

Company and CEO Pay Big Penalty for Reimbursing Political Contributions

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The Federal Election Commission (FEC) recently made public a conciliation agreement in which APEX Healthcare, Inc. and its president agreed to pay a civil penalty of \$275,000 for violations of federal campaign finance law. Although the company president, James Chao, "neither admits nor denies [the] conclusions" of several of the FEC's findings, the FEC details a wide-ranging contribution reimbursement scheme in the conciliation agreement.

According to the conciliation agreement, Chao used APEX corporate funds to reimburse several APEX employees for certain 2002 campaign contributions. In 2003, Chao again used APEX corporate funds to reimburse many individuals for contributions to the 2004 U.S. Senate campaign of Daniel Hynes from Illinois. The total of these 2003 reimbursements was \$69,500.

Under federal campaign finance laws, corporations are prohibited from making contributions to federal candidates, and all persons are prohibited from making contributions in the name of another. In the conciliation agreement, the FEC states that it "found reason to believe that these violations were knowingly and willfully made."

The conciliation agreement can be found on the FEC's Enforcement Query System under MUR 5405 at <http://eqs.nictusa.com/eqs/searcheqs>.

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