

MLR 4909/Chong H. Kiu.
Conciliation Agreement

1 4. At all times relevant hereto, Larry Wallace ("Wallace"), an Arkansas attorney, was an
2 acquaintance of Lee and was also affiliated with the Democratic National Committee ("DNC").

3 5. In approximately 1995, Respondent and Lee started working together to develop a
4 shopping center in Inglewood, California. Respondent created K&L to handle this development project.
5 H Sing Construction was to be the contractor on this project.

6 6. The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits
7 the solicitation, making, and receipt of any campaign contribution from foreign nationals.
8 2 U.S.C. § 411e(a). These prohibitions apply to all federal, state and local elections, including
9 contributions to the non-federal accounts of national party committees. 11 C.F.R. § 110.4(a)(1).

10 7. The Act defines "foreign national" to include foreign principals, as defined in
11 22 U.S.C. § 611(b). The term "foreign principal" includes, *inter alia*, a partnership, association,
12 corporation, organization, or other combination of persons organized under the laws of or having
13 its principal place of business in a foreign country. 22 U.S.C. § 611(b).

14 8. In early 1996, Lee told Respondent that he had several contacts in Washington who could
15 help Respondent discover new business opportunities. Subsequently, Lee told Respondent that he
16 should make a contribution to the DNC of \$150,000 in order to assist Respondent in gaining new
17 business opportunities.

18 9. Respondent agreed to make the donation because he believed that doing so would help H
19 Sing Construction obtain overseas (i.e., non-Korean) construction projects. Respondent was aware,
20 however, that he did not have the funds to donate \$150,000.

21 10. Lee then contacted Wallace, who was acquainted with DNC Finance Director Richard
22 Sullivan. Respondent, Wallace and Lee ultimately agreed on a figure of \$150,000.

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1 11. Respondent, Lee and Wallace met in Washington, DC several weeks before the National
2 Presidential Gala, a DNC fundraiser held on May 8, 1996. Wallace told Respondent and Lee that, in
3 order to be legal, the contribution had to be made with funds from a U.S. corporation.

4 12. In or about May 3, 1996, Il Sung Construction wired \$200,000 to CK&A, which at that
5 time had less than \$100,000 in its account. On May 6, 1996, Respondent had the funds deposited into
6 the account of CK&A.

7 13. Also on May 6, 1996, Respondent had a \$150,000 check written on CK&A's account to
8 Sumitomo Bank to pay for a \$150,000 cashier's check to the DNC.

9 14. Respondent, along with Lee and two foreign nationals who were Il Sung Construction
10 executives, attended a DNC fundraiser on May 8, 1996 at the Washington Convention Center.

11 15. After the fundraiser, Lee gave the \$150,000 cashier's check to DNC officials. However,
12 because Respondent wanted the contribution to come from the account of K&L instead of CK&A, he
13 gave Lee instructions to tell the DNC not to deposit the check.

14 16. On May 11, 1996 Respondent wrote a \$150,000 check to the DNC on the account of
15 K&L. The DNC, upon receiving the K&L check, returned the \$150,000 cashier's check to Lee, who
16 returned it to Respondent.

17 17. After the DNC deposited the K&L check, it was returned for insufficient funds. Lee so
18 informed Respondent. Respondent, using the funds from the cashier's check returned by the DNC,
19 purchased a \$150,000 cashier's check on behalf of CK&A made out to K&L and deposited that check
20 into K&L's account.

21 18. Respondent knew that the funds for this contribution check did not derive from CK&A, a
22 domestic corporation. Rather, on May 6, 1996, Respondent derived the funds for the \$150,000 from Il

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1 Sung Construction, a foreign national corporation, although he knew that it is illegal to make political
2 contributions with foreign national funds.

3 19. Respondent acknowledges taking the actions described above, although he
4 maintains that he did not knowingly and willfully violate the law. However, for the purpose of
5 settling this matter, Respondent believes that it is fair and reasonable to accept the proffered
6 settlement and end these discussions.

7 V. Respondent knowingly and willfully violated 2 U.S.C. § 441e(a) by soliciting, accepting
8 and receiving a \$150,000 contribution which was derived from a foreign corporation.

9 VI. Respondent will pay a civil penalty to the Federal Election Commission in the
10 amount of Fifteen Thousand Dollars (\$15,000), pursuant to 2 U.S.C. § 437g(a)(5)(A)

11 VII. The Commission would ordinarily seek a civil penalty equal to 200% of the
12 amount in violation for a knowing and willful violation for this type of activity, for a total of
13 \$300,000, but the Commission has agreed to accept a \$15,000 civil penalty in settlement of this
14 matter for the following reasons:

15 1. Respondent suffers from serious health problems which have curtailed his ability
16 to work.

17 2. As a representation material to the Commission's agreement to substantially
18 reduce the level of civil penalty that the Commission would ordinarily accept for this type of
19 activity, by signing this agreement Respondent represents that he has no assets or
20 income out of which he could pay a significant monetary penalty, and that he has undisputed
21 debts of approximately \$128,000.

22 VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C.
23 § 437g(z)(1) concerning the matters at issue herein or on its own motion, may review compliance

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1 with this agreement. If the Commission believes that this agreement or any requirement thereof
2 has been violated, it may institute a civil action for relief in the United States District Court for
3 the District of Columbia.

4 IX. This agreement shall become effective as of the date that all parties hereto have
5 executed same and the Commission has approved the entire agreement.

6 X. Respondent shall have no more than thirty (30) days from the date this agreement
7 becomes effective to comply with and implement the requirements contained in this agreement
8 and to so notify the Commission.

9 This Conciliation Agreement constitutes the entire agreement between the parties
10 on the matters raised herein, and no other statement, promise, or agreement, either written or
11 oral, made by either party or by agents of either party, that is not contained in this written
12 agreement shall be enforceable.

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14 FOR THE COMMISSION:

15
16 Lawrence H. Norton
17 General Counsel
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21 BY: Rhonda Vosdingh 10/2/01
22 ~~Abigail A. Shinn~~ Date
23 Acting Associate General Counsel
24 Rhonda Vosdingh, Acting Associate General Counsel
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26 FOR THE RESPONDENT:

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31 Chong H. Kim 8-31-01
32 Date