

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 4530
Ernest Green)
Phyllis Caudle-Green)

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FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
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CONCILIATION AGREEMENT

This matter was initiated based on information ascertained by the Federal Election Commission ("Commission") in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Ernest Green and Phyllis Caudle-Green ("Respondents") violated 2 U.S.C. §§ 441e(a) and 441f in connection with a \$50,000 contribution to the Democratic National Committee ("DNC").

NOW, THEREFORE, the Commission and 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.
- 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 Commission found reason to believe that:
 - 1. Ernest Green ("Mr. Green") was an investment banker with Lehman Brothers, Inc. ("Lehman Brothers") in Washington, D.C. He also was a DNC fundraiser and Managing Trustee during the relevant period.
 - 2. Phyllis Caudle-Green, Mr. Green's wife ("Mrs. Green"), was a business consultant.

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3. Ng Lap Seng ("Mr. Ng") was a foreign national, as defined at 2 U.S.C. § 441e(b), who resided in Macau.
4. Yah Lin "Charlie" Trie ("Mr. Trie") was a U.S. citizen and a business partner of Mr. Ng.
5. Foreign nationals are prohibited from contributing money, or anything of value, in connection with an election to any political office, either directly or through any other person. 2 U.S.C. § 441e(a). It is also unlawful for any person to solicit, accept or receive any contribution from a foreign national. Id. The prohibitions of section 441e apply to all contributions to elections to Federal, State, or local office and to the non-federal accounts of national party committees. *See* 11 C.F.R. § 110.4(a). *See also* U.S. v. Kanchanalak, 192 F.3d 1037, 1050 (D.C. Cir. 1999).
6. A foreign national is an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence, as defined by section 1101(a)(20) of Title 8 of the U.S. Code. 2 U.S.C. § 441e(b).
7. It is unlawful for any person to make a contribution in the name of another person or to knowingly permit his or her name to be used to effect such a contribution. 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. Mr. Green first met Mr. Trie and Mr. Ng in 1994. As Mr. Ng did not speak English, Mr. Trie interpreted conversations between Mr. Ng and Mr. Green.
9. After this initial meeting, Mr. Trie informed Mr. Green of a development project of Mr. Ng's in Macau with the hope of getting Mr. Green's employer, Lehman Brothers, involved. In August 1995, Mr. Green traveled to Macau to view the project at Mr. Ng's expense.

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10. At the end of the trip, Mr. Trie raised with Mr. Green the prospect of a separate personal business opportunity, a novelty item called a "pop-up balloon." Thereafter, in the fall of 1995, Mr. and Mrs. Green, and Mr. Trie attempted to develop the pop-up balloon business. In connection with this attempt, a corporation was created, the Green McKenzie Group, with Mrs. Green as corporate principal. Mr. Trie provided the funds for start-up costs for the corporation. Ultimately, the pop-up balloon business did not succeed and the company soon became inactive.

11. In October of 1995, Mr. Green made a second trip to Asia at the expense of a company owned by Mr. Trie, Daihatsu International Trading. On this trip, Mr. Green visited both the Macau project and a factory in China that manufactured the pop-up balloons. Through an invitation by Mr. Trie, Mr. Green attended a dinner in Hong Kong, where he met Wang Jun, the chairman of the China International Trust and Investment Corp. ("CITIC"), a large Chinese trading and investment company. Upon Mr. Green's return to the United States, he wrote to Wang Jun regarding possible business opportunities and extended an invitation to Wang Jun to visit the United States. Subsequently, Mr. Trie informed Mr. Green that Wang Jun was coming to Washington, D.C. sometime in early winter of 1996. Through Mr. Trie, Mr. Green extended an invitation to Wang Jun to come to Mr. Green's office in Washington, D.C., as well as to visit other Lehman Brothers officials in New York City. Mr. Green also requested Wang Jun's resume from Mr. Trie so that he could provide it to other Lehman Brothers officials.

12. On February 6, 1996, the White House held a fundraising "coffee" with President Clinton, which Wang Jun and Mr. Trie attended. In early 1996, Mr. Trie had contacted individuals at the DNC to arrange for Wang Jun to attend the coffee. In approximately late January

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1996, Mr. Trie was informed that Wang Jun could attend a coffee on February 6, 1996. Thereafter, Mr. Trie told Mr. Green about Wang Jun's upcoming visit and the scheduled coffee.

13. Shortly before the coffee, Mr. Trie asked Mr. Green to write a \$50,000 check to the DNC so that Wang Jun could attend the White House coffee. Mr. Trie asked Mr. Green to write the check because he knew that Mr. Green was interested in cultivating a relationship with Wang Jun. Mr. Trie assured Mr. Green that he would reimburse Mr. Green for writing the check, and he did so on February 5, 1996, the night before the coffee during a party for Wang Jun at Mr. Trie's apartment. Towards the end of the party, Mr. Trie took Mr. Green to another room where he gave Mr. Green \$50,000 in \$100 bills in a shopping bag. The cash came from Mr. Ng. Based on his prior business dealings with Mr. Ng, Mr. Green was aware that Mr. Ng was a foreign national.

14. By check dated February 6, 2000, Mr. and Mrs. Green made a \$50,000 contribution to the DNC. The check was drawn on Mr. and Mrs. Green's joint account and was signed by Mrs. Green. A memo entry on the check stated "Fund Raiser." The DNC's check tracking form credited the contribution to the coffee and listed Mr. Trie as the solicitor. Though the check was signed only by Mrs. Green, the DNC initially treated it as a contribution from Mr. Green. The DNC's original disclosure report showed a \$30,000 contribution from Mr. Green to a DNC non-federal account on February 7, 1996, and a \$20,000 contribution from Mr. Green to the DNC's federal account the same day. The DNC later amended its report to credit Mrs. Green with the contributions. Prior to February 6, 1996, Mr. and Mrs. Green's largest political contribution had been \$5,000, although they had been frequent contributors to Democratic candidates since 1993.

V. 1. The effect of the events set out in this agreement is that Respondents made contributions to the DNC in violation of 2 U.S.C. §§ 441c(a) and 441f.

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2. As this matter has been under consideration for over three years, and in order to avoid the disruption, delay, uncertainty, inconvenience and expense of protracted litigation, and for purposes of this conciliation agreement only, the Respondents, without admitting or denying the facts, have agreed not to contest the facts and a full and final settlement as set forth below.

VI. Respondents jointly and severally will pay a civil penalty to the Federal Election Commission in the amount of Sixty-Five Thousand Dollars (\$65,000), 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.

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IX. 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:

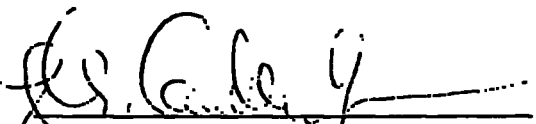

Lawrence H. Norton
General Counsel

12/5/01
Date

FOR THE RESPONDENTS:


Ernest Green

11/14/01
Date


Phyllis Caudle-Green

11/14/01
Date

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