

FEDERAL ELECTION COMMISSION



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ILLEGAL FOREIGN NATIONAL CONTRIBUTIONS INVESTIGATED BY FEC --Agency assesses penalties totalling \$162,225--

WASHINGTON -- The Federal Election Commission today announced the completion of investigations into alleged illegal campaign contributions by foreign nationals in Hawaiian state and local elections. The violations occurred from 1986 to 1992 and have resulted in civil penalties totalling \$162,225 against 26 businesses, individuals, and a government entity.

The Federal Election Campaign Act prohibits foreign nationals (including foreign governments, individuals, political parties, corporations, associations, and/or partnerships with foreign members) from making contributions or expenditures in connection with any U.S. federal, state, or local election, either directly or through another person. Likewise, U.S. candidates for federal, state, or local office are prohibited from accepting contributions from those entities.

The investigations stemmed from three complaints to the FEC lodged from April to November of 1989, focusing on campaign contributions to Hawaiian gubernatorial candidates, Honolulu mayoral candidates, and various Hawaiian State House and Senate campaign committees. The prohibited contributions were from, primarily, domestic subsidiaries or partnerships of Japanese businesses.

The 5-year investigation probed more than \$300,000 illegally flowing into more than 140 campaigns over four election cycles. Today's action by the Commission culminates in a total of 18 conciliation agreements by 26 respondents, with penalties ranging from \$125 to \$38,000. The FEC investigation initially involved 126 respondents, but the majority were dismissed by the Commission because the allegations were not substantiated or the amounts of contributed funds involved were deemed insignificant.

Candidates' campaigns to which contributions were directed were admonished by the FEC for accepting them and were instructed to refund all such contributions. The Commission decided not to pursue more stringent enforcement measures.

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FEC Chairman Trevor Potter and Vice Chairman Danny L. McDonald disclosed the penalties and the closing of the investigation (Matter Under Review, or MUR) in a news conference at the FEC today.

Chairman Potter noted, "...the Commission's interest in this issue is not limited to Hawaii, and is not focused on any one nationality or ethnic group. This case is important for any state with large levels of foreign residents or business activity. One reason we are highlighting the conclusion of this particular investigation is that we believe the prohibition on foreign contributions is not as widely known and understood as it should be through the United States, and especially in the foreign business community."

He also said the FEC has published a new brochure that clarifies and emphasizes the seriousness the Commission places on adherence to the law concerning foreign nationals. The brochure is scheduled to be mailed August 9 to state election officials, American subsidiaries of foreign corporations, Washington embassies, and representatives of foreign nationals.

The FEC is contacting 69 additional Hawaiian state political committees that were not involved in the original probe, but which were discovered to have received illegal funds. They are being informed of the impermissible contributions, the prohibition in the law, and are being instructed to refund all such contributions.

Following is a list of the respondents and amounts of penalties:

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MUR 2892 Conciliation Agreements

-18 agreements covering 26 respondents-
(in descending order by penalty amount)

RESPONDENT(S)	AMOUNT OF PENALTY	DATE OF AGREEMENT	AMT OF ILLEGAL CONTRIBS.
1) WEST BEACH ESTATES (Domestic partnership, one corp. partner is domestic subsidiary of Japanese corp.)	\$ 38,000	03/15/94	\$ 80,295
2) HASEKO (HAWAII), INC. (Domestic subsidiary Japanese parent corp.) GRAHAM BEACH PARTNERS HASEKO REALTY, INC. HASEKO ENGINEERING, INC. HASEKO (EWA), INC. (Subsidiaries of Haseko (Hawaii), Inc.)	\$ 30,000	09/07/93	\$ 60,830
3) Y.Y. VALLEY CORP. ROYAL HAWAIIAN COUNTRY CLUB (Hawaiian corp. owned by several foreign nationals including the Yasudas [see below]; Royal Hawaiian Country Club wholly-owned by Y.Y. Valley)	\$ 23,000	07/21/94	\$ 60,390*
4) TETSUO YASUDA a.k.a. HAN SOO CHUN YASUO YASUDA a.k.a. HAN KUK CHUN (Korean nationals living in Japan)	\$ 23,000	06/13/94	\$ 60,390*
5) HAWAII OMORI CORPORATION (Domestic subsidiary Japanese parent corps.)	\$ 8,750	04/10/92	\$ 17,754
6) MAUNA LANI RESORT INC. MAUNA LANI RESORT PAC (Domestic subsidiary Japanese parent corp.)	\$ 8,000	06/12/92	\$ 25,443
7) SANKYO TSUSHO CO. LTD. dba MOKULEIA LAND CO. (Incorporated in Japan)	\$ 7,000	08/04/93	\$ 13,770
8) AZABU U.S.A. CORPORATION AZABU REALTY, INC. (Domestic subsidiaries Japanese parent corp.)	\$ 6,000	03/15/94	\$ 13,725

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RESPONDENT(S)	AMOUNT OF PENALTY	DATE OF AGREEMENT	AMT OF ILLEGAL CONTRIBS.
9) HALEKULANI CORPORATION (Domestic subsidiary Japanese parent corp.)	\$ 5,000	03/15/94	\$ 11,070
10) JAPAN TRAVEL BUREAU INTERNATIONAL, INC. (Domestic subsidiary Japanese parent corp.)	\$ 4,500	04/25/91	\$ 9,715
11) TAIYO HAWAII CO., LTD. (Incorporated in Japan)	\$ 4,200	06/13/91	\$ 8,690
12) MASAO HAYASHI (Japanese national)	\$ 1,125	04/25/91	\$ 2,250
13) ALL NIPPON AIRWAYS CO., LTD. (Incorporated in Japan)	\$ 875	12/06/90	\$ 1,975
14) DAIEI HAWAII INVESTMENTS, INC. (Domestic subsidiary Japanese parent corp.)	\$ 800	04/25/91	\$ 1,600
15) MINAMI GROUP (USA), INC. (Corp. owned by a Japanese national - <u>not</u> a domestic subsidiary)	\$ 300	04/25/91	\$ 1,150
16) COORDINATION COUNCIL FOR NORTH AMERICAN AFFAIRS ("Instrumentality" of the government on Taiwan)	\$ 300	01/29/92	\$ 750
17) TAKAYUKI MIZUTANI (Japanese national)	\$ 250	04/25/91	\$ 500
18) TOBISHIMA PACIFIC, INC. (Domestic subsidiary Japanese parent corp.)	\$ 125	12/06/90	\$ 250
TOTAL OF IMPERMISSIBLE CONTRIBUTIONS:			\$310,157*
TOTAL CIVIL PENALTIES:			\$162,225

* The Yasudas' agreement and the Y.Y. Valley/Royal Hawaiian agreement identify the same \$60,390 in impermissible contributions, so this figure counts only once toward the total of impermissible contributions.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20543

OFFICE OF THE CHAIRMAN

PREPARED REMARKS OF FEC CHAIRMAN TREVOR POTTER
News Conference, August 3, 1994, Washington, D.C.

The Commission is today announcing the result of an investigation into illegal foreign contributions in U.S. elections. Twenty-six illegal contributors have been fined a total of \$162,225. Each of these cases involved an illegal campaign contribution to a U.S. candidate by a foreign national or foreign-owned or registered corporation. All existing recipients of these illegal contributions are receiving admonishment letters from the Federal Election Commission, and are being told to refund or disgorge these illegal funds.

For many years it has been illegal for any foreign national, whether an individual, corporation or government, to make a contribution of money or any other thing of value to any U.S. candidate. This is one of the few prohibitions in the federal election laws that applies to candidates at every level of government in this country -- state and local as well as federal.

The actions we are announcing today are the result of an intensive investigation by the Commission's Office of General Counsel. This investigation was given high priority by the Commission when we established the enforcement prioritization system last year (December, 1993).

Under our enforcement priority system, each case at the Commission is rated, then assigned to an enforcement track. Cases with high ratings -- because of the large amount of money involved, the seriousness of the violation, or because they fit into an area of particular interest to the Commission -- are put on a fast track, and as soon as possible are given the staff resources and attention necessary to speedily investigate the matter.

One area of particular concern for the Commission has been illegal foreign contributions. In 1991, at Commissioner (John) McGarry's urging, the Commission considered issuing more restrictive rules on foreign contributions. After reviewing the issue, the Commission decided to keep its existing rules but to make them an enforcement priority.

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2/Potter remarks

We believe it is especially important that candidates, foreign nationals, and the U.S. public all understand that foreign political contributions are expressly prohibited by law, for all elective offices in all 50 states. Only United States citizens or persons admitted to permanent residency in the U.S. (green card holders) may contribute to U.S. candidates or political committees.

There are special rules for U.S. subsidiaries of foreign corporations, so that no foreign money is used to run any political action committees (PACs) they establish, and no foreign nationals are involved in any way in contributions by such PACs.

The matter we are releasing today involves Hawaiian candidates. We conducted a large-scale investigation, looking at both contributors and recipients, to determine the scale of the problem. In addition to the 26 businesses or individuals who are paying \$162,225 in fines to the U.S. Treasury, we have sent admonishment letters to 23 other contributors; 106 recipient candidates or party committees are also receiving admonishment letters from the Commission as a result of this investigation. These letters request the recipients to disgorge these illegal funds. The appropriate State offices in Hawaii have been notified of these facts.

The illegal foreign contributions in this particular case were primarily from domestic subsidiaries of Japanese business firms, no doubt because of the large financial investment by Japanese interests in Hawaii during the 1980s. However, the Commission's interest in this issue is not limited to Hawaii, and is not focused on any one nationality or ethnic group. This case is important for any state with large levels of foreign residents or business activity. One reason we are highlighting the conclusion of this particular investigation is that we believe the prohibition on foreign contributions is not as widely known and understood as it should be through the United States, and especially in the foreign business community.

As part of the Commission's continuing emphasis on this area of law, we are currently investigating other cases involving allegations of illegal foreign contributions in states other than Hawaii. We cannot discuss the specifics of those cases today, because by law they must be kept confidential until the investigations are concluded. However, we will inform the public when those cases are completed.

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FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

MUR 2892 FACT SHEET

Three complaints were filed and later consolidated into one case, MUR (Matter Under Review) 2892. The complainants were:

Anthony P. Locricchio (HI)
Victoria S. Creed,
President, Maunawili Community Association (HI)
Karin L. Kosoc (HI)
Donna Wong (HI)

MUR 2846 Filed April 11, 1989: alleged contributions to Hawaii Governor John Waihee's campaign committee;

MUR 2892 Filed May 30, 1989: alleged contributions to Honolulu Mayor Frank Fasi's campaign committee;

MUR 3004 Filed November 13, 1989: alleged contributions to many state house and senate campaign committees.

*** The Commission found reason-to-believe (RTB) regarding 68 contributors (mostly corporations and a few individuals) and 37 state and local campaign committees on May 1, 1990, and January 8, 1991. (Additional 21 respondents = no action/no reason to believe; total = 126)

*** Discovery began in 1990 and follow-up investigations continued through mid-1992.

*** By early 1994, the case had been narrowed down to the last 12 respondents. The last conciliation agreements were reached in early July.

TIMELINE:

1989: Three complaints filed with FEC.
1990: Conciliation agreements - two respondents.
1991: Conciliation agreements - six respondents;
No probable cause to believe findings - 12 respondents;
No further action taken - one respondent.
1992: Conciliation agreements - four respondents.
1993: Conciliation agreements - six respondents;
No further action - 58 respondents.
1994: Conciliation agreements - eight respondents;
No further action - eight respondents.

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***During its investigation, the Commission dealt with a total of 231 contributors and recipient committees: 89 contributors and at least 142 recipient committees.

***All 89 contributors were investigated by the FEC. Only 37 recipient committees were pursued by the agency. The other recipient committees were discovered by the Commission during its examination of contributors' activities.

SUMMARY OF PENALTIES, ADMONISHMENTS, REFUNDS, ETC.

-- 26 Contributors paid penalties totalling \$162,225 to U.S. Government for making illegal campaign contributions.

-- 129 Admonishment letters were sent to:

23 Contributors for making illegal contributions;

106 Recipient committees for making illegal contributions

[Note: 37 committees were respondents in the case; 69 committees were identified through the FEC investigation, but were not respondents in the case.]

-- Recipient committees advised to refund or otherwise disgorge \$233,537.

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ACTIONS TAKEN - MUR 2892

CONCILIATED - (26 RESPONDENTS)

(those entities grouped together appeared in the same agreement)

1. All Nippon Airways Co., Ltd.
2. Azabu Realty, Inc.
Azabu U.S.A. Corporation
3. The Coordination Council for North American Affairs
4. Daiei Hawaii Investments, Inc.
5. Halekulani Corp.
6. Haseko (Hawaii), Inc.
Graham Beach Partners
Haseko Realty, Inc.
Haseko Engineering, Inc.
Haseko (Ewa), Inc.
7. Hawaii Omori Corporation
8. Masao Hayashi
9. Japan Travel Bureau International, Inc.
10. Mauna Lani Resort, Inc.
Mauna Lani Resort PAC
11. Minami Group (USA) Inc.
12. Takayuki Mizutani
13. Royal Hawaiian Country Club
Y.Y. Valley Corp.
14. Sankyo Tsusho Co. d/b/a Mokuleia Land Co.
15. Taiyo Hawaii Co., Ltd.
16. Tobishima Pacific, Inc.
17. West Beach Estates
18. Tetsuo Yasuda
Yasuo Yasuda

Categories of conciliated respondents:

- 16 foreign-owned corporations
(domestic subsidiaries or owned directly by
foreign individuals)
- 4 foreign national individuals
- 3 foreign corporations
- 1 domestic partnership with one corporate partner
which is a domestic subsidiary of a foreign corporation
- 1 foreign government entity
- 1 corporate-funded PAC (of one of the domestic
subsidiaries listed above)

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RECIPIENT COMMITTEES (37) -- Listed alphabetically by last name of candidate

- *Friends of James Aki
- *Campaign of Peter Apo
- *Campaign of Romy Cachola
- *Campaign of Dante Carpenter
- *Ben J. Cayetano Campaign Committee
- *Friends of Tony Chang
- *Campaign of Mike Crozier
- *Campaign of Takashi Domingo
- *Campaign of Leigh-Wai Doo
- *Friends of Frank Fasi
- *Friends of Gerry Hagino
- *Campaign of Clarice Hashimoto
- *Campaign of Ken Hiraki
- *Friends of Milton Holt
- *Friends of Karen Horita
- *Friends for Marshall Ige
- *Campaign of Lorraine Jitchaku Inouye
- *David W. Kahanu Campaign Committee
- *Campaign of Ezra Kanoho
- *Campaign of Bertha Kawakami
- *Friends of Danny Kihano
- *Campaign for Ann H. Kobayashi
- *Campaign of Tony Kunimura
- *Friends of Joe Leong
- *Campaign of Richard Matsuura
- *Mizuguchi For Senate Committee
- *Campaign of Dennis Nakasato
- *Friends of Tom Okamura
- *Friends of Paul Oshiro
- *Friends of Henry Peters
- *Campaign of Harry Ruddle
- *Friends for Say
- *Campaign of Malama Solomon
- *Citizens for Waihee
- *Friends of Richard S. H. Wong
- *Yamasaki Campaign Fund
- *Campaign of Stephen Yamashiro

CONTRIBUTORS (18) -- Amounts deemed insignificant

- *ANA Hallo Tours (USA)
- *ANA Hotels Hawaii, Inc.
- *Daiichiya-Love's Bakery
- *Hiroaki Fushimi
- *Hachidai USA Inc.
- *Hawaii Sekitei Corp.
- *The Ilikai
- *Japan Air Lines
- *KG (Hawaii) Corp.
- *Kintetsu International
- *Kumagai Properties
- *Matsuzato Hawaii
- *Nitto Hawaii
- *Pacifico Creative Services
- *Obun Hawaii
- *Pearl Country Club
- *Saab-Scania of America
- *Yokohama Okadaya Corp.

CONTRIBUTORS (12) -- Allegations not substantiated/not worth pursuing

- Ala Moana Hotel
- *Daiei (USA), Inc.
- Yoshinori "Ken" Hayashida
- Horita Corporation
- *Kauai Island Tours, Inc.
- Hiroshi Kobayashi
- Masanori Kobayashi
- *Itsuo Koshiba
- Mauna Lani Bay Hotel
- *Pan-Pacific Construction, Inc.
- *Pan-Pacific Development, Inc.
- The Westin Kauai

(*Sent admonishment letters.)

NO PROBABLE CAUSE TO BELIEVE (12)

American Hawaii Cruises, Inc.
Grosvenor International (Hawaii), Ltd.
International Commercial Bank of China
Jet Hawaii, Inc.
Kazuo Totoki, Ltd.
Leyton House (Hawaii), Inc.

Longevity Internat'l Enterprises Corp.
New Tokyo Restaurant Co.
Ohbayashi Hawaii Corp.
Otaka, Inc.
Pacific Resources, Inc.
Universal Express Co. (Hawaii) Ltd.

NO REASON TO BELIEVE (11)

Central Development Corp.
Central Pacific Bank PAC
Foremost Dairies-Hawaii
Gem of Hawaii PAC
Roy Hiroshige
Pacific Resources PAC

Plaza Hotel Nimitz Partners
Seafarers/U.I.W.
Servco Pacific, Inc.
Sony Hawaii Co.
TSA Int'l., Ltd

NO FINDINGS (10)

Michisaburo Hayashi
Mitsunori Inoue
Shoichi Kaneda
Hirofumi Ohnishi
Eiji Sakemoto

Kenji Sakemoto
Isamu Yamaguchi
Katsumi Yamaguchi
Eiman Yamamoto
Seinosuke Yoshida

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NON-RESPONDENT RECIPIENT COMMITTEES [69]

- *There were over 100 recipients of impermissible contributions that were not part of the Commission's case. The following 69 were still active as of 1992.
 *They are listed in alphabetical order by last name of candidate/name of committee.
 *Letters are being sent to each with a list of impermissible contributions and a brochure.

Name of Committee	Contribs.	Name of Committee	Contribs.
Friends of Aloha	\$ 300.00	Friends of Russell Kokubun	\$ 200.00
Friends of Akana	150.00	Friends of Ronald Kouchi	1,000.00
Emilio Alcon Committee	250.00	Friends of Kevin Kuroda	3,425.00
Friends of Amaral	650.00	Friends of Merle K. Lai	125.00
Friends of Whitney T. Anderson	50.00	Friends of Alice Lee	200.00
Campaign of James Arakaki	500.00	Friends for Andrew Levin	200.00
Friends of Ariyoshi	75.00	Mansho for City Council	808.10
Friends of Vince G. Bagoyo, Jr.	250.00	Time for Barbara Marumoto	5,020.00
Friends of Rosalyn Baker	2,080.00	Friends of Mary Jane McMurdo	50.00
Friends of Reb Bellinger	150.00	Friends of Rick Medina	100.00
Build-PAC Hawaii	425.00	Friends of Wayne Metcalf	350.00
Friends of Robert Bunda	250.00	Mirikitani Campaign	350.00
Friends of Maxine Correa	500.00	Friends of Morgado, Jr.	2,000.00
Brian J. Delima Committee	370.00	Friends of Councilman Nakasone	3,780.00
Democratic Party of Hawaii	4,200.00	Friends of Tony Navares	1,125.00
Committee to Elect John Desoto	4,250.00	Friends of Wayne Nishiki	2,050.00
Friends of John Henry Felix	4,200.00	Dennis O'Connor for Mayor	300.00
Committee to Re-Elect Fukunaga	50.00	Friends of Mike O'Kieffe	4,000.00
Friends of Jesse Fukushima	500.00	Republican Party of Hawaii	600.00
Gary Gill Cares Committee	770.00	Friends of Kalani Schutte	400.00
Helene Hale Committee	100.00	Senate Republicans	3,250.00
Clayton Hee Committee	2,000.00	Friends of Judy Sobin	100.00
Citizens for Heftel for Governor	2,100.00	Friends of Souki	1,000.00
Friends of Bob Herkes	700.00	Friends of Tajiri	700.00
Friends of Goro Hokama	849.00	Friends for Dwight Takamine	450.00
Holmes for City Council Committee	500.00	O'hana O Rod Tam	300.00
Friends of Herbert Honda	750.00	Friends of Joe Tanaka	155.00
Friends of Honma	2,000.00	Friends for Tom	2,130.00
Hotel PAC	1,500.00	Friends of Eloise Tungpalan	250.00
Friends of Isbell	125.00	Velma's Aikanes	1,100.00
Friends of Keith Kaneshiro	850.00	Friends of Jimmy Wong	1,100.00
Elect Cal Kawamoto Campaign Committee	2,000.00	Friends of Dwight Yoshimura	500.00
Campaign of Patrick F. Kawano	1,670.00	Friends of Patsy Kikue Young	375.00
Friends of Duke Kawasaki	900.00	Joanne Yukimura's Many Friends	225.00
Friends of Donna Mercado Kim	7,300.00		100.00