



Sheldon Adelson

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Sheldon Adelson faces new scrutiny as documents challenge his testimony

Casino magnate's trial remarks raised more questions than they answered about Las Vegas Sands' connection with an alleged organised crime leader in China

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Sheldon Adelson, the multibillionaire casino magnate and key Republican party donor, spent four combative days in a Las Vegas court this week defending his gambling empire from accusations of bribery and ties to organised crime.

By the time the hearing was over, Adelson had argued with the judge, contradicted the evidence of his own executives and frustrated his lawyers by revealing more information than he was required to in response to simple yes or no questions. But most importantly, far from laying the allegations against his

Las Vegas Sands conglomerate to rest, the billionaire's answers threw up yet more questions which he is likely to have to return to court to answer.

On the court docket, the case is merely a wrongful dismissal suit. The former CEO of Adelson's highly profitable casinos in the Chinese enclave of **Macau**, Steven Jacobs, is suing because he claims to have been sacked for trying to break links to organised crime groups, the triads, and for attempting to halt alleged influence peddling with Chinese officials.

But the extent of what is at stake for Adelson was evident in the form of the **Nevada** gaming board official monitoring the case from the public gallery.

Adelson accused Jacobs of "squealing like a pig to the government" and of blackmail in taking his accusations to **the US authorities**. They include the allegation that Las Vegas Sands paid what amounted to bribes intended to influence the Macau authorities and the government in Beijing and that the casino did business with a notorious triad leader.

The information Jacobs provided to the authorities prompted continuing investigations by the US Justice Department and federal financial regulators. If these allegations are shown to be true, then Adelson's gambling licences could be in jeopardy because associations with organised crime could prompt action by Nevada's gambling authorities, always sensitive to Las Vegas's history with the mafia. That in turn may threaten the huge sums of money Adelson feeds into the Republican party. He is estimated to have spent \$150m to try to secure a Republican victory over Barack Obama in the last presidential election.

The Las Vegas court hearing that ended on Thursday was called to decide where the full case should be heard - the US or Macau. That restricted the questions that could be asked of Adelson. But if the judge rules that the case belongs in an American court, then the 81-year-old billionaire will face some difficult questions raised by his testimony. Those are likely to be reinforced by internal company documents obtained by the Investigative Reporting Program (IRP) at the University of California, Berkeley, which appear to undermine some of Adelson's statements in the witness box.

The casino magnate repeatedly told the court his company "was not doing business" with Cheung Chi Tai, a Hong Kong-born leader of the Wo Hop To triad. Cheung is barred from entering the US because of his "affiliation to organised crime", a source in the homeland security department told the IRP.

“We had no direct relationship with Cheung Chi Tai,” Adelson testified.

In court, Adelson steadfastly maintained that Cheung was merely a gambler and of no great significance to the company. That characterisation of the relationship is likely to come under strong challenge at a full trial.

The casino industry in Macau has for decades used what are known as “junket operators” to bring in high rollers from other parts of [China](#) who gambled in “VIP rooms” in return for a substantial cut of the take.

Although junkets are a legal business enterprise, organised crime has extensively infiltrated them, according to a 2003 investigative report on the triads commissioned by the Las Vegas Sands and obtained by the IRP.

The billionaire casino magnate, the triad leader and the Chinese legislator

Sheldon Adelson, one of the world's richest men and a Republican party financier, spent nearly a week in a Las Vegas courtroom denying his casinos in Macau had links to organised crime and influence-peddling with Chinese officials.

Sheldon Adelson

Forbes says Adelson is the world's eighth richest man with a \$36bn fortune as the major shareholder in the Las Vegas Sands casino empire he founded. He is fighting a lawsuit claiming that his highly profitable Macau casinos had ties to Chinese organised crime and bribed officials.

Steven Jacobs

Jacobs, former CEO of Adelson's Macau casinos, is suing for wrongful dismissal. He claims he was sacked for trying to cut the company's ties to organised crime and for ending a contract with a Macau legislator which the casino conglomerate's lawyers warned could breach US anti-bribery laws. Adelson claims Jacobs was dismissed for incompetence and accuses him of "blackmail".

Leonel Alves

Alves was a Macau legislator and lawyer hired by Adelson's Macau casinos. Jacobs regarded payments to Alves as open to accusations of attempting to bribe Chinese officials and ended the contract. Adelson reinstated it after dismissing his Macau CEO.

Cheung Chi Tai

Cheung is an alleged leader of a Chinese organised crime group which brought in high rolling gamblers to Adelson's casinos in Macau. He was accused in a trial in Hong Kong of ordering the murder of a Macau dealer suspected of cheating the casino out of millions of dollars. Hong Kong police are investigating him for money laundering.

Ng Lap Seng

Ng is a member of the Chinese People's Political Consultative Committee who was described in court as a "courier" and contact with Beijing for

Adelson's company. A US congressional investigation in 1998 implicated Ng in the illegal funding of American political campaigns.

Photo credits, from top: Julie Jacobson/AP; Jeff Scheid/AP; Whhalbert/Creative Commons; Internet

“The companies and individuals who operate the [VIP] rooms are either triads or fronts for the triads,” said the report. It added that “the triads became an ongoing presence in the Macau casinos” from the 1980s.

“Put simply, triad groups operating the VIP rooms are effectively able to make 5% to 10% on every dollar of chips that customer purchases. In addition, triad societies are often employed by the room operators for protection and they also provide ancillary services such as drugs, prostitution and loan sharking to patrons of the rooms,” the report said.

Cheung was the major stakeholder in a junket company called Neptune which began running a VIP room at Sands Macau in 2005, according to Hong Kong court records.

On the witness stand, Adelson played down Cheung’s connection with Sands’ Macau casinos.

“To the best of my knowledge, he was a minority shareholder in one of the junket rackets,” he said.

But documents obtained by the IRP show that in 2008 one of the Sands casinos in Macau, the Venetian, extended \$32m in credit to Cheung’s junket company. Cheung is named as the guarantor in the documents, headed “Venetian Macau Limited Junket Credit Agreement”.

Two years later, another Sands internal document said that Cheung was admitted to the casino’s exclusive Chairman’s Club, which normally comes with a personal letter from Adelson. Among the benefits are “extremely large lines of credit”, according to court records filed by Jacobs.

Las Vegas Sands finally broke with Cheung in 2010 following [a Reuters report](#), based on the work of the IRP, identifying his triad links. The report said that Cheung was named in a criminal trial in Hong Kong as “the person in charge” of one of the VIP rooms at the Sands Macau. That trial heard that Cheung ordered the killing of a chip dealer in Macau who was suspected of helping a gambler cheat the casino out of millions of dollars. The murder was not carried out.

Adelson denied that the company had business ties to the alleged triad leader – “We were not doing business with Cheung Chi Tai,” he told the court – directly contradicting the evidence of his own deputy on the witness stand.

Robert Goldstein, Las Vegas Sands’ former head of global gambling operations and now Adelson’s No 2, told the court the Reuters report and “the other stuff” had prompted them to stop “doing business” with Cheung.

The company had decided to break with Cheung because of the “adverse publicity”, Goldstein said. “I was of the opinion that after the Reuters article and the other stuff, we should cease and desist doing business with Cheung Chi Tai.”

Yet Adelson also said that the company did the right thing in ending its relationship.

“The man had a bad reputation and the casino department wanted him thrown out,” he said. “It was the issue of maintaining relationships with desirable or undesirable characters.”



📷 The Venetian Macao resort and casino, operated by Sands China Ltd, a unit of Las Vegas Sands Corp. Photograph: Brent Lewin/Bloomberg via Getty Images

But in any future trial, he is likely to face questions as to why Las Vegas Sands waited until the Reuters report to act when Jacobs has said in court submissions

that “those ties were well known to LVSC Chairman, Sheldon G Adelson, well before the Reuters’ article”.

As early as 1992, a US Senate report named Cheung as a leader of the Wo Hop To triad based on intelligence from the FBI and Hong Kong police. In 2007, Cheung’s business dealings with Las Vegas Sands were included in filings on the Hong Kong stock exchange.

A 2009 Las Vegas Sands document lists the top 10 junket companies in Macau. Five of them were controlled by “Tai Gor”, or “Big Brother Tai”, one of Cheung’s gang nicknames.

Last year, Hong Kong police raided Cheung’s flat and later froze his assets under anti-organised crime legislation.

For all the warnings about “junket reps”, Adelson clearly held them in high regard. In court, the billionaire said that Jacobs’ attempts to put an end to the Macau casinos’ use of them came close to “nearly destroying the business”.

“He wanted to throw out 50%, 60% of the income by throwing out the junkets,” said Adelson. “This was insanity. He purposely tried to kill the company.”

Adelson is also likely to face difficult questions about his denial that his company had ties to a senior Chinese official, Ng Lap Seng, who was described in court as “a courier” for Sands Macau and a link man to the Chinese government.

“I heard that he was a real estate developer or that he was the head of the real estate developers association or something,” Adelson testified.

Ng is perhaps better known as a member of the Chinese People’s Political Consultative Committee, a political advisory body in China dominated by the Communist party.

Adelson told the court he was not aware of any association between Las Vegas Sands and Ng.

“I know of nobody in the company who had dealings with Ng,” he said.

Jacobs’ lawyer, James Pisanelli, told the Las Vegas court that Ng had acted as “a courier” for Adelson’s company.



📷 Steven Jacobs, former CEO of Sands Macau, looks up during his wrongful termination case against Las Vegas Sands. Photograph: Jeff Scheid/Las Vegas Review-Journal/AP, Pool

“We believe that there are connections and relationships,” said Pisanelli.

A 2010 internal email obtained by the IRP reveals that Jacobs wrote to the company’s legal counsel requesting a background check on Ng. In the email, Jacobs describes Ng as “Leonel’s contact with Beijing and the one who delivered msg from SGA”. SGA are Adelson’s initials and how he is regularly referred to in company communications.

Leonel is a reference to Leonel Alves, a Macau legislator and lawyer who was hired by Sands Macau. Jacobs tried to block a \$700,000 payment to Alves by Las Vegas Sands because he said it was far above prevailing rates and smacked of buying influence. Company lawyers warned that it could breach US anti-bribery laws.

In court, Jacobs’ lawyers raised questions of whether Ng was also hired to curry influence, including with Beijing. Earlier, the court heard that Adelson was attempting to repair relations with Chinese officials damaged by his brusk manner.

The Las Vegas Sands investigative report from 2003 also names Ng. It says he is “highly regarded” by the Chinese government and has good contacts within it. It

describes him as a hotel owner who is “believed to be a triad member and has been the focus of several investigations over the years”.

Several reports have noted that Ng’s hotel in Macau, the Fortuna, effectively operated as a brothel.

Ng drew attention in the US after a congressional investigation in 1998 found that he acted as an intermediary in delivering more than \$1m to help fund Democratic party election campaigns.

“It is believed that some or all of the money contributed was actually from the Chinese Government and constituted illegal campaign contributions,” the Las Vegas Sands report said.

The case led to the conviction of others involved for breaching campaign funding laws but Ng was not charged. Ng was also photographed meeting then president Bill Clinton and made several visits to the White House.

Las Vegas Sands was approached for comment and had not responded at time of publication.



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