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Chinese Company Improperly Influenced California Election, Federal and State Complaints Allege

Los Angeles — A Chinese conglomerate owned by Asia’s richest man violated federal and state campaign finance rules by steering foreign funds to a California campaign committee, according to complaints filed Thursday with the Federal Election Committee and California’s Fair Political Practice Commission.

The Wanda Group appears to have directed a Chicago partner to contribute at least $50,000 to a California campaign committee it created, the complaints allege. The committee, Beverly Hills Residents and Businesses to Preserve Our City, was created by Wanda representatives in August to defeat a local ballot initiate that seeks voter approval for a competing hotel development.

Wanda is currently seeking approval to build One Beverly Hills, a $1 billion hotel and condo project at the corner of Wilshire and Santa Monica Boulevards. The Beverly Hilton’s owner sponsored Measure HH to seek voter approval for its own hotel project on an adjacent lot.

Recent news coverage has highlighted concerns about Wanda’s improper efforts to win approval for its project.

Wanda Group’s Chairman Wang Jianlin, China’s richest man, has met personally with the mayor of Beverly Hills on more than one occasion, including a recent trip to China, and contributed money to civic improvement projects in the city. His company also hired Beverly Hills’ former mayor, in violation of the city’s revolving door ordinance.

Investigations in New York and Chicago have recently found similar evidence of Wanda’s efforts at influence peddling. Last year, an investigation by the New York Times found that Wang is close with the Chinese Community Party and that relatives of some of China’s most powerful politicians and their business associates own significant stakes in Wanda.
The complaints filed Thursday call on federal and state officials to investigate whether Wang or other Chinese officials at Wanda participated in the decision to fund the anti-Hilton campaign committee. Major funding for the committee came from Lakeshore East Parcel P LLC, a company created by Wanda’s Chicago partner on a $1 billion lakefront tower there. The Chicago partner, Magellan Development, has no connection to California other than its relationship with The Wanda Group. The complaint alleges the company was used as a pass-through to disguise Wanda’s foreign contributions.

Foreign entities are prohibited from making contributions under state and federal law, noted attorney Gary Winuk, an attorney at Kaufman Legal Group who filed the complaint on behalf of Unite Here, a union that represents hotel workers.

"The ban on foreign contributions is one of, if not the most important, aspects of both federal and State campaign finance law," said Winuk, the former head of enforcement at California’s political watchdog. "Foreign contributions threaten to undermine the integrity of our elections."

"Hotel workers have fought to ensure good jobs at the Beverly Hilton and other area hotels," said Rachel Torres, a research analyst at Unite Here Local 11, which represents hotel workers in the Los Angeles area. "We do not want to see illegal foreign contributions from a company that has no such history and has made no such commitment attempt to take away our quality jobs and undermine our standard."

The complaints against Wanda Group come amidst nationwide concerns about foreign influence on U.S. elections.

In a parallel case last year in California, the Fair Political Practices Commission found that Manwin Licensing International, a foreign company, had violated state law by steering contributions through its local subsidiary to oppose a ballot initiative requiring pornography makers to use condoms. The company was fined $61,500 for hiding the foreign contributions.

"California’s ballot measure process is a powerful means of shaping California law, and it is designed to serve the interests of the people of California — not the interests of foreign principals," a report by the commission’s enforcement staff said after the case.

Earlier this month, the Federal Election Commission issued a letter warning about the influence of foreign money on U.S. elections across the country.

"In this tumultuous political year, foreign influence on American elections has emerged as an area of great concern to the American people," wrote Commissioner Ellen Weintraub. "The integrity of U.S. elections is a matter of national security."

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