

Agnos confirms Brown's China Connection
Trade delegates' report conflicts with candidate's claim he wasn't
scouting for overseas factories
CAMPAIGN '92

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Former San Francisco Mayor Art Agnos and other members of a 1989 Bay Area trade delegation say Jerry Brown was working for a Costa Mesa drug manufacturer that was attempting to set up operations in China when they encountered the ex-governor in Hong Kong three years ago.

In interviews Monday, they confirmed an Examiner report - denied by Brown - that said he had been part of an effort to locate American drug-manufacturing operations overseas.

Brown's efforts at the time appear to contradict the fierce pro-American labor position he is taking now in his bid for the Democratic presidential nomination.

Land and labor in China cost a fraction of what they do in the United States.

Agnos and other members of the mission said that when they met Brown at a Hong Kong hotel in May 1989, he had told them he was there on behalf of Milan Panic, founder of ICN Pharmaceuticals Inc., a California firm that has been investigated by state and federal authorities three times in recent years.

Brown was a paid director for an ICN subsidiary, ICN Biomedicals Inc. of Costa Mesa, from 1987 through December 1991.

The Examiner reported on Sunday that three months after Brown's visit, ICN announced an agreement to build a manufacturing center in southern China.

Responding over the weekend in a series of interviews, Brown at first called the report "totally fraudulent." He suggested that an Examiner reporter accompanying the trade mission, who had interviewed him in Hong Kong, had mixed him up with someone else.

He also said he had been in Hong Kong on behalf of a Sacramento real estate developer.

Jeff Berger, owner of B&B Real Estate, said he had paid for Brown's services and expenses on the Hong Kong trip. "He was 100 percent over there for me," Berger said Monday.

Berger, 39, said he hired Brown three years ago because "we were looking at how to raise capital in the Hong Kong markets and it would be used for investment in California real estate."

Berger said he didn't know anything about Brown's activity on behalf of ICN: "He was with me almost 24 hours a day. . . . Anyone who says anything else about that trip doesn't know what they're saying."

Assemblywoman Jackie Speier, D-South San Francisco, a member of the mission, said Tuesday that she had met Brown and Berger in Hong Kong and attended a "goodwill lunch" with Brown and an unidentified Hong Kong real-estate developer.

Speier said Brown had told her in a conversation at Hong Kong International Airport that he had traveled to the Far East on behalf of several clients.

"He was working for a law firm and he was facilitating clients doing business in the area," Speier said.

She said it was her clear impression that Brown was working for others, as well as Berger. She didn't specifically recall any reference to ICN.

Brown contended he had had no part in ICN's China effort.

That isn't what he told the Bay Area trade mission in 1989, according to Agnos, San Francisco parking commissioner Arnold Chin and other members of the group.

"He said he was there on business. I remember he said he was doing something for Milan Panic, " Agnos said. "It stuck out in my head a little bit."

Agnos said he was familiar with Panic because the drug manufacturer had contributed to his own campaigns.

Panic also contributed to Brown, who served as a \$20,000-a-year director of one of ICN Pharmaceuticals' subsidiaries, ICN Biomedicals Inc. Additionally, Brown was a \$50,000-a-year consultant to the law firm that represented ICN Pharmaceuticals.

The law firm - the Los Angeles office of Fulbright and Jaworski of Houston - represented not only ICN, but other clients with Far Eastern business interests, said Richard Keatinge, the longtime Brown family friend who brought Brown into the firm in 1983.

Chin said he remembered Brown saying he was "working for a pharmaceutical company."

"I recall him talking about looking for property in China, " Chin said. "The guy is trying to deny it. He is trying to garner the labor vote. He should own up to it."

"A shred of truth there'

Another San Francisco City Hall official traveling with the group also recalled Brown's efforts.

"He was there representing the pharmaceutical company. . . . He was representing ICN to gather these (Hong Kong) investor types for ICN, " said the official, who asked not to be identified. "He was very hot and heavy. He was looking for Asian investors for a few things."

In addition, Brown clearly represented himself to an Examiner reporter on the trade mission as an agent for ICN looking for low-cost manufacturing sites in Guangdong Province in China.

Pressed to respond to The Examiner report Sunday on CBS News' "Face the Nation, " Brown eventually said there was a "shred of truth there."

"I was formerly affiliated with a company that wants to sell its pharmaceutical products in China to combat river blindness, " Brown said. "In order to be able to sell drugs to China on this river blindness problem, the Chinese army wants you to do some manufacturing there."

A spokesman for ICN Biomedicals said Monday that the company didn't make a drug for river blindness. "I never heard of anything like that, " said Paul Knopick.

Nor could Knopick confirm Brown's claim that the Chinese army had required ICN to locate manufacturing facilities in China.

"I don't know what the Chinese require or don't require, " he said. "I do know we have been negotiating with China to establish a joint venture there."

ICN has declined to detail the nature of Brown's relationship with the company beyond confirming that he was a director.

In 1991, ICN paid a \$400,000 fine and \$200,000 in costs to settle a civil lawsuit after the Justice Department charged it with violating the law in its promotion of the anti-viral agent it seeks to make in China, ribavirin, as an AIDS treatment.

Agnos said he remembered his Hong Kong encounter with Brown because the former governor crashed their banquet.

"Suddenly Jerry Brown walks in . . . and invited himself to the dinner, " said Agnos, who led the trade delegation with then-San Jose Mayor Tom McEnery. "(He said) he's here on a business trip. But he wants to come for dinner . . . and then he sat there and borrowed somebody's (cellular) telephone and made telephone calls through the dinner in a very discourteous way . . . running up the (phone) bill in typical careless, thoughtless fashion."