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TOMMY CHEN: using SUN TZU’S ART OF WAR in business

Stephen Grainger wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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After recovering from a disastrous takeover of their building industry company, Australian general manager, Bill Elrington, and one of the company’s board members, Doug Smith, began the search for an international investor. They were looking for some liquidity for their company in the hope they could restart the company’s growth. Elrington and Smith thought they had found a saviour in Tommy Chen, a Chinese businessman of great wealth, who was based in Hong Kong. Chen had a reputation as a tough, no-nonsense operator, and his associates treated him with caution. He trusted only three or four people in his inner circle.

In June 2014, an opportunity arose for Chen to invest in Elrington and Smith’s company. However, there were questions about whether Chen could legally use his Chinese-based business practices in Australia, where the rule of law and standards of corporate governance were tougher than in Hong Kong. It seemed a golden opportunity for Chen to buy a significant share of the company at a bargain price. Elrington and Smith were excited, but they were concerned that Chen would meet resistance both legally and from the Australian shareholders of the company. Would the board of directors give their approval for Chen to invest, and if so, would Chen’s investment solve the company’s need for resources to service their significant debt? Should they put their faith in Chen or continue to nudge their struggling company to its potential?

Twelve months later, in June 2015, the company was in yet another precarious situation, events having turned upside down. How did Elrington and Smith end up in this situation? How were they going to recover?

Tommy Chen

Chen grew up in a tough part of Hong Kong in Kowloon.[[1]](#footnote-1) His background led Chen to take a firm and uncompromising view of any negotiations or business operations he was involved in. People in his inner circle were important to Chen; he made sure to take good care of them while the welfare of business outsiders meant little. His father had managed a mid-sized distribution company in Hong Kong, where, by the age of 22, Chen had risen to manage the company’s logistics before branching out to develop his own company.

In the Chinese way, Chen worked with other members of his extended family, learning quickly from experience and observation. Over time, he built his network and learned how to operate in Hong Kong’s competitive business environment. His management style did not come from a university textbook, but he was successful and became wealthy through building his guanxiwang[[2]](#footnote-2) in most parts of Asia. By his late twenties, Chen had developed international multimillion-dollar projects in resources and finance. Chen’s sharp listening skills complemented his tough business demeanour, and he was not afraid to challenge anyone who was confident enough to compete with him. Chen was a survivor, and his business acumen reflected his tough upbringing and pathway to success.

Most of Chen’s success came from taking over companies that had potential but were underperforming as a result of poor management. Chen would study the companies over time, collect knowledge and information, then target the company at the precise moment when their share value was at a bargain price. He would then eliminate the poorly performing senior managers, elevate the talented younger sub-managers, and give them up to 12 months to turn the operation around and generate profit again. At that point, he would usually sell his shares or arrange to liquidate the assets.

The War of Networking

Chen first met Elrington by chance at a Chung Wah Society dinner in Hong Kong. Elrington was there searching for investors to finance the company he managed back in Australia. At their first meeting, Chen and Elrington only exchanged pleasantries. Chen became interested in Elrington’s business after they met for a second time a few days later.

During discussions at this second meeting, Elrington told Chen the story of how he had developed a successful company in Australia, then been eliminated after a reverse takeover by outsiders had gone wrong. During the takeover, Elrington’s large shareholding had been bought out and a number of board members had been removed. Although he wanted to remain manager, Elrington was no longer required by the company he had developed, and was made redundant. After being removed, Elrington watched from the sidelines as the new owners, board, and managers made wasteful and illogical decisions, driving the company into decline.

After 11 months of losses and a 90 per cent decline in share value, the angry shareholders petitioned an emergency general meeting where their vote of no confidence saw the incompetent board dismissed. At the same meeting, in an effort to save what was left of their investments, the shareholders reinstalled Smith as the interim caretaker chairman, and reinstated Elrington. Smith was experienced in business and had been a long-term board member. He had been with the company during the good times and bad, and cared about the life of the company, but he had been voted out by the board members after the disastrous takeover. Importantly, Smith still had the confidence of the shareholders who knew him.

Elrington had a proven reputation for international business success in the building industry. He had developed the company from its beginning, listed it on the Australian Stock Exchange, doubled its value within six years, and sold to a large competitor. On that occasion, the shareholders made a significant profit from the buyout. Those shareholders remembered Elrington’s success and had confidence in him.

The second takeover had been a different story: only Elrington’s 35 per cent share was bought out. This meant that only Elrington received a payout. Not long after news of his departure spread, the company’s share price commenced its decline in value. The investors who had gained from Elrington’s first venture had, this time, lost up to 90 per cent of their investment.

Elrington believed the company could be saved by identifying a portfolio of solid assets, and by connecting with people who could make the company profitable again. Operations slowly began to improve: in the three months following his reappointment as general manager, Elrington had managed to halt the downturn, regain some control, and begin to build confidence in the company’s ability to become profitable again. Although some good employees had left during the 11 months of poor management, Elrington believed the company still had a core of talented employees and was entering a new phase with good potential as an investment.

The major problems the company now faced were the bad debt and poor loan conditions incurred since Elrington’s departure. In the three months following his reappointment, the company actually posted a small quarterly profit; however, this sum was almost totally consumed in paying off the interest on the debt. The company needed to attract a new external investor to pay off this debt and provide some liquidity that could restart the company’s growth in a significant way.

Elrington called an emergency general meeting after 12 weeks to convince the shareholders to create a parcel of new shares for the company and then seek an investor to buy into the company to create some liquidity, reduce debt, and give the management team some flexibility to invest and grow again. After four hours of sometimes heated discussion at the meeting, shareholders agreed to create a new portfolio of two million shares worth 40 per cent of the company, and find one or two new investors to purchase this block of shares and take a seat on the company board.

Chen was listening to Elrington’s story carefully, but outwardly, he showed limited interest. He was beginning to like what he heard, but his normal tough business acumen hid his emotion. Chen ascribed to Sun Tzu’s philosophy, believing that when one was interested, one should feign disinterest and wait for the enemy (in this case, possible partner Elrington) to let his guard down, perhaps become complacent, and maybe expose some secrets.[[3]](#footnote-3) In short, Chen was collecting information and looking for an opportunity to take advantage of the situation.

Elrington thought Chen was not fully engaged, so to increase his interest, he told Chen about the company’s operations in Indonesia, Singapore, Melbourne, and Adelaide. Elrington believed the company had the equipment it needed, quality workers, and important relationships with former customers that could be reformed and strengthened. He spoke of some minor problems, including the difficulty they were having getting a work visa from the Indonesian government for their Australian manager in Indonesia, and concluded that these minor problems could be resolved. Chen nodded, made a mental note, and said he had experienced the same problem with the Indonesians.

Chen was a sharp listener and was quietly collecting information.[[4]](#footnote-4) He asked Elrington which financiers he would be talking to in Hong Kong, and offered to introduce him to others. Elrington gave Chen the names of the three financiers he had arranged to see in Hong Kong. This disclosure was to be an error.

Chen made a mental note of the financiers’ names and said he could talk to his own contacts to see if any of them might be interested in learning more. In conclusion, Chen asked Elrington to send him the previous year’s accounts and any other important information about the company, and invited Elrington to join him three days later for further discussion over dinner at his home.

Chen knew the Hong Kong financiers Elrington had arranged to meet. After his meeting with Elrington, Chen contacted each of the financiers personally to discuss Elrington’s proposal. Chen convinced the financiers that the deal had problems and would not be a wise investment. He suggested the financiers go ahead with their meetings with Elrington, but avoid making any commitments. These discussions had two favourable outcomes for Chen: Elrington’s options with potential financial backers were extinguished, eliminating Chen’s competition; and the three financiers (members of Chen’s *guanxiwang*) now owed Chen a future favour in exchange for the apparently good, yet false, advice he had provided. This supposed warning would consolidate Chen’s relationships with his *guanxi* and strengthen his network. Chen was using his alliances to his advantage and knew Elrington did not have powerful connections or many options in Hong Kong.[[5]](#footnote-5) With this advantage in mind, Chen was prepared to wait and see how Elrington would react after all three of the Hong Kong financiers he was scheduled to meet turned him down.

The Combat of Negotiating

Three days later, Elrington and his wife went to dinner at Chen’s Hong Kong home, where, surrounded by evidence of wealth, they were made to feel at home. Elrington began to feel at ease and confident in telling Chen the story of his success with his first venture and the demise of his second. Elrington recounted the second venture and its disastrous takeover and management, telling Chen again of the resultant stock sell-off and loss of share value. Elrington went on to describe how the company’s slow decline continued. Shares that had initially traded at AU$0.20[[6]](#footnote-6) per share climbed to $0.27 per share after nine months of Elrington’s management; then after Elrington was bought out, subsequent poor management caused the share price to declined rapidly, finally resting at around $0.027 each. Many investors who had been Elrington’s friends and backers tired of waiting and unloaded their stocks that were then almost worthless.

Elrington was confident the share price had reached bottom and estimated that an investment of $6 million would consolidate their position and help the company start to grow again. He conservatively estimated the company had more than $20 million in assets, including offices, stock, contracts, and transport vehicles in their Adelaide, Singapore, Indonesia, and Melbourne yards.

Although Elrington was looking for $6 million for the newly created 40 per cent stake of 2 million shares, Chen had done his homework and hinted he might be able to raise interest among his friends for $3 million to $4 million, but for this price, they would probably want all 40 per cent of the company’s new shares and a minimum of two seats on a new four-person board. Elrington frowned and said approval of such an arrangement would be unlikely; however, Chen knew Elrington now had no other options. They concluded dinner in positive spirits with both of them promising to think further about the possibilities.

Chen did not yet know enough about investing in this Australian company, but he did know that he was not going to pay the $6 million the board wanted for a 40 per cent share of the company. If he did buy in, he would want a number of caveats included in the agreement. Now that he was effectively the only interested financier, Chen decided he would start with the first offer at $3.6 million for all of the new shares and see how Elrington reacted.

After two weeks in Asia pursuing possible investment leads, Elrington returned to Australia empty-handed, with no good news and facing increasing debt from the outstanding bad loan, a poor share price, and little room to manoeuvre for recovery, investment, growth, and expansion. The world economy was tight, and it looked like it would be a long, hard, tight road back to profitability. Elrington knew he could take out another loan with an Australian bank; however, these banks did not see much future in the short term, so were demanding high interest rates if they were to consider the loan at all. Elrington had seen other companies go down that path of overextending loans with none of them ending with a good outcome.

Chen had Elrington exactly where he wanted him, so he did not contact him for three weeks. In August 2014, he sent Elrington a brief email (see Exhibit 1). At first glance, Elrington didn’t like the proposal; the offer was too low. However, experience told him to consider Chen’s offer before replying. In light of the company’s financial situation, Elrington did not want to rush to a rejection. He emailed Chen to say that he wanted to discuss the idea first with his other major shareholder, Peter Christmass, and the interim chairman, Smith.

Christmass held 18 per cent of the company shares, which he had bought just before the takeover. He had lost a significant amount in the downturn that followed. When Christmass first bought into the company, he was feeling good about his investment: shares that cost him $0.23 per share had increased to $0.26 per share. With his investment looking favourable, Christmass went to Bali on a Sunday night for a vacation and remained off-line for the following week, enjoying the sun and sand with his family. He arrived home 10 days later, shocked to find the share price was down 85 per cent, and most of his investment had disappeared into thin air. His holiday timing could not have been worse. Months later, after Elrington had been reinstated, Christmass met with him and Smith to say he had no option but to wait and hope for what he thought might be a miracle recovery by the company. Now he hoped Chen might be the solution.

Elrington emailed Chen and said the board of directors would go down to $5 million, and the other condition of two board members was likely to be okay. Chen said he would talk to the potential investors again. Three days later, Chen wrote back to tell Elrington the Taiwanese investors would not go above $4 million and that was provided the other conditions were accepted. With no other options in sight, Elrington and Smith reluctantly agreed.[[7]](#footnote-7) It took another 14 weeks for all of the documentation to be drawn up and signed, and the money transferred.

For his investment of $4 million, Chen had gained a 40 per cent share of the company, 50 per cent control of the board, and installed the caveat that if the share price did not reach $0.04 per share within 12 months, he would leave the company and liquidate all his shares.

With Chen on the board with his 40 per cent share of the company, Christmass (with his 18 per cent share, and by then, his position as a board member) took over as financial manager of the company. He was signatory on all the company’s cheques and accounts. Elrington remained general manager and in charge of operations. The board was now comprised Chen, Christmass, Jimmy Ng (Chen’s associate in Hong Kong), and Smith as chairman. Chen worked most of the time out of his Hong Kong office; Christmass and Elrington provided Chen daily, and later biweekly, reports from Australia on sales and income. After six months of turmoil, Elrington and the board were now content. The company seemed settled, and together they could move forward.

With the changes complete, Chen felt good. At the airport, before Chen left for Hong Kong, Elrington had told Chen that Christmass was sometimes prone to spending unnecessary money, so Elrington wanted to keep an eye on his expenditures, especially with the need to run a tight budget. Chen did not pay too much attention to the warning. Christmass had a long and conservative record on his résumé, and when Chen had done his due diligence investigating the company, everyone he spoke to seemed to have been told by someone they trusted that Christmass had a successful record. Chen did not do a more thorough check on Christmass, his record, or credentials, and accepted his unproven history by word of mouth.[[8]](#footnote-8) Besides, Chen knew Christmass was one of the investors who had lost a lot of money with the takeover. He thought the last thing Christmass would want would be to lose more.

Chen wanted to increase his stake in the company to 50 per cent, which would give him more power and control. So when he returned to Hong Kong, he instructed his financier to start buying small allotments of shares under his associate’s names so the transactions would be inconspicuous.

Over the next six months, business improved only marginally. The company was now trading at $0.028 per share. Christmass had still not created a new business and was, in small but accumulative ways, spending the company’s money on ineffective public relations and entertainment for his contacts. Chen and his associate’s collective ownership increased to 43 per cent.

Elrington was working hard to meet the targets and key performance indicators the board had set. Knowing that Christmass was spending the company’s hard-earned money affected Elrington’s work and now, indirectly, his family life. He decided he had to tell Chen about Christmass. Chen was upset and angry. He felt he needed to take action and called an emergency board meeting to be held in Singapore two weeks later. He briefed fellow board members Smith and Ng over the two weeks preceding the meeting and outlined what he wanted to do. Christmass arrived in Singapore with no knowledge of the plan to oust him.

The first item on the board’s agenda was Chen, Ng, and Smith’s request that Christmass resign. Christmass was shocked and refused, arguing it was his right to stay because of his 18 per cent shareholding. So the three other members used their majority power to vote Christmass off the board due to his poor and seemingly blatant mismanagement as chief financial officer. Over the preceding six months, Christmass had spent $198,000 on entertainment and public relations expenses, and had generated no new income. The others agreed that his removal was the right thing to do.

Chen now had control of the board and the confidence of the directors. He told Smith, Ng, and Elrington that he would take over as acting chairman and chief financial officer until a suitable replacement could be found. Smith and Elrington voiced some concern about Chen’s plan; as chairman, Chen was forbidden from having any material personal interest in the decisions he was making, and all decisions were supposed to be made in the best interests of the corporation. Legally, he was supposed to act in the best interests of his shareholders; however, in reality Chen did not care. With Ng as his silent partner, he now had a majority on the board—and he had control. He told Elrington that once the company was back on track, he would relinquish one of the roles. But Chen was already prepared in his mind to leave the company. For two days, he sat back and devised his plan for getting out of the company, recouping his initial investment, and making a significant profit.

The Liquidation

Stage 1

The business in Indonesia was performing steadily under the general management of expatriate Mark Brown. When Chen first met Elrington, he had mentioned that Brown held a British passport and was operating in Indonesia under a tourist visa because he was having difficulty obtaining a work visa. Chen had identified this lack of a work visa as the company’s weakest point but was patient and used the information to his advantage with perfect timing.[[9]](#footnote-9)

Chen telephoned the Indonesian authorities (one member of whom was a trusted part of Chen’s *guanxiwang*) to inform them that Brown was working in Indonesia illegally and without the official papers to be general manager of the operation. Chen shared Brown’s process: whenever Brown’s tourist visa was nearing expiry, he would fly to Singapore for a day, renew his tourist visa, and fly back to Indonesia. Chen sent the authorities details about Brown and suggested that they investigate. This information was all the Indonesian immigration officials required. They took immediate action.[[10]](#footnote-10)

The next day, the Indonesian police went to the company’s headquarters and equipment yard in Yogyakarta to arrest Brown and take him to prison. He was the only person in the Indonesian operation who was not Indonesian, and Chen knew the company’s office and where all the company’s records and contracts were stored. With Brown in custody, Chen flew to Indonesia, went to the company office, and removed all of the company’s records. He took them back to Hong Kong and began dismantling this part of the company and setting up his new company.

Stage 2

Chen started by selling the Indonesian assets to his own Hong Kong company for 10 per cent of their estimated value, then transferred the assets to a new subsidiary of his company that he set up in the same Indonesian city of Yogyakarta. With all of the former company’s resources and customers now transferred to the new subsidiary, Chen sent his own representative to Yogyakarta to run the subsidiary with the newly acquired equipment purchased at bargain prices.

Chen also emptied all of the previous company’s Indonesian bank accounts and moved that money to his home company account in Hong Kong. The official documentation recognizing Chen as chairman and chief financial officer of the company was all the Indonesian authorities needed to allow this transfer. The Indonesian standards of corporate governance, and Chen’s connections and relationship with the Indonesian government allowed him to transfer ownership of the assets from the old company to the new one at a bargain price.[[11]](#footnote-11) All that remained of the former company was the now empty work yard.

The company employees in Indonesia knew nothing, and went to work without any questions. Chen also transferred the existing contracts from the old company to the new, so for customers, the services were also uninterrupted, except payment would now go to the Hong Kong subsidiary.[[12]](#footnote-12) In Australia, however, the company accountants were beginning to notice that something was changing.

Stage 3

At the beginning of the first stage, Chen instructed his Hong Kong broker to sell a small parcel of his shares in the company daily at $0.027 to $0.028. He wanted to begin unloading his stock in the company before anyone found out what he was doing. The parcels sold needed to be kept small to avoid affecting the share price and sending messages to the market that something was going on. This undisclosed activity by a board member was prohibited under Australian corporate law.

Stage 4

When Chen tried to arrange a similar sale of assets in Australia, he was blocked by the requirements of corporate governance, a lack of any *guanxi* relationships with officials, and growing opposition from the shareholders as they discovered his corrupt behaviour. An emergency general meeting was called. The company was now also trading on the Australian stock exchange from an insolvent position—another illegal operation. The company estimated it owed the Australian government $3.56 million in outstanding taxes and unpaid employee superannuation; however, no money was left to pay any of these costs. Chen was now breaking criminal law;[[13]](#footnote-13) his time in Australia was running out before he would be prosecuted.

Stage 5

Ten days before the emergency general meeting, scheduled for June 28, 2015, Chen realized that he might not have the numbers to survive an overthrow of the board. He quickly assessed the funds that remained in the company accounts and spent it on bonus payments for his insiders, to his own company as a supplier, and to all existing customers he knew in Asia to preserve his future business operations outside Australia.

Soon after these payments were made, the angry shareholders sought a legal injunction, stopping any further trading; however, the damage had been done, with nearly all the cash spent. The share price sat at $0.01 per share. Chen began packing up, ready to leave Australia before the possible legal repercussions began.

When Elrington and Smith found out what had happened, they were angry and disappointed. Where had they gone wrong? Was everything Chen had told them a lie? Would he get away with it, and could the shareholders get their money back? What were they to do now?

Exhibit 1: Email From Chen to Elrington, august 2014

August 18, 2014

Hi Bill.

I recently met with a private group of investors in Taiwan. They were interested in having me talk to you on their behalf about the 40 per cent share in your company we spoke about when you were here. I told them about your company and the situation you had come through in the last 18 months, and showed them the accounts you sent me. They were cautious; however, when I told them about your past record, the group had more questions, which showed some potential.

These are some of my old friends who trust me, so we spent considerable time discussing the situation before they asked me to present this verbal offer.

In summary, their bottom line was to ask if you would you consider the following:

* An investment of AU$3.6 million for all of the new shares created, worth 40 per cent of the company;
* Chen plus one of the partners as directors on a four-member board;
* Retain Doug Smith as chief executive officer; and
* Reassess the investment after 1 year with options to increase or decrease the shareholding.[[14]](#footnote-14)

Chen

Source: Company files.

1. Kowloon, often known as “Kowloon side,” was the mainland portion of Hong Kong, a peninsula north of the island. Over 2 million people lived in the 47 square kilometres of Kowloon, making it one of the world’s most densely populated regions. [↑](#footnote-ref-1)
2. *Guanxiwang* referred to a network of exchanges or transactions between two parties and the exchange of favours, physical products, goods or services, or anything of value that had mutual benefit to the parties concerned. An individual’s guanxiwang grew when relationships between A and B became interlinked with a relationship between B and C through the common agent B, who provided trust between the connected parties. This relationship could grow into larger and more complex networks, extended through agents C, D, E, and so on to form the guanxiwang. (“Business Networks in China: Guanxi and Guanxiwang,” China-Window, accessed March 15, 2017, www.china-window.com/china\_business/china\_business\_tips/business-networks-in-chin.shtml.) [↑](#footnote-ref-2)
3. Sun Tzu’s military strategy included the advice, “Now the General who wins a battle makes many calculations in his temple ere the battle is fought.” Sun Tzu, *Art of War*, trans. Lionel Giles (China, ca. 5th century BCE; trans. 1910), part 1.26. [↑](#footnote-ref-3)
4. “If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.” Ibid., part 3.18. [↑](#footnote-ref-4)
5. “We cannot enter into alliances until we are acquainted with the designs of our neighbours.” Ibid., part 7.12. Chen could not take advantage of his alliances with the financiers until he knew Elrington’s position. Chen then used Elrington’s position to his own advantage. [↑](#footnote-ref-5)
6. All currency amounts are in AU$ unless otherwise specified; AU$1 = US$0.879 and US$1 = AU$1.137 on October 31, 2014. [↑](#footnote-ref-6)
7. “By holding out advantages to him, he can cause the enemy to approach of his own accord.” Sun Zhu, op. cit., part 6.3. Although Elrington was not an enemy, Chen knew Elrington wanted the company to start growing again, and he wanted to solve the company’s financial problems. Elrington had only one option, making Chen’s offer, by default, the most favourable. [↑](#footnote-ref-7)
8. “He wins his battles by making no mistakes. Making no mistakes is what establishes the certainty of victory, for it means conquering an army that is already defeated.” Ibid., part 4.13. Was Chen’s failure to complete the due diligence on Christmass his only mistake? [↑](#footnote-ref-8)
9. “Attack him where he is unprepared, appear where you are not expected.” Ibid., part 1.24. No one expected anyone to take action on the Indonesian section of the company at that time. According to Sun Tzu’s philosophy, this was a master stroke. [↑](#footnote-ref-9)
10. “You may advance and be absolutely irresistible, if you make for the enemy’s weak points; you may retire and be safe from pursuit if your movements are more rapid than those of the enemy.” Ibid., part 6.10. Chen had concluded that although the Indonesian business was performing well, its operations were at risk because of the general manager’s immigration status. Chen’s connections in the Indonesian police and government gave him the ability to attack that weak point. [↑](#footnote-ref-10)
11. “If your opponent is of choleric temper, seek to irritate him. Pretend to be weak, that he may grow arrogant.” Ibid., part 1.22. According to Giles’s translation notes (included with the text), this tactic was interpreted by Wang Tzu to mean, “A good tactician plays with his adversary as a cat plays with a mouse, first feigning weakness and immobility, and then suddenly pouncing on him.” Chen’s actions in Indonesia are an example of this tactical swiftness. [↑](#footnote-ref-11)
12. “You can be sure of succeeding in your attacks if you only attack places which are undefended. You can ensure the safety of your defence if you only hold positions that cannot be attacked.” Ibid., part 6.7. Chen took over and dismantled the Indonesian operations, which offered little defence, and then within the safety of his own offices, transferred the contracts and materials to his own company at bargain prices. [↑](#footnote-ref-12)
13. “Tax crime occurs when people abuse the tax and superannuation systems through intentional and dishonest behaviour with the aim of obtaining a financial benefit. It encompasses a broad spectrum of non-compliant activity that can result in criminal sanctions, such as fines or imprisonment.” “Tax Crime Explained,” Australian Government: Australian Taxation Office, accessed March 15, 2017, www.ato.gov.au/general/the-fight-against-tax-crime/tax-crime-explained. [↑](#footnote-ref-13)
14. “The quality of decision is like the well-timed swoop of a falcon which enables it to strike and destroy its victim.” Sun Zhu, op. cit., part 5.13. [Chen’s decision was fast and effective after he had taken the right steps to set it up. Chen knew Elrington has no options. Chen’s target was $4 million, so he started at $3.6 million to make Elrington feel he had saved, or gained, $400,000. [↑](#footnote-ref-14)