FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2933

DATE FILMED 4/28/90 CAMERA NO. 4

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REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: April 10, 1989

ANALYST: Margo Herbert

I. COMMITTEE: Hawaii Republican Party Federal Account --Victory '88 (C00085506)
Walter C. Decker, Treasurer (July 1, 1987 - Present)
John Anderson Jr., Treasurer (April 28, 1987 - June 30, 1987)
R.M. Torkildson, Treasurer (January 1, 1987 - April 27, 1987)
1270 Queen Emma Street, Suite 300
Honolulu, HI 96813

II. RELEVANT STATUTE: 2 U.S.C. §441b(a)

III. BACKGROUND:

Receipt of Apparent Prohibited Funds

The 1988 12 Day Pre-General and 30 Day Post-General Reports of the Hawaii Republican Party Federal Account--Victory '88 ("Victory 88") disclosed receipts from four (4) apparent incorporated entities totalling $12,500.

The 12 Day Pre-General Report disclosed that on October 11, 1988, Victory 88 received $500 from C. Brewer and Co., Ltd and $1,000 from Pacific Resources, Inc. In addition, on October 13, 1988, Victory 88 received $10,000 from Hotel Corporation of the Pacific and $500 from Honfed Pacific[1] on October 19, 1988 (Attachment 2).

The 1988 30 Day Post-General Report of Victory 88 disclosed a receipt of an additional $500 from C. Brewer and Co., Ltd on November 14, 1988 (Attachment 3).

1/ During preliminary review, the contribution from Honfed Pacific, reported as "Offset Video Rental," did not appear to have originated from an apparent corporate donor. Therefore, it was not included in the Request for Additional Information.

Requests for Additional Information ("RFAIs") were sent on January 18, 1989 regarding the apparent prohibited contributions. The RFAIs advised Victory 88 to transfer these funds to an account that did not influence federal elections or to refund the full amount to the donors. The RFAIs indicated that all refunds and transfers-out should be made within thirty (30) days of the receipt of the contribution (Attachments 4 and 5).

Victory 88 submitted a written response dated February 1, 1989, stating that they planned to return the donations as soon as possible (Attachment 6).

On February 9, 1989, Second Notices were sent referencing the contributions in question since no corrective action had been taken by Victory 88 (Attachments 7 and 8).

On February 23, 1989, Mr. Howard Chong, the State Chairman, telephoned the Reports Analysis Division ("RAD") analyst and stated that Victory 88 was in the process of refunding the contributions and would send a response as soon as possible (Attachment 9).

Victory 88 submitted a written response dated February 23, 1989, which acknowledged receiving contributions from the four (4) apparent corporations. The response also included copies of the refund checks and a statement that they would show the refunds on their next report. The refund checks totalling $12,500 were dated February 21, 1989 (Attachment 10).

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None.

9 0 1 4 0 7 5 0 7 8

FEDERAL ELECTION COMMISSION
1987-1988
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)

Attachment 1

DATE 20MAR89

COMMITTEE	DOCUMENT	RECEIPTS		DISBURSEMENTS		COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
						TYPE OF FILER		
HAWAII REPUBLICAN PARTY FEDERAL ACCOUNT - VICTORY 88'						ID #C00085506 PARTY QUALIFIED		
CONNECTED ORGANIZATION: REPUBLICAN PARTY OF HAWAII								
1987	STATEMENT OF ORGANIZATION - AMENDMENT					1MAY87	2	87FEC/466/4357
	STATEMENT OF ORGANIZATION - AMENDMENT					13JUL87	2	87FEC/473/4880
	MID-YEAR REPORT	4,293		4,330		1JAN87 -30JUN87	6	87FEC/482/1342
	YEAR-END	100		48		1JUL87 -31DEC87	6	88FEC/502/4513
1988	MISCELLANEOUS REPORT TO FEC					16MAY88	2	88FEC/525/2449
	STATEMENT OF ORGANIZATION - AMENDMENT					10JUN88	2	88FEC/529/0157
	APRIL QUARTERLY	0		30		1JAN88 -31MAR88	5	88FEC/525/2816
	APRIL QUARTERLY - AMENDMENT	0		30		1JAN88 -31MAR88	5	88FEC/532/0230
	NOTICE OF FAILURE TO FILE					1JAN88 -31MAR88	1	88FEC/524/4862
	REQUEST FOR ADDITIONAL INFORMATION					1JAN88 -31MAR88	1	88FEC/528/2534
	REQUEST FOR ADDITIONAL INFORMATION 2ND					1JAN88 -31MAR88	2	88FEC/530/4481
	JULY QUARTERLY	0		30		1APR88 -30JUN88	5	88FEC/537/2165
	OCTOBER QUARTERLY	4,489		2,895		1JUL88 -30SEP88	7	88FEC/556/4632
	OCTOBER QUARTERLY - AMENDMENT	4,489		2,895		1JUL88 -30SEP88	10	89FEC/584/2749
	REQUEST FOR ADDITIONAL INFORMATION					1JUL88 -30SEP88	2	89FEC/578/2239
	PRE-GENERAL	18,961		13,591		1OCT88 -19OCT88	8	88FEC/560/3814
	REQUEST FOR ADDITIONAL INFORMATION					1OCT88 -19OCT88	4	89FEC/578/2250
	REQUEST FOR ADDITIONAL INFORMATION 2ND					1OCT88 -19OCT88	5	89FEC/584/4668
	POST-GENERAL	12,527		18,574		20OCT88 -28NOV88	13	88FEC/574/2555
	POST-GENERAL - AMENDMENT	-		-		20OCT88 -28NOV88	1	89FEC/583/0893
	REQUEST FOR ADDITIONAL INFORMATION					20OCT88 -28NOV88	3	89FEC/578/2246
	REQUEST FOR ADDITIONAL INFORMATION 2ND					20OCT88 -28NOV88	1	89FEC/584/4639
	YEAR-END	1,116		819		29NOV88 -31DEC88	7	89FEC/580/5060
1989	MISCELLANEOUS REPORT TO FEC					23FEB89	3	89FEC/586/1288
	TOTAL	41,486	0	40,317	0		103	TOTAL PAGES

All reports have been reviewed.
The ending cash-on-hand as of 12/31/88: $ 1245.63
Debts owed to/by committee: $ 0.

SCHEDULE A — ITEMIZED RECEIPTS

12 Day Pre-General Report

Any information copied from such Reports and Statements [illegible] purposes, other than using the name and address of any political committee to solicit contributions from such committees.

Name of Committee (in Full): Republican Party of Hawaii - Federal Account

Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
A. Sherwood R. H. Greenwell P. O. Box 399 Captain Cook, Hawaii 96704 Receipt For: [ ] Primary [X] General [ ] Other (specify):	Name of Employer: Occupation: Aggregate Year-to-Date > $ 150.00	10/03/88	$ 150.00
B. Roger C. Whitford 74-5615 A-4 Luhia St. Kailua-Kona, Hawaii 96740 Receipt For: [ ] Primary [X] General [ ] Other (specify):	Name of Employer: Kona Coast Office Supplier Occupation: Proprietor Aggregate Year-to-Date > $ 150.00	10/03/88	$ 150.00
C. C. F. Damon, Jr. 841 Pueo St. Honolulu, Hawaii 96816 Receipt For: [ ] Primary [X] General [ ] Other (specify):	Name of Employer: Occupation: Aggregate Year-to-Date > $ 200.00	10-04-88	$ 200.00
D. C. Brewer & Co., Ltd. P. O. Box 1826 Honolulu, Hawaii 96805 Receipt For: [ ] Primary [X] General [ ] Other (specify):	Name of Employer: Occupation: Aggregate Year-to-Date > $ 500.00	10/11/88	$ 500.00
E. Honfed Pacific P. O. Box 539 Honolulu, Hawaii 96809 Receipt For: [ ] Primary [X] General [X] Other (specify): Offset Video Rental	Name of Employer: Occupation: Aggregate Year-to-Date > $ 500.00	10/19/88	$ 500.00
F. Walter C. Decker P. O. Box AC Kaneohe, Hawaii 96744 Receipt For: [ ] Primary [X] General [X] Other (specify): Donation in-kind	Name of Employer: Aloha Candles Co. Occupation: President Aggregate Year-to-Date > $ 600.00	10/17/88	$ 500.00
G. John Henry Felix P. O. Box 27084 Honolulu, Hawaii 96827 Receipt For: [ ] Primary [X] General [ ] Other (specify):	Name of Employer: Occupation: Aggregate Year-to-Date > $ 1,000.00	10/11/88	$ 1,000.00

SUBTOTAL of Receipts This Page (optional)	3,000.00
TOTAL This Period (last page this line number only)	18,961.00

1 8 0 3 5 6 0 3 9 4 7

[illegible]

[illegible]

Republican Party of Hawaii - Federal Account

Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
A. Pacific Resources, Inc. P. O. Box 3379 Honolulu, Hawaii 96842 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $1,000.00	10/11/88	$ 1,000.00
B. Full Name, Mailing Address and ZIP Code Andre S. Tatibouet 2255 Kuhio Ave., Ste 1800 Honolulu, Hawaii 96815 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $1,000.00	10/03/88	$ 1,000.00
C. Full Name, Mailing Address and ZIP Code Hotel Corporation of the Pacific 2255 Kuhio Ave. Honolulu, Hawaii 96815 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $10,000.00	10/13/88	$10,000.00
D. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
E. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For ☐ Primary ☐ General ☐ Other (specify)	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period

SUBTOTAL of Receipts This Page (optional)	$12,000.00
TOTAL This Period (last page this line number only)	18,961.00

18035603818

Attachment 3

SCHEDULE A **ITEMIZED RECEIPTS**

30 Day Post-General Report

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 2 OF 5

FOR LINE NUMBER

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

Republican Party of Hawaii - Federal Account

Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
A. David G. Elmore 2222 Kalakaua Ave., #1100 Honolulu, Hawaii 96815 Receipt For: ☐ Primary ☒ General ☐ Other (specify)	Name of Employer: First Family of Travel Occupation: Executive Aggregate Year-to-Date: $ 5,000.00	11/07/88	5,000.00
B. C. Brewer & Co., Ltd. P. O. Box 1826 Honolulu, Hawaii 96805 Receipt For: ☐ Primary ☒ General ☐ Other (specify)	Name of Employer: C. Brewer & Co. Occupation: Aggregate Year-to-Date: $ 1,000.00	11/14/88	500.00
C. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify)	Name of Employer Occupation Aggregate Year-to-Date: $	Date (month, day, year)	Amount of Each Receipt this Period
D. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify)	Name of Employer Occupation Aggregate Year-to-Date: $	Date (month, day, year)	Amount of Each Receipt this Period
E. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify)	Name of Employer Occupation Aggregate Year-to-Date: $	Date (month, day, year)	Amount of Each Receipt this Period
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify)	Name of Employer Occupation Aggregate Year-to-Date: $	Date (month, day, year)	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify)	Name of Employer Occupation Aggregate Year-to-Date: $	Date (month, day, year)	Amount of Each Receipt this Period

SUBTOTAL of Receipts This Page (optional)	$ 5,500.00
TOTAL This Period (last page this line number only)	$ 12,527.85

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

RQ-2

JUN 18

Walter C. Decker, Treasurer
Hawaii Republican Party Federal
Account - Victory 88
1270 Queen Emma Street, Suite 300
Honolulu, HI 96813

Identification Number: C00085506

Reference: 12 Day Pre-General Report (10/1/88-10/19/88)

Dear Mr. Decker:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your report discloses an apparent contribution(s) from a corporation(s) (pertinent portion attached). You are advised that a contribution from a corporation is prohibited by the Act, unless made from a separate segregated fund established by the corporation. (2 U.S.C. §441b(a)) If you have received a corporate contribution(s), the Commission recommends that you refund the full amount to the donor(s) in accordance with 11 CFR 103.3(b). Alternatively, if you choose to transfer the funds to an account not used to influence federal elections, the Commission advises that you inform the contributor in writing and provide the contributor with the option of receiving a refund. You may wish to seek a written authorization (either before or after the transfer-out) from the donor for any transfer-out to protect the donor's interests.

Please inform the Commission immediately in writing and provide a photocopy of your check for the refund or transfer-out. In the best interests of the committee, all refunds and transfers-out should be made within thirty days of the treasurer's receipt of the contribution. See 11 CFR 103.3(b). Refunds and transfers-out should be disclosed on a supporting Schedule B for Line 26 or 20 of the report covering the period during which they are made.

If the contribution(s) in question was incompletely or incorrectly disclosed, you should amend your original report with the clarifying information.

Although the Commission may take further legal steps concerning the acceptance of a prohibited contribution, prompt action by your committee to refund or transfer-out the amount will be taken into consideration.

-Please clarify the in-kind contribution from the George Bush for President Committee reported on Schedule A for Line 11(b) of the Detailed Summary Page. All in-kind contributions by other political committees should be itemized on Schedules A and B, regardless of the amount contributed.

-Please clarify the $2,950 in negative disbursements itemized on Line 27, Column A of the Detailed Summary Page.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2480.

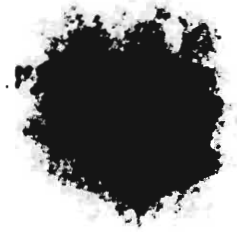
Sincerely,

Margo Herbert

Margo Herbert
Reports Analyst
Reports Analysis Division

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2



Walter C. Decker, Treasurer
Hawaii Republican Party Federal
Account - Victory 88
1270 Queen Emma Street, Suite 300
Honolulu, HI 96813

Identification Number: C00085506

Reference: 30 Day Post-General Report (10/20/88-11/28/88)

Dear Mr. Decker:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your report discloses an apparent contribution(s) from a corporation(s) (pertinent portion attached). You are advised that a contribution from a corporation is prohibited by the Act, unless made from a separate segregated fund established by the corporation. (2 U.S.C. §441b(a)) If you have received a corporate contribution(s), the Commission recommends that you refund the full amount to the donor(s) in accordance with 11 CFR 103.3(b). Alternatively, if you choose to transfer the funds to an account not used to influence federal elections, the Commission advises that you inform the contributor in writing and provide the contributor with the option of receiving a refund. You may wish to seek a written authorization (either before or after the transfer-out) from the donor for any transfer-out to protect the donor's interests.

Please inform the Commission immediately in writing and provide a photocopy of your check for the refund or transfer-out. In the best interests of the committee, all refunds and transfers-out should be made within thirty days of the treasurer's receipt of the contribution. See 11 CFR 103.3(b). Refunds and transfers-out should be disclosed on a supporting Schedule B for Line 26 or 20 of the report covering the period during which they are made.

If the contribution(s) in question was incompletely or incorrectly disclosed, you should amend your original report with the clarifying information.

Although the Commission may take further legal steps concerning the acceptance of a prohibited contribution, prompt action by your committee to refund or transfer-out the amount will be taken into consideration.

-Please clarify the in-kind contribution itemized on Schedule A supporting Line 11(a)(i). Please be advised that in-kind contributions received by the committee which are itemized on Schedule A must also be itemized as an operating expenditure on Schedule B. In addition, in the "Purpose of Disbursement" box include the notation "contribution in-kind" and the nature of the expenditure.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2480.

Sincerely,

Margo Herbert

Margo Herbert
Reports Analyst
Reports Analysis Division

Attachment 6

Republican Party Of Hawaii

February 1, 1989

Ms. Margo Herbert
Reports Analyst
Reports Analysis Division
Federal Election Commission
Washington, D.C. 20463

FAX TRANSMISSION TO: (202) 376-5280

RE: 30 DAY POST-GENERAL REPORT - REPUBLICAN PARTY OF HAWAII C00086506

Dear Ms. Herbert:

This is to acknowledge your letter dated 18 January 1989 which was received by our office on 26 January 1989. As a response to your inquiry is required within 15 days of receipt we hereby submit this acknowledgement. Please be advised that we are in the process of amending the reports and are in the process of correcting the problem (donations from corporations).

The Party proposes to return the donations to the corporate entities they were received from and is in the process of doing so. If you have any comments please contact us as soon as possible.

Very truly yours,

Walter C. Decker, Treasurer
Republican Party of Hawaii

For the Treasurer
Howard Chong, Jr., State Chairman

1270 Queen Emma Street / Suite 300 / Honolulu Hawaii 96813 / (808) 526-1755

Attachment 7

FEDERAL ELECTION COMMISSION RQ-3
WASHINGTON, D.C. 20463

February 9, 1989

Walter C. Decker, Treasurer
Hawaii Republican Party Federal
Account - Victory 88
1270 Queen Emma Street, Suite 300
Honolulu, HI 96813

Identification Number: C00085506

Reference: 12 Day Pre-General Report (10/1/88-10/19/88)

Dear Mr. Decker:

This letter is to inform you that as of February 8, 1989 the Commission has not received your response to our request for additional information, dated January 18, 1989. That notice requested information essential to full public disclosure of your Federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). A copy of our original request is enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Margo Herbert on our toll-free number (800) 424-9530 or our local number (202) 376-2480.

Sincerely,

John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosure

Attachment 8

FEDERAL ELECTION COMMISSION RQ-8
WASHINGTON, D.C. 20463

February 9, 1989

Walter C. Decker, Treasurer
Hawaii Republican Party Federal
Account - Victory 88
1270 Queen Emma Street, Suite 300
Honolulu, HI 96813

Identification Number: C00065506

Reference: 30 Day Post-General Report (10/20/88-11/28/88)

Dear Mr. Decker:

On January 18, 1989 you were notified that a review of the above-referenced report(s) raised questions as to specific contributions and/or expenditures, and the reporting of certain information required by the Federal Election Campaign Act.

The Commission is in receipt of your letter dated February 1, 1989. Please be advised that if the information requested by the Commission is not received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Margo Herbert on our toll-free number (800) 424-9530 or our local number (202) 376-2480.

Sincerely,

John D. Gibson

John D. Gibson
Assistant Staff Director
Reports Analysis Division

3 7 0 3 5 8 4 4 6 3 9

Attachment 9

TELECON

ANALYST: Margo Herbert

CONVERSATION WITH: Howard Chong, Republican State Chairman, Hawaii

COMMITTEE: Hawaii Republican Party Federal Account - Victory '88
C00085506

DATE: February 23, 1989

SUBJECT: Refunding of corporate contributions

Howard Chong, the State Chairman of the Hawaiian Republican Party, telephoned the RAD analyst to explain that the reason that the committee had not responded was that it was in the process of refunding the receipts. Mr. Chong said that he would be sending a written response on the facsimile to verify that the committee was refunding the corporate contributions.

Republican Party Of Hawaii

February 23, 1989

Ms. Margo Herbert
Reports Analyst
Reports Analysis Division
Federal Election Commission
Washington, D.C. 20463

VIA FAX TRANSMITTAL TO: (202) 376-5280

RE: REPUBLICAN PARTY OF HAWAII ID: C00000806 - DONATIONS

Dear Ms. Herbert:

On February 1, 1989 a FAX transmittal was sent to you advising that we were in the process of resolving certain donations made to the Republican Party of Hawaii's federal account from corporations. These funds have been or will be returned to the donors within three (3) days from the date of this letter.

An amended report will be submitted to reflect these refunds on our next scheduled report. If any documentation is required prior to that time please advise us at once so that they may be sent to you.

Very truly yours,

Walter C. Decker, Treasurer

By Howard Chong, Jr.
State Chairman

1270 Queen Emma Street / Suite 300 / Honolulu Hawaii 96813 / (808) 526-1755

[illegible] C. Brewer and Company Limited, $ 1,000.00

One thousand and 00/100---------- DOLLARS

HAWAII REPUBLICAN PARTY FEDERAL
[illegible]
[illegible] STE. 300
HONOLULU, HAWAII [illegible]

For Refund of Contribution

Betty M. Wynn
Carla W. Corey

⑈001057⑈ ⑆121301028⑆ 0001-075217⑈

Bank of Hawaii
MAIN BRANCH, HONOLULU, HAWAII

No. 01059

February 21, 1989

PAY TO THE ORDER OF Hotel Corporation of the Pacific, $ 10,000.00

Ten thousand and 00/100---------- DOLLARS

HAWAII REPUBLICAN PARTY FEDERAL
ACCOUNT — VICTORY '88
1270 QUEEN EMMA ST., STE. 300
HONOLULU, HAWAII 96813

For Refund of Contribution

Betty M. Wynn
Carla W. Corey

⑈001059⑈ ⑆121301028⑆ 0001-075217⑈

Bank of Hawaii
MAIN BRANCH, HONOLULU, HAWAII

No. 01058

February 21, 1989

PAY TO THE ORDER OF HONFED PAC, $ 500.00

Five hundred and 00/100---------- DOLLARS

HAWAII REPUBLICAN PARTY FEDERAL
ACCOUNT — VICTORY '88
1270 QUEEN EMMA ST., STE. 300
HONOLULU, HAWAII 96813

For Refund of Contribution

Betty M. Wynn
Carla W. Corey

⑈001058⑈ ⑆121301028⑆ 0001-075217⑈

Bank of Hawaii
MAIN BRANCH, HONOLULU, HAWAII

No. 01060

February 21, 1989

PAY TO THE ORDER OF Pacific Resource, Inc., $ 1,000.00

One thousand and oo/100---------- DOLLARS

HAWAII REPUBLICAN PARTY FEDERAL
ACCOUNT — VICTORY '88
1270 QUEEN EMMA ST. STE. 300
[illegible]

Betty M. Wynn

3 0 0 3 5 8 1 2 9 0

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

89 JUL 21 AM 10: 37

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

RAD Referral # 89L-04
STAFF MEMBER: Kenneth Kellner

SOURCE: I N T E R N A L L Y G E N E R A T E D

RESPONDENTS: Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer

Hotel Corporation of the Pacific

Pacific Resources, Inc.

C. Brewer and Co., Ltd

RELEVANT STATUTE: 2 U.S.C. § 441b(a)

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

This matter was referred to the Office of the General Counsel on April 13, 1989, by the Reports Analysis Division (Attachment 1). The referral concerns the apparent violation of 2 U.S.C. § 441b(a) by the Hawaii Republican Party Federal Account - Victory '88 (the "Committee"), resulting from the Committee's apparent acceptance of prohibited contributions from corporations. The referral is based on a review of the reports filed by the Committee. In its Statement of Organization, the Committee identifies the Republican Party of Hawaii as a connected organization.

II. FACTUAL AND LEGAL ANALYSIS

Under 2 U.S.C. § 441b(a), it is unlawful for a corporation or labor union to make a contribution or expenditure in

connection with a federal election, or for a candidate or political committee to accept such a contribution.

During the 1988 12 Day Pre-General Report reporting period, the Committee accepted $11,500 from three (3) apparent corporations as follows: $500 from C. Brewer and Co., Ltd and $1,000 from Pacific Resources, Inc. on October 11, 1988, and $10,000 from the Hotel Corporation of the Pacific on October 13, 1988. On November 14, 1988, during the 1988 30 Day Post-General Report reporting period, the Committee accepted an additional $500 from C. Brewer and Co., Ltd.[1]

On February 23, 1989, in response to a Commission inquiry, the Committee acknowledged receiving the above-mentioned corporate contributions. The response also included copies of refund checks to the corporate contributors dated February 21, 1989. The Committee's 1989 April Quarterly Report, filed on April 14, 1989, reflects that these refunds were made on February 21, 1989, between 99 and 133 days after the receipt of the contributions.

As set forth above, the Committee accepted corporate contributions totaling $12,000 in violation of 2 U.S.C. § 441b(a). Therefore, this Office recommends that the Commission find reason to believe the Hawaii Republican Party Federal

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1. The referral also noted the receipt by the Committee on October 19, 1988 of a $500 contribution from an entity called Honfed Pacific. This Office's review of the public record, however, revealed that this contribution was made by Honfed PAC, a registered political committee. Accordingly, this contribution, although refunded by the Committee to Honfed PAC, is not included in the total of prohibited contributions accepted by the Committee.

Account - Victory '88 and Walter C. Decker, as treasurer, violated 2 U.S.C. § 441b(a).

This Office further recommends that the Commission find reason to believe that the Hotel Corporation of the Pacific, Pacific Resources, Inc., and C. Brewer and Co., Ltd violated 2 U.S.C. § 441b(a) by making prohibited contributions to the Committee.

III. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer, violated 2 U.S.C. § 441b(a).
3. Find reason to believe that the Hotel Corporation of the Pacific violated 2 U.S.C. § 441b(a).
4. Find reason to believe that Pacific Resources, Inc. violated 2 U.S.C. § 441b(a).
5. Find reason to believe that C. Brewer and Co., Ltd violated 2 U.S.C. § 441b(a).
6. Approve the attached letters and factual and legal analyses.

Lawrence M. Noble
General Counsel

7/20/89
Date

BY: Lois G. Lerner
Associate General Counsel

Attachments
1. Referral Materials
2. Proposed letters and factual and legal analyses (4)

BEFORE THE FEDERAL ELECTION COMMISSION

(MUR 2933)

In the Matter of	)	
	)	
Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer	)	RAD Referral 89L-04

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 27, 1989, the Commission decided by a vote of 6-0 to take the following actions with respect to RAD Referral 89L-04:

1. Open a Matter Under Review (MUR).

2. Find reason to believe that the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer, violated 2 U.S.C. § 441b(a).

3. Find reason to believe that the Hotel Corporation of the Pacific violated 2 U.S.C. § 441b(a).

4. Find reason to believe that Pacific Resources, Inc. violated 2 U.S.C. § 441b(a).

5. Find reason to believe that C. Brewer and Co., Ltd. violated 2 U.S.C. § 441b(a).

(continued)

9 0 0 4 0 7 3 4 0 9 6

6. Approve the letters and factual and legal analyses as recommended in the General Counsel's report dated July 20, 1989.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

7-27-89
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

MWE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 4, 1989

Andre S. Tatibouet, President
Hotel Corporation of the Pacific
2255 Kuhio Ave.
Waikiki Trade Center
Honolulu, Hawaii 96815

RE: MUR 2933
Hotel Corporation of
the Pacific

Dear Mr. Tatibouet:

On July 27, 1989, the Federal Election Commission found that there is reason to believe the Hotel Corporation of the Pacific violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Hotel Corporation of the Pacific. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against the Hotel Corporation of the Pacific, 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 settlement of the matter or recommending declining that pre-probable cause conciliation 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.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 4, 1989

Robert G. Reed, III, Chairman
Pacific Resources, Inc.
P.O. Box 3379
Honolulu, Hawaii 96842

RE: MUR 2933
Pacific Resources, Inc.

Dear Mr. Reed:

On July 27, 1989, the Federal Election Commission found that there is reason to believe Pacific Resources, Inc. violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Pacific Resources, Inc. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Pacific Resources, Inc., 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 settlement of the matter or recommending declining that pre-probable cause conciliation 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.

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For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 4, 1989

Walter C. Decker, Treasurer
Hawaii Republican Party Federal
Account - Victory '88
1270 Queen Emma Street, Suite 300
Honolulu, HI 96813

RE: MUR 2933
Hawaii Republican Party
Federal Account - Victory '88
and Walter C. Decker, as
treasurer

Dear Mr. Decker:

On July 27, 1989, the Federal Election Commission found that there is reason to believe the Hawaii Republican Party Federal Account - Victory '88 (the "Committee") and you, as treasurer, violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Committee and you, as treasurer. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against the Committee and you, as treasurer, 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 settlement of the matter or recommending declining that pre-probable cause conciliation 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.

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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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 4, 1989

John W. A. Buyers, Chairman
C. Brewer & Co., Ltd
P.O. Box 1826
Honolulu, Hawaii 96805

RE: MUR 2933
C. Brewer & Co., Ltd

Dear Mr. Buyers:

On July 27, 1989, the Federal Election Commission found that there is reason to believe C. Brewer & Co., Ltd violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against C. Brewer & Co., Ltd. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against C. Brewer & Co., Ltd, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

3 0 0 4 0 7 2 4 1 0 7

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 settlement of the matter or recommending declining that pre-probable cause conciliation 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.

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If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

06C3820

Republican
Party
Of
Hawaii

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

89 AUG 21 PM 3:28

August 16, 1989

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

89 AUG 21 PM 4:42

Mr. Danny L. McDonald, Chairman
Federal Election Committee
Washington, D. C. 20463

Dear Mr. McDonald:

This will acknowledge receipt of your letter of August 12, 1989, concerning the citation to our Victory '88 Account.

Attached is the designation of Council as provided for.

Sincerely,

George Akahane

George Akahane
Executive Director
Republican Party of Hawaii

Contributions to the Republican Party are not deductible as charitable contributions for Federal income tax purposes

100 N. Beretania St./Suite 203/Honolulu, HI 96817 (808)526-1755

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2933

NAME OF COUNSEL: Mr. Mark N. Henry

ADDRESS: 735 Bishop St., Suite 233
Honolulu, Hawaii 96813

808 (Hon.) 599-5766

TELEPHONE: 808 (Maui) 244-5514

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

August 16, 1989
Date

George Thabane
Signature Executive Director

RESPONDENT'S NAME: Walt Decker

ADDRESS: 100 N. Beretania St., Ste. 203
Honolulu, Hawaii 96817

HOME PHONE:

BUSINESS PHONE: (808) 526-1755

9 0 0 4 0 7 0 4 1 0 7

HAND DELIVERED 06C 3828

RECEIVED FEDERAL ELECTION COMMISSION

PADGETT AND HENRY

ATTORNEYS AT LAW
GROSVENOR CENTER,
DILLINGHAM BUILDING
735 BISHOP STREET, SUITE 233
HONOLULU, HAWAII 96813
TELEPHONE: (808) 599-5766
FACSIMILE: (808) 599-2427

MAUI OFFICE
0060 WELLS ST.
WAILUKU, MAUI, HI 96793
TELEPHONE: (808) 244-5514

MARK N. HENRY
ELISABETH D. PADGETT
MATTHEW N. PADGETT

89 AUG 22 AM 10: 14

MUR 2933

FACSIMILE COVER SHEET

Date: August 21, 1989

TO: Name: Kenneth E. Kellner, Esq.
Office of the General Counsel

Address: Federal Election Commission
999 E Street NW
Washington, D.C.

Telephone: (202) 376-8200

FAX Number: (202) 376-5280

FROM: Name: Mark N. Henry, Esq.

Address: Padgett and Henry, Attorneys at Law
735 Bishop Street, Suite 233
Grosvenor Center, Dillingham Building
Honolulu, Hawaii 96813

Telephone: 808 599-5766

FAX Number: 808 599-2427

89 AUG 22 PM 2:22

RECEIVED FEDERAL ELECTION COMMISSION

9004074108

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Note: Fax line is also use for other purposes; establish voice contact before beginning any fax transmission to us; fax line is available during the hours of 8:30 am - 4:30 pm H.S.T.

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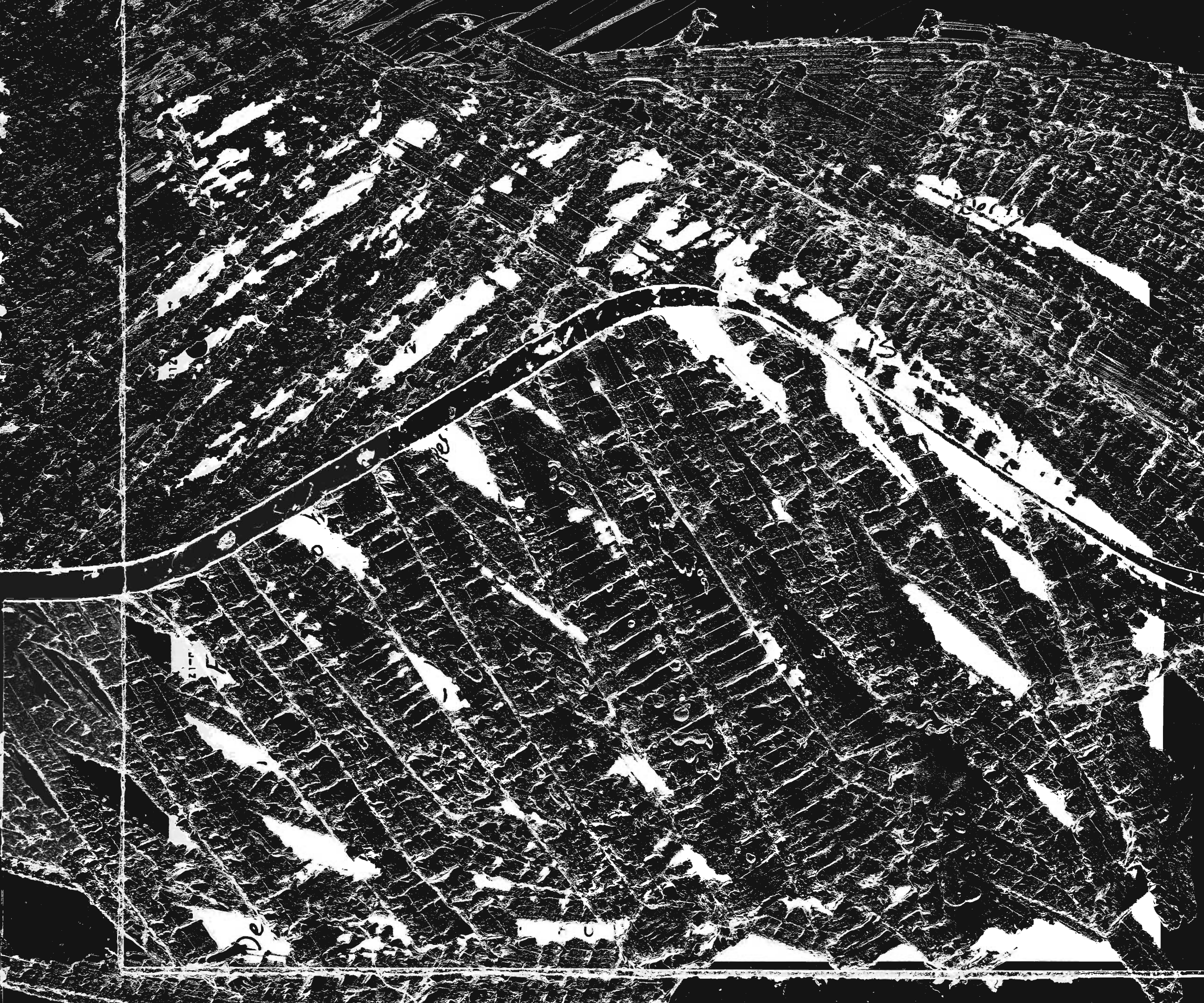
Number of pages, including this cover sheet: three (3)

Note: If you do not receive the correct number of pages, please telephone sender's office number noted above.



OGC 3843

PADGETT AND HENRY
ATTORNEYS AT LAW
GROSVENOR CENTER,
DILLINGHAM BUILDING
735 BISHOP STREET, SUITE 233
HONOLULU, HAWAII 96813
TELEPHONE: (808) 599-5766
FACSIMILE: (808) 599-2427

MARK N. HENRY
ELIZABETH B. PADGETT
MATTHEW K. PADGETT

MAUI OFFICE
2099 WELLS ST.
WAILUKU, MAUI, HI 96793
TELEPHONE: (808) 244-5514

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
89 AUG 24 AM 10: 30

August 21, 1989

Mr. Kenneth Kellner, Esq.
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 AUG 24 PM 12: 32

Re: MUR 2933; Aston Hotels and Resorts

Dear Mr. Kellner:

Please be advised that Aston Hotels and Resorts, formerly known as Hotel Corporation of the Pacific, has retained our office to represent it in the matter referred to above.

According to the August 4, 1989 letter from Chairman Danny L. McDonald to Aston President Andre S. Tatibouet, we have fifteen (15) days after receipt of the letter to submit materials relating to the Commissions consideration of this matter. According to this letter any request for extension must be submitted at least five (5) days prior to the due date for submitting such materials. It is my understanding that Mr McDonald's letter was received by Aston on August 11, 1989. It is important to note that the file containing the notices, correspondence and other materials was not turned over to our office until todays date. This letter will serve as a written request for extension of the aforesaid due date.

My review of the materials has caused me to conclude that there are a number of legal and factual matters which must be evaluated before a response is furnished to your office. For this reason, I am hereby requesting that your office agree to extend the deadline for submitting the materials by twenty (20) days.

Additionally, since I will be representing Aston Hotels and Resorts in this matter it is requested that you transmit all notices, letters and other materials pertaining to this matter to this office at the Honolulu address indicated on the above letterhead.

Very truly yours,

Mark N. Henry

cc: Aston Hotels and Resorts
Attn.: James R. LeBlanc
Ron Warren

06C3826

ASTON HOTELS & RESORTS
2255 KUHIO AVE., SUITE 1800
HONOLULU, HI 96815-2658

PHONE (808) 923-0745
FAX (808) 922-2804

DATE: 8/21/89

FAX COVER SHEET

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME : Mr. Kenneth Kellner

FAX NO. : (202)376-5280

COMPANY : Federal Election Commission

DEPARTMENT :

FROM : James R. LeBlanc

REGARDING :

TOTAL PAGES
INCLUDING COVER SHEET : 2

PLEASE CALL (808) 923-0745 EXT. 540 IF YOU DO NOT RECEIVE ALL OF THE PAGES NOTED ABOVE AND/OR HAVE ANY PROBLEMS WITH OUR TRANSMISSION.

COMMENTS/REMARKS:

____ PLEASE CONFIRM RECEIPT OF ALL PAGES BY SIGNING IN THE SPACE PROVIDED AND RETURNING THIS TRANSMITTAL TO US.

X NO CONFIRMATION OF RECEIPT NECESSARY.

RECEIVED BY:

DATE:

YOUR TIME:

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 AUG 22 PM 12:45

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2933

NAME OF COUNSEL: Mr. Mark Henry

ADDRESS: Padgett and Henry
735 Bishop St., Ste 233
Honolulu, HI 96813

TELEPHONE: (808)599-5766

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

8/21/89
Date

Signature James R. LeBlanc
Sr. Vice President of Finance
Hotel Corporation of the Pacific, Inc

RESPONDENT'S NAME: Hotel Corporation of the Pacific, Inc.

ADDRESS: 2255 Kuhio Ave., Ste 1800
Honolulu, HI 96815-2658

HOME PHONE: (808)923-0745

BUSINESS PHONE: (808)923-0745

PRI Pacific Resources, Inc.

PRI Tower 733 Bishop Street
P.O. Box 3379 Honolulu, Hawaii 96842
Telephone (808) 547 3111 Telex (ITT) 7436292

HAND DELIVERED

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
89 AUG 25 PM 2:32

August 23, 1989

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 AUG 25 PM 3:36

Federal Election Commission
Washington, D.C. 20464

Attn: General Counsel's Office

Re: **MUR 2933, Pacific Resources, Inc.**

Gentlemen:

On behalf of Mr. Reed and Pacific Resources, Inc. (PRI) the following response is provided to the allegation that PRI violated 2 U.S.C. Section 441b(a). A Statement of Designation of Counsel is enclosed for your files.

After conducting our own internal investigation, we find no evidence which would indicate that anyone at PRI wilfully or knowingly intended to violate 2 U.S.C. Section 441b(a) and, therefore,request that no action be taken against PRI or any of its employees.

PRI's contribution on October 7, 1988 to "Victory 88-Hawaii" was made in response to a request to Mr. Robert G. Reed III, as Chairman, President and Chief Executive Officer of PRI, on behalf of John Henry Felix, an individual whom Mr. Reed knew was a local Honolulu Republican politician holding a municipal office as a City Councilman. Mr. Reed was told that the solicitation was for funds which would be spent locally. In making the contribution, Mr. Reed innocently assumed that the funds would be utilized to support the Republican Party in local races within the City of Honolulu and the State of Hawaii and not in any election on the federal level. This is evidenced by the fact that PRI's check no. 019861 (copy enclosed) was made payable to "Victory 88-Hawaii" and not to "Hawaii Republican Party Federal Account-Victory '88". Had PRI known that this account was intended for federal purposes, PRI would not have made the contribution. Consistently by cover letter of that same date (copy enclosed), PRI sent the check to "Victory 88-Hawaii" at an address in Honolulu, Hawaii. When PRI received the refund of its contribution in 1989, it was the first time that PRI was aware that "Victory-88" was a Federal Election Committee.

In order to avoid this type of oversight from occurring in the future, it is now PRI's practice to contact all committees, which do not represent specific candidates, to determine the committee's status before making any contribution. PRI's policy has always been that no corporate funds will be allocated to federal contests.

Given that there is no willful or knowing violation of 2 U.S.C. Section 441b(a), and that PRI has already initiated a procedure to determine the recipient of its contributions, it is requested that no action be taken against PRI. Your attention to this matter is appreciated. Please contact me at (808) 547-3282, fax no. (808) 547-3014 should you require any additional information or wish to discuss this matter in further detail.

Very truly yours,

PACIFIC RESOURCES, INC.

George T. Aoki
Senior Counsel

GTA:rt

Enclosures

cc: Susan A. Kusunoki (w/encl.)

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2933

NAME OF COUNSEL: Mario A. Roberti, Esq.
George T. Aoki, Esq.

ADDRESS: Pacific Resources, Inc.
733 Bishop St.
P.O. Box 3379
Honolulu HI 96842

TELEPHONE: (808) 547-3282 Mr. Aoki
(808) 547-3109 Mr. Roberti

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

PACIFIC RESOURCES, INC.

August 22, 1989
Date

By: [signature]
Signature
Chairman, President and
Chief Executive Officer

RESPONDENT'S NAME: Pacific Resources, Inc.

ADDRESS: 733 Bishop St.
P.O. Box 3379
Honolulu HI 96842

HOME PHONE:

BUSINESS PHONE: (808) 547-3111

PRI

Pacific Resources, Inc.

PRI Tower 733 Bishop Street
P.O. Box 3379, Honolulu, Hawaii 96842
Telephone 808 547-3277 Telex (ITT) 7430292

Robert G. Reed III
Chairman, President and
Chief Executive Officer

October 7, 1988

Victory 88-Hawaii
700 Bishop Street
Honolulu, HI 96813

Gentlemen:

On behalf of Pacific Resources, Inc. (PRI) and in conjunction with the Pacific Resources Political Action Club (PRPAC), I am pleased to present a $1,000 contribution to your campaign. Enclosed is PRI's Check No. 19861 for this amount.

Best wishes for a successful campaign.

Sincerely,

Robert G. Reed III

Enclosure

9 0 0 4 0 7 8 4 1 1 9

PACIFIC RESOURCES, INC.

Pacific Resources, Inc.

VENDOR NO. 410315 DATE 10/07/88

019861

VOUCHER NO.	P.O. NUMBER	VENDOR INVOICE NO	INVOICE DATE	INVOICE AMOUNT	DISCOUNT	NET AMOUNT
79986	CK DS	CONTRETN	9/30/88	1,000.00		1,000.00

ENDORSEMENT OF CHECK BELOW CONSTITUTES ACCEPTANCE OF PAYMENT AS DETAILED ABOVE
PLEASE DETACH THIS VOUCHER BEFORE DEPOSITING CHECK

CHECK AMOUNT → 1,000.00

PACIFIC RESOURCES, INC.

019861

88-0681
1123

319861

BANK OF SIERRA BLANCA
SIERRA BLANCA, TEXAS

Pacific Resources, Inc.
P.O. Box 3379
Honolulu, Hawaii 96842

DATE 10/07/88
VOID 60 DAYS FROM DATE

EXACTLY *****1,000 DOLLARS AND 00 CENTS

$1,000.00

PAY TO THE ORDER OF VICTORY SE-HAWAII

⑈019861⑈ ⑆112306812⑆ ⑈96⑈1735 3⑈

OGC 3880

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
89 AUG 28 PM 12:42

GOODSILL ANDERSON QUINN & STIFEL

ATTORNEYS AT LAW

1600 BANCORP TOWER
130 MERCHANT STREET
HONOLULU, HAWAII 96813

MAIL ADDRESS: P. O. BOX 3196
HONOLULU, HAWAII 96801

FACSIMILE (808) 531-2628 TELEPHONE (808) 547-5600 TELEX 7430246 JEKID

MARTIN ANDERSON*
WILLIAM E. QUINN*
RICHARD E. STIFEL*
HUGH SHEARER*
GENRO KASHIWA
C. JEPSON GARLAND*
CONRAD M. WEISER*
DAVID J. DEZZANI*
RICHARD T. ISHIDA**
ROBERT G. HITE*
RONALD H. W. LUM
DAVID J. REBER
H. MITCHELL D'OLIER
JOHN R. LACY
ROBERT F. HIRANO
RAYMOND S. IWAMOTO
RONALD K. K. SAKIMURA
THOMAS W. WILLIAMS, JR.
MICHAEL A. SHEA

WILLIAM S. MILLER
JACQUELINE L. S. EARLE
KENNETH A. ROSS**
LANI L. EWART
RANDALL K. STEVERSON
KENNETH K. P. WONG
PATRICIA Y. LEE
GARY M. SLOVIN
LISA WOODS MUNGER
KENNETH B. HIPP
ERNEST J. T. LOO
BRUCE L. LAMON
PETER T. KASHIWA
RUSSELL S. KATO
LANT A. JOHNSON
STEVEN M. NAKASHIMA
VINCENT A. PIEKARSKI
MICHAEL J. O'MALLEY
MARK B. DESMARAIS

LINDA ZICHITTELLA LEONG
SCOTT [illegible] LEONG
SCOTT [illegible]
PAMELA M. [illegible]
LEIGHTON J. H. S. YUEN
CYNTHIA M. NOJIMA
CARL J. SCHLACK, JR.
MIKI OKUMURA
MARK F. ITO
WAYNE H. MURAOKA
LYN FLANIGAN ANZAI
AUDREY E. J. NG
CORLIS J. CHANG
DONNA A. TANOUE
GREGORY R. KIM
RICHARD K. MIRIKITANI
CORINNE S. YEE
ALAN S. FUJIMOTO
WALTER C. DAVISON

DAVID W. SHERMAN
R. CLAYTON WELCH**
MARK F. RECKTENWALD
GAIL O. AYABE
KATHERINE C. ANDERSON
LORI K. AQUINO
MARGARET K. MASUNAGA**
DALE F. ZANE
LINDALEE K. FARM
BRYAN C. YEE
P. ROY CATALANI
MARGARET C. JENKINS
CAROL A. EBLEN
CRAIG I. NAKANISHI
LAURA ELLEN MARRACK
JEFFREY S. PIPER
ROY JOHN TJIOE
LYNNE TANAKA TOYOFUKI
JUDITH A. CARRITHERS

*A LAW CORPORATION

**KONA OFFICE
P.O. BOX 2639
KAILUA KONA, HAWAII 96745
PHONE (808) 329-7751
FACSIMILE (808) 326-2384

COUNSEL
RANDALL W. ROTH
RONALD C. BROWN
E. LAURENCE GAY

OF COUNSEL
JAMES M. RICHMOND
JOHN P. RUSSELL
H. BAIRD KIDWELL
WALTER E. BLISS
PAUL M. ANDERSON
MARSHALL M. GOODSILL*

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 AUG 28 AM 1:53

August 24, 1989

VIA EXPRESS MAIL

Mr. Danny L. McDonald
Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2933; C. Brewer & Co., Ltd.

Dear Mr. McDonald:

We represent C. Brewer & Co., Limited ("C. Brewer") in MUR 2933 and on behalf of C. Brewer, respond to your letter dated August 4, 1989 and to the Factual and Legal Analysis enclosed therein which were received by C. Brewer on August 11, 1989. For the following reasons, C. Brewer respectfully requests that no further action be taken against it in MUR 2933.

C. Brewer does not dispute that it made two $500.00 donations to "Victory '88 - Hawaii", a committee of the Republican Party of Hawaii, on October 11, 1988 and November 14, 1988. However, C. Brewer denies that it made any donations to the "Hawaii Republican Party Federal Account - Victory '88" as alleged in the Factual and Legal Analysis. C. Brewer, moreover, had no knowledge or reason to believe at the time the donations were made that such donations were to go toward federal elections or that "Victory '88 - Hawaii" had established an account under the name "Hawaii Republican Party Account - Victory '88."

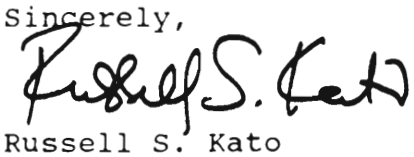
As Exhibits A & B to the Affidavit of Mr. Mufi Hannemann, Vice President of Corporate Development at C. Brewer, demonstrate, the donations were directed to City Councilman David Kahanu and made payable to "Victory 88 - Hawaii," not to the "Hawaii Republican Party Federal Account - Victory '88". Mr. Hannemann believed that the

donations were to go toward state and local Republican Party campaign efforts. The first time that Mr. Hannemann had any indication that "Victory 88 - Hawaii" was a committee only involved in federal elections was when he received a letter from Mr. Howard Chong of the Republican Party of Hawaii, dated July 6, 1989, in which Mr. Chong explained that "Victory 88 - Hawaii" was a committee "specifically involved in Federal races." (Exhibit "C" to Affidavit of Mr. Hannemann). With that July 6, 1989 letter, Mr. Chong enclosed a check made payable to C. Brewer for $1,000.00 from the "Hawaii Republican Party Federal Account - Victory 88", dated February 21, 1989. Id.

C. Brewer's donations were made in the good faith belief that they were donations for Hawaii state and local campaign efforts and were fully authorized under the laws of the State of Hawaii governing campaign contributions for Hawaii state and local elections. Until Mr. Chong's July 6, 1989 letter, C. Brewer had no knowledge or reason to believe that "Victory 88 - Hawaii" was a committee "specifically involved in Federal races" or one with a "federal account." For these reasons, C. Brewer respectfully requests that the Federal Election Commission take no further action against C. Brewer with respect to MUR 2933.

Mr. Hannemann is available to meet with you personally or Mr. Kellner of your staff in Washington, D.C. at your earliest convenience to discuss this matter further. Please advise us accordingly.

Sincerely,



Russell S. Kato
Lori K. Aquino

RSK:LKA:rr
Enclosures
cc: Mr. Kenneth E. Kellner

bcc: Mr. Alan Kugle w/encs.
Mr. Mufi Hannemann w/encs.
Mr. Ronald Lum w/encs.

AFFIDAVIT OF MUFI F. HANNEMANN

STATE OF HAWAII)
) SS.
COUNTY OF ~~[illegible]~~ HONOLULU MFH)

MUFI F. HANNEMANN, being first duly sworn on oath, hereby deposes and says:

1. I am the Vice President of Corporate Development for C. Brewer and Company, Limited ("C. Brewer") and in such capacity, am responsible, among other things, for C. Brewer's governmental affairs in the State of Hawaii. I am providing this affidavit in response to MUR 2933 in which the Federal Election Commission states it has reason to believe that C. Brewer violated a provision of the Federal Election Campaign Act of 1971 when it made two $500.00 donations to "Victory 88 - Hawaii," a committee of the Republican Party of Hawaii.

2. Attached hereto as Exhibit "A" is a true and accurate copy of my letter to Mr. David Kahanu, dated October 7, 1988, and a C. Brewer check for $500.00, dated October 6, 1988 made payable to "Victory 88 - Hawaii." (Mr. Kahanu is an elected member of the City Council of the City and County of Honolulu and is very active in the Republican Party activities at the local level. Mr. Kahanu has never been a candidate in any election for federal office.) This donation (as well as the donation described in paragraph 3 herein) was made in response to a personal solicitation by Mr. Kahanu to me for C. Brewer donations to "Victory 88 - Hawaii." Mr. Kahanu did not

tell me that any C. Brewer donations to "Victory 88 - Hawaii" were specifically for a federal election or that "Victory 88 - Hawaii" had only established a "federal account" into which funds received by "Victory 88 - Hawaii" were to be deposited.

3. Attached hereto as Exhibit "B" is a true and accurate copy of my letter, dated November 2, 1988, addressed to "Victory 88 - Hawaii" and a C. Brewer check for $500.00, dated November 1, 1988, again made payable to "Victory 88 - Hawaii." As reflected in Exhibit "B", the letter and check were directed to City Councilman David Kahanu. No other donations were made by C. Brewer to "Victory 88 - Hawaii."

4. At the time the two donations were made, I believed that "Victory 88 - Hawaii" was a campaign committee involved in state and local elections. While I knew that the Republican Party in Hawaii was interested in all election races -- local, state, and federal, I assumed that the Republican Party was aware (as I was aware) of the federal prohibition against corporate contributions to federal elections and of the provisions under the laws of the State of Hawaii allowing limited corporate contributions to state and local elections. I also assumed that despite its involvement in federal elections, the Republican Party would therefore only apply corporate contributions for use in connection with state and local elections.

5. Accordingly, I understood and believed that the donations which had been requested of C. Brewer were for the

Republican Party of Hawaii for use in connection only with the various state and local elections in Hawaii and that such donations were wholly in compliance with State of Hawaii campaign contribution laws. Among the factors which led to my belief were the following:

a) The name of the campaign, "Victory 88 - Hawaii," suggested quite strongly that the donations were to be used for non-federal elections.

b) Neither City Councilman Kahanu nor any other Republican Party Official disclosed to me that the funds donated to "Victory 88 - Hawaii" were to be used in connection with any federal election.

c) Until recently, no other representative of "Victory 88 - Hawaii" suggested that "Victory 88 - Hawaii" was only involved in federal campaigns. The first time I had any indication that "Victory 88 - Hawaii" was specifically involved in federal elections was last month, when I received a letter from Mr. Howard Chong of the Republican Party of Hawaii, dated July 6, 1989. With that letter, Mr. Chong enclosed a check reimbursing C. Brewer for $1,000.00, dated five months earlier, February 21, 1989.

True and accurate copies of Mr. Chong's letter and the check are attached hereto as Exhibits "C-1 and C-2." Although the checks are from an account entitled "Hawaii Republican Party Federal Account - Victory '88," I was until then not aware of the existence of an account by that name or that "Victory 88 - Hawaii" had established an account by that name.

6. I have spoken recently with David Kahanu regarding MUR 2933, and Mr. Kahanu acknowledges that he never made clear to me that any donations from C. Brewer would be used in connection with a federal election. Mr. Kahanu also informed me that other Hawaii companies who made donations to "Victory 88 - Hawaii" were also unaware of the committee's nature and may have been notified by the Federal Election Commission of possible violations of the Federal Election Campaign Act of 1971.

FURTHER AFFIANT SAYETH NAUGHT.

Mufi F. Hannemann

MUFI F. HANNEMANN

Subscribed and sworn to before me
this 24th day of August, 1989.

Stephanie A. Marques

Notary Public, State of Hawaii L.S.

My Commission expires: 2/10/92

C. BREWER AND COMPANY, LIMITED

P.O. BOX 1826
HONOLULU, HAWAII 96805
TELEPHONE (808) 536-4461
CABLE ADDRESS BREWER

October 7, 1988

Councilman David Kahanu
VICTORY '88 - HAWAII
1293 South King Street
Honolulu, Hawaii 96814

Dear Councilman Kahanu:

On behalf of C. Brewer and Company, Limited, I am pleased to enclose a check made payable to Victory '88 - Hawaii in the amount of $500.00 to assist the Republican Party in its campaign fundraising efforts.

Sincerely,

Mufi

Mufi F. Hannemann
Vice President
Corporate Development

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND - NOT A WHITE BACKGROUND

C. BREWER AND COMPANY, LIMITED

P.O. BOX 1826 HONOLULU, HAWAII 96805

MAIN BRANCH
FIRST HAWAIIAN BANK
HONOLULU, HAWAII

No. B 6831

89-101
1213

DATE 10-06-88

PAY EXACTLY FIVE HUNDRED AND 00 CTS $**500.00**

C. BREWER AND COMPANY, LIMITED

TO THE ORDER OF

VICTORY '88 - HAWAII
1293 SOUTH KING STREET
HONOLULU HI 96814

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK - HOLD AT AN ANGLE TO VIEW

⑈006831⑈ ⑆121301015⑆ 01⑈021869⑈

EXHIBIT A

C. BREWER AND COMPANY, LIMITED

P. O. BOX 1826
HONOLULU, HAWAII 96805
TELEPHONE (808) 536-4461
TELECOPY (808) 544-6181
TELEX NO. 7238972

November 2, 1988

Victory '88 - Hawaii
1293 South King Street
Honolulu, Hawaii 96815

Attention: Councilman David Kahanu

Gentlemen: DAVID

On behalf of C. Brewer and Company, Limited, I am pleased to enclose a check in the amount of $500.00 to assist in your cmpaign fundraising efforts.

Sincerely,

Mufi

Mufi F. Hannemann
Vice President
Corporate Development

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND - NOT A WHITE BACKGROUND

C. BREWER AND COMPANY, LIMITED

P.O. BOX 1826 HONOLULU, HAWAII 96805

MAIN BRANCH
FIRST HAWAIIAN BANK
HONOLULU, HAWAII

No. B 6932

89-101
1213

DATE NOVEMBER 1, 1988

PAY EXACTLY FIVE HUNDRED AND 00 CTS $ **500.00**

C. BREWER AND COMPANY, LIMITED

TO THE ORDER OF

VICTORY '88 - HAWAII
1293 SOUTH KING STREET
HONOLULU HI 96815

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK - HOLD AT AN ANGLE TO VIEW

⑈006932⑈ ⑆121301016⑆ 01⑈021869⑈

EXHIBIT B

Republican
Party
Of
Hawaii

Please process 500.00 to

July 6, 1989

Mufi

Mr. Mufi Hannemann
C. Brewer and Company, Limited
P.O. Box 1826
Honolulu, Hawaii 96805

Dear Mufi,

Thanks for returning my call the other day, however, I thought I would drop you a line rather than keep playing telephone tag. As you know C. Brewer was kind enough to donate the sum of $1,000.00 to the Republican Party's VICTORY '88 COMMITTEE this past November. Since this committee was specifically involved in Federal races the Party is prohibited from accepting corporate contributions for this account.

Therefore, to comply with Federal Elections Commission regulations it is necessary for us to reimburse C. Brewer for it's donation of $1,000.00. I am trying to finalize all of the paperwork for this election so that we close out this account until the next cycle.

I would like to offer for your consideration one of the following thoughts since the Party is sitll in need of these funds to continue our operations and keep our commitment to having a viable two-party system here in Hawaii.

1. Personal contributions in the amount of $1,000.00 to VICTORY '88 from Brewer executives.

2. A C. Brewer donation in the amount of $1,000.00 to the Republican Party of Hawaii.

Your assistance on one of these options would be much appreciated and gratefully received. If you have any questions please feel free to call me.

Aloha pumehana,

Howard Chong, Jr.
Immediate Past Chairman

/P

Contributions to the Republican Party are not deductable as charitable contributions for Federal income tax purposes

100 N. Beretania St./Suite 203/Honolulu, HI 96817(808)526-1755

EXHIBIT C-1

Bank of Hawaii

MAIN BRANCH, HONOLULU, HAWAII

No. 01057 59-102/1213

February 21, 19 89

PAY TO THE ORDER OF C. Brewer and Company Limited $ 1,000.00

One thousand and 00/100---------- DOLLARS

HAWAII REPUBLICAN PARTY FEDERAL
ACCOUNT — VICTORY '88
1270 QUEEN EMMA ST., STE. 300
HONOLULU, HAWAII 96813

For Refund of Contribution

Betty M Wynn
Carla W. Conay

⑈001057⑈ ⑆121301028⑆ 0001⑈075217⑈

P-118

NOTE: Sent above check along with attached letter of explanation to Gordon Beaton for handling on 7/20/89.

PAH

EXHIBIT C-2

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2933

NAME OF COUNSEL: Goodsill Anderson Quinn & Stifel

ADDRESS: Ronald H.W. Lum
Russell S. Kato
Lori K. Aquino
130 Merchant Street, 16th Floor
Honolulu, Hawaii 96813

TELEPHONE: 547-5600

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

Aug 23, 1989
Date

J Alan Kugle
Signature

RESPONDENT'S NAME: C. Brewer and Company, Limited

ADDRESS: by: J. Alan Kugle, Executive Vice President and General Counsel
827 Fort Street
Honolulu, Hawaii 96813

HOME PHONE:

BUSINESS PHONE: (808)544-6207

9 0 0 4 0 7 6 4 1 3 2

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

August 30, 1989

Mark N. Henry, Esq.
Padgett and Henry
Grosvenor Center, Dillingham Bldg.
735 Bishop Street, Suite 233
Honolulu, Hawaii 96813

RE: MUR 2933
Hotel Corporation of the Pacific

Dear Mr. Henry:

This is in response to your letter dated August 21, 1989, which we received on August 24, 1989, requesting an extension of twenty (20) days to respond to the above-captioned matter. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on September 15, 1989.

If you have any questions, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

06C 3933

PADGETT AND HENRY
ATTORNEYS AT LAW
GROSVENOR CENTER,
DILLINGHAM BUILDING
735 BISHOP STREET, SUITE 2
HONOLULU, HAWAII 96813
TELEPHONE: (808) 599-5766
FACSIMILE: (808) 599-2427

MARK N. HENRY
ELIZABETH B. PADGETT
MATTHEW N. PADGETT

MAUI OFFICE
2099 WELLS ST.
WAILUKU, MAUI, HI 96793
TELEPHONE: (808) 244-5514

RECEIVED FEDERAL ELECTION COMMISSION MAIL ROOM
89 SEP -5 AM 10: 51

August 31, 1989

Mr. Kenneth Kellner, Esq.
Office of the General Counsel
Federal Election Commission
Washington D.C. 20463

RECEIVED FEDERAL ELECTION COMMISSION OFFICE OF GENERAL COUNSEL
89 SEP -5 PM 12: 18

Re: MUR 2933; Republican Party of Hawaii

Dear Mr. Kellner:

This letter is intended to advise you that this office has been retained by the Republican Party of Hawaii to represent it in the matter under review referred to above.

According to the recent from Chairman Danny L. McDonald to Party Treasurer Walt Decker, we have fifteen (15) days after receipt of the letter to submit materials relating to the Commissions consideration of this matter. According to this letter any request for extension must be submitted at least five (5) days prior to the due date for submitting such materials. Mr. Decker informed me that he did not receive Mr. McDonald's letter until August 18, 1989.

Unfortunately, the file containing the notices, correspondence and other materials was turned over to our office only recently. I have briefly reviewed the file in this case and have realized that I will need additional information and records from our client before I will be able to furnish a response to your office. For this reason, I am hereby requesting that your office agree to extend the deadline for submitting the materials by twenty (20) days.

Additionally, since our firm will be representing the Republican Party of Hawaii in this matter it is requested that you transmit all notices, letters and other materials pertaining to this matter to the Honolulu office address indicated on the above letterhead.

Very truly yours,

Mark N. Henry

cc: Republican Party of Hawaii
Attn.: Walt Decker

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 8, 1989

Mark N. Henry, Esq.
Padgett and Henry
Grosvenor Center, Dillingham Bldg.
735 Bishop Street, Suite 233
Honolulu, Hawaii 96813

RE: MUR 2933
Republican Party of Hawaii
and Walter C. Decker, as
treasurer

Dear Mr. Henry:

This is in response to your letter dated August 31, 1989, which we received on September 5, 1989, requesting an extension of twenty (20) days to respond to the above-captioned matter. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on September 16, 1989.

If you have any questions, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

06C4057

PADGETT AND HENRY
ATTORNEYS AT LAW
GROSVENOR CENTER,
DILLINGHAM BUILDING
735 BISHOP STREET, SUITE 233
HONOLULU, HAWAII 96813
TELEPHONE: (808) 599-5766
FACSIMILE: (808) 599-2427

MARK N. HENRY
ELIZABETH B. PADGETT
MATTHEW N. PADGETT

MAUI OFFICE
2099 WELLS ST.
WAILUKU, MAUI, HI 96793
TELEPHONE: (808) 244-5514

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
89 SEP 20 AM 11:01

September 15, 1989

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 SEP 20 PM 12:06

Kenneth E. Kellner, Esq.
Office of the General Counsel
Federal Election Commission
999 E. Street NW
Washington, D.C. 20463

Re: MUR 2933; Aston Hotels and Resorts

Dear Mr. Kellner:

This letter is intended to provide the Office of the General Counsel with further factual background and legal analysis relating to the matter under review described above. In this way, we hope to assist your office in making a fully informed recommendation to the Federal Election Commission as to whether there is probable cause to believe that Aston Hotels and Resorts ("Aston") violated any provisions of the Federal Election Campaign Act of 1971 (the "Act").

As you are aware, this investigation was initiated when the Federal Election Commission ("the Commission") found that it had reason to believe that Aston may have violated § 441b(a) of the Act. Specifically, it is alleged that Aston violated § 441b(a) by making a $10,000 contribution to the Hawaii Republican Party Federal Account on October 13, 1988. However, there are a number of factors present in this case which support a finding that Aston's conduct in this regard did not violate § 441b(a) of the Act.

Initially, it is important to note that one of the purposes underlying § 441b(a), as well as its predecessor 18 USCS § 610, is to restrict a corporation from using corporate funds to contribute to political parties without the consent of the corporation's shareholders. See, Ash V. Cort, 350 F. Supp. 227 (1972, ED Pa.). In the case at bar, it should be pointed out that Aston is a closely held corporation which has only two shareholders, Andre S. Tatibouet and William Saunders. It is our understanding that both Mr. Tatibouet and Mr. Saunders consented to the contribution in question. Since each of Aston's shareholders consented to the contribution, the problem of unauthorized expenditure of corporate funds which § 441b(a) sought to address does not even exist in the matter under review. For this reason, we believe that a finding that Aston violated § 441b(a) by making the contribution in question would be inconsistent with one of the Act's acknowledged purposes.

In addition, it is also significant that Aston is a small business corporation which has qualified as an S corporation as provided for under the Internal Revenue Code. As an S corporation, Aston functions essentially like a partnership with its income and deductions being allocated directly to it's individual owners. It is Aston's owners who are treated as having paid contributions and other deductions, and not Aston itself.

Corporations which do not qualify as S corporations are required by the tax code to treat deductions in a way which is fundamentally different from the way expenses are accounted for by S corporations. A deduction which is incurred by a regular corporation is not treated as having been paid by the corporation's shareholders. Such deductions are generally expensed by the corporation on its corporate income tax return and the expenses are not passed through to the owners of the corporation.

Consequently, when it comes to accounting for deductions like political contributions an S corporation like Aston is treated under the federal tax law as a partnership, and not as a corporation. With a regular corporation the deduction is treated as having been paid, for tax purposes, by the corporation. However, with an S corporation like Aston such a deduction is treated as having been paid by the company's owner.

We believe that the Commission should give weight to the approach the federal tax law takes in attributing contributions and other deductions to the S corporation's owners. Since the federal tax law treats the contribution as having been paid by the S corporation's owners and not by the company itself, we feel that a political contribution by an S corporation like Aston should not constitute a violation of § 441b(a)'s prohibition of corporate contributions to federal campaign activities.

Based upon the foregoing, it is our position that Aston's conduct in making the political contribution in question did not violate either the express provisions or underlying purposes of § 441b(a) of the Act. Consequently, we respectfully submit that it would be appropriate for the Office of the General Counsel to recommend to the Commission that it find that there is no probable cause for believing that a violation of the Act has occurred.

Alternatively, in the event the Commission finds probable cause to believe that a violation of the Act has occurred it is hereby requested that the Commission refrain from either instituting a civil suit or pursuing other sanctions against Aston. We would instead request that this matter be settled informally through conciliation. It is our belief that it would be appropriate for the terms of the conciliation agreement to take into account a number of background facts and circumstances relating to the matter under review.

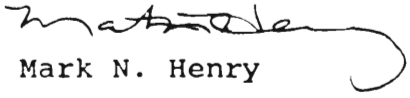
For example, we believe that it is important to note that when Aston's owners, Mr. Tatibouet and Mr. Saunders, agreed to make the $10,000 contribution they did not have any reason to believe that other federal laws, i.e. the Act, would treat the contribution any differently than how the federal tax laws treat such contributions. As such, it was reasonable for Aston to believe that such a contribution would be considered by all federal laws, and not just the tax law, as having been paid by Mr. Tatibouet and Mr. Saunders, and not by the company.

In addition, it is my understanding that when representatives of the Republican Party of Hawaii contacted Mr. Tatibouet about making the contribution they did not advise him that a contribution to the Party's federal account, if paid by the corporation, would possibly be in violation of the Act. Accordingly, Mr. Tatibouet did not have any reason to believe that there was anything improper or illegal about the contribution in question.

Based upon the foregoing, if the Commission concludes that Aston's contribution violated § 441b(a) of the Act it is clear that any such error is due to Aston's lack of knowledge concerning the Federal Campaign Act of 1971 and not due to any intent to circumvent the Act's provisions. We would respectfully request that the Commission take these circumstances into account in formulating an equitable conciliation proposal in this matter.

Please feel free to call me should you have any questions concerning the matters addressed in this letter or should you need any further information concerning this matter.

Very truly yours,



Mark N. Henry

cc: Aston Hotels and Resorts
Attn: Andre S. Tatibouet, President
James R. Leblanc, Sr. V-P

DGC 4075

PADGETT AND HENRY
ATTORNEYS AT LAW
GROSVENOR CENTER,
DILLINGHAM BUILDING
735 BISHOP STREET, SUITE
HONOLULU, HAWAII 96813
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MATTHEW N. PADGETT

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WAILUKU, MAUI, HI 96793
TELEPHONE: (808) 244-5514

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
89 SEP 21 PM 1:28

September 16, 1989

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 SEP 21 PM 4:07

Kenneth E. Kellner, Esq.
Office of the General Counsel
Federal Election Commission
999 E. Street NW
Washington, D.C.

Re: MUR 2933; Republican Party of Hawaii
and Walter C. Decker, as Treasurer

Dear Mr. Kellner:

On July 27, 1989 the Federal Election Commission (the "Commission") made a finding that it had reason to believe the Republican Party of Hawaii, by and through its treasurer, Walter C. Decker (the "Respondent") had violated provisions of the Federal Election Campaign Act. The Commission advised Respondents of the foregoing by way of its letter of August 4, 1989 to Respondents.

The purpose of this letter is to respond to the Commission's letter of August 4 and to inform your office of additional facts and legal analysis concerning the matter under review. It is hoped that this letter will assist your office in making a recommendation to the Commission as to whether there is probable cause to believe that Respondents violated any provisions of the Federal Election Campaign Act of 1971 (the "Act").

The Commission has alleged that Respondents accepted $12,000 in prohibited contributions from corporations in violation of 2 U.S.C. Sec. 441b(a). As you are aware, $10,000 of the total contributions of $12,000 was paid by Aston Hotels and Resorts ("Aston"), formerly known as Hotel Corporation of the Pacific. For your information, Aston is a closely held corporation which has only two shareholders, Andre S. Tatibouet and William Saunders. It is our understanding that both Mr. Tatibouet and Mr. Saunders consented to the $10,000 contribution made to the Respondent. This information is significant when it is considered in light of the intent of 2 U.S.C. § 441b(a).

One of the purposes underlying § 441b(a) and its predecessor, 18 U.S.C. § 610, is to prohibit corporations from using corporate funds to contribute to political parties without the consent of the corporation's shareholders. See, Ash V. Cort, 350 F. Supp. 227 (1972, ED Pa.). However, in the matter under review each of Aston's shareholders consented to the $10,000 contribution to Respondent. Hence, one of the primary problems which § 441b(a) sought to prohibit does not even exist in the case at hand. Consequently, if the Commission concluded that there was no

probable cause to believe that Respondent's acceptance of Aston's $10,000 contribution such a finding would be consistent with one the purposes of § 441b(a).

It is also important to note that Aston is a small business corporation which is qualified as an "S corporation" as provided under the Internal Revenue Code. S corporations function essentially like partnerships and their income and expenses are allocated directly to their owners. As such, with an S corporation the owners are treated as having paid contributions and other expenses, and not the corporation itself. On the other hand, a regular corporation which does not qualify as an S corporation is required to treat expenses in an entirely different way than an S corporation does. A deduction which is incurred by a regular corporation is not treated as having been paid by the owners of the corporation. The deductions are expended by the regular corporation on its corporate income tax return and the expenses are not passed through to the corporation's owners.

Since Aston is an S corporation it is treated under the federal tax law like a partnership and not as a corporation. With a regular corporation the deduction is, for tax law purposes, treated as having been paid by the corporation. However, with an S corporation like Aston it is the company's owners who are treated as having paid deductions such as contributions.

It is our belief that it would be appropriate for the Commission to recognize that with S corporations like Aston it is the corporation's owners whom are treated as having paid the contribution, not the corporation itself. If the S corporation was owned by another corporation then a contribution to a federal campaign activity might still be unlawful under § 441b(a) since the contribution would be attributed to the corporation which owned the S corporation.

However, where the owners of the S corporation were individuals then, under such an interpretation, the contribution would not necessarily violate § 441b(a) since the contribution would be deemed to have been made by individuals and not by a corporation. Nevertheless, receipt of such a contribution could still be considered in violation of the Act if the all of the owners did not consent to the contribution. (See, discussion of Act's purposes at page 1 herein).

Based upon the foregoing, it is our position that Respondent's conduct in receiving Aston's $10,000 contribution violated neither the language nor underlying purposes of § 441b(a) of the Act. Consequently, we respectfully submit that it would be appropriate for the Office of the General Counsel to recommend to the Commission that it find that there is no probable cause for believing that there was a violation of § 441b(a) of the Act.

In the alternative, if the Commission finds that there was probable cause to believe that Respondent violated the Act then it is requested that the Commission refrain from either instituting a civil suit against Respondent and we would request that this matter be settled through conciliation. We believe that the terms of any such conciliation agreement should be equitably fashioned to take into account a number of relevant facts and circumstances.

Specifically, Respondent has reorganized staff assignments to ensure that primary responsibility for preparing reports submitted to the Commission and in complying with pertinent regulatory requirements are assigned to one individual. In the past, responsibility for these matters was shared by different staff personnel. It is believed that this overlap in job responsibilities has created a situation where there was no individual on Respondent's staff who had sufficient familiarity with campaign spending requirement and reporting procedures. It is believed that the aforesaid remedial action will increase Respondents ability to comply with the various provisions of the Federal Election Campaign Act including 2 U.S.C. § 441b(a).

In addition, it is important to note that when Respondent was notified by the Commission that its acceptance of the contributions was a possible violation of the Act Respondent promptly took remedial steps to bring it into compliance with the requirements of 2 U.S.C. § 441b(a). Respondent promptly refunded the contributions in question and copies of the refund checks were submitted to the Commission together with Respondent's February 23, 1989 letter to the Commission. Respondents disclosed the making of the refunds in their 1989 April Quarterly report which was filed with the Commission on April 14, 1989.

Respondent's conduct in this regard was in response to the written recommendations of Margo Herbert, a reports analyst in the Commission's Reports Analysis Division. Ms. Herbert's recommendations were contained in her undated letter to Respondent which was received on January 26, 1989. It is important to note that in her letter Ms. Herbert did advise Respondents that if they promptly refunded the contributions and informed her of that immediately then the Commission would take that into account in deciding whether further legal steps would be taken against Respondents. Consequently, Respondent's prompt compliance with the Commission's recommendations is another factor which the Commission should take into account in formulating a conciliation proposal in this matter.

In the event the Commission finds that Respondent's conduct violated § 441b(a) of the Act, it is apparent that Respondents have taken remedial steps to ensure that no such violations occurs again in the future. Moreover, the record in the matter under review indicates that Respondents have cooperated with the Commission by

promptly refunding the contributions in question and complying with other steps recommended by the Commission. We would respectfully request that the Commission take these factors in consideration in formulating an equitable conciliation proposal in this matter.

Please feel free to call me should you have any questions concerning the foregoing or in the event you are desirous of any further information concerning this matter.

Very truly yours,

Mark N. Henry

cc: Republican Party of Hawaii
Attn: Walt Decker, Treasurer

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DELORES HARRIS DH
COMMISSION SECRETARY

DATE: JANUARY 16, 1990

SUBJECT: MUR 2933 - GENERAL COUNSEL'S REPORT DATED JANUARY 11, 1990

The above-captioned document was circulated to the Commission on Friday, January 12, 1990 at 2:00 p.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	
Commissioner Josefiak	
Commissioner McDonald	XXXX
Commissioner McGarry	
Commissioner Thomas	

This matter will be placed on the meeting agenda for Tuesday, January 23, 1990.

Please notify us who will represent your Division before the Commission on this matter.

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RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

90 JAN 12 AM 10: 12

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer; Hotel Corporation of the Pacific (a.k.a. Aston Hotels and Resorts); Pacific Resources, Inc.; and C. Brewer and Co., Ltd.	)	MUR 2933

GENERAL COUNSEL'S REPORT

I. **BACKGROUND**

During the 1988 12 Day Pre-General Report reporting period, the Hawaii Republican Party Federal Account - Victory '88 (the "Committee") accepted $11,500 from three (3) apparent corporations as follows: $500 from C. Brewer and Co., Ltd. and $1,000 from Pacific Resources, Inc. on October 11, 1988, and $10,000 from the Hotel Corporation of the Pacific (now doing business as Aston Hotels and Resorts) on October 13, 1988. On November 14, 1988, during the 1988 30 Day Post-General Report reporting period, the Committee accepted an additional $500 from C. Brewer and Co., Ltd.

On February 23, 1989, in response to a Commission inquiry, the Committee acknowledged receiving the above-mentioned corporate contributions. The response also included copies of refund checks to the corporate contributors dated February 21, 1989. The Committee's 1989 April Quarterly Report, filed on April 14, 1989, reflects that these refunds were made on February 21, 1989, between 99 and 133 days after the receipt of the contributions.

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On July 27, 1989, the Commission found reason to believe the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer (the "Committee"), violated 2 U.S.C. § 441b(a) by accepting corporate contributions totaling $12,000. On that same date, the Commission found reason to believe the Hotel Corporation of the Pacific, Pacific Resources, Inc., and C. Brewer and Co., Ltd. violated 2 U.S.C. § 441b(a) by making prohibited contributions to the Committee.

Responses have been received from all the respondents. The responses are included as attachments to this report. Only the Committee and the Hotel Corporation of the Pacific have requested pre-probable cause conciliation.[1]

II. ANALYSIS

The responses received from Pacific Resources, Inc. and C. Brewer and Co., Ltd., contend that those organizations did not intend to make contributions towards a federal election, but rather intended to support local election efforts.

According to the response of Pacific Resources, Inc., that organization's $1,000 contribution was made in response to a request by the Chairman of Pacific Resources, Inc. on behalf of a Honolulu individual holding a municipal office as a City Councilman. In making a contribution to "Victory 88-Hawaii,"

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1. In the responses of the Committee and the Hotel Corporation of the Pacific, prepared separately but by the same counsel, the requests for conciliation are ambiguous. See Attachment 1 at p.3 and Attachment 2 at p.2. Phone conversations with staff from this Office, however, have made clear that these respondents did intend to request conciliation prior to a finding of probable cause to believe.

stated the respondent, the Chairman assumed that the funds would be utilized to support local races in the City of Honolulu and the State of Hawaii and not any federal election. Pacific Resources, Inc. also stated that it would not have made the contribution had it known that "Victory 88-Hawaii" was an account intended for federal purposes. The organization also averred that it first became aware its contribution was placed in a federal account when it received the refund of its contribution in February of 1989.

Pacific Resources, Inc. included a copy of the check it used to contribute to the Committee which shows the check to be made payable to "Victory 88-Hawaii" and not to the "Hawaii Republican Party Federal Account - Victory '88." A cover letter accompanying the check is similarly addressed to "Victory 88-Hawaii," although the text of the letter does not specify that the contribution is to support local election efforts. Finally, Pacific Resources, Inc. stated that as a consequence of this incident it undertaken the practice of contacting all committees which do not represent specific candidates to determine that committee's status before making a contribution.

C. Brewer and Co., Ltd. ("C. Brewer"), in its response, stated that it made contributions to "Victory '88 - Hawaii," and not the Hawaii Republican Party Federal Account - Victory '88." C. Brewer also stated that it had not intended for its contributions to be used towards federal elections, but rather intended the money to be used to support state and local elections. Like Pacific Resources, Inc., C. Brewer averred that

it did not become aware that the contribution was placed in a federal account until it received the refund of its contribution from the Committee.

As an attachment to its response, C. Brewer included copies of its checks made payable to "Victory '88 - Hawaii." C. Brewer also submitted a sworn affidavit from Mufi F. Hannemann, Vice President of Corporate Development at C. Brewer, to substantiate the assertions made in the response, as well as copies of the cover letters which accompanied the contributions. While both letters are directed to local City Councilman David Kahanu, the tone of the letters and the fact that the checks were made out to "Victory-'88 - Hawaii" suggest the contributions were for general election purposes and do not exclude federal elections. See Attachment 4 at p.8. (October 6, 1988 contribution is "to assist the Republican Party in its campaign fundraising efforts.").

Pacific Resources, Inc. and C. Brewer and Co., Ltd. made prohibited contributions to the Hawaii Republican Party's federal account. Although the documentary evidence is ambiguous, they strongly contend the contributions were intended only for state and local elections. In addition, both their contributions have been returned to them by the Committee. Accordingly, under the particular mitigating circumstances presented, this Office recommends that the Commission take no further action against Pacific Resources, Inc. and C. Brewer and Co., Ltd., and close the file as to these respondents.

The Committee and the Hotel Corporation of the Pacific (the "Hotel Corporation"), in separate responses, have denied any

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violations of the Act.

In its response, the Committee described the Hotel Corporation as a closely held corporation with only two shareholders and qualified as an "S corporation" under the Internal Revenue Code. According to the Committee:

> [A]n S corporation . . . is treated under the federal tax law like a partnership and not as a corporation. With a regular corporation the deduction is, for tax law purposes, treated as having been paid by the corporation. However, with an S corporation like [Hotel Corporation] it is the company's owners who are treated as having paid deductions such as contributions.

Attachment 1 at p.3.

In the Committee's view, it would be appropriate for the Commission to treat the owners of the Hotel Corporation as having paid the contribution, not the corporation itself. Therefore, according to the Committee, of the contribution, there was no violation of 2 U.S.C. § 441b(a).

The Committee also stated that one of the purposes underlying the prohibitions of 2 U.S.C. § 441b(a) is to prohibit corporations from using corporate funds to contribute to political parties without the consent of the corporation's shareholders. Since both of Hotel Corporation's shareholders supposedly consented to the prohibited contribution, the Committee reasons that the contribution was not improper.

The Committee did not discuss its acceptance of the three other corporate contributions totaling $2,000 which, along with the $10,000 prohibited contribution from Hotel Corporation, led to the Commission's reason to believe finding. The Committee

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did, however, discuss remedial measures it has taken to increase its ability to comply with the provisions of the Act. The Committee also stressed that it has cooperated with the Commission by refunding the prohibited contributions.

The response of the Hotel Corporation, prepared separately but by the same counsel as the Committee, is similar to the Committee's response. The Hotel Corporation admits making the $10,000 contribution to the Committee, but raises the same "S corporation" defense as the Committee. For purposes of mitigation, the Hotel Corporation pointed out the shareholders' unfamiliarity of the differences between the Internal Revenue Code and the Federal Election Campaign Act of 1971, as amended. According to Hotel Corporation:

> [W]hen [the shareholders] agreed to make the $10,000 contribution they did not have any reason to believe that other federal laws, i.e. the Act, would treat the contribution any differently than how the federal tax laws treat such contributions. As such, it was reasonable for [Hotel Corporation] to believe that such a contribution would be considered by all federal laws, and not just the tax law, as having been paid by [the shareholders].

Attachment 2 at p.3.

The argument that the $10,000 contribution by the Hotel Corporation to the Committee as proper under 2 U.S.C. § 441b(a) in light of the Hotel Corporation's status as an "S corporation" is unsound. Section 441b(a) explicitly states that its prohibition applies to "any corporation whatever."

Based upon the information set forth above, it appears that the Hotel Corporation made a $10,000 contribution to the Committee, in violation 2 U.S.C. § 441b(a). Similarly, it

appears the Committee violated 2 U.S.C. § 441b(a) by accepting a total of $12,000 in prohibited corporate contributions.

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTIES

A. Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer

B. Hotel Corporation of the Pacific

IV. RECOMMENDATIONS

1. Take no further action against Pacific Resources, Inc. and close the file as to this respondent.

2. Take no further action against C. Brewer and Co., Ltd. and close the file as to this respondent.

3. Enter into conciliation with the Hotel Corporation of the Pacific prior to a finding of probable cause to believe.

4. Enter into conciliation with the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer, prior to a finding of probable cause to believe.

5. Approve the attached proposed conciliation agreements and letters.

Lawrence M. Noble
General Counsel

1-11-90
Date

Lois G. Lerner
Associate General Counsel

Attachments
1. Response of the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer
2. Response of the Hotel Corporation of the Pacific
3. Response of Pacific Resources, Inc.
4. Response of C. Brewer and Co., Ltd.
5. Proposed Conciliation Agreements (2) and letters (4)

Staff assigned: Kenneth Kellner

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2933
Hawaii Republican Party Federal Account	)	
- Victory '88 and Walter C. Decker,	)	
as treasurer	)	
Hotel Corporation of the Pacific	)	
(a.k.a. Aston Hotels and Resorts)	)	
Pacific Resources, Inc	)	
C. Brewer and Co., Ltd.	)	

CORRECTED CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on January 30, 1990, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2933:

1. Take no further action against Pacific Resources, Inc. and close the file as to this respondent.

2. Take no further action against C. Brewer and Co., Ltd. and close the file as to this respondent.

3. Enter into conciliation with the Hotel Corporation of the Pacific prior to a finding of probable cause to believe.

(continued)

4. Enter into conciliation with the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer, prior to a finding of probable cause to believe.

5. Approve the proposed conciliation agreements and letters attached to the General Counsel's report dated January 11, 1990.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

2-12-90
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 15, 1990

Mark N. Henry, Esquire
Padgett and Henry
735 Bishop Street, Suite 233
Honolulu, Hawaii 96813

RE: MUR 2933
Hawaii Republican Party
Federal Account - Victory '88
and Walter C. Decker, as treasurer

Dear Mr. Henry:

On July 27, 1989, the Federal Election Commission found reason to believe that the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer, violated 2 U.S.C. § 441b(a). At your request, on January 30, 1990, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with

a mutually satisfactory conciliation agreement, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

February 15, 1990

Mark N. Henry, Esquire
Padgett and Henry
735 Bishop Street, Suite 233
Honolulu, Hawaii 96813

RE: MUR 2933
Hotel Corporation of the
Pacific

Dear Mr. Henry:

On July 27, 1989, the Federal Election Commission found reason to believe that the Hotel Corporation of the Pacific violated 2 U.S.C. § 441b(a). At your request, on January 30, 1990, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with

a mutually satisfactory conciliation agreement, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 15, 1990

Lori K. Aquino, Esq.
Goodsill, Anderson, Quinn
& Stifel
130 Merchant Street, 16th Floor
Honolulu, Hawaii 96813

RE: MUR 2933
C. Brewer and Co., Ltd.

Dear Ms. Aquino:

On August 4, 1989, your client was notified that the Federal Election Commission found reason to believe that C. Brewer and Co., Ltd. violated 2 U.S.C. § 441b(a). On August 28, 1989, you submitted a response to the Commission's reason to believe finding in this matter.

After considering the circumstances of the matter, the Commission determined on January 30, 1990, to take no further action against C. Brewer and Co., Ltd., and closed the file as it pertains to your client. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

The Commission reminds you that making a corporate contribution in connection with a federal election is a violation of 2 U.S.C. § 441b(a). Your client should take immediate steps to insure that this activity does not occur in the future.

If you have any questions, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 15, 1990

Robert G. Reed, III, Chairman
Pacific Resources, Inc.
P.O. Box 3379
Honolulu, Hawaii 96842

RE: MUR 2933
Pacific Resources, Inc.

Dear Mr. Reed:

On August 4, 1989, you were notified that the Federal Election Commission found reason to believe that Pacific Resources, Inc. violated 2 U.S.C. § 441b(a). On August 25, 1989, you submitted a response to the Commission's reason to believe finding in this matter.

After considering the circumstances of the matter, the Commission determined on January 30, 1990, to take no further action against Pacific Resources, Inc., and closed the file as it pertains to Pacific Resources, Inc. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

The Commission reminds you that making a corporate contribution in connection with a federal election is a violation of 2 U.S.C. § 441b(a). You should take immediate steps to insure that this activity does not occur in the future.

If you have any questions, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

90 APR -9 AM 11:03

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer; and the Hotel Corporation of the Pacific (a.k.a. Aston Hotels and Resorts)	)	MUR 2933

GENERAL COUNSEL'S REPORT

I. BACKGROUND AND DISCUSSION OF CONCILIATION PROVISIONS

On July 27, 1989, the Commission found reason to believe the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer (the "Committee"), violated 2 U.S.C. § 441b(a) by accepting corporate contributions totaling $12,000. On that same date, the Commission found reason to believe the Hotel Corporation of the Pacific (the "Hotel Corporation"), Pacific Resources, Inc., and C. Brewer and Co., Ltd. violated 2 U.S.C. § 441b(a) by making prohibited contributions to the Committee.

On January 30, 1990, the Commission approved conciliation agreements to the Committee and the Hotel Corporation in settlement of this matter. Additionally, on that same date, the Commission determined to take no further action against Pacific Resources, Inc. and C. Brewer and Co., Ltd.

Attached are signed conciliation agreements submitted by the Hawaii Republican Party Federal Account - Victory '88 and the Hotel Corporation of the Pacific (now doing business as Aston Hotels and Resorts).

Checks for the full amount of the civil penalties were received with the signed conciliation agreements. This Office recommends that the Commission accept the attached conciliation agreements with the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer, and the Hotel Corporation of the Pacific, and close the file.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer.

2. Accept the attached conciliation agreement with the Hotel Corporation of the Pacific.

3. Close the file.

4. Approve the attached letters.

Lawrence M. Noble
General Counsel

Date 4/6/90

Lois G. Lerner
Associate General Counsel

Attachments
1. Conciliation Agreement and civil penalty check submitted by the Committee.
2. Conciliation Agreement and civil penalty check submitted by the Hotel Corporation.
3. Letters (3)

Staff assigned: Kenneth Kellner

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BEFORE THE FEDERAL ELECTIION COMMISSION

In the Matter of	)	
	)	
	)	MUR 2933
Hawaii Republican Party Federal	)	
Account - Victory '88 and Walter	)	
C. Decker, as treasurer; and the	)	
Hotel Corporation of the Pacific	)	
(a.k.a. Aston Hotels and Resorts)	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on April 11, 1990, the Commission decided by a vote of 6-0 to take the following actions in MUR 2933:

1. Accept the conciliation agreement with the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer, as recommended in the General Counsel's report dated April 6, 1990.

2. Accept the conciliation agreement with the Hotel Corporation of the Pacific, as recommended in the General Counsel's Report dated April 6, 1990.

3. Close the file.

(continued)

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4. Approve the letters, as recommended in the General Counsel's report dated April 6, 1990.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry and Thomas voted affirmatively for the decision.

Attest:

4-11-90
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Monday, April 9, 1990 11:03 a.m.
Circulated to the Commission: Monday, April 9, 1990 4:00 p.m.
Deadline for vote: Wed., April 11, 1990 4:00 p.m.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

April 17, 1990

Mark N. Henry, Esq.
Padgett and Henry
735 Bishop Street, Suite 233
Honolulu, Hawaii 96813

RE: MUR 2933
Hawaii Republican Party
Federal Account - Victory
'88 and Walter C. Decker,
as treasurer; and Hotel
Corporation of the
Pacific

Dear Mr. Henry:

On April 11, 1990, the Federal Election Commission accepted the signed conciliation agreements and civil penalties submitted on behalf of your clients in settlement of violations of 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter. This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreements, however, will become a part of the public record.

Enclosed you will find a copy of the fully executed conciliation agreements for your files. If you have any questions, please contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreements

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Hawaii Republican Party Federal	)	MUR 2933
Account - Victory '88 and Walter	)	
C. Decker, as treasurer	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that the Hawaii Republican Party Federal Account - Victory '88 and Walter C. Decker, as treasurer, ("Respondents") violated 2 U.S.C. § 441b(a).

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), which provides that unless this agreement is violated, it shall constitute a complete bar to any further action by the Commission against Respondents in connection with this matter.

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 Hawaii Republican Party Federal Account - Victory '88 (the "Committee") is a political committee within the meaning of 2 U.S.C. §431(4).

2. Walter C. Decker is the treasurer of the Committee.

3. Pacific Resources, Inc., C. Brewer and Co., Ltd. and the Hotel Corporation of the Pacific (a.k.a. Aston Hotels and Resorts) are corporations organized under the laws of the State of Hawaii.

4. On October 11, 1988, the Committee accepted a $500 contribution from C. Brewer and Co., Ltd. and a $1,000 contribution from Pacific Resources, Inc.

5. On October 13, 1988, the Committee accepted a $10,000 contribution from Hotel Corporation of the Pacific.

6. On November 14, 1988, the Committee accepted an additional $500 contribution from C. Brewer and Co., Ltd.

7. On February 21, 1989, in response to a Commission inquiry, the Committee refunded the above mentioned contributions to their corporate contributors. The refunds were made between 99 and 133 days after receipt of the contributions.

8. Under 2 U.S.C. § 441b(a), it is unlawful for a federal candidate or political committee to knowingly accept or receive a contribution from any corporation whatsoever.

V. The Hawaii Republican Party Federal Account - Victory '88 accepted $12,000 in contributions from the three

corporations, in violation of 2 U.S.C. § 441b(a).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Three Thousand dollars ($3,000), 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 requirement 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, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

BY: _____ Date 4/16/90
Lois G. Lerner
Associate General Counsel

FOR THE RESPONDENTS:

_____ Date 3/13/90
(Name)
(Position) GEORGE AKAHAYE
EXECUTIVE DIRECTOR

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Hotel Corporation of the Pacific	)	MUR 2933
(a.k.a. Aston Hotels and Resorts)	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The COmmission found reason to believe that the Hotel Corporation of the Pacific ("Respondent") violated 2 U.S.C. § 441b(a).

NOW, THEREFORE, the Commission and the Respondent, 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 Respondent 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), which provides that unless this agreement is violated, it shall constitute a complete bar to any further action by the Commission against Respondent in connection with this matter.

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

III. Respondent enters voluntarily into this agreement with the Commission.

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

1. The Hotel Corporation of the Pacific (a.k.a. Aston Hotels and Resorts) is a corporation organized under the laws of the State of Hawaii.

2. The Hawaii Republican Party Federal Account - Victory '88 (the "Committee") is a political committee within the meaning of 2 U.S.C. § 431(4).

3. On October 13, 1988, the Committee accepted a $10,000 contribution from Respondent.

4. Respondent's $10,000 contribution was refunded by the Committee to Respondent on February 21, 1989. The refund was made 101 days after the receipt of the contribution by the Committee.

5. Under 2 U.S.C. § 441b(a), it is unlawful for a corporation to make a contribution or expenditure in connection with any election for federal office.

V. The Hotel Corporation of the Pacific made a $10,000 contribution to the Hawaii Republican Party Federal Account - Victory '88, in violation of 2 U.S.C. § 441b(a).

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of Two Thousand dollars ($2,000), 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. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement 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, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

BY: _____ 4/11/90
Lois G. Lerner
Associate General Counsel
Date

FOR THE RESPONDENT:

_____ 3/13/90
(Name)
(Position)
Date

CLOSED

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 17, 1990

Lori K. Aquino, Esq.
Goodsill, Anderson, Quinn
& Stifel
130 Merchant Street, 16th Floor
Honolulu, Hawaii 96813

RE: MUR 2933
C. Brewer and Co., Ltd.

Dear Ms. Aquino:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within 30 days. Should you wish to submit any additional legal or factual materials to be placed on the public record in connection with this matter, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Should you have any questions, contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 17, 1990

Robert G. Reed, III, Chairman
Pacific Resources, Inc.
P.O. Box 3379
Honolulu, Hawaii 96842

RE: MUR 2933
Pacific Resources, Inc.

Dear Mr. Reed:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within 30 days. Should you wish to submit any additional legal or factual materials to be placed on the public record in connection with this matter, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Should you have any questions, contact Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

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THIS IS THE END OF MUR # 2933

9004074173

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2933

DATE FILMED 4/28/90 CAMERA NO. 4

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