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HD **AFP onto fugitive money trail**
BY Special investigation Samantha Hutchinson, Lisa Murray, Angus Grigg and Lucy Gao
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The son of **China**'s most famous fugitive spent the five years before his father was placed under investigation for corruption setting up two Australian companies and buying a development **site** in Sydney's Neutral Bay.

Government-run media outlets in **China** have speculated for years that Gao Yan, a former high-ranking Communist Party official, alleged to have stolen millions of dollars in state assets, fled to Australia in 2002.

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One source has confirmed the Australian Federal Police is investigating **property** linked to Mr Gao's son, Gao Xinyuan. This raises the prospect the Gao family is on a target list put together by the AFP and **Chinese** authorities as part of a joint effort to trace and freeze illicit assets.

Filings with Australia's corporate regulator show the younger Mr Gao, who himself spent five years in a **Chinese** prison for corruption, was a shareholder and director of two Sydney-based companies. One of the companies, Jutan Development, was registered in 1997 and the other, Yutan **Property**, was set up in 1999 to develop the \$1.8 million plot at Neutral Bay. It was later renamed Grandeur **Estate**.

In 2002, at the time his father was facing a corruption investigation in **China**, Mr Gao and his business partner **sold** the Neutral Bay development **site** for about \$3 million, according to the **purchaser** Lucy Cong. However, he remained on the **board** of Jutan until 2005. Attempts to contact either of the Gaos via associates were unsuccessful.

Two directors and one former employee claimed they were no longer in contact with the younger Mr Gao and no had dealings with his father.

Tracking down officials hiding overseas and confiscating their assets has become a top priority for **China**'s President Xi Jinping, who will seek greater co-operation from regional leaders, including Prime Minister Tony Abbott, at a meeting in Beijing next week.

Earlier this year, the **Chinese** government launched "Operation Fox Hunt," a high-level campaign to locate and bring back officials who have fled overseas. Australia has regularly been identified by Beijing as a popular haven for corrupt officials and their families.

The AFP confirmed last week they had drawn up a priority list of targets in co-operation with **Chinese** authorities. Asked on Thursday if the Gao family were on that list, a spokesman said: "we have a long-standing practice that we don't confirm or deny who the AFP may or may not be investigating."

"As such, we are unable to provide any further details in relation to this matter," the spokesman said.

The Australian Financial Review has been told members of the AFP have in past weeks visited the Pyrmont **apartment** building where Gao Xinyuan held a registered office in 1997 and 1998.

According to **Chinese** media reports, the younger Mr Gao first came to Australia in the second half of 1996, after graduating from the prestigious Peking University. He is said to have spent a year in the country before returning home and establishing a series of businesses related to his father's job as General Manager of the State Power Corporation, which at that time held a monopoly over the electricity sector in **China**.

The younger Mr Gao then reportedly came back to Australia in May 2002, just two months before his father was placed under investigation for corruption.

In September that year the older Mr Gao fled **China** and is widely reportedly to be living in Australia, although this has never been confirmed.

In a surprise move, the younger Mr Gao returned to **China** in October that year, where he was eventually charged with corruption.

He was found to have paid \$25,000 in bribes, plus given a Rolex watch to two government officials in exchange for the awarding of construction contracts to his business partners and was jailed in 2004 for five years.

Documents filed with the corporate regulator show the same date and place of birth for the younger Mr Gao as that used by **Chinese** media which reference court documents. His 72 year-old father was a famously extravagant party official, who began his career in north eastern province of Jilin in the 1960s.

He became governor in 1992, before being promoted to Party Secretary of the southern province of Yunnan three years later.

His rise through the party continued in 1997, with his appointment as general manager of the State Power Corporation, at a time when **China** was rapidly connecting millions of homes with electricity.

Earlier this year, **China's** Lanzhou Evening News said the elder Gao had promoted officials who gave contracts to his son.

The paper said these contracts were worth nearly 300 million yuan (\$56 million), which he later sub-contracted after taking a margin for himself. It said the elder Gao had been linked to corruption as far back as 1995, when he was head of the tobacco rich province of Yunnan.

The Financial Review revealed last week another corrupt **Chinese** official, Su Shunhu, had channelled at least \$1.2 million to his family in Sydney, before this month being handed a life sentence for corruption.

According to **property** searches, his family bought and **sold** properties worth \$5 million over the past four years.

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