

## SUMMARY:

The Nevada Casino Control Board recently gave preliminary approval to a casino development partnership, which has both questionable legality but more importantly National security issues at stake.

New Jersey casino regulators are in the final stages of evaluating this deal.

Approval by the New Jersey Casino Control Commission of a joint venture between MGM Mirage and Pansy Ho, daughter of Hong Kong billionaire and organized crime associate Stanley Ho, would make a mockery of Gaming regulation in the United States, and destroy New Jersey's reputation as the toughest gaming regulators in the country.

It is undisputable that Pansy Ho is a Shareholder, Officer and Managing Director of a holding company that owns a Hong Kong bank with a long record of money laundering **for the North Korean regime's funding of their nuclear program.** The bank is currently under Federal investigation for both money laundering and counterfeiting US currency for Pyongyang

New Jersey's Department of Gaming Enforcement has before it a decision that may have implications for the security of the United States. The facts will show that Hong Kong based gambling magnet Stanley Ho has been credibly linked to organized crime and that his daughter Pansy Ho exhibits no independence from her father.

Additionally, Stanley Ho is a long time facilitator for the North Koreans having opened his casino in Pyongyang in 1998 and having attended Kim Il Jong's 61<sup>st</sup> birthday. Kim Il Jong's son, Kim Jong-nam, is known to frequent Ho's Macau casino hotels most weekends, "on the house."

We understand that the mere familial relationship between Stanley and Pansy Ho would not make the relationship 'inimical' under the law of New Jersey. However, family ties do not preclude a finding of disqualification if other evidence of an inimical association exists beyond the relationship of blood or marriage. **In the case of In RE Application of Gaines Services Leasing Corp. for a Casino Service Industry License, 94 N.J.A.R. 2d 48 (1993), the New Jersey Casino Control Commission concluded that any association, even between two relatives may be inimical if it created an appreciable risk that the career offender might exercise some degree of influence or control over the casino related business.**

Stanley Ho has been identified in at least two reports by the United States Department of Justice as an 'associate' of the Triads, China's notorious organized crime syndicate.<sup>1</sup> Former Massachusetts, Governor Bill Weld, an assistant Attorney General wrote a special report naming and identifying Ho as an 'associate'.

In 1990, The Royal Canadian Mounted Police (RCMP) report on Asian Organized Crime lists Stanley Ho on a roster of all known triad members operating in Canada. Stanley Ho is named as a member of the Kung Lok Triad and had been allocated gang-file # 89-11770.<sup>2</sup> After political pressure from the Chinese government, Canada agreed to close the file without comment.

Ho has been denied or withdrawn applications for licensing in Australia, Canada, Philippines and every gaming jurisdiction outside of Macau. Most recently, Singapore regulators have demanded that the Malaysian company, Genting, terminate any association with Ho before opening a casino in Singapore.<sup>3</sup>

On September 8<sup>th</sup>, 2005, the Wall Street Journal<sup>4</sup> and Associated Press reported that the United States Secret Service, the United States Treasury Department's Office for Terrorism and Financial Intelligence (TFI), United States Immigration and Customs Enforcement along with other U.S. Agencies are investigating money-laundering through Seng Heng, a Macau bank controlled by Stanley Ho. **Ho is suspected of the distribution of counterfeit U.S. currency and money laundering to assist the North Korean nuclear project and the Pyongyang regime.**

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<sup>1</sup> SoftLine Information: Casino tycoon in US drug watch list – 2/10/2000 & Sth. China Morning Post: Triads' last appeal fails

<sup>2</sup> RCMP Profile of Stanley Ho – Insight – 4/17/2000

<sup>3</sup> AFP: Singapore still has casino questions for Genting – 2/02/2007

<sup>4</sup> The Wall Street Journal: U.S. Probes Bans' North Korea Ties – 9/08/2005

The bank is being investigated under Section 311 of the US Patriot Act<sup>5</sup>.

MGM first approached Nevada regulators in 2002 with Stanley Ho as their prospective joint venture partner in Macau and Nevada regulators nixed it. <sup>6</sup> In 2005 MGM Mirage was back with Stanley's daughter as their partner.

Stanley Ho actually showed up at the ground-breaking for MGM Paradise (The MGM Mirage – Pansy Ho owned casino) and was photographed prominently next to MGM Mirage CEO Terri Lanni. In an interview with Jornal Informacao translated from the Chinese, Ho spoke of “his casino development plans with MGM Mirage”. <sup>7</sup>

MGM Mirage, a US regulated company is paying Stanley Ho, an identified organized crime associate, \$200 Million for the right to partner with his daughter. The \$80 Million Pansy Ho is required to put into the joint venture with MGM Mirage was supplied by Stanley Ho according to her testimony before the Nevada Casino Control Board.

The idea that Pansy Ho is in any way “independent” of her father both ignores the norms of Asian culture and the facts. Pansy Ho is a Managing Director and shareholder of Shun Tak Holdings, the Holding company which owns Stanley Ho's casino empire. (See attached corporate structure chart) Ho has made it clear that Pansy will be the heir to his business empire. Pansy Ho has demonstrated no business or financial independence. To argue otherwise is a farce.

In 1999, Pansy Ho was the subject of a formal criminal investigation by Hong Kong authorities. She was involved in a scheme while Managing Director of Shun Tak Shipping Ltd which resulted in an investigation by the Independent Commission Against Corruption (ICAC) for corrupt activities.

The Scheme involved ticket scalping in conjunction with the operation of the Shun Tak Macau ferry. Certain officials of the company, and Pansy Ho, sold tickets to the ferry and pocketed the sales. Ho entered into a scheme to defraud the company in violation of her fiduciary duties to the company. A whistle blower exposed this situation and the proceeds of the scheme were traced by the ICAC directly into Pansy's bank accounts. Pansy Ho has refused to cooperate or be questioned by Hong Kong authorities in this investigation, as has Stanley Ho.

Have New Jersey Regulators made any effort to contact Hong Kong Authorities? Will the DGE ask Ms. Ho about this matter and how skimmed funds ended up in her personal bank account? Has the DGE examined the bank records?

Will the New Jersey's Department of Gaming Enforcement really find an applicant “fit” who refuses to cooperate with an official criminal investigation and whose ‘inimical’ ties to an individual whose association with organized crime is documented?

That the Chinese Triad continues to loan-Shark in the VIP rooms of the casinos owned by a holding company of which Pansy Ho is a Director and Officer is beyond dispute, a fact that can be confirmed by the U.S. Department of State's Bureau for International Narcotics and Law Enforcement Affairs Report of March, 2006.<sup>8</sup>

The people need to know that casino regulators, lobbied by an army of high-price lobbyists and lawyers are about to risk the security of the United States.

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<sup>5</sup> Intelligence Alert – US Department of Treasury

<sup>6</sup> Review Journal: MGM Mirage partner has familiar last name in Macau gaming circles – 4/18/2005

& The Age: Las Vegas of the East lures PBL – 6/14/2004

<sup>7</sup> Jornal Informacao: Stanley Ho's New Casinos To Surround Those Of His Competitors – 6/04/2005

& Hong Kong Daily News: Pansy Ho & MGM Mirage invest MOP 8 Billion into MGM Grand Paradise – 6/9/2005

<sup>8</sup> US Department of States: International Narcotics Control Strategy Report Released March, 2006