



FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 10, 2020

Via Electronic Mail:
sam.chan@ckit.hk

Mr. Sam Chan, Managing Director
Honest Profit International Limited
P.O. Box 500490
Saipan, MP 96950

RE: MUR 7624
Honest Profit International Ltd.

Dear Mr. Chan:

On June 30, 2020, the Federal Election Commission accepted the signed conciliation agreement submitted by Honest Profit International Ltd. 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 Honest Profit International Ltd.

The Commission reminds you that the confidentiality provisions of 52 U.S.C. § 30109(a)(12)(A) still apply, and that 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 call me at (202) 694-1548.

Sincerely,

Elena Paoli

Elena Paoli
Attorney

Enclosure
Conciliation Agreement

OFFICE OF
GENERAL COUNSEL

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	MUR 7624
Honest Profit International Limited)	
)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities.

The Commission found reason to believe that Honest Profit International Limited ("Respondent") violated 52 U.S.C. § 30121(a)(1)(A).

NOW, THEREFORE, the Commission and the Respondent, 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 Respondent 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. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Honest Profit is a Hong Kong-based business that is constructing a hotel in San Antonio, Saipan, in the Commonwealth of the Northern Mariana Islands ("CNMI").

2. Honest Profit International Limited is a Saipan-based, wholly owned subsidiary of Honest Profit.

3. In January 2015, Respondent made a \$20,000 donation to the CNMI gubernatorial campaign of Ralph DLG Torres.

4. In January 2015, Respondent made a \$2,100 contribution to CNMI Representative candidate Angel A. Demapan.

5. In August 2016, Respondent made a \$500 contribution to Demapan.

6. In December 2016, Respondent made a \$5,000 contribution to the Torres campaign.

7. In August 2017, Respondent made a \$5,000 contribution to the Torres campaign.

8. Respondent Honest Profit International Limited made the contributions at issue with funds obtained from its parent corporation in Hong Kong.

9. The CNMI is a commonwealth government comprised of 14 islands in the West Pacific. Its relationship with the United States is governed by a Covenant, which, *inter alia*, sets forth the applicability of U.S. laws to the CNMI. *See* Covenant, 48 U.S.C. § 1801 et seq.

10. The Federal Election Campaign Act of 1971, as amended ("Act") and Commission regulations prohibit a foreign national from making a contribution or donation, directly or indirectly, in connection with a federal, state, or local election. 52 U.S.C. § 30121(a)(1)(A), (B); 11 C.F.R. § 110.20(b), (c).

11. 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).

12. A foreign national also includes a corporation, organization, or other group of persons organized under the laws of or having its principal place of business in a foreign country. 36 U.S.C. § 510(c); 52 U.S.C. § 30121(b) (citing 22 U.S.C. § 611(b)).

13. The Act's foreign national contribution prohibition applies to elections in the CNMI.

14. In the Bipartisan Campaign Reform Act of 2002, Congress expanded the foreign national prohibition to expressly prohibit "donations" in addition to contributions. It also codified the Commission's longstanding interpretation of the prohibition, expressly applying it to state and local elections as well as to federal elections. *See* 52 U.S.C. § 30121(a).

15. Respondent Honest Profit International Limited contends that it did not intend to violate the Act and that it was not aware that it could not use funds from Honest Profit, its foreign parent, to make contributions and donations in CNMI elections.

V. Respondent made at least \$32,600 in prohibited foreign national contributions in connection with elections in the CNMI, in violation of 52 U.S.C. § 30121(a)(1)(A).

VI. Respondent will take the following actions:

1. Respondent will cease and desist from violating 52 U.S.C. § 30121(a)(1)(A).

2. Respondent will pay a civil penalty to the Federal Election Commission in the amount of Fifteen Thousand dollars (\$15,000), pursuant to 52 U.S.C. § 30109(a)(5)(A). The Fifteen Thousand Dollar (\$15,000) civil penalty will be paid as follows:

a. A payment of Five Thousand Dollars (\$5,000) is due not more than thirty (30) days from the date this Agreement becomes effective;

b. Thereafter, four consecutive monthly installments of Two Thousand Five Hundred Dollars (\$2,500) each;

c. Each such installment shall be paid within thirty (30) days of the due date of the previous installment;

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d. In the event that any payment is not received by the Commission by the fifth day after it becomes due, the Commission may, at its discretion, accelerate the remaining payments and cause the entire amount to become due upon ten days written notice to the Respondent. Failure by the Commission to accelerate the payments with regard to any overdue payment shall not be construed as a waiver of its right to do so with regard to further overdue payments.

3. Respondent agrees to undertake Commission-sponsored training in federal campaign finance laws.

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 same and the Commission has approved the entire agreement.

IX. Respondent 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.

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FOR THE COMMISSION:

Lisa Stevenson
Acting General Counsel

BY: Charles Kitcher
Charles Kitcher
Acting Associate General Counsel
for Enforcement

July 9, 2020

Date

FOR THE RESPONDENT:

SC
Sam Chan
Chief Executive Officer

JAN 10, 2020

Date