



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

MAR - 8 2019

J. Gerald Hebert
Campaign Legal Center
1411 K Street, NW
Suite 1400
Washington, DC 20005

RE: MUR 7122
American Pacific International Capital, Inc., *et al*

Dear Mr. Herbert:

This is in reference to the complaint you filed on August 10, 2016, with the Federal Election Commission. On March 29, 2017, the Commission found that there was reason to believe American Pacific International Capital, Inc., Wilson Chen, Gordon Tang, and Huaidan Chen violated 52 U.S.C. § 30121(a)(1)(A) and on October 11, 2018, the Commission found that there was reason to believe Right to Rise USA and Charles Spies in his official capacity as treasurer violated 52 U.S.C. § 30121(a)(2) and 11 C.F.R. § 110.20 provisions of the Federal Election Campaign Act of 1971, as amended.

After an investigation, the Commission entered into separate conciliation agreements with 1) American Pacific International Capital, Inc., Wilson Chen, Gordon Tang, and Huaidan Chen; and 2) Right to Rise USA and Charles Spies in his official capacity as treasurer. Copies of the agreements are enclosed for your information.

Documents related to the case will be placed on the public record within 30 days. *See* Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016). If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark D. Shonkwiler", with a long horizontal flourish extending to the right.

Mark D. Shonkwiler
Assistant General Counsel

Enclosures: Conciliation Agreements

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.

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:


(Name)
WILSON CHEN

Executive Director / APIC
(Position)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Right to Rise USA and Charles Spies)
in his official capacity as treasurer) MUR 7122
)
)
)

CONCILIATION AGREEMENT

This matter was generated by a complaint filed with the Federal Election Commission (“Commission”). The Commission found reason to believe that Right to Rise USA and Charles Spies in his official capacity as treasurer (collectively, “Right to Rise USA” or “Respondents”) violated 52 U.S.C. § 30121(a)(2).

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. Right to Rise USA is an independent expenditure-only committee that supported Jeb Bush’s 2016 presidential campaign. Charles Spies is the treasurer and counsel for Right to Rise USA.

2. Neil Bush is a United States citizen, the brother of 2016 presidential candidate Jeb Bush, and raised funds as a volunteer for Right to Rise USA.

3. American Pacific International Capital, Inc., ("APIC") is a privately held California corporation owned by Jag Pacific, Ltd., a foreign corporation.

4. Wilson Chen, a United States citizen, is the Executive Director of APIC and a member of APIC's corporate board of directors.

5. Gordon Tang and his wife, 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 an APIC board member.

6. Neil Bush is also an APIC board member and knew that fellow board members Gordon Tang and Huaidan Chen were foreign nationals.

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

8. In January of 2015, prior to APIC's contributions to Right to Rise USA, Neil Bush contacted Wilson Chen to ask whether APIC would make a contribution to Right to Rise USA. Chen indicated that he would consider the request.

9. While on a business trip in Singapore, Neil Bush 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 Right to Rise USA. Tang stated that APIC might be interested in contributing if it could do so legally.

10. On February 19, 2015, Neil Bush called Charles Spies regarding his solicitation of APIC. Following the phone call, Charles Spies sent Neil Bush an email attaching a legal

memorandum that he had prepared as counsel to Right to Rise USA, which set forth rules on “Contributions by Domestic Subsidiaries of Foreign Corporations to Federal Super PACs.”

11. On February 21, 2015, Neil Bush sent an email to Wilson Chen and Huaidan Chen regarding his conversation with Tang. Bush wrote that Tang had “expressed interest in donating legally through APIC to my brother Jeb’s political action committee. . . .” Bush also wrote “[i]f Gordon wants to make a donation you ought to pass this by your legal counsel as well to be sure everything is done properly.” Neil Bush attached a copy of the Right to Rise USA legal memorandum to this email. In response, Tang directed Huaidan Chen to reply to this email with the following message to Wilson Chen, in which Neil Bush was copied, “[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.” Wilson Chen responded to both Huaidan Chen and Neil Bush with an email that said “Will do. Thank you! Wilson.”

12. Neil Bush solicited Gordon Tang and Huaidan Chen to make a contribution to Right to Rise USA. Further, Bush was aware that Gordon Tang and Huaidan Chen participated in making the decision that APIC would contribute to Right to Rise USA.

13. On March 18, 2015, Wilson Chen sent an email to Charles Spies representing that he had read the Right to Rise USA legal memorandum, consulted with APIC’s own counsel, and concluded that APIC was eligible to contribute to a federal Super PAC. There was no further discussion about Wilson Chen’s representation that APIC was eligible to contribute. After APIC made its first contribution, Charles Spies confirmed whether Wilson Chen was a U.S. citizen; after Wilson Chen responded that he was a U.S. citizen, there was no further discussion about the contribution.

14. 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). Further, it is unlawful for any person to “solicit, accept, or receive a contribution or donation” from a foreign national. 52 U.S.C. § 30121(a)(2); *see also* 11 C.F.R. § 110.20(g). 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).

15. 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.*

16. Respondents contend that they made good faith efforts to prevent the solicitation and receipt of foreign national contributions by providing a legal memorandum regarding the prohibition to fundraisers such as Neil Bush. Respondents further contend that they relied on APIC’s representation that, under the guidelines in the Right to Rise USA legal memorandum, APIC was legally eligible to contribute to a federal Super PAC.

V. Right to Rise USA violated 52 U.S.C. § 30121(a)(2) and 11 C.F.R. § 110.20(g) when its agent Neil Bush solicited a foreign national for a political contribution. Right to Rise

USA violated 52 U.S.C. § 30121(a)(2) by accepting APIC's contributions. Respondents will cease and desist from violating 52 U.S.C. § 30121(a)(2) and 11 C.F.R. § 110.20(g).

VI. Respondents will pay a civil penalty to the Commission in the amount of Three Hundred Ninety Thousand Dollars (\$390,000), pursuant to 52 U.S.C. § 30109(a)(5)(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:



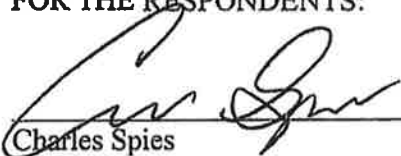
Charles Kitcher
Acting Associate General Counsel

3/4/2019

Date

for Enforcement

FOR THE RESPONDENTS:



Charles Spies
Treasurer

2/13/19
Date