

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

John Huang)

MURs 4530, 4531, and 4547)

CONCILIATION AGREEMENT

This matter was initiated by signed, sworn, and notarized complaints by the Democratic National Committee, the Christian Coalition, and Robert D. Flukerson. An investigation was conducted, and the Federal Election Commission ("Commission") found probable cause to believe that John Huang ("Respondent") violated 2 U.S.C. §§ 441e(a), 441f, 441b(a), and 432(b)(2).

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

- I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding.
- 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.

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

Participants

1. The Democratic National Committee ("DNC") is a political committee within the meaning of 2 U.S.C. § 431(4).
2. During the 1996 election cycle, John Huang was Vice Chairman for Finance at the DNC and had the primary responsibility to raise money in the Asian-American community. He previously was Deputy Assistant Secretary of the U.S. Department of Commerce, International Trade Administration and an employee of the Lippo Group, an Indonesian industrial conglomerate.

Applicable Law

3. The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits foreign nationals from contributing money, or anything of value, to a candidate for any political office, including Federal, State, or local office, either directly or through any other person. 2 U.S.C. § 441e(a), 11 C.F.R. § 110.4(a). A foreign national is an individual who is neither a citizen nor a lawfully admitted permanent resident of the United States, as defined by section 1101(a)(20) of Title 8. 2 U.S.C. § 441e(b).
4. Under the Act, no person may solicit, accept, or receive a campaign contribution from a foreign national. 2 U.S.C. § 441e(a). These prohibitions apply to all federal, state and local elections.

11 C.F.R. § 110.4(a)(1). United States v. Kanchanalak, 192 F.3d 1037, 1047 (D.C. Cir. 1999).

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5. Foreign nationals are also prohibited from directing, dictating, controlling, or directly participating in the decision-making process of any person, including domestic corporations, with regard to decisions concerning the making of contributions in connection with elections for any local, State, or Federal office. 11 C.F.R. § 110.4(a).
6. U.S. subsidiaries of foreign corporations are permitted to make contributions not otherwise prohibited by the Act so long as the U.S. subsidiary is the source of the funds and not the foreign national parent, and so long as no foreign national participates in the decision-making process. 11 C.F.R. § 110.4(a)(3).
7. The Act provides that no person shall make a contribution in the name of another person or knowingly permit his or her name to be used to effect such a contribution, and that no person shall knowingly accept a contribution made by one person in the name of another person. 2 U.S.C. § 441f. This prohibition extends to persons who knowingly assist in making such contributions. See 11 C.F.R. § 110.4(b)(1)(iii).
8. The Act prohibits corporations from making any contribution or expenditure in connection with any election of any candidate for federal office and prohibits any person from knowingly accepting or receiving such a contribution. 2 U.S.C. § 441b(a).
9. The Act further requires that every person who receives a contribution in excess of \$50 for a political committee which is not an authorized committee shall forward the contribution to the treasurer, including the

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name and address of the contributor, and the date of receipt of the contribution, within 10 days after receiving the contribution. 2 U.S.C. § 432(b)(2).

Facts

10. After arriving at the DNC, John Huang set a goal of raising \$7 million from the Asian-American community. Accordingly, John Huang organized or raised funds at several major fund-raisers: a February 19, 1996 Presidential Asian Dinner held at the Hay-Adams Hotel in Washington, D.C; an April 29, 1996 luncheon with Vice-President Gore held at the International Buddhist Progress Society, Inc. d/b/a Hsi Lai Buddhist Temple (the "Temple") in Los Angeles; a May 13, 1996 Presidential Asian Dinner at the Sheraton Carlton Hotel in Washington, D.C.; a June 18, 1996 coffee at the White House; a July 22, 1996 Presidential Asian Dinner held at the Century Plaza Hotel in Los Angeles, California; a July 30, 1996 Presidential Asian Dinner held at the Jefferson Hotel in Washington, D.C.; an August 18, 1996 Birthday Dinner for President Clinton held at the Waldorf-Astoria Hotel in New York City; and a September 19, 1996 Asian Vice-Presidential Dinner in San Francisco, California. The Asian-American community ultimately contributed about \$5 million, through John Huang and other Asian fund-raisers. As set forth below, some of those contributions were in violation of the Act.

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Cheong Am America, Inc.

11. In late February or early March, soon after finishing his first major DNC fundraising event, the February 19, 1996 Hay-Adams fund-raiser, Mike Mitoma, then mayor of Carson, California, informed John Huang, in his capacity as Vice Chairman for Finance at the DNC, that Cheong Am America, Inc. ("Cheong Am"), a domestic subsidiary of a Korean company, Ateck Company, Ltd. ("Ateck"), wanted to make a substantial contribution to the DNC, and that principals of Cheong Am wanted to meet President Clinton. John Huang was informed that Cheong Am's officials were coming from Korea around April 8, 1996 and wanted the meeting during their visit. Based on the limited time available, he arranged for a brief meeting with Cheong Am's officials and President Clinton between fund-raisers.
12. On April 8, 1996, Cheong Am officials met briefly with President Clinton and gave John Huang, in his capacity as Vice Chairman for Finance at the DNC, an envelope with a corporate check for \$250,000 (\$50,000 per person) made out to the DNC. The following Cheong Am officials attended the meeting: John Lee, CEO; Lucy Ham, Secretary and Director; Won Ham, Director; Young Chul Chung, CEO of Ateck; and another individual. The next morning, John Huang completed the DNC check tracking form and gave the contribution check to DNC staff for processing. John Huang's name appeared as "DNC Contact" and Mr. Mitoma's name appeared as solicitor on the check tracking form.

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13. John Huang did not know John Lee or the other Cheong Am officials at the time, but received biographical information on them and corporate information on the company.
14. Sometime later, in August of 1996, John Huang, in his capacity as Vice Chairman for Finance at the DNC, also solicited, accepted or received individual contributions of \$10,000 each from Lucy Ham, John Lee and Comete Hong, John Lee's secretary. The contributions were made in connection with the Chicago Gala dinner during the 1996 Democratic Party National Convention. The checks were made out to "Victory '96." John Huang received the three checks personally in Chicago from Lucy Ham and completed the check tracking forms. DNC documents show that the contributions were deposited into the DNC's federal account. John Lee, a business associate, and Lucy Ham attended the dinner; Comete Hong did not.
15. John Lee, Cheong Am's foreign national CEO, was involved in the company's decision to make its \$250,000 contribution. In addition, the funds used for Cheong Am's \$250,000 contribution, and for John Lee's and Comete Hong's individual \$10,000 contributions, came from Ateck, the foreign parent. A total of at least \$5,000 of the funds used to make Lucy Ham's individual contribution came from a friend. The DNC later refunded all of the contributions.

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Arief and Soraya Wiriadinata

16. John Huang, in his capacity as Vice Chairman for Finance at the DNC, received \$40,000 in contributions from Arief and Soraya Wiriadinata shortly before they returned to their native country of Indonesia on or about December 17, 1995. The contributions, \$20,000 each from Arief and Soraya Wiriadinata, were deposited into the DNC's federal account in June of 1996.
17. The contributions were deposited into the DNC account under an arrangement whereby the Wiriadinatas agreed to make funds available to John Huang for contributions to the DNC. To carry out the arrangement in their absence, John Huang asked the Wiriadinatas to provide him with signed checks in varying amounts with the payee and the date left blank. Arief Wiriadinata handed him the checks in an envelope. John Huang then filled in the payee and the dates of the checks, as needed to supplement shortfalls in fund-raisers.

Pauline Kanchanalak

18. John Huang, in his capacity as Vice Chairman for Finance at the DNC, solicited, accepted or received several contribution checks totaling \$327,500 from Pauline Kanchanalak, a DNC supporter in past election cycles, in connection with several DNC fund-raisers. Pauline Kanchanalak and her husband, Chupong "Jeb" Kanchanalak, were foreign nationals. Pauline Kanchanalak's mother-in-law, Praitun Kanchanalak,

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was a permanent resident of the U.S. John Huang received the contributions through the mail.

19. John Huang, in his capacity as Vice Chairman for Finance at the DNC, solicited Pauline Kanchanalak to attend the Hay-Adams Hotel fund-raiser, which cost \$12,500 per person. Pauline Kanchanalak attended the event and subsequently provided John Huang with a \$10,000 check dated February 26, 1996 drawn on the account of "P. Kanchanalak," later determined to be Praitun Kanchanalak. DNC records show that John Huang appeared as "DNC Contact" on the check tracking form.
20. The funds for this \$10,000 contribution came from foreign nationals through Ban Chang International (USA), Inc. ("BCI USA"), a Cayman Islands corporation with offices in Washington, D.C. and an affiliate of Ban Chang International (Thailand) ("BCI Thailand"). Pauline Kanchanalak was the president of BCI USA, as well as a director and a 30 percent shareholder. Chupong Kanchanalak was the vice president of BCI USA, a director, and a 20 percent shareholder; in addition, he was the managing director and/or president of BCI Thailand.
21. John Huang, in his capacity as Vice Chairman for Finance at the DNC, also solicited Pauline Kanchanalak to attend a White House "coffee" with President Clinton on June 18, 1996. About six people, including Pauline Kanchanalak, attended the coffee. Pauline Kanchanalak paid a total of \$277,500 for the coffee in installments - through several

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contribution checks in varying amounts drawn on the account of "P. Kanchanalak" - that were mostly spread out over a three week period after the coffee. As shown in the chart below, the bulk of the contribution checks (totaling \$142,500) were made out to state party committees after consultation with John Huang, who suggested the arrangement in order to satisfy Pauline Kanchanalak's desire to avoid media attention. John Huang, in his capacity as Vice Chairman for Finance at the DNC, received the state party checks periodically by mail.

State Party Contributions

| <u>Date</u> | <u>Amount</u> | <u>Recipient Committee</u> | <u>Account Used</u> |
|--------------|------------------|----------------------------|---------------------|
| 6/25/96 | \$24,500 | California Dem. Party | P. Kanchanalak |
| 6/27/96 | \$35,000 | Florida Dem. Party | P. Kanchanalak |
| 6/29/96 | \$33,000 | Ohio Dem. Party | P. Kanchanalak |
| 7/5/96 | \$25,000 | Illinois Dem. Party | P. Kanchanalak |
| 7/5/96 | \$25,000 | Pennsylvania Dem. Party | P. Kanchanalak |
| TOTAL | \$142,500 | | |

DNC Contributions (NonFederal)

| <u>Date</u> | <u>Amount</u> | <u>Recipient Committee</u> | <u>Account Used</u> |
|--------------|------------------|----------------------------|---------------------|
| 6/19/96 | \$85,000 | DNC | P. Kanchanalak |
| 7/10/96 | \$50,000 | DNC | P. Kanchanalak |
| TOTAL | \$135,000 | | |

22. The contributions cited in sub-section 21 above were also made with funds from foreign nationals. In early to mid-June 1996, Chupong Kanchanalak wired a total of \$475,510 into three different United States accounts, some of which were then used to make the contributions listed above.

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23. John Huang, in his capacity as Vice Chairman for Finance at the DNC, also solicited, accepted or received a \$40,000 contribution from Pauline Kanchanalak in connection with the August 18, 1996 Clinton Birthday fund-raiser. Pauline Kanchanalak attended the fund-raiser. The contribution was made by check dated September 13, 1996 written on the account of "P. Kanchanalak" and was deposited into the DNC's nonfederal account. John Huang, in his capacity as Vice Chairman for Finance at the DNC, appeared on the DNC check tracking form as "DNC Contact."
24. This contribution also was made with funds from foreign nationals. On about August 19, 1996, BCI USA issued a check for \$20,000 signed by and made out to Duangnet Kronenberg, Pauline Kanchanalak's sister-in-law, who also wrote a \$20,000 personal check payable to Praitun Kanchanalak which was then deposited into Praitun Kanchanalak's account. On about September 10, 1996, BCI USA issued a \$21,000 check signed by Duangnet Kronenberg and payable to "P. Kanchanalak," which was also deposited into Praitun Kanchanalak's account. On about September 13, 1996, a \$40,000 check payable to the DNC--imprinted and signed "P. Kanchanalak"--was written on Praitun Kanchanalak's account, and Duangnet Kronenberg then gave the check to John Huang, in his capacity as Vice Chairman for Finance at the DNC.

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Maria Hsia and Hsi Lai Temple

25. John Huang, in his capacity as Vice Chairman for Finance at the DNC, solicited, accepted or received \$100,000 in contributions from or through Maria Hsia for the February 1996 Hay Adams Hotel fund-raiser, the April 1996 Temple luncheon, and the July 1996 Century Plaza Hotel fund-raiser. Maria Hsia is a longtime political activist and DNC fund-raiser.
26. Several days prior to the February 29, 1996 Hay Adams Hotel fund-raiser, Maria Hsia gave John Huang, in his capacity as Vice Chairman for Finance at the DNC, nine checks in a bundle totaling \$25,000 (in amounts ranging from \$2,000 to \$3,000 each) from individuals related to the Hsi Lai Buddhist Temple, a California corporation. The checks, dated February 16, 17 or 19, 1996, were from the following monastics (monks and nuns) and devotees (lay people who worship regularly at the Temple): Hsiu Chu Lin (\$3,000), Jou Sheng (\$3,000), Pi Hsia Hsiao (\$2,500), Suh-Jen Wu (the Abbess) (\$3,000), Hsing Kuang Shih (\$3,000), Gin F.J. Chen (\$3,000), Hsin Cheng Shih (\$3,000), Hsiao Jie Su (\$2,500), and Jen Chin Hsueh, a/k/a Gary Hsueh (\$2,000). The contributions were credited to the individual monastics and were deposited into the DNC's federal account. John Huang completed the DNC check tracking forms for the contributions, listing himself as the "DNC contact" and Maria Hsia as the "solicitor" for all but two of the contributions.

27. The Temple subsequently provided reimbursement checks (dated February 14 and 16, 1996) to these nine individuals cited in sub-section 26 in the corresponding amounts of their contributions.
28. John Huang, in his capacity as Vice Chairman for Finance at the DNC, organized a luncheon at the Temple on April 29, 1996, attended by Vice President Gore. The Vice President's visit was in response to an invitation extended to him by the Temple's Master Shing Yun (the "Master") at a March 15, 1996 meeting in Washington, D.C. requested by John Huang. The day after the luncheon, John Huang, in his capacity as Vice Chairman for Finance at the DNC, advised Maria Hsia that he needed to have at least \$100,000 in contributions to show for an event with the Vice President. At the time, only \$45,000 had been raised from Temple monastics or devotees. Maria Hsia then contacted Man Ho and told her of John Huang's desire for a total amount of \$100,000 from the Temple, and that he needed to take the money back to Washington, D.C. that same day. Man Ho reported Maria Hsia's call to the Abbess and approached Yi Chu on April 30 about the additional contributions. Yi Chu proceeded to collect the additional \$55,000 from monastics at \$5,000 each. Some of the checks were post-dated because some of the individuals did not have \$5,000 in their checking accounts. All of the checks were made out to the DNC. Yi Chu then placed all the checks (\$100,000) that were collected both before and after the April 29 luncheon in a Temple offering envelope and gave them to the Abbess. On April 30, 1996, John Huang, in his

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capacity as Vice Chairman for Finance at the DNC, returned to the Temple and collected the batch of checks from Maria Hsia. The checks ranged in amounts from \$1,000 to \$5,000 and totaled \$100,000. The DNC tracking forms for each of these contributions list John Huang as "DNC Contact" and Maria Hsia as solicitor.

29. DNC records show contribution checks from eleven individuals associated with the Temple, each for \$5,000 and each dated either April 30, 1996, May 1, 1996 or May 6, 1996. The contributors included the Master and the Abbess, as well as Man Ya Shih, Hsui Chu Lin, Pi-Hsia Hsiao, Siuw Moi Lian, Hueitsan Huang, Hsiu Luan Tseng, Bor Yun Jeng, Chia Hui Ho, and Seow Fong Ooi. These individuals were subsequently reimbursed with Temple checks dated either April 30, 1996 or May 1, 1996.
30. On July 22, 1996, the DNC held a fund-raiser with President Clinton at the Century Plaza Hotel in Los Angeles. DNC documents show Maria Hsia as one of the co-chairs of the fund-raiser, and that co-chairs were expected to personally contribute \$5,000 or raise \$10,000. Maria Hsia contacted Man Ho, and two checks dated July 22, 1996 for \$5,000 each from Bih-Yueh Jeng and Wang Chi Rung were given to John Huang, in his capacity as Vice Chairman for Finance at the DNC, for the fund-raiser. The Temple later reimbursed each of these two individuals on July 17, 1996. DNC records show John Huang as "DNC Contact" on the check tracking forms.
31. John Huang, in his capacity as Vice Chairman for Finance at the DNC, accepted or received a \$250,000 contribution from Cheong Am and

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solicited, accepted or received individual \$10,000 contributions from John Lee and Comete Hong. The contributions were made with funds from a foreign national. John Huang also accepted individual contributions of \$10,000 from Comete Hong and \$8,000 from Lucy Ham, made in the name of another.

32. John Huang failed to forward \$40,000 in contributions from Arief and Soraya Wiriadinata to the treasurer of the DNC within the requisite 10 days.
33. John Huang, in his capacity as Vice Chairman for Finance at the DNC, solicited, accepted or received from Pauline Kanchanalak checks for contributions totaling \$327,500 made with funds from foreign nationals.
34. John Huang, in his capacity as Vice Chairman for Finance at the DNC, accepted or received from the Temple and Temple- related individuals \$100,000 in contributions made in the name of another and accepted or received \$90,000 in corporate contributions from that corporation.
35. On August 12, 1999, John Huang pled guilty to a felony violation of campaign finance laws for conspiring to defraud the FEC by causing employees of a former employer, the Lippo Group, to make campaign contributions to Democratic campaigns in California during 1993 and 1994 and reimbursing the employees with corporate funds or with funds from Indonesia. He was sentenced to one year of probation, 500 hours of community service and a \$10,000 fine.

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36. Respondent has provided documentation showing that he has minimal income and that his liabilities greatly outweigh his assets. According to the information, respondent has been unemployed since November 1996 and his main source of income is from day trading (trading stocks on margin) on a personal computer at his home. In particular, respondent's joint 2000 income tax return shows _____ Income. The documents indicate that respondent's total assets of _____ (primarily equity from respondent's personal residence and other real estate jointly owned with his wife) is exceeded by over _____, which has been secured by liens. The documents further show that since 1996 respondent liquidated various securities totaling approximately _____, and he sold two properties in 1998 to help pay living expenses for his family: a \$1 million dollar property located in Glendale, CA and a \$125,000 property located in Silver Spring, MD. In recognition of these factors, the Commission has agreed to a lower civil penalty than it normally would for the violation at issue.

37. As a representation material to the Commission's agreement to accept a lower civil penalty than it ordinarily would accept for this type of activity, by signing this agreement, Respondent represents that he has no available assets or income out of which he could pay a significantly higher monetary penalty, and that he has minimal income and his liabilities greatly outweigh his assets.

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V. The Commission concludes that Respondent violated 2 U.S.C. § 441e(a), 2 U.S.C. § 441f, 2 U.S.C. § 441b(a), and 2 U.S.C. § 432(b)(2). While Respondent maintains that he did not knowingly accept or receive foreign national, reimbursed or corporate contributions, for the purpose of settling this matter, Respondent agrees not to contest the Commission's conclusions, only for purposes of this Agreement.

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of ninety-five thousand dollars (\$95,000), pursuant to 2 U.S.C. § 437g(a)(5)(A), such penalty to be paid in four (4) installments as follows:

1. An initial payment of \$10,000 due on July 31, 2001;
2. A second payment of \$20,000 due on August 31, 2001
3. A third payment of \$30,000 due on October 31, 2001;
4. A fourth and final payment of \$35,000 due on January 31, 2002.

In the event that any installment payment is not received by the Commission within five days after its due date, the Commission may, at its discretion, accelerate the remaining payments and cause the entire civil penalty amount to become due upon ten days written notice to the respondent. Failure by the Commission to accelerate the payments with regard to any overdue installment shall not be construed as a waiver of its right to do so with regard to future overdue installments.

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.

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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 thirty (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:

Lois G. Lerner by AAS
Lois G. Lerner
Acting General Counsel

8/23/01
Date

FOR THE RESPONDENT:

[Signature]
(Name): John H. King

July 28, 2001
Date

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