

BEFORE THE FEDERAL ELECTION COMMISSION 4 21 PM '98

In the Matter of  
Haley R. Barbour

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MUR: 4250

**SENSITIVE**

**GENERAL COUNSEL'S REPORT**

I. BACKGROUND

By Memorandum dated May 8, 1997, the Office of the General Counsel recommended that the Commission find reason to believe the Republican National Committee and Alec Poitevint, as treasurer, (the "RNC") violated 2 U.S.C. § 441e by accepting approximately one million six hundred thousand dollars in loan proceeds secured with foreign national funds. On June 17, 1997, the Federal Election Commission (the "Commission") found reason to believe against the RNC concerning this violation. At that time this Office did not make any recommendations concerning the RNC's then chairman -- Haley Barbour.<sup>1</sup>

Information derived from investigation into the loan transaction discloses Mr. Barbour's direct involvement in the solicitation and acceptance of the foreign national collateral used to guarantee the loan proceeds ultimately transferred to the RNC. This evidence suggests Mr. Barbour's early knowledge of the prohibited foreign source of the funds, in knowing and willful violation of the foreign national prohibition at 2 U.S.C. § 441e. Accordingly, this Office

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<sup>1</sup> This Office did recommend, and the Commission approved, formal discovery to Mr. Barbour. However, Mr. Barbour has failed to respond to the Commission. Should the Commission find reason to believe concerning Mr. Barbour, this Office will include the previously approved discovery with the reason to believe notification.

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now recommends that the Commission find reason to believe Haley Barbour knowingly and willfully violated 2 U.S.C. § 441e by soliciting and accepting foreign national contributions.

## II. FACTUAL AND LEGAL ANALYSIS

### A. Applicable Law

The Federal Election Campaign Act of 1971, as amended, sets forth limitations and prohibitions on the type of funds which may be used in elections. Section 441(e) states that it shall be unlawful for a foreign national directly or through any other person to make any contribution of money or other thing of value in connection with any election to any local, State or Federal political office; or for any person -- including any political committee -- to solicit, accept, or receive any such contribution from a foreign national. 2 U.S.C. § 441e(a); 11 C.F.R. § 110.4(a). For purposes of the foreign national prohibition at section 441e(a), a contribution includes any loan, and a loan is defined to include a guarantee, endorsement and any other form of security. 2 U.S.C. § 431(8)(A)(i); 11 C.F.R. § 100.7(a)(1)(i). Each endorser or guarantor shall be deemed to have made a contribution equal to that portion of the amount of the loan for which the endorser or guarantor agreed to be liable in a written agreement, or, where no such agreement exists, equal to the proportional amount of the total loan the endorser or guarantor bears to other endorsers or guarantors. 11 C.F.R. § 100.7(a)(1)(i)(C).

The term "foreign national" is defined at 2 U.S.C. § 441e(b)(1) as, *inter alia*, a "foreign principal" as that term is defined at 22 U.S.C. § 611(b). Under Section 611(b), a "foreign principal" includes a person outside the United States, unless it is established that such person is an individual and a citizen of and domiciled within the United States, or that such person is not an individual and is organized under or created by the laws of the United States or of any State or

other place subject to the jurisdiction of the United States and has its principal place of business within the United States. The Act further provides that resident aliens are excluded from the definition of "foreign national." *See* 2 U.S.C. § 441e(b)(2). The prohibition is further detailed in the Commission's Regulations at 11 C.F.R. § 110.4(a)(3). This provision states that a foreign national shall not direct, dictate, control, or directly or indirectly participate in the decision-making process of any person, such as a corporation, with regard to such person's Federal or non-federal election-related activities, such as decisions concerning the making of contributions or expenditures in connection with elections for any local, State, or Federal office or decisions concerning the administration of a political committee.

In addressing this issue of whether a domestic subsidiary of a foreign national parent may make contributions in connection with local, State or Federal campaigns for political office, the Commission has looked to two factors: the source of the funds used to make the contributions and the nationality status of the decision makers. Regarding the source of funds, the Commission has not permitted such contributions by a domestic corporation where the source of funds is from a foreign national, reasoning that this essentially permits the foreign national to make contributions indirectly when it could not do so directly. *See, e.g.*, A.O.s 1989-20, 2 Fed. Election Camp. Guide (CCH) ¶ 5970 (Oct. 27, 1989); 1985-3, 2 Fed. Election Camp. Guide (CCH) ¶ 5809 (March 4, 1989); and 1981-36, 2 Fed. Election Camp. Guide (CCH) ¶ 5632 (Dec. 9, 1981). *See also*, A.O. 1992-16, 2 Fed. Election Camp. Guide (CCH) ¶ 6059 (June 26, 1992).

Even if the funds in question are from a domestic corporation, however, the Commission also looks at the nationality status of the decision makers. *See* A.O.s 1985-3 and 1982-10, 2 Fed.

Election Camp. Guide (CCH) ¶ 5651 (March 29, 1982). The Commission has conditioned its approval of contributions by domestic subsidiaries of foreign nationals by requiring that no director or officer of the company or its parent, or any other person who is a foreign national, may participate in any way in the decision-making process regarding the contributions. This prohibition has been codified at 11 C.F.R. § 110.4(a)(3), as noted above.

Accordingly, it is clear that the Act prohibits contributions from foreign nationals, as well as contributions from domestic corporations where either the funds originate from a foreign national source or a foreign national is involved in the decision concerning the making of the contribution.

Finally, the Act addresses knowing and willful violations. 2 U.S.C. §§ 437g(a)(5)(C), (6)(C), and 437g(d). “Knowing and willful” actions are those that were “taken with full knowledge of all the facts and a recognition that the action is prohibited by law.” 122 Cong. Rec. H3778 (daily ed. May 3, 1976). The knowing and willful standard requires knowledge that one is violating the law. FEC v. John A. Dramesi for Congress., 640 F.Supp. 985 (D.N.J. 1986). A knowing and willful violation may be established by “proof that the defendant acted deliberately and with knowledge that the representation was false.” U.S. v. Hopkins, 916 F.2d 207, 214-15 (5th Cir. 1990). An inference of a knowing and willful violation may be drawn “from the defendants’ elaborate scheme for disguising” their actions and their “deliberate convey[ance of] information they knew to be false to the Federal Election Commission.” *Id.*

### **B. Analysis**

Based on evidence gathered from numerous sources, primarily testimonial and documentary evidence produced by minority staff of the Special Investigation of the Senate

Committee on Government Affairs and by the provider of the loan guarantee, and documentary evidence produced by the commercial loan provider, the following appear to be the events leading to the transaction at issue.

In the summer of 1993, the RNC's then chairman Haley Barbour established the National Policy Forum ("NPF") as an ostensibly independent issue oriented organization.<sup>2</sup> From the inception of the NPF in 1993, the RNC was the principal financial supporter of its activities, and by the summer of election year 1994 the RNC was owed approximately \$2.1 million by the NPF.<sup>3</sup> Desiring repayment in time for the 1994 elections, the RNC, at Mr. Barbour's direction and with his direct involvement, arranged the security necessary for the NPF to obtain a commercial bank loan from Signet Bank to repay at least a portion of the outstanding balance. The security for the loan was obtained from a foreign national source -- Young Brothers Development Company, Ltd. -- Hong Kong ("YBD -- Hong Kong"). Approximately \$1.6 million, of a total \$2.1 million borrowed by the NPF and secured by YBD -- Hong Kong, was earmarked for the RNC and transferred by the NPF to the RNC upon disbursement of the loan proceeds in late October 1994 -- in time for the 1994 elections.

Hearing testimony given before the Special Investigation of the Senate Committee on Governmental Affairs, and deposition testimony taken by minority staff of the committee,

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<sup>2</sup> For a full discussion of Mr. Barbour's involvement in the NPF, and the NPF's activities and association with the RNC, see the First General Counsel's Report in this matter dated April 28, 1997. Due in part to its association with the RNC, on February 21, 1997 the Internal Revenue Service denied the NPF's application for 501(c)(4) status. See Letter from Karcher to NPF of 2/21/97. The NPF is now defunct.

<sup>3</sup> The RNC structured its transfers to the NPF as loans. From its inception in 1993 through 1996, the NPF received nearly \$4.2 million in RNC loans to finance its activities.

implicates Mr. Barbour in all aspects of the loan transaction.<sup>4</sup> Especially relevant is the testimony given by Messrs. Denning, Fierce and Volcansek, the other individuals involved in the transaction. According to this testimony, in the spring of 1994 Mr. Barbour began exploring funding sources for the NPF that would allow repayment of its outstanding balance to the RNC. *See Volcansek Deposition at 40 and Senate Testimony at 28; see also Bolton Deposition at 22.*

Mr. Barbour tasked an individual named Daniel B. Denning with seeking foreign national funding for the NPF. *See Baroody Deposition Vol. 2 at 33 and Senate Testimony at 208.*

Mr. Denning had previously worked for President Reagan's administration in various capacities and had been deputy manager of the 1984 Republican convention. *See Denning Deposition at 7-13.* Mr. Denning in turn approached Mr. Fred Volcansek, a former Bush administration employee and international business consultant, to help identify possible funding sources.

*See Volcansek Deposition at 30.* In conversations between Mr. Volcansek, Mr. Denning and Mr. Donald Fierce, the RNC's then chief strategist and a confidant of Mr. Barbour, it was agreed that a loan guarantee would be the most expeditious funding vehicle for the NPF.

*See Id.* at 44,<sup>5</sup> Mr. Volcansek identified several potential sources for the loan guarantee.

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<sup>4</sup> Transcripts of all cited committee hearing testimony and deposition testimony is available for inspection in the Office of the General Counsel.

<sup>5</sup> Also during this period, in early 1994, Mr. Barbour unilaterally appointed Mr. Denning as NPF's Chief Operating Officer. The appointment was made over then NPF President Michael Baroody's objection. Apparently, Mr. Baroody had reservations concerning the foreign funding of the NPF. Mr. Denning was appointed in part to generate foreign funding for the organization. Mr. Denning was the NPF individual principally involved in the loan transaction. Although Mr. Baroody remained Mr. Denning's supervisor, Mr. Baroody exercised no managerial control concerning this aspect of Mr. Denning's responsibilities. *See generally* Baroody Deposition Vol. 1 at 90-91 and Vol. 2 at 14-39.

*See Id.* 51-59. Between May and June 1994, Messrs. Volcansek, Denning and Fierce decided to contact one of the identified sources. *See Denning Deposition at 151-152.* This individual was Ambrous T. Young -- a wealthy Hong Kong businessman.

Accordingly, Mr. Volcansek contacted Mr. Steve Richards, an associate of Mr. Ambrous Young, seeking a loan guarantee in the amount of \$3.5 million.<sup>6</sup> *See Volcansek Deposition at 67.* Following this initial solicitation, in June 1994, Mr. S. Richards visited Mr. Young in Hong Kong to discuss the loan guarantee proposal. *See Id.* at 77. Also during this period, Mr. Barbour directly contacted Mr. Richard Richards, another associate of Mr. Young's, concerning the proposed loan guarantee. According to Mr. R. Richards, Mr. Barbour called to explain the electoral opportunities for the Republican party in the upcoming elections and the consequent need for the NPF to repay its debt to the RNC. *See R. Richards Senate Testimony at 69-71.* Mr. Barbour requested that he talk with his client, the "well-to-do Chinese fellow in Hong Kong," (*i.e.*, Mr. Young) about providing the loan guarantee. *Id.* at 69.

After preliminary discussions in the summer of 1994, including a least two trips to Hong Kong by Messrs. S. Richards, R. Richards and Volcansek, Mr. Young apparently agreed to entertain the loan guarantee request. However, prior to final commitment, Mr. Young sought an in person meeting with Mr. Barbour. On August 27, 1994, Messrs. Barbour and Young met at a restaurant in Washington, D.C. to discuss the loan guarantee solicitation. *See Young Deposition at 32; Barbour Senate Testimony at 142.* Although others attended the dinner, it appears that the loan discussions occurred primarily between the two principals. According to Mr. Young's

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<sup>6</sup> The requested amount was determined by Messrs. Volcansek, Denning and Fierce based on the need to repay the NPF's \$2.1 million debt to the RNC while retaining sufficient funds to maintain operations for the remainder of 1994. *See Volcansek Testimony at 28; Denning Deposition at 173.*

deposition testimony, at this dinner he directly informed Mr. Barbour that the requested collateral would be coming from YBD -- Hong Kong, by requesting further information concerning the proposed transaction to present to the Hong Kong board of directors for their approval.

See Young Deposition at 35. Mr. Barbour, however, claims no recollection of this aspect of the conversation. See Barbour Senate Testimony at 142-143.

Nonetheless, shortly following the dinner, on August 30, 1994 Mr. Barbour wrote Mr. Young at his Hong Kong address. See Attachment 1. In this letter, Mr. Barbour expresses the NPF's interest in having Mr. Young contribute an article on China policy for the NPF's publication "Commonsense," a proposal first brought-up during the D.C. dinner meeting. Accompanying the letter is the requested fact sheet on the NPF soliciting a \$3.5 million guarantee to allow retirement of RNC debt, explaining the anticipated Republican gains in the upcoming mid-term elections, and noting the necessity for the loan guarantee because fundraising for the NPF would not be possible during the election period. On the same date Mr. Barbour also wrote Mr. Young's local counsel noting his commitment as Chairman of the RNC to securing Mr. Young's guarantee by seeking remuneration from the RNC in the event of default. See Attachment 2.

In response, on September 9, 1994 Mr. Young wrote Mr. Barbour from Hong Kong noting his interest in supporting the party, but explaining his preference for a direct contribution to the Republican party rather than the loan guarantee. Mr. Young further explained that, should a direct contribution not be possible, he would be willing to post only \$2.1 million as a guarantee, the amount "urgently needed and directly related to the November election" (*i.e.*,



the amount of the NPF's debt to the RNC). Attachment 3. Following these communications, Mr. Young agreed to provide the \$2.1 million collateral and apparently instructed his son, Steve Young, to personally inform Barbour of the agreement. See Attachment 3 at 2 and Attachment 4 at 1. Mr. R. Richards also directly informed Mr. Barbour of Mr. Young's acquiescence to the loan guarantee proposal, noting that the transaction would be conducted through Mr. Young's domestic corporation Young Brothers Development -- U.S., Inc. ("YBD -- USA") with funds transferred from the Hong Kong parent. See R. Richards Senate Testimony at 72-73. In response, on September 19, 1994, Mr. Barbour again wrote Mr. Young in Hong Kong, thanking him for agreeing to the proposal. See Attachment 4.

Based on the evidence discussed above, Mr. Barbour appears to have been directly informed by both Messrs. Young and R. Richards of the foreign national source of the collateral. Indeed, all of Mr. Barbour's written communications with Mr. Young were addressed to a Hong Kong address, and, likewise, the communication received by Mr. Barbour from Mr. Young originated in Hong Kong.<sup>7</sup> This evidence strongly suggests that Mr. Barbour knew of the foreign source of the solicited collateral.

In fact, it appears Mr. Barbour may have been additionally informed of the foreign source of the collateral by both Messrs. Volcansek and Denning. According to Mr. Volcansek, he directly informed Mr. Barbour of the foreign source of the collateral during a meeting at the RNC attended by Messrs. Barbour, Fierce and Denning sometime prior to October 1994.

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<sup>7</sup> Mr. Barbour wrote Mr. Young in Hong Kong three additional times after the loan was put into place -- once after formal completion of the loan process, once after the 1994 Republican victories and once after Mr. Young's visit to D.C. in January 1995 to meet with then Senator Dole and Speaker Gingrich -- meetings arranged by Mr. Barbour.

See Volcansek Deposition at 107-109. Mr. Volcansek notes that the source of the collateral was common knowledge during this period. See *id.* at 106. Mr. Denning too knew of the foreign funding for the transaction. According to Mr. Denning, during the guarantee negotiation period, he learned that Mr. Young's citizenship was in transition, and believes he informed Messrs. Barbour, Fierce and Reed of this.<sup>8</sup> See Denning Deposition at 146, 148.

In his testimony, Mr. Barbour states only that he did not become aware of the foreign source of the loan guarantee until 1997, once the loan transaction became an issue. See Barbour Senate Testimony at 125. In light of the sworn testimony from three separate individuals that they directly informed Mr. Barbour of the foreign source of the collateral, and of Mr. Barbour's communications with Mr. Young, there is sufficient evidence to find reason to believe that Mr. Barbour knew at the time of the negotiations that the collateral being provided by YBD -- USA originated from the Hong Kong parent.

The evidence indicates that Mr. Barbour was further informed of the foreign source of the collateral on at least one occasion during the life of the bank loan. After the loan was finalized and the funds disbursed in October 1994, Mr. Barbour apparently began seeking forgiveness of the obligation. While the available evidence does not firmly establish when such requests began, it appears that some time in 1995 Mr. Barbour personally visited Mr. Young in Hong Kong to discuss the request. The meeting took place in Honk Kong harbor on Mr. Young's corporate yacht. According to Mr. Young's testimony, he declined the request, explaining that, because the guarantee was from the Hong Kong corporation, it could not easily be forgiven without a legitimate business reason as the corporation faced annual audits by the Hong Kong authorities

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<sup>8</sup> In fact, Mr. Young had already renounced his US citizenship -- effective December 29, 1993.

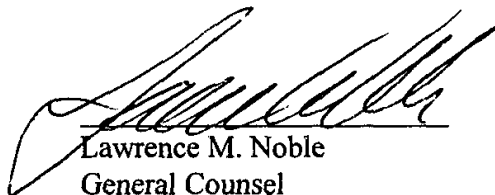
and such an action would raise questions. *See Young Deposition at 57.* Again, Mr. Barbour testified that he has no recollection of this aspect of the conversation. *See Barbour Deposition at 116-117, 119-120.*

Despite Mr. Barbour's statements to the contrary, the available evidence strongly suggests that Mr. Barbour was directly informed of the foreign national source of the loan guarantee on at least three separate occasions -- in discussions prior to the guarantee being finalized, after the loan was put in place, and upon seeking forgiveness of the loan. As chairman of the RNC, Mr. Barbour knew, or should have known, that the solicitation and acceptance of foreign national funds was prohibited. Accordingly, there is reason to believe that Haley Barbour knowingly and willfully violated 2 U.S.C. § 441e by soliciting and accepting a loan guarantee from a foreign national source. *See 2 U.S.C. § 431(8)(A)(i), 11 C.F.R. § 100.7(a)(1)(i).*

### III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find reason to believe that Haley R. Barbour knowingly and willfully violated 2 U.S.C. § 441e.
2. Approve the attached proposed Factual and Legal Analysis and the appropriate letter.

4/23/98  
Date

  
Lawrence M. Noble  
General Counsel

#### Attachments:

1. August 30, 1994 Barbour letter to Young.
2. August 30, 1994 Barbour letter to Becker.
3. September 9, 1994 Young letter to Barbour.
4. September 19, 1994 Barbour letter to Young.
5. Factual and Legal Analysis.

Staff Assigned: Jose M. Rodriguez

August 30, 1994

HALEY BARBOUR  
Chairman

MICHAEL E. BAROCCO  
President

Mr. Ambrous T. Young  
President, Managing Director  
Young Brothers Development Co., Ltd.  
23rd Floor, Dah Sing Financial Centre  
108 Gloucester Road  
HONG KONG

EXHIBIT

Becker 19  
Date: 6/3/97  
Reporter: David A. Kasdan, RPR

Dear Ambrous:

Thank you for agreeing to write an article for the Winter 1995 edition of Commonsense, the National Policy Forum's (NPF) Republican Journal Of Thought And Opinion, on trade, economic, defense and diplomatic relationships in the Far East. This is a critical area of the world, and the dynamic situations in the People's Republic of China, the Republic of China and Hong Kong are of great interest to political and business leaders in the United States.

In the next few days you will be contacted directly by either the Vice President for Policy of NPF or by the editor of Commonsense to begin making arrangements for your article. I have asked them to make sure you have copies of all three issues of Commonsense which have been published to date.

The National Policy Forum is very interested in the Pacific Rim and the increasingly large role it plays in American economic life. Therefore, NPF is forming a task force from its trade, economic, defense and foreign affairs policy councils to focus on the Far East. Too little attention is paid to developments in that part of the world. For instance, your point at dinner about the differences between the policy of the current ROC government on Taiwan as to the PRC, versus the policy of the ROC under Chiang Kai-shek and Chiang Ching-kuo is little noticed and less understood here in our country. Yet it can have a tremendous effect on U.S. foreign, defense and trade policy.

In addition to asking current policy council members to serve on this task force, I hope others such as Dick Richards and Steve Young will also be interested in participating. The NPF staff will contact each of them.

ATTACHMENT 1

Page 1 of 4

0033

Mr. Ambrous T. Young  
Page 2  
August 30, 1994

Finally, I am enclosing a fact sheet about the National Policy Forum, its work and its financial situation. I hope it responds to all the questions you asked Saturday night. If not, please call me or have Dick or Steve contact me.

Thanks again for a delightful evening. I look forward to working with you and to having the benefit of your experience and counsel on some of these important issues.

Sincerely,



Haley Barbour

Enclosure

ATTACHMENT 1  
Page 2 of 4

003-1

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## The National Policy Forum

As David Broder, the senior political correspondent for the Washington Post, states in the attached column, Chairman Haley Barbour recognizes Republicans must develop a positive alternative agenda of their own if the GOP is to win back the White House, control Congress and effectively govern into the 21st Century. It is not enough to oppose Bill Clinton and his Democrat allies, Republicans must also give Americans something to vote for -- a Republican agenda and vision for the future.

The National Policy Forum (NPF), a Republican Center for the Exchange of Ideas, was established by Barbour last year with an extremely ambitious mission. It was to be an intensely participatory policy institution which would first seek and consider ideas of Americans "outside the Beltway" and then craft those ideas, consistent with Republican principles, into a public policy agenda which would have the input and support of all groups in the party and, indeed, of many others who are not "card-carrying Republicans"

NPF's success in its first year has confirmed Barbour's belief voters want to have a voice in public policy. Over 177,000 Americans participated in its work through June 30, and involvement by party leaders and elected officials has been truly remarkable. Ninety-eight Senators and Congressmen and virtually all GOP governors have co-chaired policy councils or hosted or spoken at one of NPF's 62 public forums. Every major conservative and pro-business think tank has representatives on its policy councils, and every potential presidential candidate is participating.

The Forum's initial report, the summary edition of Listening to America, has been widely distributed and exceptionally well-received. The full edition of this report will be published in September. Next spring the Forum will publish An Agenda for America, which promises to be the foundational document of Republicanism and the public policy touchstone for all 1996 GOP presidential candidates.

The National Policy Forum has a two-year (July 1, 1993 through June 30, 1995) budget in excess of \$6 million. Just over \$4 million will have been spent by the publication of the full edition of Listening to America in September. NPF has raised \$3.8 million, including pledges. (Most contributors pledge to give a certain amount a year for two or more years.) The RNC has advanced NPF approximately \$2.1 million which is nearly matched by the Forum's \$1.95 million in pledges and renewals for the balance of 1994 and 1995. The RNC has not required that these pledges be collateral for its loan to NPF, but NPF would pledge them toward repayment of the \$3.5 million loan under consideration. Only 53 companies, trade associations and individuals have contributed or pledged so far, with the average commitment in excess of \$70,000. Many other Fortune 500 companies and major entrepreneurs and businesses are yet to be contacted for support.

NPF would like to refinance its debt to the RNC via a \$3.5 million bank loan. The proceeds would be used to pay the existing debt to the RNC and to provide cash flow to

NPF beyond the beginning of 1995. In this way the Forum would not need to raise funds during this fall's political season when competition for contributions is especially keen, and most potential donors are focused on elections and not public policy.

As evidenced by the attached articles, political writers agree this is the best political environment for Republicans in decades. Many predict the GOP could not only win control of the U.S. Senate but has a realistic though outside chance of winning a majority in the U.S. House of Representatives for the first time in 40 years. Everyone predicts major Republican gains in November's mid-term elections, and if this occurs, Republicans are likely to have effective control if not outright majorities in one or even both Houses. Barbour has publicly said the party's greatest problem is that its opportunities far exceed its resources.

The RNC, recognizing its need to meet this historic opportunity, voted at its July meeting in Los Angeles to increase its budget by \$12 million (25%) and to put at least \$10 million of that into campaigns and campaign activities. Instead of funding up to 60 house races as originally planned, the RNC and its House affiliate the National Republican Congressional Committee now need to fully fund over 100 congressional races, which will require in excess of \$7 million. And this amount is over and above its contributions to Senate and governors races and to state party campaign efforts to support those races.

In light of this effort by the Republican National Committee to greatly increase its fundraising and because every political institution is fighting for contributions, it is clear NPF is right to think it cannot effectively compete in fundraising during this campaign.

Enclosures

**Republican  
National  
Committee**

**Halley Barbour  
Chairman**

August 30, 1994

Mr. Benton Becker  
Kendar Building  
Suite 215  
1550 Madruga Avenue  
Coral Gables, Florida 33146

<b>EXHIBIT</b> <u>Becker 20</u> Date: <u>6/3/97</u> Reporter: David A. Kasdan, RPR
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Dear Benton:

It is my understanding one of your clients — a domestic corporation — is considering guaranteeing a \$3.5 million bank loan to the National Policy Forum (NPF).

As you know the Republican National Committee has loaned NPF over \$2 million since last summer. Currently, NPF has just under \$2 million in pledges and renewals, primarily due later this year and in 1995, as compared to a balance outstanding to the RNC of approximately \$2.1 million. RNC has never asked NPF to secure its loan by giving the receivables as collateral, but I am certain NPF would gladly pledge them to the lender and/or guarantor.

Because NPF is separate from the Republican National Committee, the RNC is not automatically responsible for its debts. Nevertheless, I am committed to making sure NPF raises sufficient funds to cover its operations and to pay off any and all its debts. Moreover, as Chairman of the RNC, in the event NPF defaults on any debt, I will ask the Republican National Committee to authorize me to guarantee and pay off any NPF debts. I am confident the RNC would grant me such authority at its next meeting, provided there is valid, outstanding debt of NPF to a U.S. bank or other lending institution, guaranteed by a U.S. citizen or domestic corporation.

ATTACHMENT 2  
Page 1 of 2



Mr. Benton Becker  
Page 2  
August 30, 1994

The full Republican National Committee supports the work of the National Policy Forum and recognizes its great value to our country and our party's future.

Sincerely,



Haley Barbour  
Chairman

ATTACHMENT 2  
Page 2 of 2

0038

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# YOUNG BROTHERS DEVELOPMENT CO., LTD.

23rd Floor, Dah Sing Financial Centre  
108 Gloucester Road  
Hong Kong

Telephone 852-398-6632  
Facsimile 852-592-5109  
852-598-0375  
Telex 83316 YBDCL HK

BY HAND

OUR REF: YBD/L/1984/94

September 9, 1994

COMPANY  
SENSITIVE

The Honourable Maley Barbour  
Chairman  
Republican National Committee  
Dwight D. Eisenhower Republican Center  
310 First Street Southeast  
Washington, D.C. 20003  
U.S.A.

Dear Maley:

After I have heard so much about you, it was a great pleasure to know you. I appreciate for the valuable time you spent with me on August 27, and our conversation during the dinner was most enjoyable.

As a loyal Republican of the Youngs and on the issue of NPF's budget difficulties which we have discussed and elaborated under the White Paper of The National Policy Forum sent to me with your letter of August 30, 1994, I wish to give you the following comments:

1. As you may be aware that the Youngs have been one of the strong and constant financial supports of the Republican Party in the past, therefore, I wish to express that anything we can assist for winning the control of the Senate, the House and the White House will be a pleasure and honour for us. This is our attitude and sincerity in the past, at present as well as in the future.
2. In consideration of the possible consequence in addition to the financial liability, we prefer to support the Republican Party under the same manner which we have done in the past if NPF's existing requirement can be obtained from other channels.
3. If not possible, we are willing to consider the support of \$2.1 million which is the amount you have expressed to us that is urgently needed and directly related to the November Election.

/P.2 ....

TAIWAN

SINGAPORE

HONGKONG

AUSTRALIA

UNITED STATES

OPERATING THROUGHOUT THE ASIA PACIFIC REGION

ATTACHMENT 3  
Page 1 of 2

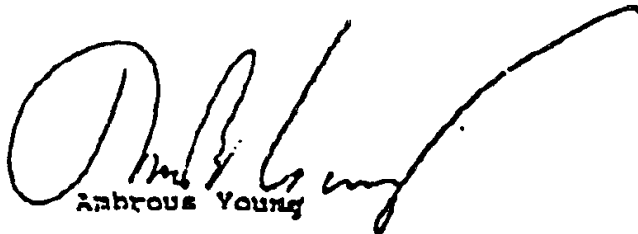
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# YOUNG BROTHERS DEVELOPMENT CO., LTD.

P. 2

I am asking my son, Steve Young, to deliver this letter to you with explanations on my behalf. If you decide that our services are needed, then I shall be more than pleased to instruct Mr. Benton Becker to proceed legally so that all parties can be well protected.

Best regards,



Ambrose Young

ATY/aw

c.c. Mr. Richard Richards, President, YBD (USA)  
Mr. Benton Becker, Legal Counsel & Treasurer,  
YBD (USA)

# NATIONAL POLICY FORUM

A Republican Center for the Exchange of Ideas

342-9610

September 19, 1994

342-0650



HALEY BARBOUR  
Chairman

Mr. Ambrous T. Young  
President, Managing Director  
Young Brothers Development Co., Ltd.  
29rd Floor, Dah Sing Financial Centre  
108 Gloucester Road  
HONG KONG

To: <i>David Narvesa</i>	Date: <i>9/23</i>		Rep: <i>NA</i>
Co:	# of Pgs: <i>2</i>		Natic
Dist:	From: <i>Barbour</i>		Comm
Fax No: <i>202 785-5588</i>	Phone #		Fax #

Dear Ambrous:

Steve and I had a delightful visit last week, and I am very pleased he was able to attend the Team 100 meeting. I hope he enjoyed it.

Needless to say, I am very grateful for the news he delivered. It is extremely generous and tremendously helpful to our efforts.

He and my nephew Henry visited several times, and I am sure by the time you receive this letter the Team 100 group will have visited Hong Kong. I hope the schedules worked out so that they were able to meet you and your family.

Steve advised me you had already given some thought to the article you will be writing for Commonsense. They are working on the issue for the last quarter of '94, and I'm sure it will not be too many weeks before they contact you about your article in the issue after that.

By the way I had a great meeting with Dick Richards and Fred Volcansek, as well as Steve. Dick is a champ and a real ally. I know he is a trusted associate of yours, but I want you to know he is also a highly respected party leader whose counsel I benefit from very often.

It is my understanding that our attorneys will be meeting with Benton Becker later this week. I got the impression from Steve and Dick that this was the next step to consummate the loan.

Finally, I was heartened by Steve's telling me that at the end of the year consideration would be given to doing even more. The Young family and your company are exceptionally generous, and I am genuinely grateful for the confidence you are showing in me. There is no better or more effective way to help in what we are doing than this.

ATTACHMENT 4  
Page 1 of 2

0040

Mr. Ambrous T. Young  
September 19, 1994  
Page 2

Know that I look forward to seeing you again soon. Having met Steve, of whom I know you must be very proud, I look forward to our spending more time together and, particularly, hope your schedule will allow you to participate in the International Democrat Union Conference next year in Seoul. I would like for the party leaders from around the world to meet you and to benefit from your counsel.

Sincerely,

bcc: Dick Richards  
Fred Volcansek  
Don Fierca  
Dan Denning

0001-004-300-1010



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/VENESHE FEREBEE-VINES  
COMMISSION SECRETARY

DATE: APRIL 29, 1998

SUBJECT: MUR 4250 - General Counsel's Report  
dated April 23, 1998.

(V7V)

The above-captioned document was circulated to the Commission  
on Friday, April 24, 1998.

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

Commissioner Aikens	—
Commissioner Elliott	<u>XXX</u>
Commissioner McDonald	—
Commissioner McGarry	—
Commissioner Thomas	<u>XXX</u>

This matter will be placed on the meeting agenda for  
Tuesday, May 12, 1998.

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

00 04 395 1011