

CHINA

# What We Know About Hunter Biden's Dealings in China

Joe Biden's son owns a stake in a private-equity firm that has participated in various transactions



Hunter Biden, right, flew to China in 2013 aboard Air Force Two, while his father, Joe Biden, left, made an official visit as vice president. PHOTO: NG HAN GUAN/PRESS POOL

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Updated Oct. 4, 2019 8:03 am ET

Speaking to reporters Thursday, President Trump said that China, along with Ukraine, should investigate the business dealings of former Vice President and current Democratic presidential candidate Joe Biden and his son, R. Hunter Biden.

Here is what we know about the Biden family's dealings in China:

## What are Hunter Biden's business interests in China?

Hunter Biden, a 49-year-old lawyer and the second son of the former vice president, owns 10% of a private-equity firm called Bohai Harvest RST (Shanghai) Equity Investment Fund Management Co.

Over the past roughly six years, it has channeled \$2.5 billion or more on behalf of its financial backers into automotive, energy, mining and technology deals, according to interviews with

people familiar with the private-equity firm and a review by The Wall Street Journal of financial filings and other official business records.

Hunter Biden is one of nine directors of the firm, known as BHR Partners, which is controlled and funded primarily by large Chinese government-owned shareholders.

### **What has President Trump said?**

President Trump has alleged that Hunter Biden benefited from Chinese government largess and “walked out of China with \$1.5 billion in a fund.” Mr. Trump has also drawn attention to the fact that BHR Partners was officially registered 12 days after Hunter Biden in December 2013 flew to Beijing aboard Air Force Two, while his father made an official visit as vice president.

Mr. Trump hasn’t provided evidence to support the \$1.5 billion financial claim, which appears to be based on a fundraising target once announced by BHR Partners. The firm mainly invests by raising money deal to deal from other companies, according to a former employee, and its total paid-in capital is less than \$5 million, according to its business registration.

### **What does Hunter Biden say?**

The board seat at BHR Partners isn’t a paid position, and Mr. Biden hasn’t recouped his original investment in the company, said his spokesman, George Mesires. The firm’s business registration shows Mr. Biden’s paid-in capital was about \$425,000. Formation of the firm was negotiated for many months beforehand, and its shareholders applied to register the business in the month before the Air Force Two flight, according to the spokesman and the former employee, who described its official registration soon after the vice president’s trip as a coincidence.

BHR Partners filings show that Mr. Biden has served as a director of the firm since it was founded but that he didn’t become a shareholder until October 2017, after his father’s term as vice president ended.

### **What is BHR Partners?**

BHR Partners calls itself a private-equity firm, and it acts on behalf of large financial backers to find companies to invest in, most of them in China.

Filings show BHR Partners winning a piece of several desirable transactions: a stake worth more than \$900 million in a corporate spinoff of non-oil industry assets from China Petroleum & Chemical Corp. ; a \$10 million holding in China General Nuclear Power Corp., just before an initial public offering; and participation with a dozen other investment groups in a \$4.4 billion privatization of a property business controlled by entertainment giant Dalian Wanda Group. For a time, BHR Partners held a stake in Didi Chuxing Technology Co., China’s dominant ride-hailing

service, and has invested in a leading facial-recognition business, Megvii Technology Inc. BHR Partners has also launched a number of investment funds.

Investors in some of these transactions stood to score quick profits, while the firm hasn't yet made a profitable exit from others, the filings suggest.

In the U.S., BHR Partners participated in a \$600 million buyout of Michigan automotive-suspension-systems maker Henniges Automotive in 2015, acquiring a 49% stake, but a banker involved in the deal said negotiations were handled primarily by Aviation Industry Corporation of China Ltd., a state-owned aircraft company that bought a 51% stake.



Vice President Joe Biden in Beijing during the December 2013 visit, flanked by son Hunter and granddaughter Finnegan.  
PHOTO: ANDY WONG/PRESS POOL

## Who are the primary investors in BHR Partners?

BHR Partners is 80%-controlled by Chinese entities, its business registration shows.

A consortium including the Chinese government's postal savings bank, its main development bank, a pension fund and the Bank of China controls 30%, while another 30% is held by a major mutual-fund group called Harvest Fund Management Co. Three other entities each own 10%, according to business filings.

Hunter Biden holds his 10% stake through a company he owns, Skaneateles LLC, named for his mother's hometown in upstate New York.

BHR Partners' chief executive is a Beijing investment banker named Jonathan Li, who explained his philosophy for a firm that could do deals in China and overseas on its website: "I wanted diversified ownership, including both Chinese and foreign partners, to make the firm more international," he said.

Executives at BHR Partners didn't respond to questions from the Journal.

## **What is Hunter Biden's role in the firm?**

It isn't clear what role Mr. Biden has played in the deal-making at BHR Partners. Details about how its transactions are structured aren't public.

Mr. Biden has had other ties in China, including with top executives of a now-collapsed Shanghai oil company, CEFC China Energy Co., as they were trying to break into the U.S. energy market, according to articles in the New Yorker and the New York Times. J. Michael Cole, a Taiwan-based analyst who has written critically about CEFC and wrangled with it legally, says its lawyers repeatedly described the Biden family as friends of the oil company.

## **What is the origin of the figure cited by Mr. Trump?**

The origin of the \$1.5 billion figure cited by Mr. Trump about Hunter Biden's business in China is unclear, but the Journal in July 2014 quoted BHR Partners executives as saying the firm was trying to raise that much money to invest outside China. The plan, they said, aimed to take advantage of a new free-trade zone in Shanghai that Chinese authorities were promoting as a streamlined route to make acquisitions abroad for companies registered there, such as BHR Partners.

The Journal article was cited as the only source for the \$1.5 billion figure when it appeared in a book published last year that is critical of Mr. Biden's business activities, and which has been praised by Mr. Trump. "Secret Empires," by Peter Schweizer, says that after Hunter Biden's flight to Beijing aboard Air Force Two, "Hunter's firm would seal a highly unusual \$1.5 billion deal with funding from the Chinese government."

BHR Partners hasn't said if it met its fundraising target, but a former employee said it was never more than a long-term goal.

## **Are Hunter Biden's business ties in China unusual?**

When Mr. Biden acquired his foothold in the Chinese investment firm, U.S.-China relations were riding high, and money was flowing more easily than ever between the countries. China was just then embarking on a global buying spree, a trend that enthralled the financial industry, including the Americans who teamed up with BHR Partners, the former employee said.

China is also flush with private-equity firms that have adopted a famous-sounding name or tapped a politician's relative to hold a stake or join a board, which executives say reflects an effort to stand out in a crowded industry. The official name for BHR Partners in Chinese translates as "Bohai Sino-American."

“Perceptions count,” says a Chinese private-equity investor who knows the principals at BHR Partners.

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