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March 14, 2018

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BY ELECTRONIC MAIL

Jeff S. Jordan, Esq.
Assistant General Counsel
Complaints Examination & Legal Administration
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: MUR 7310

Dear Mr. Jordan:

I write on behalf of my client, Mark Takai for Congress (“the Committee”), in response to the Complaint in MUR 7310. Because there is no reason to believe there has been a violation of the Federal Election Campaign Act of 1971, as amended, 52 U.S.C. § 30101 *et seq.*, the Federal Election Commission (“the Commission”) should find accordingly, dismiss the Complaint, and take no further action.¹

FACTUAL DISCUSSION

The Committee was the principal campaign committee of Representative Mark Takai, who represented Hawaii’s First District. Representative Takai was elected to Congress in 2014. In 2015, he filed a Statement of Candidacy for the 2016 election.² In February 2016, while his campaign for re-election was underway, the Committee entered into a consulting agreement with Lanakila Strategies LLC, a political consulting firm founded by Dylan Beesley.³ Not related to Representative Takai or his family, Mr. Beesley was a logical person to manage the Congressman’s political activities. A well-known, experienced political operative in Hawaii, Mr. Beesley had worked for the Hawaii Democratic Party, managed Representative Tulsi Gabbard’s Congressional campaign and worked previously with Representative Takai and his campaign,

¹ After the Complaint was filed, the Committee amended its Statement of Organization to identify Gary Kai as Deputy Treasurer. See <http://docquery.fec.gov/pdf/176/201801249090602176/201801249090602176.pdf>. Mr. Kai is the father of Mrs. Sami Takai, who is Representative Mark Takai’s widow, and he executed the Statement of Designation of Counsel on the Committee’s behalf. While Dylan Beesley, the founder of Lanakila Strategies, remains the Committee’s Treasurer, he is represented in this matter by separate counsel, to avoid any appearance of a conflict between his interests and the Committee’s.

² See <http://docquery.fec.gov/pdf/859/15951472859/15951472859.pdf>.

³ See Exhibit A (Consulting Agreement between the Committee and Lanakila Strategies, LLC, effective February 1, 2016).

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March 14, 2018
Page 2

among others.⁴ Through Lanakila, Mr. Beesley was to provide strategic and political consulting advice, provide branding, communications and media affairs consulting, and otherwise design and execute the launch of Representative Takai's re-election campaign.⁵ The agreement provided that the Committee would pay Lanakila in monthly installments starting at \$4,000 and increasing to \$5,500.⁶

However, Representative Takai announced in May 2016 that he would not seek re-election because of pancreatic cancer that had spread.⁷ He accordingly amended the agreement between the Committee and Lanakila. Initially, the Committee had hired Lanakila to launch the Congressman's re-election campaign, with the agreement to terminate on June 30, 2016.⁸ However, on behalf of the Committee, Representative Takai entered into an amendment to the agreement that made Lanakila responsible for overseeing the Committee's wind-down, extended the term while fixing no termination date, and maintained the previously negotiated monthly fee of \$5,500 that was then in place.⁹

Representative Takai died on July 20, 2016. After his death, the Committee had \$433,376.44 cash-on-hand.¹⁰ It had to figure out how to wind down its activities, thank the Congressman's past supporters, respond to press inquiries, dispose of its surplus funds, meet its filing obligations with the Commission, and coordinate with the wind-down of the Congressional office. Lanakila was responsible for overseeing these activities under the amended agreement, and at the request of Representative Takai's spouse, Mr. Beesley assumed the role of Treasurer on September 8, 2016; the level of compensation under the agreement did not change.¹¹ Representative Takai's spouse had considered using the Committee's remaining cash-on-hand to finance a charitable foundation. However, her husband was 49 when he died and the couple had two minor children. Mrs. Takai's priority was the welfare of the children, rather than the formation of the foundation to receive the Committee's assets. In the meantime, the Committee continued to pay Lanakila the monthly fee that the amended agreement required, and Lanakila continued to perform its duties under the agreement.

⁴ See <https://www.linkedin.com/in/dylanbeesley/>.

⁵ See Exhibit A § 2.2.

⁶ See *id.* at 6.

⁷ See, e.g., <https://www.rollcall.com/news/politics/hawaiiis-mark-takai-will-not-seek-re-election-pancreatic-cancer>.

⁸ See Exhibit A §§ 2.2.3, 1.1.

⁹ See Exhibit B (First Amendment to Consulting Agreement, effective June 9, 2016).

¹⁰ See Mark Takai for Congress, October 2016 Quarterly Report at 2, <http://docquery.fec.gov/pdf/855/201610159032636855/201610159032636855.pdf>.

¹¹ See Mark Takai for Congress, Statement of Organization, <http://docquery.fec.gov/pdf/784/201609089030751784/201609089030751784.pdf>. The previous treasurer, Dion Kaimihana, was a friend of Representative Takai, who himself had been significantly involved in the campaign's administration. After Representative Takai passed away, Mr. Kaimihana did not want to continue in what would become a more demanding role as treasurer, and so Mrs. Takai asked Mr. Beesley to accept that position.

March 14, 2018
Page 3

On January 12, 2018, the *Honolulu Star-Advertiser* published an “analysis of Federal Election Commission data” that detailed the Committee’s payments to Lanakila.¹² After the article went “viral,” the Campaign Legal Center filed the Complaint, alleging that the Committee and Mr. Beesley had violated the prohibition on personal use of campaign funds, because they had made and received the payments the amended agreement required.

LEGAL DISCUSSION

The Act specifically allows using campaign funds “for otherwise authorized expenditures in connection with the campaign for Federal office of the campaign or individual ...”¹³ When the Commission wrote the personal use rules in 1995, which remain in force to this day, it “reaffirm[ed] its long-standing opinion that candidates have wide discretion over the use of campaign funds. If the candidate can reasonably show that the expenses at issue resulted from campaign or officeholder activities, the Commission will not consider the use to be personal use.”¹⁴

While Commission rules specifically address the payment of salary to members of the candidate’s family,¹⁵ and to the candidate himself,¹⁶ no corresponding provision places conditions on the general reasonableness of a political consulting fee, except to provide that an in-kind contribution can result when providing services for less than the usual and normal charge.¹⁷ Also, while the regulations permit the use of campaign funds for “winding down the office of a former Federal officeholder for a period of 6 months after he or she leaves office,” they place no such deadline on the winding-down of the campaign itself.¹⁸

The Commission has consistently declined to second-guess candidate and campaign decision-making about whether they have overpaid their consultants and staff. It has avoided questioning campaigns’ market-based decisions, and instead simply confirmed that there existed a genuine, commercially reasonable relationship between the parties, while giving campaigns the appropriate latitude to negotiate their own terms. The alternative would be to put the Commission into the role of “central economic planner” and potentially place every salary or consulting fee under the scrutiny of the enforcement process—something neither the Act nor Commission rules envision.

¹² See <http://www.staradvertiser.com/2018/01/12/hawaii-news/payments-by-takais-campaign-questioned>. See also <https://www.fec.gov/data/elections/house/HI/01/2018/>.

¹³ 52 U.S.C. § 30114(a)(1).

¹⁴ Expenditures; Reports by Political Committees; Personal Use of Campaign Funds, 60 Fed. Reg. 7,862, 7,867 (1995).

¹⁵ See 11 C.F.R. § 113.1(g)(1)(i)(H).

¹⁶ See *id.* § 113.1(g)(1)(i)(I).

¹⁷ See *id.* §§ 100.52(d), 100.54.

¹⁸ See *id.* § 113.2(a)(2).

March 14, 2018

Page 4

Thus, for example, in MUR 6275, the Commission dismissed an allegation that former Congressman Eric Massa engaged in an impermissible personal use of campaign funds by paying his former chief of staff a \$40,000 campaign management fee.¹⁹ “Committees and candidates have latitude to retain services and compensate staff within commercially reasonable bounds, and the available evidence suggests that at least some portion of the payment was legitimate compensation for [the chief of staff’s] work on the campaign.”²⁰

Even when family members provided the services, and potential *per se* personal use was at stake—which is not the case here—the Commission has looked simply to see whether there was some evidence to support the level of payments. For example, in MUR 6864, the complainant alleged that the wife of candidate Nicholas Ruiz “was grossly overpaid for managing a virtually nonexistent campaign.”²¹ The Commission found no reason to believe a violation occurred: “The available information indicated that the spouse “provided *bona fide* services to the campaign and that the payments to [her] did not exceed the fair market value for her services.”²² The Commission pointedly observed that “[e]ven a virtually ‘nonexistent’ campaign would require continued compliance services in advance of termination.”²³ Similarly, in a matter involving the spouse of Congressman Bob Filner, the Commission rejected a claim that the spouse failed to provide *bona fide* services when there was at least “some evidence” that she received fair market value for the work performed.”²⁴ While some of the payments deviated from the contract’s requirements, the General Counsel found that “the degree of deviation does not appear unreasonable” and recommended a finding of no reason to believe.²⁵

Finally, even when someone else was employing the candidate, and questions of prohibited contributions, excessive contributions and prohibited personal use were at stake—again, none of which is the case here—the Commission has looked simply to see whether the employment was *bona fide*: for example, whether the engagement preceded the candidacy, whether the employee had flexibility in setting his schedule, whether the employee successfully performed his duties, whether the engagement benefited the employer, whether the compensation was solely related to the work done, and whether the compensation was commensurate with the employee’s experience.²⁶

The agreement between the Committee and Lanakila was an arms’ length, bona fide agreement in which each party met its respective obligations. The Committee hired Lanakila while Representative Takai was seeking re-election. The company’s principal, Mr. Beesley was an

¹⁹ See Factual and Legal Analysis, MUR 6275, at 1, 3.

²⁰ *Id.* at 3.

²¹ Factual and Legal Analysis, MUR 6864, at 1 (internal quotations omitted).

²² *Id.* at 1.

²³ *Id.* at 5.

²⁴ First General Counsel’s Report, MUR 5701, at 5.

²⁵ *Id.*

²⁶ See First General Counsel’s Report, MUR 7044, at 5-6.

March 14, 2018

Page 5

experienced political operative in Hawaii and had no family relationship with the Congressman. When Representative Takai withdrew from the race because of his health, he put Lanakila and Mr. Beesley in charge of the wind-down of his committee, maintaining the level of compensation for which the agreement had already provided. When Mr. Beesley became the Committee's treasurer, the terms of his compensation had already long been fixed by the amended agreement that the Congressman himself negotiated and signed. There is no allegation or evidence of any deviation from the compensation set forth in the agreement. And there is no question that Lanakila has provided bona fide services to the Committee under the agreement. Lanakila was responsible for overseeing the Committee's wind-down, which to date has involved issuing more than \$142,000 in refunds,²⁷ receiving and overseeing compliance services as the Committee files regular reports with the Commission,²⁸ making political contributions to other federal candidates,²⁹ and developing and discussing options for the Committee's ultimate support of a new charitable foundation.

Thus, the Commission should find no reason to believe that the Committee committed any violation of the Act or its implementing regulations. We respectfully request that the Commission close the file in MUR 7310 and take no further action.

Very truly yours,



Brian G. Svoboda
Counsel to Mark Takai for Congress

Enclosure

²⁷ Mark Takai for Congress, October 2016 Quarterly Report, at 4,
<http://docquery.fec.gov/pdf/855/201610159032636855/201610159032636855.pdf>.

²⁸ See, e.g., Mark Takai for Congress, July 2017 Quarterly Report, at 5,
<http://docquery.fec.gov/pdf/741/201707149066628741/201707149066628741.pdf>.

²⁹ Mark Takai for Congress, April 2017 Quarterly Report, at 15-16,
<http://docquery.fec.gov/pdf/937/201704149052162937/201704149052162937.pdf>

EXHIBIT A

CONSULTING AGREEMENT

This Consulting Agreement ("Agreement") entered into by and between K. Mark Takai, a candidate for Hawaii's First Congressional district, his principal campaign committee Mark Takai for Congress ("Client"), and Lanakila Strategies LLC, a limited liability company organized under the laws of the State of Hawaii ("Lanakila Strategies" and collectively referred to as the "Parties"), and constitutes a binding agreement among the Parties.

1. Term and Termination of Agreement

- 1.1. **Term.** This Agreement shall commence as of February 1, 2016 and shall continue until June 30, 2016 ("Term"), unless earlier terminated pursuant to this Agreement.
- 1.2. **Termination of Agreement.** This Agreement may be terminated upon mutual agreement or by either party upon fifteen (15) days written notice with or without cause, provided that any early termination by Client shall result in Client being charged an Early Termination Fee. (See Section 5.2.) Lanakila Strategies shall be entitled to any fees and/or reimbursements owed to it by Client up to and including the termination date.

2. Services

- 2.1. **Retention.** Client hereby retains Lanakila Strategies to provide certain consulting services described herein and subject to the terms and conditions set forth in this Agreement.
- 2.2. **Scope.** During the Term of this Agreement, Lanakila Strategies agrees to provide the following services (collectively, "Consulting Services"):
 - 2.2.1. Strategic and political consulting;
 - 2.2.2. Branding, communications and media affairs consulting;
 - 2.2.3. Design and execution of campaign launch.

3. Expectations of Lanakila Strategies.

- 3.1. **Coordination.** Lanakila Strategies shall coordinate its activities with Client or its designee.
- 3.2. **Best Efforts.** Lanakila Strategies agrees to devote its best efforts to the Consulting Services and will provide such resources as it deems necessary to perform the Consulting Services or any portion thereof.
 - 3.2.1. In performing the Consulting Services, Lanakila Strategies will control the method and manner of performing all work necessary for completion of Consulting Services, including but not limited to the supervision and control of any personnel, subcontractors, representatives, or agents ("Personnel") performing Consulting Services. Lanakila Strategies may replace any Personnel in its normal course of business at its discretion.

4. Expectations of Client.

- 4.1. **Payment.** Client shall provide full payment to Lanakila Strategies for all fees in accordance with this Agreement. Any variation or waiver by Lanakila Strategies thereof must be in writing and does not constitute waiver of the policies outlined in this Agreement.
- 4.2. **Cooperation.** Client acknowledges that the successful and timely rendering of the Consulting Services will require the good faith cooperation of Client. Client shall fully cooperate with Lanakila

Strategies, including without limitation, by providing Lanakila Strategies with all information as may be reasonably required by Lanakila Strategies.

- 4.2.1. Client agrees to be responsible for the accuracy and completeness of statements in printed materials, media-related, or publicity-related work. Lanakila Strategies will assume the accuracy of statements made to it from Client regarding history and other information. Client further warrants that it will obtain all approvals necessary from third parties regarding quotes, use of name, likeness, trademark, quotations, words, endorsements, or similar information to be included in Client's materials. Client approval of any product must be made to Lanakila Strategies by email. Approval is considered to be received by Lanakila Strategies when written notice is actually received via email.

5. Fees.

- 5.1. **Fees for Services.** Client shall pay Lanakila Strategies for services rendered pursuant to this Agreement ("Fees") as outlined in Addendum A to this Agreement. The first installment payment of \$4,000 plus 4.166 percent tax is due upon execution of this Agreement.
- 5.2. **Early Termination Fee.** If Client terminates this Agreement pursuant to Section 1.2 for any reason before the end of the Term, Client shall be charged an Early Termination Fee of \$5,500.
- 5.3. **Expenses.** In addition to any and all Fees, Client will reimburse Lanakila Strategies for any pre-approved expenses for travel, lodging, communications, shipping charges and out-of-pocket expenses incurred by Lanakila Strategies in connection with providing the Consulting Services ("Expenses"). Lanakila Strategies will provide reasonable documentation for all Expenses as requested by Client. Client shall reimburse Lanakila Strategies for Expenses within thirty (30) days of submission of the Expenses to Client by Lanakila Strategies.
- 5.4. **Late Fee.** Payments made for Fees and Expenses after the due date will be considered late payment and Lanakila Strategies shall be entitled to charge interest at a rate of one (1) percent per month on the unpaid balance.
6. **No Warranties, Express or Implied.** Both Lanakila Strategies and Client agree that, given the nature of politics, nothing in this Agreement is intended to indicate a guarantee of Client's success. It is agreed that both Parties will use their best efforts to obtain the desired result.
7. **Independent Consultant.** The Parties agree that Lanakila Strategies will act as an independent contractor. Nothing in this Agreement or in the relationship between Lanakila Strategies and Client is to be construed as creating a partnership, an employer-employee relationship, or any relationship other than Lanakila Strategies being an independent contractor for Client.
8. **Confidential Information.** The term "Confidential Information" means information disclosed by (or on behalf of) one party to the other party under this Agreement that is marked as confidential or would normally be considered confidential under the circumstances in which it is presented. It does not include information that the recipient already knew, that becomes public through no fault of the recipient, that was independently developed by the recipient, or that was lawfully given to the recipient by a third party.

- 8.1. Lanakila Strategies agrees to hold all Confidential Information received in connection with this Agreement in strict confidence and shall ensure that any person granted access to such Confidential Information similarly holds the information in strict confidence.
- 8.2. Lanakila Strategies shall be permitted to disclose Confidential Information to the extent required by law or order of a court or governmental agency. However, in such case, Lanakila Strategies will give Client prompt notice and consult with the Client about whether to obtain a protective order or otherwise protect the confidentiality of the Confidential Information, all as directed by and at the Client's expense.
- 9. Ownership of Work Product.** All work product, files, donor lists, constituent lists, or any campaign lists, documents, artwork, or other materials produced or obtained by or obtained from Client in performance of the Consulting Services under this Agreement become and remain the exclusive property of the Client.
- 9.1. Client acknowledges that Lanakila Strategies provides consulting services to other clients, and agrees, subject to Lanakila Strategies' confidential obligations hereunder, that nothing in this Agreement shall be deemed or construed to prevent Lanakila Strategies from carrying on such business during the Term of this Agreement. In particular, Client agrees that as part of Lanakila Strategies' provision of the Consulting Services hereunder, Lanakila Strategies may utilize proprietary works of authorship that have not been created specifically for Client, including without limitation, software, methodologies, tools, specifications, drawings, sketches, models, samples, records and documentation, as well as copyrights, trademarks, service marks, ideas, concepts, know-how, techniques, knowledge or data, which have been originated, developed or purchased by Lanakila Strategies or by third parties under contract to Lanakila Strategies (all of the foregoing, collectively, "Consultant's Information"), and Consultant's Information and Lanakila Strategies' administrative communications, records, files and working papers relating to the Consulting Services are and shall remain the sole and exclusive property of Lanakila Strategies.
- 9.2. Lanakila Strategies shall have the right to use Client's name and trademark in its advertising, customer lists and marketing materials, subject to Client's approval.
- 10. Indemnification.** Client agrees to indemnify and hold harmless Lanakila Strategies, its members, employees, agents, officers, directors, and representatives from any and all suits, actions, or claims of any kind or character, type or description, brought or made on account of any injuries or damages received or sustained by any person, entity, or property arising from or occasioned by the acts of Client or its agents, representatives or employees in the execution or performance of services related to this Agreement. Client further agrees that it will indemnify and hold harmless Lanakila Strategies, its members, employees, agents, officers, directors, and representatives from any and all liability to any third party that is related, in any way, to the conduct, obligations or performance of Client or its agents, representatives, or employees.
- 10.1. Client agrees to indemnify and hold harmless Lanakila Strategies for all costs, damages, or expenses, including reasonable attorneys' fees, incurred by reason of Lanakila Strategies assistance with any government inquiry of the Client.
- 10.2. The obligations set forth in this section shall survive indefinitely the termination of this Agreement.
- 11. Assignability.** Performance by Lanakila Strategies under this Agreement is assignable. Any collection of

payment or outstanding balance due under this Agreement may be assigned by Lanakila Strategies as deemed prudent or necessary to a third party. Client's responsibilities are non-assignable.

- 12. Notices.** Notices permitted hereunder shall be in writing and effected either by personal delivery, or by mail, registered or certified, postage pre-paid, return receipt requested. Any mail deposited with the United States Postal service shall be considered delivered when postmarked after surrender to the said service or delivered to and dated by an alternate overnight carrier. Notice shall be considered given when delivered to:

Lanakila Strategies: 285 Hiolani Street, Pukalani, HI 96768
 Client PO Box 2267, Pearl City, HI 96782

- 13. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii. Venue for any action arising hereunder shall be in a court of competent jurisdiction located in the State of Hawaii.
- 14. Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions shall remain in full force and effect.
- 15. Disputes.** All disputes arising out of this agreement shall be submitted to binding arbitration under the Rules of the American Arbitration Association ("AAA"). The arbitrator shall not be empowered to award punitive damages to either party. The non-prevailing party shall pay for the prevailing party's reasonable expenses incurred during the arbitration, including reasonable attorney's fees, costs, and expenses.
- 16. Limitation of Liabilities.** Except with respect to any claim arising out of the willful misconduct or gross negligence of Lanakila Strategies, no claim may be made by Client, or its respective affiliates, directors, officers, employees, attorneys, or agents for special, indirect, consequential, or punitive damages in respect to any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission, or event occurring in connection therewith; and Client hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.
- 16.1. Lanakila Strategies' total liability for all claims made under this Agreement shall not under any circumstances exceed the sum total of the fees for Consulting Services paid by Client to Lanakila Strategies under this Agreement.
- 17. Force Majeure.** Neither party shall be deemed in default or otherwise liable for any delay in or failure of its performance under this Agreement (other than payment obligations) by reason of any Act of God, fire, natural disaster, accident, riot, act of government, strike or labor dispute, shortage of materials or supplies, failure of transportation or communication or of suppliers of goods or services, or any other cause beyond the reasonable control of such party. Performance times shall be considered extended for a period of time equivalent to the time lost because of such delay.
- 18. Waiver.** The failure of either party to enforce its rights under this Agreement at any time for any period will not be construed as a waiver of such rights.
- 19. Headings.** The section and other headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.
- 20. Counterparts.** This Assignment may be executed in several counterparts and an electronic signature shall be deemed equivalent to an original. All such executed counterparts shall constitute one

document, binding on all of the Parties hereto, notwithstanding that all of the Parties hereto are not signatories to the original or to the same counterpart.

21. Entire Agreement. The Parties acknowledge that this Agreement constitutes the entire Agreement between the parties and supersedes all prior and contemporaneous agreements and undertaking of the parties pertaining to the subject matter hereof. This Agreement may not be modified except by written instrument duly executed by the party hereto against whom the modification is sought to be enforced.

IN WITNESS WHEREOF, the Parties to this Agreement have caused it to be executed by their respective duly authorized representatives on the date written below.

Client

Lanakila Strategies LLC

By: E. Dion Kaimihana

By: Dylan Beesley

Name:

Name: Dylan Beesley

Title:

Title: Managing Member

Date: 02/10/2016

Date: 02 / 10 / 2016

ADDENDUM A

Pursuant to Section 5, and the terms of the Agreement, payment shall be made according to the following schedule:

Installment Payment	Amount	Due
Installment 1	\$4,000 + 4.166% GET	Due upon signing
Installment 2	\$4,000 + 4.166% GET	Due on March 1, 2016
Installment 3	\$5,500 + 4.712 % GET	Due on April 1, 2016
Installment 4	\$5,500 + 4.712 % GET	Due on May 1, 2016
Installment 5	\$5,500 + 4.712 % GET	Due on June 1, 2016

Client Acknowledgment (Initials) edk Date: 02/10/2016



Audit Trail

TITLE	RESEND: Consulting Agreement (Political, Communications,...
FILE NAME	2016 2.7 Consulti... for Congress.pdf
DOCUMENT ID	aea23564b80791aea168cebb31e37da75baa1635
STATUS	• Completed

Document History

 SIGNED	02/11/2016 01:48:28 UTC	Signed by Dylan Beesley (dylan@lanakilastrategies.com) IP: 66.8.173.52
 SENT	02/11/2016 01:48:34 UTC	Sent for signature to E. Dion Kaimihana IP: 66.8.173.52
 VIEWED	02/11/2016 03:43:00 UTC	Viewed by E. Dion Kaimihana IP: 108.45.99.240
 SIGNED	02/11/2016 03:43:41 UTC	Signed by E. Dion Kaimihana IP: 108.45.99.240
 COMPLETED	02/11/2016 03:43:41 UTC	The document has been completed.



LANAKILA STRATEGIES

February 7, 2016

Congressman Mark Takai
Mark Takai for Congress
PO Box 2267
Pearl City, HI 96782
Phone: (808) 781-2283
Email: reptakai@outlook.com

Aloha Mark --

We appreciate the opportunity to serve your re-election campaign in an expanded capacity. Attached is a Consulting Agreement that I have updated per our conversation last week. Please review, complete, and sign the Agreement.

Once we receive this signed Agreement, you will be charged an initial fee of \$4,000.00 + GET that is due upon receipt of our invoice.

Mahalo nui loa for choosing Lanakila Strategies. Now, let's do this!

A handwritten signature in black ink, appearing to read 'Dylan Beesley'.

Dylan Beesley
Founder

la·na·ki·la win, victorious, conquer

LANAKILA STRATEGIES LLC
285 Hiolani Street, Pukalani, Hawai'i 96768
Office: (808) 298-0615 | Email: dylan@lanakilastrategies.com | www.lanakilastrategies.com

EXHIBIT B

FIRST AMENDMENT TO CONSULTING AGREEMENT

Mark Takai for Congress ("Client")	Lanakila Strategies LLC ("Lanakila Strategies")
PO Box 2267 Pearl City, Hawaii 96782	2662 Namaau Drive Honolulu, Hawaii 96817
Client Contact:	Lanakila Strategies Contact:
Edward Dion Kaimihana Treasurer	Dylan Beesley Managing Member (808) 298-0615 dylan@lanakilastrategies.com

This First Amendment to Consulting Agreement ("Amendment") is made this 9th day of June, 2016 ("Effective Date"), by and between K. Mark Takai, formerly a candidate for Hawaii's First Congressional district, his principal campaign committee, Mark Takai for Congress ("Client") and Lanakila Strategies LLC, a limited liability company organized and existing under the laws of the State of Hawaii ("Lanakila Strategies" and collectively referred to as the "Parties").

RECITALS

WHEREAS, the Parties entered into that certain Consulting Agreement effective February 1, 2016 ("Agreement") and expiring on June 30, 2016 ("Term");

WHEREAS, pursuant to the terms and conditions herein, the Parties desire to amend or modify the the Agreement;

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Client and Lanakila Strategies agree as follows:

1. This Amendment shall amend and modify the Agreement in the manner and to the extent set forth herein. Except as modified pursuant to this Amendment, the Agreement shall remain in full force and effect in accordance with its terms. Capitalized terms used in this Amendment not otherwise defined herein shall have the same meanings as in the Agreement.
2. Section 1 of the Agreement is amended to read as set forth below:
 - 1.1. Term. The term of this Agreement shall commence on February 1, 2016 and shall continue until terminated by Client or Lanakila Strategies pursuant to the terms of this Agreement ("Term").
 - 1.2. Termination of Agreement. This agreement may be terminated upon mutual agreement or by either party upon thirty (30) days' written notice, with or without cause. Lanakila Strategies shall be entitled to any fees and/or reimbursements owed to it by Client up to and including the termination date.
3. Section 2.2.3. of the Agreement is amended to read as set forth below:

"Oversee the wind down of Clients campaign committee."

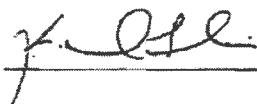
4. Section 5 ("Fees") of the Agreement is amended to read as set forth below:
 - 5.1. Fees for Services. Client shall pay Lanakila Strategies for services rendered pursuant to this Agreement ("Fees") on the first day of each month at the rate of \$5,500 plus 4.712% tax.
 - 5.2. Expenses. In addition to any and all Fees, Client will reimburse Lanakila Strategies for any pre-approved expenses for travel, lodging, communications, shipping charges and out-of-pocket expenses incurred by Lanakila Strategies in connection with providing the Consulting Services ("Expenses"). Lanakila Strategies will provide reasonable documentation for all Expenses as requested by Client. Client shall reimburse Lanakila Strategies for Expenses within thirty (30) days of submission of the Expenses to Client by Lanakila Strategies.
 - 5.3. Late Fee. Payments made for Fees and Expenses after the due date will be considered late payment and Lanakila Strategies shall be entitled to charge interest at a rate of one (1) percent per month on the unpaid balance.
5. Assignment. Neither party shall assign this Amendment nor any part thereof without the prior written consent of the other; any purported assignment without such consent shall be void. This Amendment shall be binding upon and inure to the benefit the Parties and their successors and permitted assigns.
6. Notices. Notices required under this Amendment shall be provided in writing to the Parties at their respective mailing or email addresses listed above.
7. Severability. If any particular provision of this Amendment shall be adjudicated by a court of competent jurisdiction to be illegal, invalid or unenforceable as written, it is the desire and intent of the Parties that all other provisions shall nevertheless be effective.
8. Entire Agreement. This Amendment shall constitute the entire agreement between the Parties hereto with respect to the subject matter of this Amendment and supersedes all prior agreements, understandings, negotiations, representations, and discussions, whether verbal or written, of the Parties pertaining to that subject matter.
9. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Hawaii, without regard to its conflict of laws provisions. The exclusive jurisdiction and venue for all legal actions arising out of or related to this Amendment shall be in courts of competent subject matter jurisdiction located in the City and County of Honolulu and the parties hereby consent to the jurisdiction of such courts.
10. Counterparts. This Assignment may be executed in several counterparts and an electronic signature shall be deemed equivalent to an original. All such executed counterparts shall constitute one document, binding on all of the Parties hereto, notwithstanding that all of the Parties hereto are not signatories to the original or to the same counterpart.


[Signatures appear on following page]

IN WITNESS WHEREOF, the Parties to this Amendment have caused it to be executed by their respective duly authorized representatives as of the Effective Date.

MARK TAKAI FOR CONGRESS

LANAKILA STRATEGIES LLC

By: 

By: 

Name: K. Mark Takai
Title: ~~Executive Director~~
Congressman

Name: Dylan Beesley
Title: Managing Member

Date: 6/14/16

Date: June 14, 2016