



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

April 20, 2018

**VIA UPS NEXT DAY AIR**

Mrs. Jonie H. Yu  
4349 Miller Dr.  
Evans, GA 30809

RE: MUR 6824

Dear Mrs. Yu:

The Federal Election Commission (the "Commission"), the regulatory agency that administers and enforces the Federal Election Campaign Act of 1971, as amended (the "Act"), has ascertained information in the normal course of carrying out its supervisory responsibilities indicating that you may have violated the Act or Commission regulations by making excessive contributions to Eugene Yu for Congress (formerly known as Eugene Yu for Senate), the principal campaign committee of candidate Eugene C. Yu ("the Committee") in the 2014 election cycle. You are therefore being provided this notice and an opportunity to respond, if you wish to do so.

The Commission received a complaint, designated MUR 6824, alleging that Eugene Yu had insufficient personal funds to loan more than \$730,000 to his 2014 campaign. A copy of that complaint is enclosed. Attachment 1. Although you were not named in the complaint, it appears that your activities may fall within the scope of the complaint. In connection with the Commission's investigation of the complaint, we obtained bank records that indicate that a \$50,000 draw from a \$128,000 home equity line of credit ("HELOC") held solely in your name was used to finance the campaign and that a Bank of America credit card account, also solely in your name, was used to pay for \$91,085.84 in campaign expenses. Based on this information, it appears that you may have made excessive contributions to the Committee.

Under the Act, the term "contribution" includes any gift, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing a Federal election. See 52 U.S.C. § 30101(8)(A) and 11 C.F.R. § 100.52. A loan is a contribution at the time it is made and is a contribution to the extent that it remains unpaid. 11 C.F.R. § 100.52(b)(2). In the 2013-2014 election cycle, contributions by individuals were limited to \$2,600 per candidate per election. See 52 U.S.C. § 30116(a). A loan that derives from an

advance on a *candidate's* home equity credit line is generally exempt from the definition of contribution. 11 C.F.R. § 100.83(a).

A payment by an individual from her personal funds, including a personal credit card, for costs incurred in providing goods or services to, or obtaining goods or services used by or on behalf of, a political committee or a candidate is considered a contribution unless it is exempt from the definition of "contribution." 11 C.F.R. § 116.5(b). Certain payments incurred by an individual on behalf of a candidate or political committee for their own travel and related subsistence expenses are not considered contributions. See 11 C.F.R. § 100.79(a) and (b); 11 C.F.R. § 116.5(b).

With respect to the \$50,000 HELOC draw, bank records show that a \$50,000 draw from a Wells Fargo HELOC account in your name was transferred on July 17, 2013 to a Wells Fargo bank account held jointly in the names of you and Eugene Yu. The same day, a \$50,000 check was written by Mr. Yu from that account and deposited into the Committee's account. For your convenience, copies of those records are enclosed. Attachment 2. Publicly available real estate records appear to indicate that the \$128,000 HELOC is secured by property located at 4349 Miller Dr. in Evans, Georgia, and that the property is owned by you. Since the HELOC is in your name and the apparent underlying collateral is owned solely by you, the exemption for a loan that derives from an advance on a *candidate's* home equity credit line does not appear to apply. See 11 C.F.R. § 100.83(a). Accordingly, if you did not otherwise make a contribution to the Committee, it appears that you made an excessive contribution of \$47,400 in connection with the HELOC draw.

With respect to the Bank of America credit card in your name, the Commission has received information that the card was used solely to pay for campaign expenses during the course of the 2013-2014 election cycle. Credit card statements reflect a total of \$91,605.20 in credit card charges for apparent Committee expenses during the period of May 25, 2013 through January 27, 2014. Before the credit card balance was paid off on January 7, 2015, a total of \$14,299.67 in late fees (\$340) and interest (\$13,959.67) had accrued on the credit card account. For your convenience, copies of the relevant credit card statements are attached. Attachment 3. Based on currently available information, it does not appear that any of the advances made on your personal credit card for Committee expenses were exempt from the definition of "contribution." Accordingly, it appears that you may have violated the Act by making additional excessive contributions to the Committee totaling \$105,385.51 (excluding credits for refunds).

The Office of General Counsel is reviewing this information to determine whether we should recommend to the Commission that it find there is reason to believe you violated the Act or Commission regulations. A "reason to believe" finding is not a finding that any person violated the Act; rather, it means only that the Commission believes a violation may have occurred. In the event the Commission finds that there is reason to believe, it may authorize the Office of General Counsel to conduct an investigation to determine whether, in fact, a violation

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occurred or to assess the scope of the alleged violation. *See* 52 U.S.C. § 30109(a)(2). The Commission may also authorize the Office of General Counsel to enter into negotiations directed toward reaching a conciliation agreement in settlement of a matter at an earlier stage of the enforcement process prior to a Commission finding that there is probable cause believe that a person violated the Act or Commission regulations. *See* 11 C.F.R. § 111.18(d) and the enclosed procedures. Attachment 4.

Before we make a recommendation to the Commission, we offer you the opportunity to provide in writing a response to the allegations in the complaint and the information in this letter. Should you choose to respond, you may also submit any materials – including documents or affidavits from persons with relevant knowledge – that you believe may be relevant or useful to the Commission's consideration of this matter. The Commission will take into account any additional information you provide in determining whether to find reason to believe that you violated the Act or Commission regulations.

Your response, if you choose to make one, must be submitted in writing within 15 days of this letter's receipt. You should address any response to the Office of General Counsel, and the response should reference MUR 6824. Direct any response to: Federal Election Commission, 1050 First St. N.E. Washington, D.C. 20463 or to me at [dodrowski@fec.gov](mailto:dodrowski@fec.gov). After 15 days, we will make our recommendations to the Commission. The Commission will then consider the recommendations and take appropriate action.

This matter will remain confidential unless you notify the Commission in writing that you wish the matter to be made public. *See* 52 U.S.C. §§ 30109(a)(4)(B) and 30109(a)(12). If you intend to be represented by counsel in this matter, please complete the enclosed form and return it to the Commission. Attachment 5. Please be advised though that, although the Commission cannot disclose information regarding an investigation to the public, it may share information on a confidential basis with other law enforcement agencies.<sup>1</sup> Also, please be advised that you are required to preserve all documents, records, and materials relating to the subject matter in the complaint and discussed in this matter until we notify you that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519.

If you have any questions, please contact me at my email address listed above or at (202) 694-1591 or toll free at 1-800-424-9530. Information is also available on the Commission's website at [www.fec.gov](http://www.fec.gov).

Sincerely,



Dawn M. Odrowski  
Attorney

<sup>1</sup> The Commission has the statutory authority to refer knowing and willful violations of the Act to the Department of Justice for potential criminal prosecution, 52 U.S.C. § 30109(a)(5)(C), and to report information regarding violations of law not within its jurisdiction to appropriate law enforcement authorities. *Id.* § 30107(a)(9).

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Mrs. Jonie H. Yu  
MUR 6824  
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**Attachments:**

1. Complaint in MUR 6824
2. Documents related to HELOC.draw

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above hereby swears under penalty of perjury that the statements and facts of the complaint are true to the best of his knowledge and belief.

*[Signature]*  
John E. Stone II July 24, 2014

Subscribed and Sworn to before me on this 24<sup>th</sup> day of July, 2014.

*Brandy H Mc Alexander*  
Notary Public

(SEAL)

**BRANDY H. MCALEXANDER  
NOTARY PUBLIC  
COLUMBIA COUNTY, GA  
COMM. EXP 2-4-2017**

John E. Stone  
Candidate  
Committee to Elect John Stone  
4228 Match Point DR  
Augusta, GA 30909

**Attachments:**  
Financial Disclosure Report, March 26, 2014.  
Federal Election Report, September 30, 2013  
Federal Election Report, March 31, 2014  
Federal Election Report, April 30, 2014  
Associated Press, Russ Bynum, March 10, 2014  
Morris News Service, Walter Jones, May 10, 2014

**NOTE:**  
Original and three copies submitted May 16 via USPS certified next day mail, electronic copies submitted May 16. Original and three copies of the revised complaint submitted July 24 by USPS certified mail, electronic copies submitted May 24.

John Stone for Congress  
4228 Match Point DR, Augusta, Georgia 30909  
(706) 550-1507

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RECEIVED  
FEDERAL ELECTION  
COMMISSION

2014 MAY 19 PM 2:45

OFFICE OF GENERAL  
COUNSEL

May 16, 2014

Office of General Counsel  
Federal Election Commission  
999 E Street, N.W., Washington, D.C. 20463

MUR # 6824

**RE: Complaint of Federal Campaign Law Violations by Eugene Yu for U.S. Congress**

**Complainant:**

John E. Stone  
Committee to Elect John Stone  
2803 Wrightsboro Road Suite 15-351  
Augusta, GA 30909

**Complaint:**

Eugene Yu has failed to account for the source of his \$736,000 loan to Eugene Yu for U.S. Congress as reported to the Federal Election Commission in his March 31, 2014 report, as evidenced by his Candidate Financial Disclosure Report filed on March 26, 2014 with the Clerk of the U.S. House of Representatives.

**Facts of the Case:**

According to reliable media reports, Mr. Yu has not reported financial assets of sufficient quantity to personally loan his campaign \$736,000, nor any source of secondary loans or personal gifts to allow this amount of contribution to his own campaign. He is also refusing to answer media inquiries on this matter, indicating potential illegalities in the source(s) of this massive injection of campaign funds in the closing weeks of the Georgia Republican Primary. This discrepancy follows two previous violations of Federal Election Law this election cycle, with both instances involving donation limit violations, indicating a pattern of practice of Eugene Yu for U.S. Congress of violating donation rules.

**Summary:** The infusion of \$240,000 in cash by Eugene Yu for U.S. Congress in the final weeks of the Georgia Republican Primary has resulted in a barrage of campaign activity by Eugene Yu for Congress that would otherwise have not been possible. If that infusion of cash is in violation of federal campaign law the certification of the May 20 Primary results could be in question.

**TIME IS OF THE ESSENCE:**

The magnitude of these violations are such that could alter the results of the May 20 Republican Primary Elections if allowed to stand. The Commission is urged to act on these matters with urgency.

John Stone for Congress  
2803 Wrightsboro Road, Suite 15-351, Augusta, Georgia 30909  
(912) 335-3139

ATTACHMENT 1

100474440001



I look forward to your timely response.

John E. Stone  
Candidate  
Committee to Elect John Stone  
2803 Wrightsboro Road, Suite 15-351  
Augusta, GA 30909

**Attachments:**

- Financial Disclosure Report, March 26, 2014
- Federal Election Report, September 30, 2013
- Federal Election Report, March 31, 2014
- Federal Election Report, April 30, 2014
- Associated Press, Russ Bynum, March 10, 2014
- Morris News Service, Walter Jones, May 10, 2014

**NOTE:**

Original and three copies submitted May 16 via USPS certified next day mail, electronic copies submitted May 16.

*I attest, under penalty of perjury, that Mr. John E. Stone personally appeared before me on May 16, 2014.*

*Brandy H McAlexander  
Brandy H McAlexander  
Commission expires 2.4.2017*

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Filing ID #10000245

# FINANCIAL DISCLOSURE REPORT

Clark of the House of Representatives • Legislative Resource Center • B-106 Cannon Building • Washington, DC 20515

## FILER INFORMATION

**Name:** Eugene Chin Yu  
**Status:** Congressional Candidate  
**State/District:** GA12

## FILING INFORMATION

**Filing Type:** Candidate Report  
**Filing Year:** 2014  
**Filing Date:** 03/26/2014

## SCHEDULE A: ASSETS AND "UNEARNED" INCOME

Asset	Owner	Value of Asset	Income Type(s)	Income Current Year to Filing	Income Preceding Year
Bartram Road Building/Land	JT	\$1,000,001 - \$5,000,000	Rent	\$50,001 - \$100,000	\$50,001 - \$100,000
LOCATION: Augusta/Richmond County, GA, US					
DESCRIPTION: 10,000 sq ft commercial bldg on 2.76 acres.					
Ruspert Inc.	JT	\$100,001 - \$250,000	None		
DESCRIPTION: Korean Public Company Stock					
Green County Land	JT	\$250,001 - \$500,000	None		
LOCATION: Greensboro/Greene County, GA, US					
Insprit Inc.	JT	\$1,000,001 - \$5,000,000	None		
DESCRIPTION: Korean Public Company Stock					
Peachtree St. Condo	JT	\$250,001 - \$500,000	None		
LOCATION: Atlanta/Fulton County, GA, US					
Wells Fargo	JT	\$15,001 - \$50,000	Interest	\$1 - \$200	\$1 - \$200

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Asset	Owner	Value of Asset	Income Type(s)	Income Current Year to Filing	Income Preceding Year
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**SCHEDULE C: EARNED INCOME**

None disclosed.

**SCHEDULE D: LIABILITIES**

Owner	Creditor	Date Incurred	Type	Amount of Liability
JT	Suntrust Bank	Sept 2002	Home Mortgage	\$15,001 - \$50,000
JT	Suntrust Bank	Sept 2002	Condo Mortgage	\$15,001 - \$50,000
JT	Wells Fargo Bank	April 2013	Home Equity Loan	\$15,001 - \$50,000

**SCHEDULE E: POSITIONS**

Position	Name of Organization
President	Federation of Korean Association USA

**SCHEDULE F: AGREEMENTS**

None disclosed.

**SCHEDULE J: COMPENSATION IN EXCESS OF \$5,000 PAID BY ONE SOURCE**

None disclosed.

**EXCLUSIONS OF SPOUSE, DEPENDENT, OR TRUST INFORMATION**

Trusts: Details regarding "Qualified Blind Trusts" approved by the Committee on Ethics and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?

Yes  No

Exemption: Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?

Yes  No

**COMMENTS**

**CERTIFICATION AND SIGNATURE**

I CERTIFY that the statements I have made on the attached Financial Disclosure Report are true, complete, and correct to the best of my knowledge and belief.

Digitally Signed: Eugene Chin Yu , 03/26/2014

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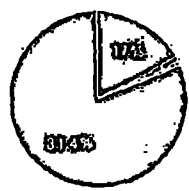
**OPERATING SUMMARY - FISCAL YEAR 2014**

From 05/15/2013 To: 04/30/2014

**I. RECEIPTS**

Itemized Individual Contributions	\$154,175
Unitemized Individual Contributions	\$5,786
<b>Total Individual Contributions</b>	<b>\$160,961</b>
Party Committee Contributions	\$0
Other Committees Contributions	\$0
Candidate Contributions	\$0
<b>TOTAL CONTRIBUTIONS</b>	<b>\$160,961</b>
Transfers from Authorized Committees	\$0
Candidate Loans	\$736,148
Other Loans	\$0
<b>TOTAL LOANS</b>	<b>\$736,148</b>
Offsets to Operating Expenditures	\$7,200
Other Receipts	\$0
<b>TOTAL RECEIPTS</b>	<b>\$904,309</b>

Receipts

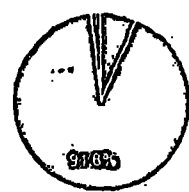


- Itemized Individual Contributions
- Offsets to Operating Expenditures
- Unitemized Individual Contributions
- Candidate Loans

**II. DISBURSEMENTS**

Operating Expenditures	\$720,447
Transfers To Authorized Committees	\$0
Candidate Loan Repayments	\$14,200
Other Loan Repayments	\$0
<b>TOTAL LOAN REPAYMENTS</b>	<b>\$14,200</b>
Individual Refunds	\$51,000
Political Party Refunds	\$0
Other Committee Refunds	\$550
<b>TOTAL CONTRIBUTION REFUNDS</b>	<b>\$51,550</b>
Other Disbursements	\$0
<b>TOTAL DISBURSEMENTS</b>	<b>\$786,197</b>

Disbursements



- Individual Refunds
- Operating Expenditures
- Candidate Loan Repayments
- Other

**III. CASH SUMMARY**

Beginning Cash On Hand	\$0
Ending Cash On Hand	\$89,414
Net Contributions	\$109,412
Net Operating Expenditures	\$713,247
Debts/Loans Owed By	\$281,358
Debts/Loans Owed To	\$0

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**FINANCIAL SUMMARY - 2014 Pre-Primary**

From: 04/01/2014 To: 04/30/2014

<b>I. RECEIPTS</b>	<b>\$1,829</b> ▲
Itemized Individual Contributions	\$1,000
Unitemized Individual Contributions	\$829
Total Individual Contributions	\$1,829
Party Committees Contributions	\$0
Other Committees Contributions	\$0
Candidate Contributions	\$0
<b>TOTAL CONTRIBUTIONS</b>	<b>\$1,829</b>
Transfers from Authorized Committees	\$0
Candidate Loans	\$0
Other Loans	\$0
<b>TOTAL LOANS</b>	<b>\$0</b>
Offsets to Operating Expenditures	\$0
Other Receipts	\$0
<b>TOTAL RECEIPTS</b>	<b>\$1,829</b>
<b>II. DISBURSEMENTS</b>	<b>\$148,311</b> ▲
Operating Expenditures	\$144,311
Transfers To Authorized Committees	\$0
Candidate Loan Repayments	\$4,000
Other Loan Repayments	\$0
<b>TOTAL LOAN REPAYMENTS</b>	<b>\$4,000</b>
Individual Refunds	\$0
Political Party Refunds	\$0
Other Committee Refunds	\$0
<b>TOTAL CONTRIBUTION REFUNDS</b>	<b>\$0</b>
Other Disbursements	\$0
<b>TOTAL DISBURSEMENTS</b>	<b>\$148,311</b>
<b>III. CASH SUMMARY</b>	<b>\$89,414</b> ▲
Beginning Cash On Hand	\$235,896
Ending Cash On Hand	\$89,414
Net Contributions	\$1,829
Net Operating Expenditures	\$144,311
Debts/Loans Owed By	\$281,358
Debts/Loans Owed To	\$0

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**FINANCIAL SUMMARY - 2014 April Quarterly****From: 01/01/2014 To: 03/31/2014**

<b>I. RECEIPTS</b>	<b>\$326,015 ▲</b>
Itemized Individual Contributions	\$36,027
Unitemized Individual Contributions	\$1,630
Total Individual Contributions	\$37,657
Party Committees Contributions	\$0
Other Committees Contributions	\$0
Candidate Contributions	\$0
<b>TOTAL CONTRIBUTIONS</b>	<b>\$37,657</b>
Transfers from Authorized Committees	\$0
Candidate Loans	\$288,358
Other Loans	\$0
<b>TOTAL LOANS</b>	<b>\$288,358</b>
Offsets to Operating Expenditures	\$0
Other Receipts	\$0
<b>TOTAL RECEIPTS:</b>	<b>\$326,015</b>
<b>II. DISBURSEMENTS</b>	<b>\$141,964 ▲</b>
Operating Expenditures	\$138,414
Transfers To Authorized Committees	\$0
Candidate Loan Repayments	\$3,000
Other Loan Repayments	\$0
<b>TOTAL LOAN REPAYMENTS</b>	<b>\$3,000</b>
Individual Refunds	\$0
Political Party Refunds	\$0
Other Committee Refunds	\$550
<b>TOTAL CONTRIBUTION REFUNDS</b>	<b>\$550</b>
Other Disbursements	\$0
<b>TOTAL DISBURSEMENTS</b>	<b>\$141,964</b>
<b>III. CASH SUMMARY</b>	<b>\$235,896 ▲</b>
Beginning Cash On Hand	\$51,845
Ending Cash On Hand	\$235,896
Net Contributions	\$37,107
Net Operating Expenditures	\$138,414
Debts/Loans Owed By	\$285,358
Debts/Loans Owed To	\$0

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**FINANCIAL SUMMARY - 2013 Year-End**

From: 10/01/2013 To: 12/31/2013

<b>I. RECEIPTS</b>	<b>\$330,767 ▲</b>
Itemized Individual Contributions	\$36,250
Unitemized Individual Contributions	\$3,727
Total Individual Contributions	\$39,977
Party Committees Contributions	\$0
Other Committees Contributions	\$0
Candidate Contributions	\$0
<b>TOTAL CONTRIBUTIONS</b>	<b>\$39,977</b>
Transfers from Authorized Committees	\$0
Candidate Loans	\$290,790
Other Loans	\$0
<b>TOTAL LOANS</b>	<b>\$290,790</b>
Offsets to Operating Expenditures	\$0
Other Receipts	\$0
<b>TOTAL RECEIPTS</b>	<b>\$330,767</b>
<b>II. DISBURSEMENTS</b>	<b>\$278,922 ▲</b>
Operating Expenditures	\$228,922
Transfers To Authorized Committees	\$0
Candidate Loan Repayments	\$0
Other Loan Repayments	\$0
<b>TOTAL LOAN REPAYMENTS</b>	<b>\$0</b>
Individual Refunds	\$50,000
Political Party Refunds	\$0
Other Committee Refunds	\$0
<b>TOTAL CONTRIBUTION REFUNDS</b>	<b>\$50,000</b>
Other Disbursements	\$0
<b>TOTAL DISBURSEMENTS</b>	<b>\$278,922</b>
<b>III. CASH SUMMARY</b>	<b>\$51,845 ▲</b>
Beginning Cash On Hand	\$0
Ending Cash On Hand	\$51,845
Net Contributions	-\$10,022
Net Operating Expenditures	\$228,922
Debts/Loans Owed By	\$290,790
Debts/Loans Owed To	\$0

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**FINANCIAL SUMMARY - 2013 October Quarterly**

From: 05/15/2013 To: 09/30/2013

<b>I. RECEIPTS</b>	<b>\$245,698</b> ▲
<u>Itemized Individual Contributions</u>	\$80,898
<u>Unitemized Individual Contributions</u>	\$600
<b>Total Individual Contributions</b>	<b>\$81,498</b>
Party Committees Contributions	\$0
Other Committees Contributions	\$0
Candidate Contributions	\$0
<b>TOTAL CONTRIBUTIONS</b>	<b>\$81,498</b>
Transfers from Authorized Committees	\$0
<u>Candidate Loans</u>	\$157,000
Other Loans	\$0
<b>TOTAL LOANS</b>	<b>\$157,000</b>
<u>Offsets to Operating Expenditures</u>	\$7,200
Other Receipts	\$0
<b>TOTAL RECEIPTS</b>	<b>\$245,698</b>
<b>II. DISBURSEMENTS</b>	<b>\$217,000</b> ▲
<b>Operating Expenditures</b>	<b>\$208,800</b>
Transfers To Authorized Committees	\$0
<b>Candidate Loan Repayments</b>	<b>\$7,200</b>
Other Loan Repayments	\$0
<b>TOTAL LOAN REPAYMENTS</b>	<b>\$7,200</b>
<b>Individual Refunds</b>	<b>\$1,000</b>
Political Party Refunds	\$0
Other Committee Refunds	\$0
<b>TOTAL CONTRIBUTION REFUNDS</b>	<b>\$1,000</b>
Other Disbursements	\$0
<b>TOTAL DISBURSEMENTS</b>	<b>\$217,000</b>
<b>III. CASH SUMMARY</b>	<b>\$28,697</b> ▲
Beginning Cash On Hand	\$0
Ending Cash On Hand	\$28,697
Net Contributions	\$80,498
Net Operating Expenditures	\$201,500
Debts/Loans Owed By	\$149,800
Debts/Loans Owed To	\$0

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## Augusta candidate Eugene Yu took \$50,000 in prohibited donations

By Russ Bynum

Associated Press

Monday, March 10, 2014

SAVANNAH, Ga. — Running his first race for Congress, Eugene Yu found a generous supporter in his friend and fellow Augusta businessman Wayne B. Brown. Last summer and fall, Brown and his company gave the Republican candidate \$54,500 for his campaign.

The problem is that's far more cash than the \$5,200 limit one person can legally give a single candidate seeking federal office. Yu had to refund \$50,000 of the money given to his U.S. Senate campaign. He abandoned that race to run for a U.S. House seat in eastern Georgia.

"This is the first time I'm running in an election," Yu said in a phone interview Monday. "If anything, it was an honest mistake."

Fundraising reports filed with the Federal Election Commission show Yu's campaign waited three months to disclose the prohibited contributions. Instead, the campaign reported most of the cash as a \$45,000 personal loan.

"It looks more sketchy because it raises a question of whether or not the candidate was trying to conceal the contribution," said Sheila Krumholz, the executive director of the Center for Responsive Politics, a nonprofit and nonpartisan organization that tracks money in politics. "He took this large sum of money and passed it off as money from his own pocket."

Both the candidate and his donor said they weren't trying to deceive anybody. They said Brown owed Yu money for his share of a real-estate investment, and the money was deposited into the candidate's campaign account to help his largely self-funded race.

"Eugene had already paid for the property so I was reimbursing him for my share," Brown wrote in an e-mail Monday. "Since it was his money, it was deposited in the campaign account as a contribution from him which is correct but not transparent."

A political newcomer, the 58-year-old Yu of Evans remains an active player in the 2014 elections even after exiting his Senate campaign. Last week, Yu signed up for a five-way primary race for the GOP nomination to oppose Democratic Rep. John Barrow in Georgia's 12th District.

Yu's campaign could face fines if FEC auditors find there were fundraising violations. The FEC gives candidates grace periods of up to 60 days to refund or otherwise make right excessive or prohibited contributions.

Yu's campaign had most of its money from Brown for longer than that. The FEC doesn't disclose the status of investigations until they're resolved.

Yu came to the area as a teenager when his South Korean parents immigrated here. He's a former military policeman and ex-sheriff's deputy who's now retired from his now-defunct company that refurbished military trucks returning from overseas deployments. Yu also served as president of a major Korean-American lobbying association before launching his first political campaign last year.

Yu's newcomer status made him a longshot in the race for Georgia's open Senate seat, where the crowded Republican field includes three sitting congressmen. But Yu also poured more than \$447,000 of his own money into the Senate race. A continued willingness to self-finance could make him tough to ignore, even as a latecomer, in the GOP primary for Barrow's seat.

Still, Yu hasn't been terribly successful raising money from supporters. In the last six months of 2013, the



candidate raised just \$121,475 from outside donors. The \$50,000 Yu ended up returning, after reporting the money as prohibited contributions, equaled 41 cents of every dollar he raised.

Brown owns an Augusta company, WayneWorks, that manages a range of business ventures from real estate to custom embroidery services to exotic charter-boat vacations. Yu says he and Brown have been friends for 15 years or more. Spending reports show Brown is also the campaign's landlord, renting Yu space at his company's office park for \$100 a month.

Yu's fundraising reports show Brown gave his Senate campaign \$4,900 in July. Brown's wife chipped in another \$5,200. Both contributions were within legal limits. Yu's campaign disclosed them in its quarterly report filed Oct. 14.

The same fundraising report says Yu loaned the campaign \$202,000 of his own money during the same quarter from July through September. Three months later, his campaign filed an amended report that reduced the amount of Yu's personal loan by \$45,000.

What happened to that money? It showed up in the amended report as previously undisclosed contributions from Brown and his company. Brown gave the campaign \$30,000 in two different payments in August and September – putting him well past the legal donation limit. A \$15,000 contribution attributed to WayneWorks was received by Yu's campaign Aug. 19. Corporations are prohibited from giving money to individual candidates.

Yu's last Senate fundraising report, filed Jan. 30, shows Brown gave the campaign a final \$5,000 in October – bringing the total amount of prohibited money to \$50,000. The same report says Yu refunded the money on Nov. 18, nearly two months before any of the excessive donations were disclosed to federal regulators.

[Back to Top](#)

**Sponsored Report**

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## Source of Yu funds remain a mystery

By **Walter C. Jones**

**Morris News Service**

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**ATLANTA —** The source of funds that U.S. House candidate Eugene Yu has funneled into his campaign remain a mystery, and his campaign is not returning requests for comment.

Yu, who is in second place in the Republican race in the 12th District according to the latest poll, had loaned his campaign more than \$736,000 as of April 30. But he did not list that much in liquid assets on his personal financial disclosure, and the income from his investments are a fraction of that amount.

After declaring bankruptcy in 2007, he might not be the model applicant for a bank, although he did list bank mortgages on his home and an Atlanta condo. The residence already had a second mortgage before he started his Senate campaign and later switched to the U.S. House race in the 12th District.

"I hope that Mr. Yu will operate with full disclosure and explain how he was able to loan his campaign over \$700,000," said William Perry, the executive director of the government-watchdog advocacy Common Cause of Georgia.

Yu, reached by phone Thursday, referred all financial questions to his campaign chairman, Wayne Brown. Brown has not returned messages left Thursday and Friday at the campaign; at his corporation, WayneWorks LLC; or at the telephone number Yu supplied for him.

WayneWorks gave \$15,000 to the campaign in August even though federal law prohibits congressional candidates from accepting corporate donations. The campaign cashed the check instead of refusing it, even though it is in the same building as the company.

Federal election rules say that if a corporate gift is received, the campaign must refund it within 30 days of discovery, but the Yu campaign exceeded that period and appeared to have used the funds based on expenditures and the cash on hand at the time.

"They should have known that it was an illegal, corporate contribution," said Bryan Tyson, a campaign attorney with Strickland, Brockington & Lewis.

The campaign lists its address as the corporate offices of WayneWorks but reported only token "rent and postage" for it, even though federal candidates must pay the fair-market rate to corporate landlords to avoid accepting discounted rent as a contribution.

Brown personally contributed more than the legal limit to the campaign, and the campaign was slow in refunding him, according to his campaign reports filed with the Federal Election Commission.

Yu's financial disclosure included no more than \$50,000 in cash in a money market account.

"I think it is reason to be skeptical. If you don't have liquid assets and all of a sudden you have liquid assets," Tyson said.

Campaign finance lawyer Stefan Passantino, the head of the political law team at McKenna Long & Aldridge, notes that Yu is not required to update his personal financial disclosure form because he filed it less than 12 months ago. So there is no reason for him to disclose any personal loans he might have gotten or the source until next year.

"I don't know any facts that would indicate there was wrongdoing here," he said.

Yu has an office building on Bertram Road that he rents for \$100,000 yearly at most. The value of the building

is between \$1 million to \$5 million on the federal forms, which don't require more precise figures.

He lists stock in two companies, one of which has effectively folded. The other was listed at no more than \$250,000.

"I don't really consider that a lot of assets," said Kent Balch, a veteran financial planner with First Fidelity Financial Group. "His ace in the hole could be that building. If he could sell it at any given moment, somebody might lend on that."

Repaying it could be difficult because a 5-year loan at current rates on that amount would total 60 percent more than he lists as income from the rent and his other investments.

If Yu got a loan, it could only be for personal reasons and not simply to fuel the campaign through the back door, according to Tyson. The same with anyone making an outright gift to him personally, although there is no limit on what a candidate can lend or give to his or her own campaign.

The motives for making a loan or gift directly to a candidate could spur the curiosity the Department of Justice's Public Integrity Section, which is charged with policing what are known as straw donors. Those could be put to rest if Yu has written arrangements or documentation of long-standing personal connections to his funding source.

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