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# Chinese President Xi Jinping's Cousin Draws Scrutiny of Australian Authorities

**Ming Chai, who has been a high-stakes gambler, is on radar of investigators probing organized crime, money laundering and alleged Chinese influence-peddling**

By Philip Wen and Chun Han Wong

MELBOURNE, Australia—Australian law-enforcement and intelligence agencies are scrutinizing the activities of one of Chinese President Xi Jinping's cousins as part of broad probes of organized crime, money laundering and alleged Chinese influence-peddling, according to Australian officials.

Among other things, police are looking into the alleged 2017 use by the cousin, Ming Chai, now a 61-year-old Australian citizen, of what they describe as a money-laundering front company that has helped gamblers and suspected mobsters move funds in and out of Australia, some of the officials said.

Investigators are also trying to uncover the source of money Mr. Chai wagered in high-stakes gambling sessions at the Crown Casino in Melbourne and are examining his links to various business partners, including one man under investigation for money-laundering, those officials said.

Over 18 months in 2012 and 2013, Mr. Chai bet about \$39 million at the casino, according to Crown documents reviewed by The Wall Street Journal. In 2015, he was among Crown's top 50 patrons and projected to bet \$41 million, company documents show. The Journal doesn't have more recent data.

There is no indication that Mr. Xi did anything to advance Mr. Chai's interests, nor that the Chinese leader has any knowledge of his cousin's business and gambling activities. People who know Mr. Chai told the Journal he often flaunted his familial link to Mr. Xi while chasing business opportunities.

The Australian inquiries have intensified amid a broader, politically driven push to take action under foreign-interference laws the country enacted last year, the officials said, primarily to counter what politicians see as Chinese meddling in Australian affairs. Beijing has reacted angrily to the laws.

Asked about Australian news reports on Mr. Chai's alleged involvement in money-laundering, Chinese Foreign Ministry spokeswoman Hua Chunying told a regular news briefing on Tuesday that the reports were "groundless accusations based on rumors" and an attempt to "smear China."

Australian Federal Police said the agency "does not comment on who it may, or may not, be investigating." The agency said its focus is to "make Australia a hostile environment for organized-crime networks."

Mr. Xi didn't respond to queries directed to him through the Chinese government's information office. The Chinese Communist Party's propaganda department and anticorruption watchdog didn't respond to requests for comment.

Mr. Xi has made campaigning against corruption a centerpiece of his administration as he has sought to restore the Communist Party to its ideological roots and cement his hold on power.

Since taking office in late 2012, Mr. Xi has repeatedly warned party officials to keep their family members in check and ensure they don't allow their positions to be abused by relatives for personal gain. He has also sought to curb capital flight, including through overseas gambling.

In December, Mr. Xi ordered top officials to "properly manage the discipline of their family members, children and close aides."

Newspapers and a television station owned by Australia's Nine Entertainment reported on Sunday details of the Australian investigation and Mr. Chai's gambling activities at Crown.

On Tuesday, Australian Attorney-General Christian Porter said he had ordered a probe into Crown over allegations of links between some of its business partners and organized crime as well as of favorable treatment by immigration officials in granting visas for wealthy Chinese bettors.

Crown Resorts Ltd., Australia's biggest casino operator, issued a statement Tuesday saying it "absolutely rejects allegations of illegality" made in Parliament and in recent media reports, describing them as "ill-informed and an attempt to smear the company."

As a young man, Mr. Chai—whose father was the younger brother of Mr. Xi's mother—served in the Chinese People's Armed Police and was a Communist Party member, according to an authorized biography of his father, Qi Ruixin, by a Chinese military historian. Mr. Qi was a revolutionary party member who took a senior post in the armed police after a career in state-run companies, the biography said.

Mr. Xi, 66, was quoted in the biography as saying he was "very close" to Mr. Qi, who died in 1987.

As time went on, Mr. Chai pursued commercial ventures spanning Hong Kong, mainland China and Australia, according to current and former business partners and corporate filings.

He first appeared on Australia's corporate register as a director of a company in 1996. Two years later, he bought a three-bedroom home in Melbourne's working-class northern fringe with his wife, according to property records. They sold it in 2003 for \$186,000.

In 2011, Mr. Chai's wife paid nearly \$3.8 million for a large home in an exclusive Melbourne suburb, according to property records. Registered by Mr. Chai as his address in company filings, the house has a facade of yellowish brick, an underground garage and sturdy metal gates.

In 2016, Mr. Chai was among six passengers set to board a chartered jet at an airport on Australia's Gold Coast who were searched by federal agents, the Australian officials said. The search, they said, was triggered by the presence of a casino-junket operator whom police were investigating.

"Our interest was piqued because he was on that flight," one of the officials said.

The agents noted that five of the passengers, including Mr. Chai, weren't carrying wallets or cellphones. Nothing illicit was found and they were allowed to depart on the flight bound for New Zealand, the officials said.

People familiar with Mr. Chai's business dealings, including current and former business partners, say he drew attention to his family connections, particularly as his cousin's political fortunes took flight.

One former business partner, who teamed up with Mr. Chai a decade ago—when Mr. Xi was China's vice president—said Mr. Chai offered to set up a press conference in Beijing's Great Hall of the People to promote the business and to give him a tour of the high-security Zhongnanhai leadership compound. Neither happened, the former partner said.

Mr. Chai also "loved the nightlife," according to the former partner, who said he was told at the time by other partners in their business that Mr. Chai would spend hundreds of thousands of yuan, or tens of thousands of U.S. dollars, in an evening out drinking with others in Shanghai.

In 2009, Mr. Chai became chairman of Shenzhen Zhongxing Keyang, a company that sold equipment designed to make machinery more energy efficient and was backed by relatives of the founder of Chinese telecom giant ZTE Corp. , according to corporate records.

In 2012 and 2013, Mr. Chai accompanied ZTE founder Hou Weigui to meetings with senior government officials in Henan province, according to state-media reports and company news releases. In 2013, he spoke at China's Boao Forum, a government-backed gathering of business and political leaders, as ZTE's "chief senior consultant."

Shenzhen Zhongxing Keyang declined to comment. ZTE didn't respond to requests for comment.

Mr. Chai also worked briefly as chief executive of Ningbo GQY , a robotics, video and telecommunications-equipment provider listed on the Shenzhen exchange. He resigned in June 2013 after a year on the job, citing personal reasons, according to a company filing. Ningbo GQY declined to comment.

Since 2014, Mr. Chai hasn't made any high-profile public appearances for the Chinese companies with which he had been associated. Around that time, members of Mr. Xi's immediate and extended family shed some investments, according to corporate filings, a development that China politics watchers said suggested that the Chinese leader was reining in his relatives' business activities.

In Australia, Mr. Chai has registered several closely held companies to residential addresses with various partners—at least one of them as recently as last year. The business activities of the companies weren't identified.

His business partner in one of those companies is separately the owner of licensed brothels, corporate records show. Prostitution is legal and regulated in Victoria, the Australian state that is home to Melbourne.

Another partner is Tom Zhou, a prominent member of Melbourne's Chinese community known for bringing Chinese gamblers to Crown Resorts, according to Australian officials, associates of Mr. Zhou, Crown employees and casino industry workers. It was his presence on the 2016 flight that prompted federal agents to search him and other passengers, including Mr. Chai, according to Australian officials.

Mr. Zhou also heads several Chinese-Australian social and business groups. Australian officials said they are investigating whether those groups are involved in efforts by the Chinese Communist Party to spread its influence abroad.

Mr. Zhou is central to a yearslong law-enforcement probe into links between organized crime, casino junkets and cross-border money flows, Australian officials said. Mr. Zhou hasn't been charged with any crime.

Mr. Zhou didn't respond to requests for comment. The Australian Federal Police said it doesn't comment on individual cases.

In 2017, Australian officials said, Mr. Chai used a company masquerading as a plastics importer to receive "significant" sums of money from abroad.

The officials said the company, registered to a residential address on a quiet suburban street in Melbourne, was used by casino gamblers and suspected organized-crime figures to transfer hundreds of millions of dollars in and out of Australia during a 15-month period in 2017 and 2018.

The company is "basically invisible" and "just there to move massive amounts of money," one official said.

Crown said it doesn't comment on its business relationships with so-called junket operators or individuals. It said in a statement it has a "a comprehensive Anti-Money Laundering framework in place which is subject to regulatory supervision."

Another business partner of Mr. Chai in Australia, Su Hongtao, said he thought Mr. Chai's family connections could get a project in China off the ground. But the project, which Mr. Su described only as a "normal investment," never materialized, and their company remained dormant, he said.

Huang Wendong, who is a director of another Melbourne-based company registered by Mr. Chai in January last year, said he had no knowledge of what the company did and merely acted as a signatory for Mr. Chai, as a favor for a friend he had known for two decades.

"You must know that his identity and background are very unique," Mr. Huang said. "So in some circumstances, it's not suitable for him to use his name."