



## Chinagate: Beijing Bailout

**The Beijing bagmen who paraded through the White House included bloody-handed tyrants, terrorist sponsors, and international heroin and crime kingpins.**

On July 8, 1997, Senate Governmental Affairs Committee Chairman Fred Thompson (R-TN) reported that a review of classified information provided by U.S. intelligence agencies confirmed that the Communist government of China had attempted to influence the 1996 U.S. elections with massive, illegal cash infusions funneled through agents and pro-Beijing intermediaries. The senator set off fireworks with charges that “high-level Chinese government officials crafted a plan to increase China’s influence over the U.S. political process” that “affected the 1996 presidential race and state elections....” This was clearly an effort by a foreign power, he stated, to “subvert our election process” and “buy access and influence in furtherance of Chinese government interests.” Senator Thompson added that “the FBI also told the White House about the Chinese plan in June of 1996,” which “raises questions about who in the White House should have known or actually knew of the Chinese plan and how it came to be implemented.”

### Desperation Strategy

The Clinton-Gore Administration has been engaged in a six-year, full-tilt sellout that has been simultaneously modernizing the Red Chinese military machine with financial aid and top-of-the-line technology, and dangerously jeopardizing American national security and military readiness. What motivated the Clinton-Gore machine to adopt this treacherous course? According to Senator Thompson, it was greed and “political desperation.” The report issued by Thompson’s Governmental Affairs Committee in March 1998 explains: “On November 8, 1994, Americans shifted control of both houses of Congress to the Republican Party for the first time in 40 years. For a time, the election rendered President Clinton so weak in the polls that many experts questioned his ‘relevance,’ suggesting that he might face a primary challenge as he attempted to secure his re-election in 1996. The election results spurred great concern among the President’s supporters that he might suffer a similarly disastrous defeat in 1996.... The President and his advisors determined that the key to their success in the 1996 elections would be to wage immediately a massive television political advertising campaign of unprecedented cost.”

The President and his strategists, the Senate report claims, “devised a legal theory to support their needs and proceeded to raise and spend \$44 million in excess of the Presidential campaign spending limits.” Much of that money came from illegal sources, and many of those illegal sources were foreign donors. And many of those foreign donors were sluicing money into the Clinton-Gore spendathon from the People’s Republic of China. But this was not largesse without strings; Beijing’s Communist mandarins demanded much in return for their campaign cash. And they got it.

Tracing every step of the circuitous routes through which Beijing funneled its money to U.S. campaigns is no easy matter. As the FBI and other police organizations have learned, the Red Chinese operate through a Byzantine labyrinth of corporate shells, directly utilizing their own multitude of PRC commercial enterprises, as well as an even larger constellation of third-party foreign companies and individuals. It is easy to get lost in the dizzying shell games played with entities such as the Lippo Group, Lippo Bank, the China Construction Bank, Hip Hing Holdings, the CP Group, the Hsi Lai Temple, Dynamic Energy Resources, Toy Center Holdings, Entergy Corp., COSCO, Poly Group, Norinco, China



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Resources, COSTIND, CATIC, and many others.

### **More Than Odd Characters**

At the conclusion of the Thompson Committee hearings, Senator Joseph Lieberman (D-CT) wrote an op-ed for the August 21, 1997 *New York Times*, reflecting on “some of the odder characters who have walked, or stumbled, across the stage of this investigation.” “They are,” he wrote, “hustlers and housewives, money launderers and religious masters, billionaires and office drones.” Only in the noxious and thoroughly corrupt atmosphere of Clintonian Washington could such a denunciation be viewed as *positive* spin. But that’s what it was. Because in Chinagate we are not merely confronting tawdry “odd characters” involved in petty corruption. We are faced with a non-stop parade through the White House of the most odious and dangerous criminal specimens imaginable: bloody-handed butchers, Communist dictators, heroin kingpins, Triad thugs, international pimps, terrorist sponsors, foreign spies, and domestic traitors. We are faced with flagrant acts of treason and bribery, as well as innumerable high crimes and misdemeanors that must not be ignored or covered up. To allow these crimes to go uninvestigated, unexposed, and unpunished should be unthinkable because to do so is to take the path to certain national destruction.

The *dramatis personae* in this White House/Red China scandal is a long rogues’ gallery of sordid characters with exotic names: John Huang, Johnny Chung, Maria Hsia, Yah Lin “Charlie” Trie, Maeley Tom, Mochtar and James Riady, Ted Sioeng, Ng Lapseng, Nina Wang, Pauline Kanchanalak, Arief Wiriadinata, Stanley Ho, Nora Lum, Wang Jun — and a host of additional supporting characters. We have covered the crimes, dealings, and depredations of these actors in many previous articles in *The New American* over the past three years. In what follows we have attempted to summarize the evidence concerning some of the key individuals at the center of Chinagate.

### **The Riady Clan**

Mochtar Riady, his wife, and three sons run the Indonesia-based Lippo empire. This multi-billion-dollar family enterprise encompasses banking, commercial and residential real estate, manufacturing, insurance, securities, construction, electronics, and other interests. “Lippo,” a Chinese word meaning “energy,” adorns many of their corporate entities, such as Lippo Bank, Lippo Village, Lippoland, and their corporate flagship, the Lippo Group. Although they are Indonesian citizens, the Riadys are ethnic Chinese who are full business partners with the Beijing government. The Riadys have billions of dollars of investments in China — an estimated \$2 billion in their ancestral province of Fujian alone — and their operations are fully integrated into the government, the Communist Party, and military and intelligence circles.

And the Riady-Red China connection goes right to the top of the U.S. government — to Bill and Hillary Clinton and Al Gore. But it didn’t begin with the 1996 election cycle, as our earlier Thompson report quote seems to imply. The biggest contributor to the Clinton-Gore campaign of 1992 wasn’t Barbra Streisand, Tom Hanks, Steven Spielberg, or Bill Gates; it was James Riady. Riady and his wife contributed \$450,000 to the 1992 Clinton election effort. Other members of the Riady family, together with Lippo executives and associates, gave an additional \$600,000 to the DNC and Democrat state parties. And it was the Riady-owned Worthen Bank in Little Rock that provided a \$3.5 million loan just in time for the New York primary — a loan that arguably saved the Clinton campaign. Riady money was Clinton’s salvation again in the general election in many critical states. As congressional staff insiders Edward Timperlake and William C. Triplett II observe in their powerful exposé *Year of the Rat*, “Undeniably Riady’s funding played a key role in Clinton’s election to the Presidency: The Clinton-Gore



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ticket ultimately won five out of the six state races where Riady money played a factor....”

After the election, James Riady and Lippo agent John Huang (both of whom proudly identify themselves as “FOBs,” Friends of Bill, going back to his days as Arkansas governor) each kicked in \$100,000 to cover the cost of the Clinton-Gore inaugural soirees. Mochtar and James Riady, John Huang, and other Lippo associates were frequent guests at the Clinton White House.

A few days after helping place the Clintons in the White House, the Lippo Group sold a 15 percent interest in its Hong Kong Chinese Bank to the China Resources Holding Company — a principal commercial agency of Red China’s military-industrial-intelligence complex. A few months later, in July 1993, China Resources increased its stake in the Hong Kong Chinese Bank from 15 to 50 percent, paying a 50 percent premium over the net asset value purchased. That produced a nearly \$165 million profit for Lippo chairman Mochtar Riady, which is not a bad piece of change — even for a billionaire. Was it a payoff for delivering the Clinton White House? Or “working capital” to secure further inroads in the new Administration? There is ample evidence to believe it was some of both.

On September 24, 1993, John Huang escorted China Resources Chairman Shen Jueren to the White House for a tour and a meeting with Vice President Gore. Did Comrade Shen’s visit, accompanied by the Lippo lieutenant, have anything to do with the benignant disposition of the Clinton Administration toward the many suspicious — and some outright criminal — joint ventures of Lippo and China Resources? Such as the massive stock scam involved in Beijing Enterprises? That hollow shell company exploited loopholes in Securities and Exchange Commission rules to penetrate the U.S. capital markets in what authors Timperlake and Triplett called “a classic ‘pump and dump’ operation in which a billion dollars in apparent stock value disappeared.” While American investors took a huge loss, the Riadys are estimated to have added over \$100 million to their fortune. An American company involved in such outright fraud would have already come under the heavy hammer of federal prosecutors. But the Clinton-Reno Justice Department has shown no interest in going after the Riadys or any of their corporate officers.

“In their contacts with Clinton,” the *Washington Post* reported on May 27, 1997, “the Riadys pressed the views of the Chinese and Indonesian governments. In early 1993, Mochtar Riady sent the President a four-page letter, urging him to renew China’s trading privileges and to support [Indonesian President] Suharto in his desire to attend the Group of Seven economic summit later that year. Clinton recalls that James Riady also tried to persuade him to meet Suharto at the 1993 Tokyo summit.” Clinton complied with every request.

Other examples of Riady quids and Clinton quos abound. Here are a few:

- The Clinton Administration’s Indonesia Advocacy-Finance Working Group won federal backing for such Riady enterprises as Lippo’s multi-billion-dollar Carita Bay resort, a \$300 million Lippo-K-Mart venture, and a \$1 billion deal to put J.C.Penney stores in Lippo malls in Indonesia and throughout Asia.
- After receiving a March 9, 1993 letter from James Riady urging the U.S. to normalize relations with Communist Vietnam (where Lippo was strategically pre-positioned), Mr. Clinton accommodated his Indonesian-PRC benefactors, lifting the 30-year trade embargo against Vietnam and restoring diplomatic relations with the totalitarian regime.
- The Riadys have given high-rolling jobs to many of the Clintons’ closest Little Rock cronies, like Hillary’s old law partner Joseph Giroir and Bill’s golfing buddies Mark Grobmyer and Mark Middleton. These FOBs have, in turn, given generously of their Lippo lucre to grease the Clinton political machine.



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- When longtime Clinton pal and Associate Attorney General Webster Hubbell was indicted for tax evasion and fraud related to the Whitewater land scam, Bill and Hillary were desperate to keep him from talking to the prosecutors. The Riadys came through again, with a \$100,000 “hush money” payoff to Hubbell from their Lippo-controlled Hong Kong China, Ltd.
- Immediately after taking office, the Clinton Administration gutted the Commerce Department’s security system, making Commerce a wholesale outlet for our most sensitive technology to our deadliest enemies.

At the insistence of the Riadys, President Clinton personally intervened to override objections of Commerce officials about creating a special position for Lippo’s top U.S. agent, John Huang, and providing him with access to top secret information. This was the Riadys’ crowning achievement.

### **John Huang**

In September 1996, just before the elections, revelations about John Huang’s illegal fundraising began leaking out. Soon he was daily, front-page, headline news. He was credited with raising over \$2.7 million for Clinton and the Democrats, with most of the money coming from illegal, foreign sources. However, far more troubling was evidence which began dribbling out later indicating that Huang was a spy and agent of influence for Red China who seriously compromised America’s national security.

On June 11, 1997, House Rules Committee Chairman Gerald Solomon (R-NY) stated: “I have received reports from government sources that say there are electronic intercepts which provide evidence confirming that John Huang committed economic espionage and breached our national security by passing classified information to his former employer, the Lippo Group.”

During the Thompson Committee hearings, a witness for the CIA was asked directly about the evidence mentioned by Solomon. The CIA spokesman, whose identity was shielded, responded that he could not answer that question “in open session.” Meaning he could not go into that matter without jeopardizing sensitive “sources and methods.” This reply in itself provides a confirmation, of sorts, of Solomon’s statement, since the agency could simply have said that it had no evidence to substantiate the Solomon assertion.

However, what evidence is already publicly available offers strong substantiation of Solomon’s concerns. While at Commerce, Huang placed over 400 calls from his office phone to various parts of the Riady-Lippo empire and held numerous meetings with Lippo associates. In fact, on his second day at Commerce he attended an official meeting on sensitive bilateral negotiations between Indonesia and the U.S. That same night he called Lippo’s office in Jakarta. Even more alarming, however, is the fact that Huang frequently left his Commerce office to walk across the street to the offices of Stephens, Inc., a business affiliate of the Riadys, where he made more telephone calls and sent and received faxes and packages. Adding to the alarm is the fact that he often made his Riady calls and Stephens visits immediately after having received classified briefings from the CIA. That would be cause for concern even if the Lippo conglomerate were only a commercial enterprise. But it is not; it is a partner with the Communist government of China and, as such, is a front for — and an extension of — their military-intelligence apparatus.

It is reasonable and prudent then to expect that any sensitive information Huang provided to Lippo would also make its way into the hands of Red Chinese intelligence. But apart from that circuitous route, Huang was in *direct* contact with PRC agents, both through his visits to the Chinese embassy and visits by Chinese “diplomats” — i.e., intelligence officers — to his Commerce Department office. In



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violation of the law and security regulations, Huang removed classified materials from his office and, according to his secretary, did not return all of those documents.

President Clinton must be held personally responsible for every breach of security and all damage to U.S. vital interests caused by Huang, since he (and First Lady Hillary Rodham Clinton) took extraordinary measures to place the Riadys' agent in his strategic position. From documents and testimony made available through congressional hearings, the press, and depositions taken by the legal foundation Judicial Watch, it is plainly evident that Bill Clinton appointed John Huang to his Commerce post as a payoff to the Riadys. (The documentary trail and timeline for this has been set out very clearly by congressional investigators Timperlake and Triplett in *Year of the Rat*.)

From the outset it was obvious that something was smelly in this arrangement. Why, for instance, did Huang insist on receiving a top secret security clearance when it was not appropriate, or needed, for his consulting assignments? Even more important, why did he get it? A Commerce Department security officer testified before the Senate Governmental Affairs Committee that "no other consultant on the Department of Commerce payroll was ever granted a top secret security clearance."

At a September 13, 1995 Oval Office meeting, President Clinton, Bruce Lindsey, James Riady, John Huang, and Joe Giroir agreed to move Huang from Commerce to become a major fundraiser for the Democratic National Committee's planned television advertising campaign. But top DNC officials balked. Why? Because the streetwise folks at the DNC knew that the Lippo money was so blatantly illegal that it could lead to serious jail time for them. After repeated prodding by Huang, Riady, Giroir, and White House Deputy Chief of Staff Harold Ickes failed to secure the Huang appointment at the DNC, President Clinton himself stepped in. On November 13th he strong-armed DNC Chairman Don Fowler and DNC Finance Chief Marvin Rosen into accepting Huang.

All told, Huang received at least 109 security briefings, and visited the White House at least 94 times during his stints at Commerce and the DNC. The full extent of Huang's influence on President Clinton's calamitous policies concerning Red China, Taiwan, Vietnam, and Indonesia, and the damage to our national security from his (probable) espionage, is still unknown.

### **Charlie Trie**

Yah Lin "Charlie" Trie immigrated to the U.S. in 1974 and started earning a living as a busboy in a Little Rock Chinese restaurant. He eventually owned the restaurant and then-Governor Clinton became not only his most famous customer, but his friend. Trie traveled with the governor on a trip to Taiwan. On March 21, 1996, Trie delivered \$460,000 for the Presidential Legal Defense Trust, which was in need of replenishment for the many ongoing legal battles of the First Couple. Shortly thereafter, Mr. Clinton appointed Trie to the Commission on United States-Pacific Trade and Investment Policy.

There were several serious problems with the Trie donation. First of all, the money was from foreign sources, some notorious for their organized crime connections. Trie himself falls into that unsavory category, being a member of the infamous "Four Seas" Triad gang, a branch of the Chinese mafia with tentacles that have spread throughout the world. The Triads are well known for working with the Red Chinese intelligence services. So red flags (literally) should have gone up when Trie brought one of the PRC's top arms merchants (and smugglers), Wang Jun, to the White House. As the head of China's principal investment company, the China International Trust and Investment Corporation (CITIC), and chairman of the PRC's Poly Group conglomerate, Wang Jun is at the center of China's aggressive military and intelligence operations, including sales of missiles and technology for biological, nuclear,



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and chemical weapons to Iran and other terrorist states.

On the same day that he dropped off the big Clinton defense fund donation, Trie also left an urgent letter concerning U.S.-China policy with Mark Middleton, Bill Clinton's special assistant. Middleton immediately faxed the letter to Maureen Lewis, the President's personal correspondence secretary, with a cover note reminding her that "Charlie is a personal friend of the President" and "also a major supporter." Moreover, he wrote, "The President sat beside Charlie at the big Asian fundraiser several weeks ago."

So what was in this letter that Charlie Trie believed had to be urgently communicated to President Clinton? An order from Beijing perhaps? Unfortunately, we're not joking. The letter (which is reproduced in the Thompson Committee report) was a clear threat warning that U.S. aircraft carriers and other ships in the Taiwan Straits constituted "intervening [in] China's internal affairs" and could cause "China to launch a real war." Continued U.S. commitment to defending Taiwan (against a Red Chinese attack or invasion), Trie reminded Clinton, was a threat to the "one China" policy that the U.S. had already recognized. Even among the slavishly pro-PRC staff of President Clinton's National Security Council, Trie's letter was seen as "rather provocative."

Authors Timperlake and Triplett argue persuasively that the content of the Trie letter "did not originate with Charlie Trie," but from the ruling Communist officials in Beijing. If so, we are in dire straits indeed, since President Clinton subsequently adopted the position outlined in the Trie letter when he repudiated U.S. commitment to Taiwan's freedom during his 1998 China trip.

### **Ng Lapseng**

Investigators for the House Reform and Oversight Committee were able to establish that a major source of Charlie Trie's funds was Macau crime syndicate figure and "businessman" Ng Lapseng. Ng, who visited the White House at least 15 times and sat next to President Clinton at some fundraisers, wired over \$1 million to Trie's bank account. The Macau mobster also brought large sums of cash into the U.S. on his trips here — more than \$333,000, according to the House committee. One of his sources of income is his partnership in a Thailand company called Ang-Du International, which procures women for the brothels of Macau.

Ng Lapseng and Stanley Ho, Macau's gambling king (and another Clinton benefactor connected to both the Triads and the PRC) are also business partners with Henry Fok, whose son was convicted for trying to smuggle Red Chinese machine guns into the U.S. One current joint project of Ng and Ho is their \$2 billion "Rose Garden" development project in Macau, named, naturally, after the White House Rose Garden, to which they have been intimately connected. According to sources in Hong Kong interviewed by Timperlake and Triplett, the Macau Rose Garden is due to become a new regional headquarters for the Ministry of State Security (MSS), the PRC secret police. How frighteningly apropos.

### **Ted Sioeng**

One of Ng Lapseng's partners in the Ang-Du prostitution syndicate is Ted Sioeng, who has been identified by the CIA as an agent of Chinese intelligence. Sioeng was described in the Thompson Committee report as "one of the DNC's largest contributors during the 1996 federal election cycle." The report states:

Sioeng, his family, and his business enterprises contributed \$400,000 to the DNC in 1995 and 1996. Through a review of bank records, the Committee has determined that at least half, or \$200,000, of the DNC contributions was funded by transfers from overseas accounts. In each case,



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money was wired into a Sioeng family account in the U.S. from the account of a Hong Kong company....

Sioeng worked on behalf of the Chinese government. Sioeng regularly communicated with PRC embassy and consular officials at various locations in the United States, and, before the campaign finance scandal broke, he traveled to Beijing frequently where he reported to and was briefed by Chinese communist party officials.

According to the Committee, Sioeng undertook a number of activities at the request of, or with support from, the PRC government. Certainly one of the most important of his missions for Beijing was his purchase in late 1995 of the *International Daily News*, a Chinese-language newspaper based in Los Angeles. "Prior to Sioeng's purchase of a controlling interest in the paper," noted the Thompson Committee report, "the *International Daily News* had a pro-Taiwan slant. Sioeng changed that by bringing in new people and altering the paper's ideology to conform with the views of the PRC government."

### **Johnny Chung**

On October 17, 1995, Don Fowler, who was then chairman of the DNC, wrote to Treasury Secretary Robert Rubin, requesting that he meet with "Mr. Chung, one of the top supporters of the Democratic National Committee," and some of his Red Chinese clients. Rubin complied, meeting with Chung and a delegation led by Huaren Sheng, president of China Petrochemical Corp. (SINOPEC), China's largest oil company. Sheng was hoping to secure low-interest loans for expansion of his refineries in China.

A few months earlier, on March 11, 1995, Chung had escorted some other associates — including Hongye Zheng, an official of the China Ocean Shipping Company (COSCO) — for a White House tour, meetings, and photo op with President Clinton. But that access had been arranged only after Chung handed a check for \$50,000 to Hillary's chief of staff, Maggie Williams, on March 9th. COSCO, the merchant marine for China's People's Liberation Army (PLA), has used its ships to ferry missiles to Iran, tanks to Marxist Burma, North Korean rocket fuel to Pakistan, heroin to Canada, and machine guns to U.S. street gangs. Nevertheless, Bill Clinton personally lobbied officials in Long Beach, California in favor of an incredible deal granting the PLA-controlled company a 20-year lease on the Long Beach Naval Station.

Johnny Chung gave a simple reason for raising \$366,000 to give to Democratic committees and President Clinton's 1996 re-election: "The White House is like a subway; you have to put in coins to open the gates." The White House gates were wide open to Chung — and he went in at least 50 times, often accompanied by his PRC comrades. The "coins" that opened the gates were of Red Chinese mintage.

According to Chung's admission, \$110,000 of his unlawful money to the Democrats came from \$300,000 paid to him by Liu Chaoying, a female lieutenant colonel in the PLA who is also a top official of China Aerospace. Liu's top-priority task for the PRC leadership was to accelerate the transfer of rocket, satellite, and other aerospace technology to China. President Clinton was more than happy to oblige, and overriding the protests of his own Defense and State Departments, he eviscerated security controls and reassigned licensing authority over most military space technology to the Commerce Department.

### **Bernard Schwartz**

When it comes to military space transfer, however, Chung, Liu, and the PRC Politburo had a dream U.S. insider ally in Loral Corporation CEO Bernard Schwartz. According to a lawsuit filed on behalf of Loral



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shareholders by Judicial Watch, “from 1994 to 1998, Defendant Schwartz contributed at least \$1,460,000 to the DNC and other organizations affiliated with the Democrats and the Democratic Party,” thereby becoming “the largest single contributor” to the DNC and other Democrat affiliates. Another million dollars (or more) were donated by Schwartz’s family and Loral executives and associates. The shareholder lawsuit charged that “Defendant Schwartz used Defendant Loral’s corporate funds for his illegal contributions, thus wasting Defendant Loral’s corporate assets by pursuing unlawful activities.”

What did Schwartz get in return for his personal and corporate generosity? In 1995, Schwartz sent a letter to President Clinton urging that the Commerce Department be put in charge of licensing satellite exports. Mr. Clinton complied, allowing incalculable damage to America’s security with the assistance that Loral provided to the PRC military-industrial-intelligence complex. But it didn’t stop there. When Loral was facing prosecution for illegally providing Red Chinese scientists with classified information that has dramatically assisted PRC missile launch capabilities, President Clinton improperly intervened and issued another satellite waiver that undermined prosecution efforts.





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