) adopted the Special Investigatory Committee (SIC) report made pursuant to “D.C. Code § 29-411.05(f), each member of the Special Investigative Committee (SIC) that produced the following report is independent, because no member had a material interest in the outcome of the matters investigated, and no member had a material relationship with a person that has such an interest” [Exhibit 4- Special Investigatory Committee Report, Page 2]. D.C. Code § 29-411.05 is about the standard of dismissal of a derivative proceeding [Exhibit 21-D.C. Code § 29-411.05 Dismissal]. This is an important declaration of intent. The appeal argues that the SIC, and the LNC by adopting the SIC report, misrepresented that the SIC performed an independent investigation [Roos Appeal, Pages 16-18]. **The LNC’s experience with the ongoing Beth Vest derivative lawsuit provides an example of the standard for an independent investigation that the SIC report relies on.** Whether intentionally or not, the SIC misrepresented that they performed an independent investigation. On the other hand, the Respondent merely argued “no one was paid to be on the SIC and no one stood to gain anything of material value by being on the SIC” which is not the applicable standard [LNC Response, Page 8].

In the *Beth Vest* derivative lawsuit, the court sided with Vest against the LNC’s motion to dismiss because among other reasons the LNC failed to perform an independent investigation into the Vest claims.

The court stated (emphasis mine):

Defendants argue that since the LNC designated an investigative committee to investigate whether the derivative proceedings were in the best interests of the organization, that dismissal of the derivative action is required. Defs.’ Mot. to Dismiss at 5. However, **Plaintiff plausibly claimed** in her Opposition to Defendants’ Motion to Dismiss that the investigation did not comply with D.C. Code § 29-411.05, disputing whether there had

been a reasonable inquiry and arguing that that the directors in **the investigative committee were not independent**. Therefore, Judge Ross properly denied the Motion to Dismiss Count I of the Amended Complaint and the request to reconsider that portion of the Order is denied. [Exhibit 22-Order Denying Motion for Reconsideration, Page 6]

The court found Vest “plausibly claimed” the following in her pleadings as follows:

[The] majority, if not all, the directors constituting the committee were not “independent” as required under D.C. Code § 29-411.05. [Exhibit 23-Vest Opposition to Dismissal, Page 8]

McArdle and the LNC fail to submit any evidence that the four directors were independent as required under D.C. Code § 29-411.05 (requiring a committee of two or more “independent” directors form the conclusion under the required standards to support dismissal). The Minutes state that the LNC Secretary moved for an investigative committee be formed of directors Dave Benner, Adam Haman, Andrew Watkins and Kathy Yeniscavich without any evidence or support that they are “independent.” Motion at Ex. D (Minutes at p. 5). In *Boland*, Maryland’s highest court held that a court should not grant a dispositive motion on the basis of a panel’s decision “unless the directors have stated how they chose the [committee’s] members and come forward with some evidence that the [committee] followed reasonable procedures and that no substantial business or personal relationships impugned the [committee’s] independence and good faith.” *Boland*, 31 A.3d at 556 (holding that the court’s review can be “rigorous” on the questions of good faith, independence, and procedure). *See also In re United Health Group Inc. S’holder Derivative Litig.*, 754 N.W.2d 544, 554 (Minn. 2008) (“At a minimum, the board must establish that the committee acted in good faith and was sufficiently independent from the board of directors to dispassionately review the derivative lawsuit.”); *see generally Benfield v. Wells*, 324 Ga. App. 85, 89, 749 S.E.2d 384, 388 (2013) (involving defendants supporting their motion to dismiss with a detailed and documented report, including an investigation of the members' backgrounds and qualifications, and a determination by the Board’s counsel that there were no factors suggesting that any of the committee members were not independent).

McArdle and LNC failed to submit any evidence regarding the choice of the committee members and that they constitute “independent” directors. For that reason alone, dismissal is inappropriate. Additionally, evidence supports that the majority of the committee were not independent under the LNC’s own consideration of a conflict, which is their allegiance to the “Mises Caucus,” a fringe group spearheaded in part by McArdle and to McArdle herself. In several of the LNC’s Meeting Notes, an appendix is attached that identifies “Conflicts of Interest.” Haman’s conflict is stated as “Member: Mises Caucus”, Watkin’s conflict is listed as “Mises Caucus Organizer”, and Benner’s conflict is listed as “Contributor, Mises Institute.” McArdle is a chosen leader by the Mises Caucus and is a member. Further, Yeniscavich’s conflict is importantly listed as “Patron, Angela McArdle.” Her conflict is apparent by the reference itself.

[Exhibit 23-Vest Opposition to Dismissal, Pages 10-12 (internal citations omitted)]

In regards to this appeal, the LNC adopted the SIC report that did not meet the standard for an independent investigation. The SIC failed to explain in their report [Roos Appeal, Pages 16-18]:

- 1) How members of the SIC who as members of the LNC did or did not authorize Ms. McArdle's actions with respect to Freedom Calls either during the lifetime of the agreement or when they approved the 2025 budget to fund another year of Freedom Calls services (this includes all SIC members except Rich Bowen and Doug Knebel);
- 2) How Kathy Yeniscavich's disclosed conflict of interest with the Kennedy Victory Fund did or did not satisfy the independent investigation standard;
- 3) How Doug Knebel's public denouncement of Angela McArdle's actions did or did not satisfy the independent investigation standard; and
- 4) How the SIC members accepting the work of not-independent helpers such as Adrian Malagon or Jake Porter or others demonstrates SIC members performed the investigation themselves.

For these reasons, Petitioners respectfully request that the Judicial Committee void the adoption of the SIC report, its appurtenant resolutions and other resolutions passed by the LNC based on the conclusions of the SIC report for failing to conduct an independent investigation while claiming otherwise.