



FEDERAL ELECTION COMMISSION
Washington, DC 20002

VIA ELECTRONIC AND FIRST CLASS MAIL

Peter Spivack, Esq.
Hogan Lovells US LLP
555 Thirteenth Street, NW
Washington, DC 20004
Peter.Spivack@hoganlovells.com

DEC 19 2018

RE: MUR 7122

Dear Mr. Spivack:

On December 13, 2018, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 52 U.S.C. § 30121(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter as it pertains to your clients.

The Commission reminds you that the confidentiality provisions of 52 U.S.C. § 30109(a)(12)(A) still apply, as this matter is still open with respect to other respondents. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the effective date of the conciliation agreement. If you have any questions, please contact me at (202) 694-1568.

Sincerely,

A handwritten signature in black ink, appearing to read "Ch Edwards", is written over a horizontal line.

Christopher L. Edwards
Attorney

Enclosure
Conciliation Agreement

1804449-1076

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
American Pacific International Capital, Inc.) MUR 7122
Huaidan Chen a/k/a Serena Tang)
Gordon Tang)
Wilson Chen)

CONCILIATION AGREEMENT

This matter was generated by a complaint filed with the Federal Election Commission ("Commission"). The Commission found reason to believe that American Pacific International Capital, Inc., Huaidan Chen, Gordon Tang, and Wilson Chen (collectively, the "Respondents") violated 52 U.S.C. § 30121(a)(1)(A).

NOW, THEREFORE, the Commission and the 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, and this agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).
- 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 pertinent facts in this matter are as follows:
 - 1. American Pacific International Capital, Inc., ("APIC") is a privately held California corporation owned by Jag Pacific, Ltd., a foreign corporation.

2. Gordon Tang and Huaidan Chen are Chinese nationals who own a majority interest in Jag Pacific, Ltd. Tang is the Chairman of APIC's corporate board, and Huaidan Chen, also known as Serena Tang, is a board member.

3. Wilson Chen, a United States citizen, is the Executive Director of APIC and also sits on its board.

4. Right to Rise USA is an independent expenditure-only committee that supported Jeb Bush's 2016 presidential campaign.

5. APIC contributed \$1,000,000 to Rise to Rise USA on March 25, 2015, and contributed \$300,000 to Rise to Rise USA on June 25, 2015.

6. In January of 2015, prior to APIC's contributions to Right to Rise USA, Neil Bush, a member of APIC's corporate board, contacted Wilson Chen to ask whether APIC would make a contribution to support his brother Jeb Bush's presidential campaign. Neil Bush later had a conversation with Tang on the weekend of February 6, 2015, in which the two discussed the possibility of APIC making a contribution to support Jeb Bush's presidential campaign.

7. On February 21, 2015, Neil Bush sent an email to Wilson Chen and Huaidan Chen regarding his conversation with Tang. Neil Bush wrote that Tang had "expressed interest in donating legally through APIC to my brother Jeb's political action committee. . ." Tang directed Huaidan Chen to reply to this email with the following message to Wilson Chen, "[h]i Wilson, Gordon wants you to follow up this matter. Pls check with [APIC's in-house counsel] and contact him by phone. Thanks, Serena."

8. The Federal Election Campaign Act of 1971, as amended ("Act"), prohibits any foreign national from making "a contribution or donation of money or other thing of value" in

connection with a federal, state, or local election. 52 U.S.C. § 30121(a)(1)(A); 11 C.F.R.

§ 110.20(b). A “foreign national” is an individual who is not a citizen of the United States or a national of the United States and who is not lawfully admitted for permanent residence.

52 U.S.C. § 30121(b)(2). “Foreign national” also includes “a partnership, association, corporation, organization, or other combination of persons organized under the laws of or having its principal place of business in a foreign country.” 52 U.S.C. § 30121(b)(1); 22 U.S.C.

§ 611(b).

9. The Commission’s regulations provide that a “foreign national shall not direct, dictate, control, or directly or indirectly participate in the decision-making process of any . . . corporation . . . with regard to . . . election-related activities.” 11 C.F.R. § 110.20(i). This prohibition includes “decisions concerning the making of contributions, donations, expenditures, or disbursements.” *Id.* It is also unlawful for a person to provide substantial assistance “in the solicitation, making, acceptance, or receipt” of an unlawful foreign contribution. 11 C.F.R. § 110.20(h).

10. The Respondents contend that they made all contributions with the good faith belief that they were permissible, a belief that was informed by their understanding of a legal memorandum drafted by counsel to Right to Rise USA. Respondents further contend that they regarded Wilson Chen (a U.S. Citizen) as the sole decision-maker regarding these contributions, and that the funds used to make the contributions were generated from APIC’s U.S. domestic activities and were not provided by APIC’s foreign owners. The Commission did not find that the violations were knowing and willful.

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V. As a result of Tang's communications regarding the potential APIC contributions to Right to Rise USA, Respondents APIC, Gordon Tang and Huaidan Chen violated 52 U.S.C. § 30121(a)(1)(A) when APIC made two contributions, totaling \$1,300,000, to Right to Rise USA. Respondent Wilson Chen substantially assisted in the making of those contributions, in violation of 52 U.S.C. § 30121(a)(1)(A).

VI. To resolve this matter expeditiously and without the uncertainty and expense of litigation, Respondents will take the following actions:

1. Pay a civil penalty to the Commission in the amount of Five Hundred Fifty Thousand Dollars (\$550,000) pursuant to 52 U.S.C. § 30109(a)(5)(A).
2. Cease and desist from violating 52 U.S.C. § 30121(a)(1)(A).

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(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 the same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements 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:

Lisa J. Stevenson
Acting General Counsel

BY: Kathleen Guith
Kathleen Guith
Associate General Counsel
for Enforcement

12-18-18
Date

FOR THE RESPONDENTS:

[Signature]
(Name)
WILSON CHEN

Executive Director / APIC
(Position)