

# Los Angeles Times

SATURDAY, OCTOBER 19, 1996

COPYRIGHT 1996/THE TIMES MIRAGE COMPANY/OCT/196 PAGES

## COLUMN ONE

# From Hero to Political Hot Potato

■ John Huang brought in millions for the Democrats while working to give Asian Americans clout. But now he is at the center of a firestorm over the influence of foreign money in American campaigns.

By GLENN F. BUNTING  
and K. CONNIE KANG  
TIMES STAFF WRITERS

To Southern California's Asian American community, John Huang was something of a folk hero: dignified, fluent in five Chinese dialects, determined to help the community increase its political influence. "John rolled his sleeves up and was willing to go out there and raise money," says former Los Angeles Councilman Michael Woo.

To President Clinton and a cash-craving Democratic Party, Huang excelled at soliciting millions of dollars while seeking no credit for himself. "I'd like to thank my longtime friend John Huang for being so effective," Clinton told a \$1,000-per-plate gathering at the Century City Plaza Hotel in July that raised half a million dollars. "Frankly, he's been so effective I was amazed you were all cheering for him tonight."

And to members of Indonesia's wealthy Riady family, whose worldwide enterprises include the Lippo Bank in Los Angeles, Huang had a rare talent for opening doors to the halls of power in Washington. He earned \$879,000 in bonuses from the Lippo Group when he left in 1994 for a top Commerce Department post, where he became the Clinton administration's highest-ranking Asian American.

Now Huang's three roles have placed him squarely at ground zero of a firestorm over possibly illegal fund-raising practices and the influence of foreign money on political campaigns.

The soft-spoken, 51-year-old Glendale man is emerging as the unlikely central figure in a campaign financing scandal that is embarrassing the Democratic Party on the eve of the presidential election.

It was Huang, who after leaving Commerce to become a Democratic National Committee fund-raiser last December, landed huge contributions—\$450,000 from an Indonesian couple, \$250,000 from a South Korean company and \$140,000 from a gathering at a Hacienda Heights Buddhist temple—that are attracting heavy partisan fire. Which of his roles was Huang playing? How did he keep separate the at times conflicting interests of the Asian American community, Democratic Party and foreign businesses?

Huang, who is being removed from his fund-raising duties, is not available for interviews. But Republican leaders, citing reports of at least \$840,000 in possibly illegal contributions generated by Huang, suggest that he may be responsible for a campaign fund-raising scandal of historic proportions.

"I can imagine no greater danger than foreigners' trying to buy access to the government," House Speaker Newt Gingrich (R-Ga.) said this week. "To see the pattern . . . you just have to understand that there is an Indonesian named Riady who placed a person in our government named John Huang who then broke the law by asking people to make illegal contributions."

No one at the White House now wants to acknowledge so much as contact with Huang, let alone sponsorship of him. In a typical comment, senior presidential advisor George Stephanopoulos, who was also a top aide in the 1992 Clinton campaign, said: "I never met him, don't know him."

Without exception, dozens of Asian American leaders and entrepreneurs interviewed about Huang in Washington and Los Angeles said they could not imagine how such a warm and humble person who spoke less than smooth English could become the focus of a

national controversy.

"I just think the world of the guy," said Rep. Robert T. Matsui (D-Sacramento), who has known Huang for more than a decade. "You wonder how in the hell this could have happened to him."

Some in the Asian American community go further, quietly concluding that Huang has become a scapegoat, unfairly targeted because he was so successful in blazing a trail for their interests.

**H**uang (pronounced Wong), was born in China and raised in Taiwan, where he graduated from the Tatung Institute of Technology in 1967. He served as a reserve duty officer—a second lieutenant in Taiwan's air force—before immigrating to the United States, where he attended the University of Connecticut in 1969 and 1970, earning a master's in business.

He spent seven years at American Security Bank in Washington, starting as trainee and working his way up to assistant vice president. After a series of banking jobs in Kentucky, Tennessee and Hong Kong, he joined the Lippo Group, a vast financial enterprise headed by Indonesian businessman Mochtar Riady, in 1985 as executive vice president of its world banking unit in Hong Kong.

Huang rose quickly in the Lippo corporate family. In 1986, he moved to Los Angeles to serve as president and chief operating officer of Lippo Bank of Los Angeles, owned by Mochtar's son James Riady.

**H**e joined the Clinton administration in 1994 as a deputy assistant secretary of Commerce, a position he held for a year and a half before becoming a DNC fund-raiser based in Washington.

In the current swirl of controversy, it is difficult to trace who sponsored Huang's move from the private sector to a top government policy position. Some accounts have credited the Riady family's close ties with Clinton for Huang's eventual move to the Commerce Department.

Riady has made no public comment since the controversy erupted, and inside the White House, no one is stepping forward as Huang's patron. Some administration officials are passing credit to Ronald H. Brown, the former

Commerce secretary who died in a plane crash earlier this year.

Huang lives in a hillside home in Glendale with his wife and two sons, who attend public school. He wears Brooks Brothers-style suits, drives a white Mercedes and plays an occasional round of golf.

One of his neighbors is Lily Lee Chen, the former Monterey Park mayor. The two prominent Chinese Americans became friends, sharing an interest in politics and Asian American issues.

By the late 1980s, Huang became active in politics and began raising money for elected officials, acquaintances said. In 1990, then-California Assembly Speaker Willie Brown appointed Huang to the California World Trade Commission, which promotes trade of state products overseas.

California election records show that Huang contributed \$34,700 to various candidates from 1989 to 1994. It wasn't until last year that Huang registered as a Democrat, according to voter records. Earlier, his party registration was listed as "decline to state."

In 1992, Huang organized a fund-raiser for Clinton at the Sam Woo Seafood restaurant in San Gabriel that generated \$250,000. The event marked the first time that a large number of Los Angeles-area Asian Americans had come together in one room to demonstrate their political clout in support of a presidential candidate.

Political clout, Huang came to believe, had eluded the grasp of Asian Americans for far too long. Thomas T. Chan, chairman of Chinese Americans United for Self-Empowerment, remembers a stirring speech that Huang delivered to the organization two years ago.

"Don't just make money," Chan quoted Huang as saying. "Get involved. This is your country."

Huang encouraged the gathering of influential Chinese American business executives and professionals to learn political effectiveness from the Jews. "You will find a Jewish person in every administration, every department," Huang reportedly said. "And they earned it."

As a Commerce Department official working in the arena of international economic policy, Huang expressed frustration that Asian Americans did not exert

where they remained a small presence in spite of their increasingly large monetary contributions to both the Republican and Democratic parties.

Huang sought to change all that. Political fund-raising has become an increasingly ethnic pursuit. Greek Americans contributed heavily to Democratic presidential nominee Michael S. Dukakis in 1988. Republicans have harvested big money in Miami's Cuban American community.

Huang, as a DNC fund-raiser, focused on Asian Americans. Leaders and entrepreneurs in the Los Angeles Asian American community marveled at his ability to coax money out of residents of Japanese, Chinese, Korean and Vietnamese descent.

Los Angeles attorney Michael Yamaki, a former city police commissioner and a Japanese American, said he was impressed that Huang made special efforts to seek him out. "That is a rarity in politics. Some people don't want to expand out to other groups. They want to keep all of the access to themselves."

Chan, founding partner of the nation's largest Chinese American law firm, is a Republican, but he has supported many of Huang's Democratic causes.

"Republicans, Democrats and independents [of Chinese ancestry] value John because of the kind of person he is," Chan said.

Huang appealed to Asian sensibilities by remaining faithful to his heritage—always considerate, slow to speak and modest. His ability to speak dialects including Mandarin and Cantonese was also important.

His low-key manner also worked to his benefit. At banquets in fancy Washington and Los Angeles hotels, Huang liked to sit in the back with the hotel staffers to make sure the guests' needs were attended to. Several people said in interviews that they contributed to Clinton through Huang without being specifically asked to donate.

In his 10 months as a full-time DNC fund-raiser, Huang is reported to have solicited up to \$5 million for the party.

Stewart Kwoh, president of the Asian Pacific American Legal Center of Southern California, says Huang was trying to raise Asian Americans' profile in Washington: "He was trying to tie together and mobilize the Asian American community in the campaign and have that campaign recognized and valued in the next administration."

But the nimble-footed Huang may have stumbled over U.S. laws governing political contributions from foreigners. Foreign companies and citizens may not give money to U.S. parties or candidates. Foreign citizens living legally in the United States may contribute, however, as can U.S. subsidiaries of foreign corporations, provided that the contributions were earned in American operations.

Huang solicited \$250,000 from a South Korean company named Cheong Am America Inc. The DNC returned the donation when The Times revealed that the company did no business in the United States, making the contribution illegal.

And it was Huang who arranged \$450,000 in contributions from an Indonesian couple who donated some of the money while they lived in the Washington area as immigrants and continued to contribute after returning to their home country, also raising questions of legality.

When Huang became a DNC fund-raiser, he had the advantage of 18 months of experience at the Commerce Department, where he had served as deputy assistant secretary for international economic policy. A Commerce spokeswoman said he was mostly a paper shuffler who handled administrative and personnel responsibilities.

But he was no stranger to the rarefied atmosphere of the Oval Office. He and James Riady, the owner of Los Angeles-based Lippo Bank and son of Mochtar Riady, met privately twice with Clinton in April 1993 and September 1995, according to an internal search of White House records. Administration officials characterized the session as primarily social visits.

One source, who has been involved in Asian political fund-raising, said it appeared Lippo Bank, including James Riady, was making a strategic effort to form an alliance with powerful Democrats. This source suggested that the Riady family was simply doing the same thing in the United States that it does back in Indonesia: currying favor with top government officials.

When Huang arrived at the Commerce Department, he had just received a golden handshake worth about \$379,000 from the Lippo Group, according to financial disclosure statements that he filed.

In his Commerce post, Huang had top-secret security clearance, which gave him access to embassy cables, intelligence reports and classified information that is used to develop U.S. trade policy. This includes the government's positions in active negotiations, discussions about trade sanctions and the activities of foreign governments and foreign competitors.

Such information, which is supposed to be kept confidential, could be of tremendous benefit for a company like Lippo "to learn about projects or competitions in their countries where there might be an American competitor," said Thomas Duesterberg, a senior fellow at the Hudson Institute, a conservative think tank, who served as assistant secretary of Commerce for international economic policy from 1989 to 1993.

A current Commerce official said in an interview that Huang was in a "perfect position to influence U.S.-Indonesia policy. He got all of the information; he had access to CIA information. He was in a position to influence the State Department," the official said.

No evidence has surfaced to indicate that Huang misused his position. Anne Luzzatto, spokeswoman for the Commerce Department, denied that Huang had any role in arranging trade missions to Indonesia or anywhere else in Asia, although she said he did take two official trips to Taiwan. Policy affecting the rest of Asia was handled by a department undersecretary, Luzzatto said. "Nothing that we have learned indicates that he was in a position to influence U.S. policy toward Indonesia," she said. Luzzatto acknowledged that there was a unit handling Asian and Pacific affairs under Huang, but she said his only role in that unit would have been on administrative matters, such as personnel and budget.

In response to written queries, Huang replied in writing to whether he had any involvement with Lippo while at Commerce: "I scrupulously avoided any contact with any Commerce Department matters involving Lippo."

The brewing scandal surrounding Huang has angered many Asian Americans in Southern California, who point out that their community is being tainted by repeated references to the so-called Asian connection.

"This was a coming-out party for Asian Americans, and they're turning it into a controversy," Chan said. "We just hope that this doesn't negatively affect the Asian American community and its involvement in the political process, both in regards to voting and contributing financially to candidates."

Bunting reported from Washington and Kang from Los Angeles. Times staff writers Rich Connell, Evelyn Hitti, Maggie Farley, Paul Jacobs, Alan C. Miller, John M. Broder and Janet Hook also contributed to this story.