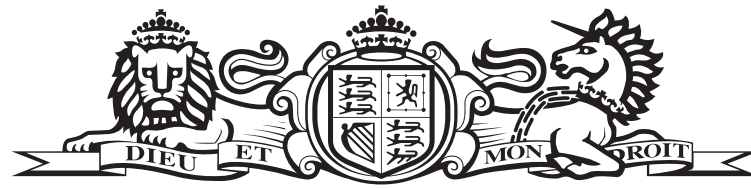


THE AGE



INDEPENDENT. ALWAYS.



WOUNDED BULLDOG
Is this the end of Dale Morris' AFL career?
SPORT



TREE COVER CHANGES
Where most suburban trees have been lost
NEWS PAGE 2

MOULIN FOR MELBOURNE
Broadway musical is coming to town
NEWS PAGE 5



SPECIAL INVESTIGATION

Xi family link to Crown big players

EXCLUSIVE
Nick McKenzie, Grace Tobin and Nick Toscano

A cousin of Chinese President Xi Jinping was aboard a private jet for high-roller gamblers when it was searched by federal agents on the Gold Coast in 2016 on suspicion that it was involved in international money laundering.

The initial target of the police search of the jet's passengers was an alleged criminal fugitive and business partner of Crown Resorts, Tom Zhou. But the search also revealed that one of Mr Zhou's travelling companions was Mr Xi's cousin Ming Chai.

Multiple sources say police and security agencies, including ASIO, have since made detailed inquiries about why Mr Chai - a Crown resorts "VVIP" (very, very important person) - was aboard the flight with Mr Zhou, who is an alleged crime figure and Communist Party influence operative.



A trove of thousands of leaked files from inside Crown shows how it and its high-roller agents have facilitated the travel to Australia of figures of interest to police and security agencies. The files also appear to expose links between Asian crime gangs known as triads, which are involved in the high-roller junket business, and Chinese Communist Party influence activities in Australia. Police and security agencies are now asking questions about the movement in and out of Australia of Chinese high

Continued Page 8



William Cabantog, left, and David Van Iersel.
Photo: Amilia Rosa

Melbourne nightclub pair threatened by Bali inmates

EXCLUSIVE
Amilia Rosa
Cameron Houston

Two Melbourne nightclub figures charged with cocaine possession in Bali have received death threats from inmates as they were transferred between cells at Denpasar police station at the weekend.

William Cabantog, 35, and David Van Iersel, 38, were handcuffed to each other as they were moved to a holding cell on the ground floor that holds more than 90 prisoners. Video footage taken by *The Age*

shows the pair being searched by guards as other inmates scream, "I kill you, I kill you." Other insults and threats are made in Indonesian, including references to rape.

Mr Van Iersel is expected to be formally interviewed by police today, accompanied by his lawyer Denny Sedana, who visited his client on Friday.

It is believed that Mr Cabantog is yet to appoint a lawyer, and can only be formally interviewed once he has legal representation.

Police are permitted to hold the pair at Denpasar station for up to

four months while they complete their investigation, which is understood to involve several other foreign tourists who attended the Lost City nightclub in Canggu.

Video footage from surveillance cameras inside the club was seized by police when they raided the venue on July 19.

Mr Cabantog and Mr Van Iersel were arrested in an office of the club after police found 1.12 grams of cocaine in Mr Cabantog's pocket. Urine tests taken from the

Continued Page 5

Keating blasts 'monkeys' on super

Adele Ferguson
Eryk Bagshaw

Former prime minister Paul Keating has lashed government MPs lobbying for a delay in the increase of the superannuation guarantee as "monkeys" and described the prospect as "grand theft".

In criticisms echoed by the nation's biggest retirement fund, AustralianSuper, Mr Keating also argued it was highly unlikely employ-

ers would use any delay of the guarantee to pay higher wages.

The Morrison government has faced mounting internal pressure to consider delaying or dumping the legislated schedule for increases in the rate of mandatory superannuation from 9.5 per cent to 12 per cent by 2025 or even consider dumping the compulsory savings regime for lower-income earners.

Mr Keating, whose government introduced the superannuation

guarantee in 1992, said the impact of holding back the increase dwarfed the franking credits reform Labor took to the last election.

"It is a monster retirees tax and it is grand theft of super," Mr Keating said. "This is a debate about the future of the Australian economy. What's under attack is the big picture from these monkeys in the back bench."

Continued Page 4

Swimmer fails second test

Phil Lutton

SOUTH KOREA: Australian swimming star Shayna Jack has vowed to clear her name after revealing her B sample has tested positive to the drug Ligandrol.

It was believed Jack had been waiting on B sample results after failing a drug test and being sent home from the world titles team bound for South Korea.

But the 20-year-old posted on

social media yesterday that it had come back positive on July 19 - two days before the world swimming titles started.

It had tested positive for Ligandrol, a drug popular with bodybuilders and used for repairing worn-out muscles and increasing muscle mass.

Jack said she had never heard of Ligandrol.

FULL REPORT Page 4



"I was cooked." Actor Tom Long says he is now cancer free
NEWS PAGE 6



Netflix may be forced to produce Australian content
NEWS PAGE 12

How 'Mr Chinatown'

In 2016 a private jet was searched by law enforcement on the tarmac of Coolangatta airport. The people in that jet were worth billions each, and each held secrets precious to Crown casino. **Nick McKenzie, Nick Toscano and Grace Tobin report.**

On August 17, 2016, federal police received a security alert about a man preparing to board a luxury private jet idling on a runway at Coolangatta airport.

The jet was stationed within view of the passenger terminal, a hive of tourists in thongs and board shorts. But the police alert suggested the red-flagged passenger had not visited the Gold Coast to go to the beach.

Tom Zhou is a short man with a round, boyish face and an intense demeanour. His familiarity with luxury travel was thanks to a special arrangement he had made with a company then majority-owned by one of Australia's richest men, James Packer.

Inside Crown Resorts' casino high-roller operations, Zhou was royalty. The staff who dealt with Crown's VIP gamblers had nicknamed him "Mr Chinatown". And what Mr Chinatown wanted, Mr Chinatown got.

According to an investigation by *The Age* and *60 Minutes* aided by one of the biggest leaks of corporate data in Australia – tens of thousands of documents detailing Crown's high-roller operation – Zhou was provided access to private jets, luxury hotel suites, lavish gifts and tickets to concerts by James Packer's then girlfriend, Mariah Carey. When Zhou's associates wanted visas to enter Australia, Crown would vouch for them to the federal government.

And Crown paid Zhou's business empire tens of millions of dollars.

In return, Crown relied on Zhou, who lives in a mansion in Toorak, to circumvent Chinese laws that outlaw gambling promotion in China. These laws also ban the luring of groups of rich and powerful mainlanders to offshore casinos to punt.

In some cases it's been Asian organised crime gangs known as triads who conjured up ways to do this. But Zhou had also perfected this shadowy art, funnelling gamblers from China to Australia via his "Chinatown junket" to punt billions at Crown's casinos.

Zhou's mastery had delivered him immense wealth and a privileged relationship with the Australian company. But Zhou is no ordinary Crown partner. He is an international criminal fugitive, the subject of an Interpol red notice for



financial crime that netted him tens of millions of dollars. He is supposed to be arrested immediately if he crosses a country's border.

And from an Australian national security point of view, he is a double threat. He also heads several Chinese Communist Party-aligned organisations in Melbourne designed to project Beijing's influence in Australia.

It makes him someone of keen interest to organisations such as the Australian Federal Police and ASIO.

But the federal police airport investigators knew little of this as they approached him and his fellow private jet passengers at the Gold Coast terminal in 2016. The alert warned that Zhou was suspected of involvement in money laundering, but was otherwise scant on detail.

After a brief search, they allowed the plane to leave to New Zealand.

They missed two curious facts.

The first was that Zhou was being escorted by Greg Leather, a former Victorian detective as well as a

highly trained and security vetted Special Operations Group Victorian Police officer who at the time was suspended from the force. The second fact was the identity of one of the other guests they were guarding.

This man is described in the leaked Crown data as a "VVIP" or "very, very important person". His name is Ming Chai and, while he is unknown in Australia, his family is famous in China.

Ming Chai is a blood relative of the most powerful man in China, its president Xi Jinping.

In the months after the private plane rose over the Gold Coast's glittering shoreline, fresh questions about its occupants began to be asked: Has Australia's largest casino company effectively enabled the activities of organised criminals or those doing the bidding of the Chinese Communist Party? And, if so, has Crown been gambling not only with its casino licenses but with the nation's security?

The central Victorian shire of Murrindindi is known for its natural beauty, with steep rises emerging from farmland, providing stunning mountain views. In the late 1880s, gold miners streamed here in droves to fossick along rich gold seams.

A century and a quarter later, another man seeking great riches came to town. When he rolled into Murrindindi in a luxury car in 2016, Tom Zhou had already made a fortune. He already bought his Toorak house in 2009 for \$7.9 million and another around the corner for \$15 million in 2013.

Now a sprawling cattle property in Murrindindi had caught his eye. Zhou snapped it up for \$7.5 million and turned it into a hunting lodge.

In a makeshift armoury, next to a reinforced safe containing hunting rifles and shotguns, are two dozen



white Crown Casino hats for guests to wear. Photos on the walls depict Zhou's wealthy Chinese guests, including those who have come to Murrindindi via Crown.

The leaked Crown data includes tax receipts showing the casino company paid tens of millions of dollars per year to "sub junkets" run by Zhou's associates and agents – their percentage cut of the gaming turnover of the VIPs from the Chinese mainland that Zhou's junket has brought to Crown's casinos in Perth and Melbourne.

But even before Crown became his plaything, Zhou was already immensely wealthy. A portion of his money comes, allegedly, from crime.

Chinese court files reveal that by 2013, Wuhan's Bureau of Public Security had built a case that Zhou was involved in a serious criminal scheme to defraud a company of tens of millions of dollars.

It's alleged in China that Zhou has been involved in mafia-type extortion and standover tactics. Multiple litigants accuse him of defrauding them and, in one case, of

Cousin of Chinese President Xi

From Page 1

rollers with links to the party or organised crime syndicates or, in some cases, both.

Some of Crown's business partners and VVIPs are Australian and Chinese nationals who have led key Communist Party influence organisations. "This underbelly of Chinese Communist Party influence is something that we are only just beginning to understand," said Australian Strategic Policy Institute analyst Alex Joske.

The leaked data reveals Crown had an "emergency channel" with Australian consular officials to fast-track Chinese nationals into Australia "where we may have hundreds of millions of dollars of turnover at stake ... The purpose of

the 'special line' is not for last-minute girlfriend additions ... we should try to avoid using our emergency channel unless it is critical," one leaked Crown email says.

The revelations by *The Age*, *The Sydney Morning Herald* and *60 Minutes* have shaken the casino giant formerly majority-owned by one of Australia's richest men, James Packer. They also raise serious questions about state and federal agencies, including gaming authorities.

In a statement, Crown Resorts said of its relationships with junket operators: "Crown does not comment on its business operations with particular individuals or businesses." However, it had a "comprehensive" anti-money laundering and counter-terrorism pro-



Ex-ABF chief Roman Quaedvlieg.

gram, "which is subject to regulatory supervision by [government watchdog] AUSTRAC".

In a statement through his lawyer, Mr Packer "adamantly" insisted he had played a "passive" role in the company's operations. He has not been an executive at the company since 2012 and resigned

as chairman of Crown Resorts in August 2015 and as a board member in December that year.

A Home Affairs Department spokesperson said all visa applications were assessed against the law. "Our offices in China are well aware of the risks ... and they scrutinise and manage applications accordingly." The department had "no evidence" of conditions being waived for Crown.

The leaked documents reveal how Crown Resorts formed a deep business partnership with Mr Zhou – an international fugitive, alleged crime boss and the subject of an Interpol red notice, according to multiple security officials with knowledge of the matter. Crown helped Mr Zhou's associates get Australian visas, accord-

ing to the leaked Crown data.

The data also reveals Crown's dealings with Mr Chai, who is also a former Chinese police official and high-rolling Crown gambler.

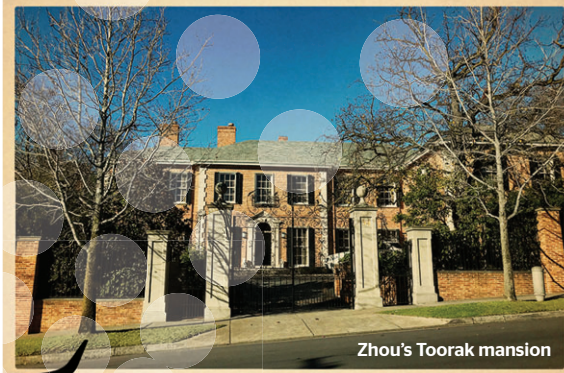
Mr Chai has faced publicly reported corruption allegations in China, though he has never been charged, and is the business partner of Mr Zhou. Both were aboard a New Zealand-bound jet when the passengers were interrogated by federal agents at Coolangatta airport on August 17, 2016.

Mr Zhou is a multi-millionaire Crown junket operator whose "Chinatown junket" specialises in luring gamblers from China to the casinos in Melbourne and Perth. The Australian passport holder also heads three organisations in Melbourne that are aligned to and

delivered the whales



Gates of the Murrindindi property owned by Tom Zhou



Zhou's Toorak mansion



Ming Chai, cousin of Chinese President Xi Jinping

WHO IS TOM ZHOU?

TOM ZHOU "Mr Chinatown"

Has been Crown's main junket partner. Mr Chinatown has become rich care of Crown casino.

Wanted by Interpol for serious criminal conduct. Charged by Chinese authorities with large-scale fraud and corporate crime.

Accused in Chinese civil cases of using extortion and violence against business associates.

HUBEI ASSOCIATION

HUAXING ARTS TROUPE

HUBEI CHAMBER OF COMMERCE



CCP United Front

operators. But moving people and large amounts of money out of the mainland to gamble are both forbidden under Chinese law. Collecting gambling debts on the Chinese mainland is also illegal. So the junkets act as "middle-men" to facilitate transactions the casinos themselves find difficult.

They can smuggle money out of mainland China, or organise lines of credit in Australia; they can organise luxury tours and enticements while the gambler is in Australia; they can settle winnings or losses, in either jurisdiction; and they can collect debts, with menace if necessary, in China.

The US government has repeatedly warned that some junket operations have, at least in part, been run by the mafia-style criminal syndicates called triads. Triads are expert money launderers, have access to large pools of funds and are effective collectors of gambling debts because of their propensity to use violence.

Zhou's stunning success as a junket operator should have been warning enough for Crown to delve into his past. But there is no indication it reviewed the court cases that name him as a criminal.

Despite all this, the leaked Crown files reveal that from late 2014, Crown relied increasingly heavily on Zhou's Chinatown junket.

It was named in a confidential Crown document as one of eight specially selected junkets Crown had decided to aggressively embrace because they were "large, reputable" and "deemed credit worthy in large amounts".

"Instead of having players bring cash or playing with smaller-than-ideal credit lines, we can partner with [junket] platforms to ensure the players have the full front-money they are accustomed to playing with in Macau," Crown's 2015 junket strategy memo states.

The memo also reveals that the Chinatown junket would be taught the "pain funnel" sales technique to draw more "whales" - giant

Continued Page 10

having "directly threatened the lives of senior management". In another case, he was accused of arranging for acid to be thrown in a rival's face, an allegation he denies along with all other claims of wrongdoing.

"The facts of a crime are clear and the evidence was reliable and sufficient," one court filing reads.

Three of Zhou's accomplices were jailed for three years each but, rather than face the justice system for "misappropriating huge amounts of money... Zhou absconded abroad" the filing states.

He would be dealt with "separately". Zhou landed in Australia, and Chinese authorities issued an international arrest warrant known as a "red notice" via Interpol, according to multiple officials with knowledge of the matter. Even so, he was not picked up at the border.

When Zhou left China, it seems he may have smuggled a fortune out with him. If this is indeed what happened, it was likely Zhou's first use of a modus operandi that underpins the junket service he provides the Crown high rollers who

need to launder funds past China's borders and the country's ban on capital flight.

Crown Resorts did not answer a series of questions about its junket partners, adding that it did not comment on its "business operations with particular individuals or businesses". However, it said in a statement that it had a "comprehensive" anti-money laundering and counter terrorism financing program "which is subject to regulatory supervision".

Through his lawyers, Mr Packer "adamantly" insisted he had no knowledge of the conduct of the company's operations in China.

Mr Packer has not held an executive position at the company since 2012, though he was chairman of Crown Resorts until August 2015, and a board member until he resigned in December that year.

According to the lawyer's letter, he only played a "passive role".

Crown's phenomenal growth as a global gambling brand has been fuelled by Chinese high-roller junket

Jinping among Crown high rollers

backed by the Chinese Communist Party, according to material published by the organisations.

One of them, the Huaxing Art Troupe, answers to the United Front Work Department, which works to influence Chinese diaspora communities and overseas political systems to advance the aims of the Communist Party.

The search of the private jet revealed the extent of Mr Zhou's networks. In 2016 and 2017, Mr Zhou was paying a suspended Victoria Police Special Operations Group officer, Greg Leather, and other serving and former law enforcement officials as private security.

Mr Leather, who has returned to the force after suspension, worked as a security agent for the jet passengers and later for Mr Zhou, in-

cluding advising his associates how to use guns on Mr Zhou's hunting property in rural Victoria.

Mr Zhou's alleged involvement in serious criminal activity and violence is documented in several Chinese court cases. The Crown files reveal that, on his recommendation, Crown reassured the Australian government that several of Mr Zhou's Chinese associates were of good character and should be allowed to enter Australia.

"[He is a] friend of our VVIP Mr Zhou," says one internal email saying why Crown should vouch for a Zhou associate to the government.

Twelve serving and former government officials who are aware of aspects of the scandal allege that failures in Crown's corporate governance were to blame as was a

'Our offices in China are well aware of the risks.'

Homes Affairs spokesperson

failure by state gaming regulators and police and security agencies to act on repeated warnings.

"For Crown, it's all about the dollars," said one official.

Complicating efforts to act has been Crown's political reach.

Former Australian Border Force chief Roman Quaadvlieg has claimed that two federal ministers and one backbencher had lobbied the force, asking it to make it easier for Chinese high rollers to enter

Australia on private jets despite warnings about some passengers.

"There were ministers that approached the agency, approached me personally, indicating that Crown, and subsequently the junket operators that worked with Crown, weren't receiving a facilitated service for private jets coming into Australia, into Perth and Melbourne," Mr Quaadvlieg said.

"[They were] seeking some arrangements which smoothed out the processes... [so they could] land on a private jet at Melbourne airport, receive the minimal amount of clearances, put them in cars, get them into the casino."

Mr Quaadvlieg was sacked from Border Force for assisting his girlfriend, a part-time employee, to apply for full-time work.

Mr Chai is a former Chinese police official turned Communist Party princeling with impeccable connections to President Xi. Mr Chai now has an Australian passport and lists his business address at a mansion in Brighton.

Mr Zhou, his business partner, ran a junket operation that was licensed and partly bankrolled by Crown. Crown relied on his "Chinatown junket" to funnel China's wealthiest people to its high-roller rooms in Perth and Melbourne and provide them with tens of millions of dollars in credit. Mr Zhou's partnership with Crown began after he fled the justice system in China when officials there implicated him in financial crime.

EDITORIAL Page 16

How 'Mr Chinatown' delivered the whales

From Page 9

gamblers – to Crown. In the first two weeks of 2015, Crown's internal figures revealed that the "Chinatown" high rollers had gambled \$24 million at its casinos. Three months later, that figure had ballooned to \$1.452 billion.

In the 2016 financial year, Crown records show it paid Chinatown's representative in Perth \$28 million in commissions.

Crown also vouched to the Australian government about the reliability of Chinese nationals Zhou was bringing to Australia.

In one leaked email, Crown staff prepare to vouch to Australian visa officials about a high roller on the basis that he was "referred by Crown VVIP Mr Zhou" and because "Crown staff... has known Mr Zhou [for] more than 10 years".

Correspondence from Australian visa officials in Guangzhou and Shanghai suggest Crown's vouching for high rollers led to visas being expedited via an "emergency hotline" with Australia's consulates.

A Department of Home Affairs spokesperson said all visa applications were assessed against the law and the department had "no evidence" of conditions being waived for Crown.

Former head of Border Force, Roman Quaedy, claims he was lobbied by two ministers and another MP to help "smooth out" the border security process for Crown's big gamblers. Crown wanted its high rollers "to land on a private jet at Melbourne airport, receive the minimal amount of clearances, put them in cars, get them into a casino and spending money", Quaedy says.

Crown also helped arrange Zhou's personal security, linking him up with a company run by a former Victorian detective who arranged for the highly trained Leather to work for Zhou. (Leather was suspended over an unrelated integrity investigation when he went on Zhou's payroll, but has since returned.)

Leather and the ex-detective appear to have worked for many months for Zhou. Photos obtained by *The Age* and *60 Minutes* show Leather giving firearms lessons to Zhou's Chinese guests at his Murrindindi farm, in potential breach of laws requiring people



Victorian police officer Greg Leather and a client shooting at Tom Zhou's property in Murrindindi. Photo: Supplied

handling firearms to be licensed. Zhou was also heavily involved in three organisations aligned with the Chinese Communist Party's United Front operation – the organisation which works to influence Chinese diaspora communities and overseas political systems to advance the aims of the Communist Party.

Zhou is chairman or has a "guiding" role at the "Hubei Association of Australia, the Hubei Chamber of Commerce, and the Huaxing Arts Group of Melbourne", the latter reporting directly to the United Front Work Department in China.

A 2018 report boasts of Huaxing's "database that contains contact information of important politicians, major Chinese community groups, celebrities, and artists".

Zhou's connections to politicians is not overstated. In 2013, the Zhou-chaired Hubei Chamber of Commerce in Melbourne appointed as its executive president a former adviser to Victorian Premier Daniel Andrews, Mike Yang.

United Front expert Alex Joske says Zhou's success in becoming Crown's key Melbourne junket operator as well as a United Front patron allowed him "to build political influence, build networks

with politicians, and then quite possibly send that information back to Beijing".

"Through his junkets, he'd also be able to bring large amounts of cash over borders," says Joske.

Zhou's United Front bodies have become something of a Crown affair. Among those recruited to leadership positions of the organisations are several of Zhou's

Crown vouched to the Australian government about the reliability of Chinese nationals Zhou was bringing to Australia.

Crown junket partners and casino high rollers. In March 2015, some of them mixed at Crown's exclusive "VIP guests only" Capital Golf Club to celebrate the 10th anniversary of the Hubei Association.

Among the questions the Chinese consulate failed to answer for this story is why Zhou would be an

endorsed United Front aligned association leader given he is wanted by the Chinese state for serious financial crime.

The answer may lie in a presentation given by former Turnbull government foreign affairs adviser John Garnaut who, in his old life as a journalist, examined the Chinese Communist Party's habit of forging alliances with the triads.

In a 2011 lecture, Garnaut revealed that "security people in Beijing" had told him, "we have got the triads on side".

Australian officials aware of Zhou's activities have prompted questions whether his alleged criminal activities are being overlooked by Chinese officials because of his own patriotic activities in Melbourne.

He certainly maintains friends in some very high places.

Leaked data and multiple confidential sources reveal Zhou is connected with a number of elite Communist Party "princelings". Among them is Ming Chai.

Chai's father is a former high ranking chief of the Chinese Peoples' Armed Police service, a service for which Chai himself briefly worked. Chai's father is also the uncle of the Chinese president Xi

Jinping. Ming Chai is the president's cousin. From 2006 to 2012, Chai was appointed president of a subsidiary of telecommunications company ZTE, whose biggest shareholder is the Chinese government's aerospace and satellite research agency. After this, Chai headed another listed Chinese telecommunications firm.

In 2014, a report in the Hong Kong *Apple* newspaper alleged that Chai was operating from the five-star Four Seasons hotel in Hong Kong and trading on his connections to the Chinese president to cut business deals. The same report, along with several sources in China, also alleged Chai had fallen foul of anti-corruption authorities in China.

In Melbourne, one of his business partners is Simon Pan, a brothel owner with alleged sex trafficking links. Chai's businesses in Hong Kong have included a gold bullion trading company he owned with a man who provides financial and legal advice to the Italian mafia and Hong Kong triads.

Despite the reports of his arrest, there is no easily accessible record of any charge or meaningful disruption relating to Chai's business activities in Beijing, Hong Kong or Australia.

The leaked Crown data reveals that, in 2014, Chai became one of Crown's top 50 Chinese high rollers, turning over tens of millions of dollars. The following year, Crown offered Chai free gambling cash and tickets to the Grand Prix. But it was Chai's family connection to the Chinese president, along with his dealings with Zhou, that triggered intense interest from Australian agencies in the months after Border Force agents boarded the jet at Coolangatta airport in 2016.

During the search of the plane and its passengers on the Gold Coast, federal agents made several unusual findings. Chai, Zhou and their guests were not carrying wallets or mobile phones. But sources familiar with his operation say Zhou's junket is still running strong, albeit via proxy junkets in other names.

Crown is currently building its \$2 billion Barangaroo hotel and casino in Sydney. This casino is partly aimed at Chinese high rollers. For the time being at least, Mr Chinatown's lucky streak is still running hot.

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