

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF

4	Imperial Pacific International Holdings)	
5	Angel Demapan)	
6	Angel Demapan for House)	MUR 7624
7	Ralph G. Torres)	
8	Ralph G. Torres Campaign)	
9	Friends of Ralph)	
10	Hong Kong Entertainment)	

THIRD GENERAL COUNSEL'S REPORT

I. ACTIONS RECOMMENDED

14 We recommend that the Commission take no further action in this matter and close the
15 file.

16 II. FACTUAL SUMMARY

18 [REDACTED] alleging a widespread influx of foreign funds
19 into elections there. On July 25, 2019, the Commission found reason to believe that four
20 corporations — Imperial Pacific International Holdings (“IPIH”), Alter City Group Holdings
21 Limited (“Alter City”), Honest Profit International Limited, and Hong Kong Entertainment —
22 violated 52 U.S.C. § 30121(a)(1)(A) by making prohibited foreign national contributions to three
23 local political committees or organizations — the Ralph G. Torres Campaign, Angel Demapan
24 for House, and Friends of Ralph — and that these political committees or organizations, along
25 with their respective associated candidates, violated 52 U.S.C. § 30121(a)(2) by accepting

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1 foreign national contributions.² In addition, on January 12, 2021, the Commission found reason
2 to believe that the CNMI Republican Party accepted prohibited foreign national contributions.³
3 The Commission authorized pre-probable cause conciliation with these Respondents and
4 approved conciliation agreements [REDACTED]⁴ We have successfully
5 negotiated, and the Commission has accepted, conciliation agreements with three entities:
6 Honest Profit International, Ltd., Alter City, and the CNMI Republican Party.⁵ We now
7 recommend that the Commission substitute the name of IPIH's subsidiary, Imperial Pacific
8 International (CNMI) LLC ("Imperial Pacific"), as the correct Respondent, take no further action
9 as to the remaining Respondents, and close the file.

10 **A. The CNMI**

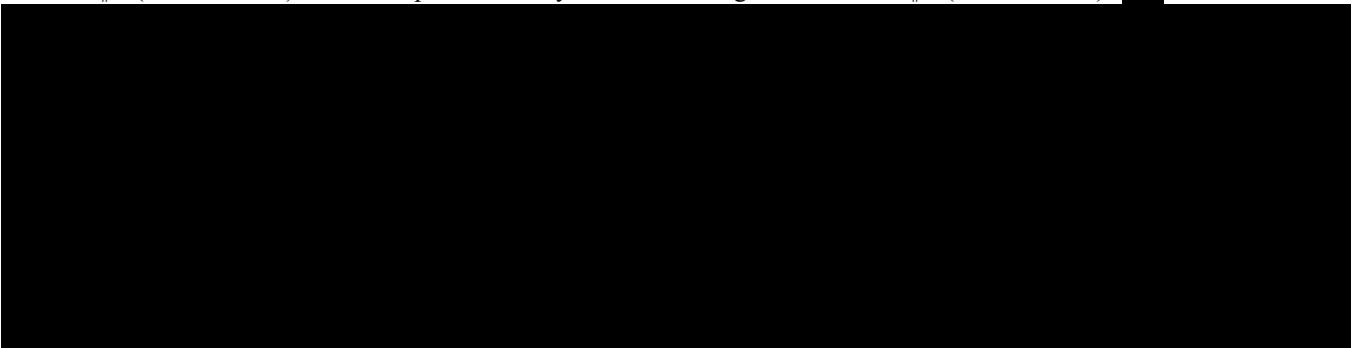
11 The Commonwealth of the Northern Mariana Islands ("CNMI") is a commonwealth
12 government comprised of 14 islands in the West Pacific. Its relationship with the United States
13 and its laws are governed by the Covenant to Establish a Commonwealth of the Northern
14 Mariana Islands in Political Union with the United States of America (the "Covenant"), which,

² Certification ("Cert.") ¶¶ 2-5 (July 29, 2019).

³ Cert. ¶ 1 (Jan. 15, 2021).

⁴ Cert. ¶ 10 (July 29, 2019); Cert. ¶ 3 (Jan. 15, 2021).

⁵ See Honest Profit Conciliation Agreement; Cert. ¶ 1 (July 8, 2020); Alter City Conciliation Agreement; Cert. ¶ 1 (Jan. 20, 2021); CNMI Republican Party Conciliation Agreement; Cert. ¶ 1 (Jan. 28, 2022). [REDACTED]



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1 *inter alia*, sets forth the applicability of U.S. laws to the CNMI. CNMI voters adopted the

2 Covenant in 1975, and it was signed into law on March 24, 1976.⁶

3 The Covenant establishes that “[T]he CNMI is under the sovereignty of the United States

4 but retains ‘the right of local self-government.’”⁷ In relevant part, section 502(a) provides that

5 “laws of the United States in existence on the effective date of this Section and subsequent

6 amendments to such laws will apply to the Northern Mariana Islands, except as otherwise

7 provided in this Covenant.”⁸ The Covenant does not exclude the Federal Election Campaign Act

8 of 1971, as amended (the “Act”), and states that the CNMI will be subject to U.S. laws “which

9 are applicable to Guam and which are of general application to the several States as they are

10 applicable to the several states.”⁹

11 B. Imperial Pacific

12 IPIH is incorporated in the British Virgin Islands and headquartered in China. IPIH is the

13 named Respondent in this matter, but the actions at issue were undertaken by Imperial Pacific, a

14 wholly owned domestic subsidiary of IPIH.¹⁰ In 2014, Imperial Pacific was granted the right by

15 CNMI authorities to build at least two casino and hotel complexes on Saipan, CNMI’s largest

16 island.■

⁶ See Covenant (codified at 48 U.S.C. § 1801 et seq.).

⁷ *CNMI v. United States*, 399 F.3d 1057, 1058 (9th Cir. 2005) (explaining that the United States has paramount interest in submerged lands adjacent to CNMI) (citations omitted).

⁸ Covenant, § 502.

⁹ *Id.* § 502(a)(2).

¹⁰ We had named IPIH as the Respondent based on CNMI campaign finance reports and the company’s initial response to the Commission. The recommendations herein include one to correct the name of this Respondent.

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2 [REDACTED] Imperial Pacific made the following contributions to local candidates:

3 • \$10,000 on Jan. 11, 2015, to lieutenant governor-elect Ralph Torres;

4 • \$1,000 on Aug. 22, 2016, to CNMI representative Angel Demapan;

5 • \$10,000 on Aug. 4, 2017, to then-governor Ralph Torres (through Friends of
6 Ralph).

7 [REDACTED]

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[REDACTED]

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Our information until our renewed contact with Imperial Pacific was that the 2015

contribution was made before Imperial Pacific was operating a casino, and, thus, the 2015

contribution likely was made with foreign funds. Regarding the 2016 and 2017 contributions,

- 1 although the funds may have been domestically generated from casino operations, it was still not
- 2 clear who had been involved in the decision-making regarding the contributions.²¹

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²¹ The statutes of limitations on these contributions have expired.

[REDACTED]

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9 Thus, although Imperial Pacific has sufficiently shown that U.S. citizens participated in
10 the decision-making of the most recent contribution at issue and that the 2017 contribution was
11 made at a time when Imperial Pacific was generating its own income, it cannot be ruled out that
12 non-citizens also may have participated.³⁰ In light of all of this information, OGC did not
13 continue further investigating Imperial Pacific

14 [REDACTED] reasoning that it
15 does not appear to be an efficient or prudent use of Commission resources to investigate the
16 identity of Shonna Yang or any other possible participants in the 2017 contribution decision-
17 making further, given the information indicating that U.S. citizens participated in Imperial

³⁰ Nonetheless, the most likely scenario was that Imperial Pacific corporate insiders with strong ties to the Torres campaign handled all aspects of the 2017 contribution.

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1 Pacific's decision making, the time that has passed, and the lack of available information from
 2 the defunct Respondent. Critically, the statute of limitations for seeking a monetary penalty
 3 associated with this contribution is now expired. Accordingly, we recommend that the
 4 Commission take no further action as to Imperial Pacific after substituting the name of the
 5 subsidiary.

6 **C. Ralph Torres, the Ralph G. Torres Campaign, Friends of Ralph, and Angel**
 7 **Demapan**

8 Ralph Torres is the former governor of the CNMI. He was a candidate for lieutenant
 9 governor in 2014 and governor in 2018. The Ralph G. Torres Campaign was his campaign
 10 committee.³¹ Friends of Ralph is a nonprofit entity which was formed in 2017 to raise funds and
 11 promote Torres's gubernatorial candidacy.³² The Commission found reason to believe that in
 12 August 2017, Friends of Ralph accepted the \$10,000 contribution from Imperial Pacific
 13 described above and a \$10,000 contribution from Alter City, and, in December 2017, the
 14 committee accepted a \$5,000 contribution from Alter City.³³ The Commission also found reason
 15 to believe that, in addition to accepting the funds raised by Friends of Ralph at these 2017
 16 fundraising events, Ralph Torres and the Ralph G. Torres Campaign accepted four contributions
 17 totaling \$65,000 from foreign nationals at a January 11, 2015 fundraiser.³⁴

18 Angel Demapan was a candidate for the CNMI House of Representatives in 2014 and
 19 2016, and a federal U.S. House candidate in 2018.³⁵ The Commission found reason to believe

³¹ Factual & Legal Analysis ("F&LA") at 1 (Ralph G. Torres, *et al.*).

³² F&LA at 1(Friends of Ralph).

³³ *Id.* at 2, 11.

³⁴ F&LA at 7 (Ralph G. Torres, *et al.*).

³⁵ On July 25, 2019, the Commission found no reason to believe that Demapan's federal committee, Demapan for Congress and Geralyn C. Dela Cruz in her official capacity, violated the Act by accepting foreign national contributions. *See Cert.* ¶ 6 (July 29, 2019).

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1 that Demapan and Angel Demapan for House, which is not a federal political committee,
2 accepted \$3,600 in foreign national contributions in 2015 and 2016: contributions totaling
3 \$2,600 from Honest Profit, which, as stated earlier, entered into a conciliation agreement with
4 the Commission that the Commission approved,³⁶ and \$1,000 from Imperial Pacific.³⁷

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³⁶ See Honest Profit Conciliation Agreement; Cert. ¶ 1 (July 8, 2020).

³⁷ F&LA at 9-10 (Angel A. Demapan, *et al.*).

[REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED] In

12 any event, because the statute of limitations on these allegations has expired, we do not
13 recommend that enforcement be further pursued, and accordingly recommend that the
14 Commission take no further action as to Friends of Ralph.

15 The statute of limitations on the 2015 contributions [REDACTED]

16 [REDACTED] with Ralph Torres and the Ralph G. Torres Campaign expired [REDACTED]

17 [REDACTED] Therefore, we recommend that the Commission take no further action as to
18 Ralph Torres and the Ralph G. Torres Campaign.

1 The statute of limitations expired as to Demapan's activity in April 2023. Because of that

2 [REDACTED] we recommend that

3 the Commission take no further action as to Demapan and Angel Demapan for House.

4 **D. Hong Kong Entertainment**

5 Finally, Hong Kong Entertainment never responded [REDACTED] or any other
6 communication from the Commission. It appears to be long-defunct. Therefore, we recommend
7 that the Commission take no further action as to Hong Kong Entertainment.

8 * * *

9 In this matter, as previously stated, the Commission has successfully negotiated and
10 accepted three conciliation agreements.³⁹ For the foregoing reasons, we recommend that the
11 Commission take no further action as to the remaining recipient entities discussed above.
12 Closing the file will allow the previously approved conciliation agreements to be placed on the
13 public record.

³⁹ See Honest Profit Conciliation Agreement; Cert. ¶ 1 (July 8, 2020); Alter City Conciliation Agreement; Cert. ¶ 1 (Jan. 20, 2021); CNMI Republican Party Conciliation Agreement; Cert. ¶ 1 (Jan. 28, 2022).

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1 III. RECOMMENDATIONS

1. Substitute Imperial Pacific International (CNMI) LLC as Respondent for Imperial Pacific International Holdings;
2. Take no further action as to Imperial Pacific International (CNMI) LLC, Angel Demapan, Angel Demapan for House, Friends of Ralph, Ralph G. Torres, the Ralph G. Torres Campaign, and Hong Kong Entertainment;
3. Approve the appropriate letters; and
4. Close the file effective 30 days from the date of certification of this vote (or on the next business day after the 30th day, if the 30th day falls on a weekend or holiday).

Lisa J. Stevenson
Acting General Counsel

July 30, 2024

Date

Charles Kitcher

Charles Kitcher
Associate General Counsel for Enforcement

Ans. L.

Anne B. Robinson
Assistant General Counsel

Jacob Tully

Jacob P. Tully
Attorney