

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Robert S. Lee

MUR 4909

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 probable cause to believe that Robert S. Lee ("Respondent") knowingly and willfully violated 2 U.S.C. § 441e(a).

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 the 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.

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

1. At all times relevant hereto, Respondent, a real estate developer, was an advisor and consultant to K&L International, Inc. ("K&L"), a California corporation.

2. At all times relevant hereto, Chong H. Kim ("Kim") was the principal of K&L and of Chong Kim & Associates ("CK&A"), a California corporation.

3. At all times relevant hereto, Il Sung Construction Co., Ltd. ("Il Sung Construction") was a Korean company.

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

3 5. In approximately 1995, Kim and Respondent started working together to develop a
4 shopping center in Inglewood, California. Kim created K&L to handle this development project. Il
5 Sung 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. § 441e(a). These prohibitions apply to all federal, state and local elections, including
9 contributions to the non-federal accounts of national party committees.
10 11 C.F.R. § 110.4(a)(1).

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

15 8. In early 1996, Kim told Respondent that he wanted to have several Il Sung Construction
16 executives meet President Clinton and asked Respondent if Respondent could arrange the meeting.

17 9. Respondent agreed to do so and contacted Wallace, who was acquainted with DNC
18 Finance Director Richard Sullivan. Wallace told Respondent that he could arrange the meeting at a
19 DNC fundraiser, but a donation would have to be made to the DNC. Respondent and Wallace agreed
20 on a figure of \$150,000.00.

21 10. Kim agreed to make the donation because he believed that doing so would help Il Sung
22 Construction obtain overseas (i.e., non-Korean) construction projects. Respondent was aware,
23 however, that Kim did not have the funds to donate \$150,000.00.

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Conciliation Agreement

1 11. Respondent 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 that it is illegal to
3 make political contributions with funds from another or with foreign funds.

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, the funds were deposited into the account
6 of CK&A.

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

9 14. Respondent, along with Kim 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, Respondent gave the \$150,000 cashier's check to DNC officials.
12 However, because Kim wanted the contribution to come from the account of K&L instead of CK&A,
13 he gave Respondent instructions to tell the DNC not to deposit the check.

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

17 17. After the DNC deposited the K&L check, it was returned for insufficient funds.
18 Respondent so informed Kim. Kim, 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 the \$150,000 donation to the DNC were derived
22 from Il Sung Construction, a foreign corporation.

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

3 VI. Respondent will pay a civil penalty to the Commission of Two Hundred and Fifty
4 Dollars (\$250).

5 VII. The Commission would ordinarily seek a civil penalty equal to 200% of the
6 amount in violation for a knowing and willful violation, for a total of \$300,000, but the
7 Commission has agreed to accept a \$250 civil penalty for the following reasons:

8 1. On April 6, 1999, Respondent pled guilty in the U.S. District Court for the
9 Central District of California to one misdemeanor count of knowingly and willfully aiding and
10 abetting the making of a contribution to the DNC in violation of 2 U.S.C. § 441e(2).
11 Respondent was sentenced to three years probation, 250 hours of community service, and
12 assessed a \$25 penalty.

13 2. As a representation material to the Commission's agreement to substantially
14 reduce the level of civil penalty that the Commission would ordinarily accept for this type of
15 activity, by signing this agreement Respondent represents that he has no assets or
16 income out of which he could pay a significant monetary penalty, and that he has undisputed
17 debts totaling almost \$850,000, including . . . owed to the Internal Revenue Service and
18 in taxes owed to the state of California.

19 VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C.
20 § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review
21 compliance with this agreement. If the Commission believes that this agreement or any
22 requirement thereof has been violated, it may institute a civil action for relief in the United
23 States District Court for the District of Columbia.

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

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

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

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11 FOR THE COMMISSION:

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13 Lawrence H. Norton
14 General Counsel
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17 BY: Rhonda J. Vosdigh 10/5/01
18 Date
19 Rhonda J. Vosdigh
20 Acting Associate General Counsel
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23 FOR THE RESPONDENT:

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25 Robert S. Lee 8/21/01
26 Date
27 Robert S. Lee
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