

CROWN UNMASKED

Gangsters, gamblers and Crown casino: How it all went wrong

Jenny Jiang's world was turned upside down when the Crown employee was arrested and jailed for breaking Chinese gambling law. But even she didn't know the extent of what her company was up to.

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Former Crown Resorts employee Jenny Jiang THE AGE



Jenny Jiang was relaxing in her apartment in suburban Shanghai when she heard a heavy knock on the door.

It was close to midnight on October 13, 2016, and the travel Booker for Australian casino and hotel group Crown Resorts was not expecting visitors. A male voice called through the door that a burst water pipe in her apartment was flooding her neighbour's unit.





Jenny Jiang spent four weeks in a Chinese prison thanks to the actions of her employer - Crown Resorts.

Jiang opened the door to see four men and one woman wearing grim expressions. It was clear they weren't plumbers. Flashing cards identifying themselves as agents of China's secretive Ministry of Public Security, they hustled into her apartment.

The interrogation began immediately: What was her position at Crown? Did she have any work computers at home? Or phones? Or Crown documents?

They searched her home and placed the quietly spoken 36-year-old under arrest. Then they drove her to a police holding cell where the questioning continued.



Former Crown Resorts employee Jenny Jiang being arrested in China in 2016. 60 MINUTES

Jiang's world was turning upside-down. She was Crown's administration and logistics officer. She arranged people's travel. She was not hands on in the strategy of the James Packer-backed company to lure high rolling gamblers from the Chinese mainland to Australia.

But she, along with 18 colleagues, had been caught up in a Chinese government crackdown on Crown's mainland operations. And she was on her way to prison.

'Wow world'

Six years earlier, when Jiang was first hired by Crown, she had never heard of Packer or the high rollers who deliver the casino giant its hundreds of millions of dollars in profits.

In fact, when she heard how much some of Crown's Chinese punters could gamble without pause in Melbourne and Perth, she thought she was mistaken. These people, known in the gambling industry as "whales", could lose \$15 million in less than an hour and turn over \$1 billion in just a few trips.

Jiang felt as if she was peering into a parallel universe. She would later call it a "Wow world".



Crown casino, Melbourne. JASON SOUTH

Crown Resorts has always insisted its activities in China are limited to marketing its hotel facilities, golf courses, sporting events and concerts - not its gambling. But as Jiang was being interrogated, it was evident her inquisitors suspected this was a lie.

They wanted to know the methods Crown used to lure high rollers to spend their millions in Australia. They believed Crown had been promoting gambling and paying sales staff large bonuses to lure high rollers to Crown's casinos in Melbourne and Perth.

Under Chinese law, both activities are illegal.

Jiang knew their suspicions were correct. But her actual knowledge was limited. As a self-protection mechanism, she had learned early on in her Crown career not to open certain mail or pay any attention to who Crown was making deals with in China.

That ignorance was mirrored in Australia, where Chinese gambling laws are not well known.

Crown sales staff were told to divide Chinese gamblers into four categories: minnows, catfish, guppies and whales, and offer them gifts, “lucky money” and private jets.

But now, more than 18 months after the last Crown employee walked out of a Chinese jail, that great wall of secrecy is collapsing. A year-long investigation by *The Age*, *The Sydney Morning Herald* and *60 Minutes* spanning Australia, Hong Kong, mainland China and Macau - and drawing on dozens of sources including Crown insiders, government officials as well as court and business records - can now reveal the truth about Crown's operations in China.

The investigation shows Crown was prepared to get into bed with junket operators backed by Asian organised crime syndicates called “triads”, including the most powerful drug-trafficking syndicate in the world.

Serving and former government officials have revealed that the \$8.6 billion Melbourne-based gaming company has helped bring criminals through the nation's borders in a way that raises serious national security concerns.

In a statement, Crown Resorts said that, as there was a class action by investors being pursued in relation to the detentions, it could not comment on specific allegations, though it denied any breach of Chinese law and has not been charged with an offence in China.

It “refutes any suggestion that it knowingly exposed its staff to the risk of detention in China”.

Law firm Maurice Blackburn lodged the class action after Crown's share price plunged in the wake of the arrests. Crown is defending the action, which alleges the company knew or should have known about the risks.

On its relationships with junket operators and individuals, Crown's statement said “Crown does not comment on its business operations with particular individuals or businesses”. However, it has a “comprehensive” anti-money laundering and counter-terrorism financing program in place, “which is subject to regulatory supervision by AUSTRAC,” the statement said.



A "passive role": James Packer denies knowledge of Crown's activities in China. THE AGE

Through a lawyer, James Packer said he "adamantly" insisted that he had "no ... knowledge" of the company's conduct in China that led to the prosecution of the company's employees.

He was not an executive or director of the company at the time of the arrests (he had resigned as chairman of Crown Resorts in August, 2015, and as a board member in December that year). Packer had a "passive role" in events, according to his lawyer.

Crown's behaviour is detailed in confidential law enforcement and regulatory briefings from police across Australasia. Starting a decade ago, these briefings have got progressively more damning, raising questions about the gaming regulators, and state and federal security agencies which are accused of being asleep at the wheel.

Jenny Jiang knew nothing of all this as she sat in her Shanghai jail cell with drug traffickers, prostitutes and pickpockets, effectively cut off from the outside world.

Her only contact was with her husband, US-born businessman Jeff Sikkema. It came via a message read out to her by her lawyer. "Honey, I love you," it read.

"I miss you. I'm doing everything to get you out soonest."

Vice capital, Macau

Crown's Chinese misadventure begins more than a decade earlier with a journey that Packer took to Macau.

The territory comprises a peninsula and adjoining islands at the mouth of the Pearl River and it has a reputation as the undisputed regional capital of opulence, vice and gambling.

Disembarking from the Hong Kong ferry at the entry terminal, travellers are greeted by skinny European women dressed in body-hugging red outfits holding signs advertising a Ferrari car exhibition at the City of Dreams casino complex that Crown once part-owned.

Macau's 38 casinos generate more than 80 per cent of the territory's revenue. After dark the old gambling strip shimmers like a carnival.

The strip's back alleys are crammed with massage parlours and pawn shops displaying jewel-encrusted watches priced between \$50,000 and \$3 million.

Former Royal Hong Kong Police Intelligence Department commander Steve Vickers, says Macau's pawn shops are among the means used to help Chinese mainlanders smuggle assets across the border.

China's capital flight laws prohibit anybody from taking more than \$3000 out of the country per trip. But Vickers, now the chief executive of Hong Kong risk consultancy Steve Vickers and Associates, says three high-end watches carried on the wrists of a gambler's travelling companions, later pawned upon arrival in Macau for cash, can net hundreds of thousands of dollars. Vickers says Macau's money laundering networks have allowed ["stunning sums of money to haemorrhage out of China."](#)

And at the centre of this dirty business are Macau's high-roller gambling rooms.



Former Royal Hong Kong Police Intelligence Department commander, Steve Vickers, now the chief executive of Hong Kong risk consultancy Steve Vickers and Associates. 60 MINUTES

Chairman Mao believed gambling to be one of society's three evils, alongside opium and prostitution. In 1950 he banned them from the mainland. In Macau, all three flourish, even after the territory returned to Chinese rule in 1999.

Hundreds of calling cards blow around like old confetti on the city's streets displaying pictures advertising Asian and Russian sex workers. And when the Australian Crime Commission drew up a list of the 50 organised criminals doing

the worst harm to Australia in the early 2000s, several of the most prolific drug traffickers and money launderers were operating out of this Chinese territory.

On the fringes of Macau's gambling industry, a specialist group of fixers grew up. Called "junkets", these syndicates did the difficult, sometimes-illegal work of organising gambling tours from the mainland to Macau. They could smuggle the money out or provide huge lines of credit on arrival.

Their customers are usually Chinese businessmen, politicians and local officials whose wealth has exploded in recent years.

The triads, which were already involved in extortion, human trafficking, money laundering and drugs, quickly moved in. Some junkets are clean. But many proved an attractive way for people to get dirty money offshore. And when it came to enforcing gambling debts on the mainland - also illegal under Chinese law - the triads were willing to use their muscle to collect.

"You are not going to send the boy scouts around to collect debts," Vickers says. "These people are dangerous and they have the ability to track you down."

Junkets, the triad connection, and Crown

Packer entered the Macau market in 2004 when Crown formed a casino joint venture with Lawrence Ho. Ho was the son of the man who had helped pioneer the junket business, a debonair but ruthless octogenarian businessman called Stanley Ho.



Macau casino giant Stanley Ho

Ho senior has long been accused of having deep ties to the triads.

A 2009 report by New Jersey gambling regulators [noted](#) "numerous governmental and regulatory agencies have referenced Stanley Ho's associations with criminal enterprises, including permitting organised crime to operate and thrive within his casinos".

Ho senior denies the claims. Nevertheless, US and Australian casinos are prohibited by their local regulators from dealing with him because of these alleged connections.

For his part, Lawrence Ho has publicly distanced himself from his father and set himself up in competition. At the height of his relationship with Packer, the two men called each other “brother”. They bonded over the stunning returns from their Asian casinos and their shared experience of being raised by a domineering father.

This relationship would eventually hit a rough patch but it lasted long enough to give Crown a privileged gateway into the Macau junket industry. There the Australian company saw both the high risks and the potential multibillion-dollar turnover that junkets could generate.



Lawrence Ho, who now owns 20 per cent of Crown Resorts.

Jenny Jiang has never been to Macau and knows little about it save that the food is good and the hotels are luxurious. She knows nothing about triads and has never met anyone she would consider dangerous.

But working from her Crown home office in Shanghai, Jiang became aware from around 2014 of a push by her employer to get more out its Chinese staff. It involved instructing Crown’s sales staff to embrace certain junket operators and to encourage them to think of Australia, not Macau, when arranging trips for high-roller clients.

Jiang, who is the first Crown employee arrested in 2016 to break their silence, says sales staff were told to divide the Chinese gamblers Crown wanted into four categories: minnows, catfish, guppies and whales. To reel them in, staff could offer luxury gifts, free gambling cash known as “lucky money” and free use of private jets and hotel suites.

According to sources, the biggest whales were offered help securing immigration to Australia, their children’s schooling in Australia and property investments in Melbourne and Sydney.

How the junkets work

The sources confirm Crown's sales staff were ordered to aggressively search out potential high rollers, beating rival casinos to the punch to meet targets to get Chinese gamblers to turn over billions of dollars at Crown's Australian casinos. If a particular junket operator could help, the Chinese sales staff were told to partner with them.

"High management kept pushing every sales [employee] to meet more customers, get more business," recalls Jiang. She says sales staff who didn't embrace the strategy were sacked.

Those that stayed on began to confide in each other about the risks they were facing running the gauntlet of Chinese laws.

"You are taking the risk, doing this job. And you don't know what'll happen the next day," Jiang says.

There were other risks, too. Even a superficial analysis suggests many of the junkets Crown was partnering with had dubious associations, some of which could have been discovered via a simple Google search.

One, the Neptune group, was revealed by international news agency Reuters in 2010 as having verifiable financial connections with Cheung Chi-tai, an alleged leader of the Wo Hop To triad gang. Cheung was named as a "triad boss" during the 2009 trial of five people accused of plotting to murder a dealer at the Sands Macau casino.

But these criminal ties pale in comparison with some of Crown's other junket partners.

"The Company"

Before we travelled to Macau and Hong Kong for this story, several Australian police officers gave the same confidential warning: avoid approaching certain junket operators because, in the words of one, "on their own turf, they are dangerous and untouchable".

At the heart of the warning was one triad conglomerate called “The Company” and its associated junket operators.

“The Company” is an international drug trafficking and money laundering syndicate first identified by the FBI as part of a 1996 operation codenamed Sunblock. One former Australian Federal Police officer estimates this one syndicate has been responsible for up to 70 per cent of all drugs trafficked into Australia over the past two decades and has “done more damage to Australia than any other crime syndicate”.

The AFP and the Australian Crime Commission periodically lop off the tentacles of its Australian operations but the big bosses of The Company remain untouched in Macau and Hong Kong, out of reach of Western investigators.

Meanwhile, they have devised ways to move the proceeds of drug trafficking out of Australia.

One channel was through a mild-mannered Melbourne financial adviser, Roy Moo. In 2012, a member of The Company and Moo struck an arrangement by which he would launder its cash to Hong Kong, although Moo denies knowing where the money came from. According to court records, Crown casino in Melbourne was central to this arrangement.



Roy Moo on surveillance footage about to pick up a bag of money from another man for laundering through Crown casino in Melbourne.

The deal relied entirely on the fact that Moo was licensed by Crown to work as a representative for an Asian junket operator. This enabled him to use Crown to wire funds to bank accounts overseas, purportedly as part of his junket high-roller gaming operation.

When federal police investigators questioned Moo in September 2013 about CCTV vision showing him passing bundles of \$50 notes from a plastic shopping bag to a Crown staff member, he explained that Crown offered its junkets a financial service with all the hallmarks of an underground banking operation.



Junket representative Roy Moo reveals laundering money through Crown Casino was “easier than using a bank”.

The money totalled \$969,000 and was the proceeds of The Company’s drug trafficking in Melbourne and Sydney.

The cash, said Moo in a record of interview released by a Victorian judge in April to *The Age*, *Sydney Morning Herald* and *60 Minutes*, was mostly handed to him “in the lobby of Crown casino ... in a shopping bag [which] would also contain a piece of paper with the account details” in Hong Kong where the money was to end up.

By his own account, this “black money” was given to Moo “because of his contacts at Crown Casino, mutual trust, and [because] it was easier than using a bank”.



Roy Moo, right, on surveillance footage piling cash onto the counter at Crown casino in Melbourne. This recording was presented in court.

Moo was jailed in late 2013, but it was a pyrrhic victory for police. Multiple regional law enforcement sources say it prompted The Company to then rely on

its own, in-house junket, named after a Macau hot pot restaurant chain. The Hot Pot junket was promptly licensed by Crown. For every dollar the junket arranged to be gambled over the casino's Australian tables, Crown would pay a commission.

This arrangement represented an extraordinary truth: Crown was effectively making payments to an organised crime syndicate. For The Company, it was a lucrative side venture alongside its main criminal enterprises.

In a single trip from China to Australia in August 2015 organised by Hot Pot junket, several of the triad syndicate's key bosses flew on a private jet to Crown's Perth casino, regional law enforcement sources say. Over a few days, they turned over \$800 million in high-roller rooms. A tax receipt sighted by *The Age*, *The Sydney Morning Herald* and *60 Minutes* reveals that the Hot Pot junket was paid \$232,000 in commissions by Crown for organising trips to Crown in the 2016 financial year.

According to official sources across the region, some of The Company's members and associates ultimately affiliated with Macau's biggest and most successful junket operator, SunCity. This coincided with a directive from a Crown senior manager to Crown's Chinese staff to also get close to SunCity.

Macau's largest junket was about to become Crown's business partner.

Wolves on Wall Street: Crown's sales culture

Chinese court documents obtained by *The Age*, *Herald* and *60 Minutes* hint at the extraordinary scale of Crown's Chinese high-roller operation.

In the 2016 financial year, Jenny Jiang's colleagues servicing just two Chinese cities - Shanghai and Wuhan - generated turnover of \$15 billion at Crown's Australian casinos.

Jiang says the figures were achieved via a *Wolf-of-Wall-Street* approach by Crown, which promised its sales staff huge bonuses and trips to Las Vegas if they could lure more high rollers to Australia.

Some sales staff (unlike administrative staff like Jiang, who recruited no gamblers) were paid via a percentage of the gambling turnover they generated. The court files reveal that successful sellers could make \$365,000 per year, a huge amount in China.

All this was illegal and Crown, says Jiang, was effectively giving its staff incentives to break Chinese gambling laws on an industrial scale. Without the large bonuses and luxury holidays offered to sales staff, "they won't have the courage to keep doing this for years," Jiang says.

In late 2016, Crown's staff were [arrested en masse](#). It's not as if they hadn't been warned: months earlier, [15 Korean casino workers were arrested](#) in China for promoting gambling.

After that 2015 warning, Jiang says, her colleagues were no longer nervous. They were scared.

Yet behind the scenes Crown was worried. Sources have confirmed it advised its Chinese staff to obtain foreign work visas to make it appear as if they were not working in China. A senior manager, Michael Chen, who has since left Crown, assured staff that their company was in touch with its contacts in the Ministry of Public Security.

He told Crown's Chinese staff to meet gamblers in smaller groups so as to fly under the radar.

Just before the police knocked on her door, Crown Casino had briefed staff about what to do in the event of police raids.

"They told us not to cooperate," Jiang says.

One week after the Crown arrests were made Crown chairman Rob Rankin, a former investment banker, fronted the company's shareholders in Perth.

"We are proud over many years of this company's compliance track record," he said. "Now is not the time and the place to comment on the specifics of this particular incident ... but there will be a day when we should and will."

Even today, nearly two years after the final employee was released from jail, Crown has not provided a detailed statement about the incident, saying only that it had since overhauled its presence in Asia – adopting a more "conservative" approach, winding back direct marketing efforts and more heavily relying on high rollers coming via third-party tour operators. Crown has also said it was "pleased that all of our employees have now been released and reunited with their families and loved ones".

A horrible memory

The jail cell where Jiang was taken after her arrest on October 13, 2016, housed 10 other prisoners.

"You have thieves, drug dealers, all kinds of different people," she says.

There was a cold shower for use once a week and a shared toilet with no privacy. The lights were never switched off. She slept on the floor with a single blanket.

As Jiang recalls her time in jail, her eyes well with tears.

"That's a really horrible memory. The saddest thing is you couldn't reach out to your family. You couldn't hear your relatives' voice and you don't know how much they worry about you."

She found sanctuary in notes smuggled in by her husband. And when, after four weeks, word reached her that she would be released on bail, she felt sheer relief. On her first night as a free woman, all she wanted was a hot shower and to lie on a real bed.

When she did, she found she couldn't fall asleep.

"For such a long time I just couldn't sleep at night because I worry people are going to come to my house again and take me from my family."

Jiang was released several months earlier than her other detained colleagues because she had not directly recruited gamblers. But the following year, in June 2017, she was still found guilty of gambling crimes along with the 18 other Crown employees.

She recalls being enveloped by shame, withdrawing from friends and feeling overcome with the stigma of the criminal stain on her record. She found herself apologising to her husband.

“Because you married me, you get a criminal wife. I felt really shamed about that.”

After the arrests, Crown closed down its China office. They offered Jiang a payout of \$60,000 on the condition that she stayed quiet. She refused to take the money. She says Crown offered jobs to its employees with Australian passports holders but not its Chinese staff.

Two years after a Chinese court delivered the criminal verdicts against Jiang and Crown’s employees, she is getting her life back together. Still, most days, she thinks of her arrest.

While its employees sat in jail, Crown worked behind the scenes with Australian officials to secure their release. Packer, who has not held an executive position at Crown since 2012 and was not a director at the time, issued a statement saying he was “deeply concerned” for the workers’ welfare.

“Crown will do whatever it can to support our employees and their families at this difficult time,” he said.

He insists he had no knowledge of the details of the company’s business operations in China.



Crown's Barangaroo casino, under construction. RYAN STUART

For her part, Jiang believes Crown placed profit before all else. She says the company treated its Chinese staff like a “used napkin you throw in the trash can”.

In May this year she watched from China as Packer sold half his stake in Crown to Lawrence Ho for \$1.76 billion. She has also watched the progress of Crown's Barangaroo hotel and casino, due to open in 2021.

Crucial to the success of this new casino will be high rollers from China.

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