

Door is about to slam shut on high-rolling holidays to Macau



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Beijing is planning a crackdown on Triad-linked “junket” operators who bring high-rolling gamblers into Macau from across China and smooth a money-laundering route that processes billions of dollars every year.

The move, which law enforcement sources say will begin after Chinese new year in late February and will involve police operations in more than six big Chinese cities, is part of an anti-corruption campaign led by Xi Jinping, the country’s president-in-waiting.

“The squeeze has already started on a small scale, but the operators themselves believe that something bigger is coming within the next few weeks,” a Macau gaming industry source with ties to a junket operator told *The Times*. “There is a feeling that too much money has left China and the new administration will try to rein some of that in.”

As well as sending a warning to the more brazen operators, the strategy may be designed to expose a stage-managed line-up of suspect officials and business tycoons — enough, analysts suggest, for Mr Xi to convince the public that his anti-corruption drive is genuine.

The expected crackdown comes amid warnings from Steve Vickers, a former Commander of the Royal Hong Kong Police's Criminal Intelligence Bureau and an expert on organised crime, that the soaring casino revenues and cash movements through Macau — by far the most lucrative gaming hub on the planet — have made Triad gangs more powerful than at any time since the Second World War.

Some believe that there were record-breaking clandestine outflows of cash from China last year as corrupt officials spirited ill-gotten fortunes offshore. Macau, which officially raked in more than \$38 billion in gaming revenues in 2012, is thought to be one of several conduits for money leaving China.

Data shows that 2012 — a year that included China's most explosive political scandal in years and the Communist Party's once-a-decade leadership handover — was unusual for unexplained cash outflows of about \$200 billion. **Miranda Carr, an economist at North Square Blue Oak, said that, while there were legitimate ways to explain the huge figure, a significant proportion was likely to have been Chinese money seeking a safe haven during a political storm.**

“One of the most well-trodden paths for these unofficial outflows is Macau,” she said, “so it is an obvious place to tackle during the current anti-corruption drive.”

The junket operators have evolved to service Macau's gaming boom. They identify potential gamblers from mainland Chinese towns and cities, bring them to Macau and extend significant lines of credit in a way that allows them to bet with vastly higher sums of money than are officially allowed to leave China.

The gambling itself goes on behind closed doors in the VIP rooms, private saloons where about two thirds of Macau's official gaming revenues are generated.

But some junkets also organise significant side-betting scams, thought to represent as much as five times Macau's official gaming revenues.

It is around these activities, said Mr Vickers, who is now chief executive of SVA Steve Vickers and Associates - a specialist and corporate risk consultancy, that grand-scale cash movements and money laundering are able to take place. “It remains to be seen how long China's central government will tolerate this haemorrhaging of cash,” he said.

<http://www.thetimes.co.uk/tto/business/industries/leisure/article3677844.ece>