

RUNYOWA LAW PROFESSIONAL CORPORATION

A Regina-Based Civil Litigation
and Dispute Resolution Firm

November 22, 2022,

BY EMAIL: law@runyowa.com

Docket No. FD 36500 et al.

305678

Attn: The Honourable Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001.

ENTERED
Office of Proceedings
November 22, 2022
Part of
Public Record

Dear Ms. Brown,

RE: Update regarding CP Railway-Kansas City Southern merger, the CP Railway-KCS police force, and the relevance of the indictment that the United States Attorney's Office filed in the United States District Court (Eastern District of New York).

Please direct this communication and attachments to the attention of the Surface Transportation Board members. We recently became aware of the October 7, 2022, indictment that the United States Attorney for the Eastern District of New York filed with the United States District Court (Eastern District of New York – Criminal Division). At the outset, we wish to clarify that **neither** CP Railway nor Kansas City Southern are the subjects of those legal proceedings. However, the issues in those proceedings are relevant to the question before the STB regarding the national security and sovereignty implications of allowing CP Railway to acquire KCS' police force.

Context.

Our clients' whistleblower filing with the STB noted that CP Railway already wields a corporate police force with jurisdiction across the United States. The company's police officers fall under the sole and direct operational command of a Chief of Police and civilian corporate leaders in Canada. If the STB approves the merger as proposed, Kansas City Southern's current police force would be integrated into the CP Police Service. The combined police force will be based at CP Railway's global headquarters

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in Calgary, Canada. This would not only create the first USMCA police-security force, but it would also create a police force of global significance given that the combined company's network will connect to ports in Canada (e.g. Vancouver) and Mexico (e.g. Veracruz) that constitute major entry and exit points in the global supply chain. The new CP Railway- Kansas City Southern police force will exercise policing-security jurisdiction over these access points into the North American channels of commerce. However, the police personnel staffing those access points will be located in Canada and Mexico. They will not be within the United States, nor controlled by its authorities.

CP Railway's application to strike our clients' whistleblower alert from the STB' record of proceedings.

As the STB will be aware, CP Railway filed to strike our clients' whistleblower alert from the STB's record of proceedings on the merger. CP Railway's application was part of a series of correspondences that the company filed with the Board, and that our clients rebutted in related submissions. The Board's decision on the application to strike is pending.

The indictment that the United States Attorney's Office filed in the United States District Court (Eastern District of New York).

The STB members will recall that in its correspondence of September 27, 2022, CP Railway asserted that the concerns our clients raised about the implications of allowing private corporations and persons to control police powers in the United States from abroad was "speculative". The implication of CP Railway's assertion was that the STB should disregard the plausibility of actors outside the United States from leveraging the purchase of, or influence over, a local railroad carrier to attain police powers in country. We subsequently filed a response letter with the STB on September 28th, 2022. However, we recently learned of an emergent legal proceeding with implications that rebut CP Railway's assertions, and which validate why it is critical for the STB to address the question of CP Railway's post-merger control of a cross-border police force in the United States.

On October 7, 2022, the United States Attorney for the Eastern District of New York filed an indictment with the United States District Court (Eastern District of New York – Criminal Division) (**Attachment 1 and 1.1**). In summary, the attached indictment involves the unfolding case of a state actor that the United States Attorney alleges has been operating more than 50 undeclared and unauthorized police stations around the world. This includes one such police station in New York. Based on the indictment, foreign agents representing the state actor, have allegedly conducted unilateral law enforcement operations in the United States, but without the express permission of the United States government. See paras 10 – 80 of the New York indictment.

This indictment and the news coverage that has followed provides further support for why the policing issue is inseparable from the national security and sovereignty questions that our clients' whistleblower alert raised (**Attachment 2 and Attachment 3**). We also understand from media reports that a group of federal American lawmakers have already expressed their concerns about the issues in the indictment with Secretary of State Anthony Blinken and Attorney General Merrick Garland (**Attachment 4 and 5**). Find attached the original Safeguard Defenders report that apparently triggered the ongoing investigations in Canada and the United States (**Attachment 6, page 13 cites a New York station**). This unfolding story is relevant for the STB's merger review because.

1. *It rebuts CP Railway's assertion that our clients' whistleblower alert is "speculative":* The allegations in the New York indictment and related media reports confirm that foreign and domestic actors are aware of the significant value in exercising law enforcement powers in the United States, even if informally. Whether or not the allegations in the New York indictment are eventually proven, this issue is a reminder that there many motivated and well-resourced parties with the persistence to identify and exploit any openings in the United States' national security infrastructure. Over time, and given the United States' status in the world, such threats must be considered as highly probable and persistent, not speculative.
2. *Despite the emergent official concern about the issues in the New York indictment, the railroad policing loophole presents an even greater threat to national security, sovereignty, and civil rights in the United States:* The alleged foreign agents at the centre of federal indictment do not have the benefit of formal and authorized access to police databases in the United States. They do not openly conduct legitimate law enforcement activities such as formal arrests, searches and seizures, and the laying of criminal charges in the country. It also appears that the agents' primary focus is on the citizens of their home nation. However, despite their relatively limited capabilities and focus, their alleged presence on American soil has galvanized the American justice and legislative systems into action. Therefore, if American authorities are troubled by the threat of foreign agents with relatively limited capabilities violating the United States' sovereignty, national security, and citizens' civil rights, the prospect of foreign entities acquiring and exercising **formal** police powers through the railroad policing system should be even more alarming.

If the STB approves the merger as proposed, and allows CP Railway's civilian leaders in Canada to exercise expanded command over state and federal police officers in the United States, that will send conflicting messages regarding questions of national security and sovereignty. On the one hand, the United States would be protecting its sovereignty and national security by preventing alleged foreign agents from exercising police powers on its territory (New York indictment). On the other hand, it would risk those same national interests to potential breaches by conceding the ability of unvetted parties outside of the United States to exercise police powers in the United States through the railroad mergers and acquisitions system.

3. *Section 12 of The Surface Transportation Board Reauthorization Act of 2015: Addressing related extraterritorial infringements of American sovereignty and national security with the Canadian Government:*

As our clients' initial whistleblower complaint established, CP Railway and Canada's railway police have access to the [Canadian Police Information Centre database \("CPIC"\)](#). The CPIC is Canada's primary, nationwide police database which contains sensitive policing and national security information from Canada's police forces and international law enforcement partners. These partners include the United States, so the information in the CPIC will inevitably relate to American citizens, law enforcement operations, and policing/national security activities. This means that under [Sections 44 and 44.2 of Canada's Railway Safety Act](#), which authorizes railroad police forces in Canada, private railroad companies have access to the CPIC database.

This is relevant to the United States because the Canadian government has complete jurisdiction over the *Act* **and** over all mergers, acquisitions, and investments within Canada's railroad sector. Therefore, if any foreign investor can acquire threshold control or influence over railroad infrastructure in Canada, they can retain railroad police officers under Canada's *Railway Safety Act*. Such investors will then have access to the CPIC database with sensitive information relating to, or coming from, the United States, but which American authorities exercise no control over. This also means that any foreign investors that obtain a foothold in the Canadian railroad industry can extend that footprint into the United States if the interest they acquire has, or subsequently obtains, a single cross-border entry point into the United States. Hence, even though Canada's *Railway Safety Act* has no legal force in the United States, it constitutes a backdoor access point into the American law enforcement and national security infrastructure.

Further, a potential adversary or competitor of the United States need not acquire any threshold railway infrastructure in Canada to access the CPIC database and sensitive information about American citizens and law enforcement activity. They need only obtain **threshold** access to, control of, or influence over a Canadian railway company to access the CPIC database. This could be in the context of Canada's much smaller railway companies that would draw little regulatory attention on either side of the United State-Canada border.

Further, even when the railroad companies' management were operating in good faith, that alone will not eliminate the significant risks of privacy and national security breaches from sophisticated players with enhanced capabilities. When it comes to national security, it must be assumed that sophisticated and well-resourced parties can overcome any managerial diligence to obtain highly sensitive law enforcement information through the company. Only coordinated cross-agency, inter-governmental-level diligence and countermeasures can prevent and mitigate such threats.

The United States should be concerned about inadvertently delegating the protection of its national security and sovereignty interests to the Canadian government. This is especially with respect to the Canadian government's handling of past foreign investments which indicate how divergent its decision could be from related American interests.

For example, in 2022 through its multi-party Commons Standing Committee on Industry and Technology (the Committee), Canada's Parliament [released its report](#) from its study of the Canadian government's decision to forego a National Security Review on the purchase of Neo Lithium by Zijin Mining. (**Attachment 7**). American lawmakers expressed alarm at Canada's decision (**Attachment 8**). This scenario confirms the reality that in foreign investment matters, the United States may hold different views from Canada regarding questions of mutual interest such as national security. **It also confirms the fact that the Government of Canada's unilateral decisions on approving foreign investments may have a direct impact on the United States' interests, including in the railroad sector.**

The question of how the Canadian government operates its foreign investment process is not a part of the STB's merger review process. However, the underlying national security and sovereignty issues justify the STB's formal referral of the cross-border railroad policing issue to other authorities and branches of the United States government that can engage the Canadian government. We also understand that under Section 12 of *The Surface Transportation Board Reauthorization Act* of 2015, on its own initiative, the STB may investigate the cross-border implications of the railroad policing issue within and beyond the merger. Given the importance of the interests at stake, our clients request that the STB considers this cross-border railroad policing issue within the context of the CP Railway-Kansas City Southern merger, and in the broader context of the United States' national security and sovereignty.

Our clients remain prepared to assist the STB with any aspect of their whistleblower complaint. We will also await the Board's release of its ruling regarding CP Railway's application to strike our clients' whistleblower alert from the STB's record of proceedings.

Thank you,

A handwritten signature in black ink that reads "Tavengwa Runyowa". The signature is written in a cursive, flowing style. Below the signature is a horizontal line.

Tavengwa Runyowa

(Counsel for Heather Dockrell, Edward Dockrell, Lorelei Desrochers and Pamela Fraser.

This correspondence has been served upon the parties of record by email.

Attachment 1

THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* NEW YORK

[U.S. Attorneys](#) » [Eastern District of New York](#) » [News](#)

Department of Justice

U.S. Attorney's Office

Eastern District of New York

FOR IMMEDIATE RELEASE

Thursday, October 20, 2022

Six Individuals Charged with Conspiring to Act as Illegal Agents of the People's Republic of China

PRC Officials Directed Multi-Year Campaign of Harassment Intended to Coerce U.S. Resident to Return to the PRC

An eight-count indictment was unsealed today in federal court in Brooklyn charging a total of seven nationals of the People's Republic of China (PRC)—Quanzhong An, his daughter Guangyang An, Tian Peng, Chenghua Chen, Chunde Ming, Xuexin Hou, and Weidong Yuan—with participating in a scheme to cause the forced repatriation of a PRC national residing in the United States. The lead defendant, Quanzhong An, allegedly acted at the direction and under the control of various officials with the PRC's government's Provincial Commission for Discipline Inspection (Provincial Commission)—including Peng, Chen, Ming, and Hou—to conduct surveillance of and engage in a campaign to harass and coerce a U.S. resident to return to the PRC as part of an international extralegal repatriation effort known as "Operation Fox Hunt."

Quanzhong An and Guangyang An were arrested this morning and are scheduled to be arraigned this afternoon before United States Magistrate Judge Ramon E. Reyes, Jr. The remaining defendants remain at large.

Breon Peace, United States Attorney for the Eastern District of New York; Matthew G. Olsen, Assistant Attorney General of the Justice Department's National Security Division; and Michael J. Driscoll, Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office (FBI), announced the arrests and charges.

"As alleged, the defendants engaged in a unilateral and uncoordinated law enforcement action on U.S. soil on behalf of the government of the People's Republic of China, in an effort to cause the forced repatriation of a U.S. resident to China," stated United States Attorney Peace. "The United States will firmly counter such outrageous violations of national sovereignty and prosecute individuals who act as illegal agents of foreign states."

Mr. Peace thanked the Internal Revenue Service Criminal Investigations for its work on the case.

"The victims in this case sought to flee an authoritarian government, leaving behind their lives and family, for a better life here. That same government sent agents to the United States to harass, threaten, and forcibly

return them to the People's Republic of China. The actions we allege are illegal, and the FBI will not allow adversaries to break laws designed to protect our nation and our freedom,” stated FBI Assistant Director-in-Charge Driscoll.

As alleged in the indictment, the defendants participated in an international campaign to threaten and intimidate John Doe-1, a resident of United States, and his family to force John Doe-1 to return to the PRC. These efforts were part of “Operation Fox Hunt,” an initiative by the PRC’s Ministry of Public Security to locate and repatriate alleged fugitives who flee to foreign countries, including the United States. The PRC government has targeted these alleged fugitives and their families to compel cooperation with the PRC government and self-repatriation to the PRC. The PRC government has taken such law enforcement actions on U.S. soil in a unilateral manner without approval, of or coordination with, the U.S. government.

Quanzhong An, who is a businessman operating in Queens, New York, and the majority shareholder of a hotel in Flushing, acted as the primary U.S.-based liaison for the Provincial Commission’s targeting of John Doe-1 and his family members, including his son, John Doe-2, both in the United States and in the PRC. As part of the scheme, various PRCbased conspirators forced a relative in the PRC (John Doe-3) to travel from the PRC to the United States in September 2018 to meet with John Doe-2 and convey threats that were intended to coerce John Doe-1’s return to the PRC. Yuan—John Doe-3’s superior at the PRC’s State Administration of Taxation—escorted John Doe-3 from the PRC to the United States, under the guise of a visit with a tour group.

On September 11, 2018, John Doe-2 met with John Doe-3 at a restaurant in Queens. In the recorded meeting, John Doe-3 explained that he had been forced to travel to the United States by the Provincial Commission, which wanted to repatriate the 100 most wanted fugitives, a group that purportedly includes John Doe-1. Yuan then joined John Doe-2 and John Doe-3 at the restaurant and indicated that he had been “tasked to relay the message” to John Doe-1 that the “leadership in China would like to encourage the elite overseas Chinese to return” and that the PRC government had already caused the repatriation of 80 of the 100 most wanted fugitives. Yuan explained that he had made “a special trip here,” as John Doe-1’s issue needed to be resolved “sooner or later,” and John Doe-1 needed to return to the PRC.

PRC-based defendants and coconspirators also engaged in a pattern of harassment targeting John Doe-1’s family members. In November 2017, Hou wrote John Doe-2 warning him that “coming back and turning yourself in is the only way out.” Hou further threatened that “avoidance and wishful thinking will only result in severe legal punishments.”The PRC government also harassed John Doe-1 and John Doe-2 through the filing of a lawsuit in New York State court, alleging that John Doe-1 had stolen funds from his former PRC based employer and that John Doe-2 had knowledge of and benefitted from his father’s scheme.

In a series of recorded meetings in 2020, 2021, and 2022, Quanzhong An repeatedly met with John Doe-2 and attempted to persuade John Doe-2 to cause the return of John Doe-1 to the PRC. In these meetings, Quanzhong An acknowledged that he is a member of the Standing Committee of the Chinese People’s Political Consultative Conference (CPPCC), which enforces the rules and regulations of the Chinese Communist Party (CCP) abroad. At various times, he attributed his instructions to Chen, Ming, and Peng and acknowledged that the Fox Hunt operation was motivated by the PRC government’s need to “save their faces” and repatriate as many fugitives as possible.

In the meetings, Quanzhong An admitted that the civil lawsuit filed against John Doe-1 and John Doe-2 would be withdrawn if John Doe-1 returned to the PRC. He stated that “they are still suing you to place additional pressure on you” and “will keep pestering you through a lawsuit” because the cost of it “really is a drop in the bucket for a country to spend \$1 billion or \$0.8 billion to meet the political task assigned by the Central Government.”

Quanzhong An admitted that he was acting as an agent of the Provincial Commission to increase his standing in the PRC. During his meetings with John Doe-2, Quanzhong An repeatedly transmitted threats on behalf of the PRC government. If John Doe-1 did not return, the PRC government would “keep pestering you, [and] make your daily life uncomfortable,” in addition to actions to “target and monitor” John Doe-1’s relatives in the PRC. On another occasion, he stated that “they will definitely find new ways to bother you” and “it is definitely true that all of your relatives will be involved.”

As set forth in the detention memorandum, Quanzhong An met with John Doe-2 again on September 29, 2022. During this meeting, Quanzhong An pressed for John Doe-1 to execute an agreement to return to the PRC in advance of the CCP’s 20th National Congress, which began on October 16, 2022. As part of such agreement, Quanzhong An sought a written confession from John Doe-1, which would be submitted directly to the PRC government.

As also alleged in the indictment, Quanzhong An and Guangyang An engaged in a money laundering scheme involving millions of dollars from the PRC to the U.S. financial system. As part of the scheme, the defendants and their coconspirators repeatedly lied to U.S. financial institutions to obscure the ownership and control of the funds. As a result of the money laundering charge, the government has charged forfeiture allegations against Quanzhong An’s hotel in Flushing, New York, as well as the defendants’ residences in Roslyn, New York.

The charges in the indictment are allegations, and the defendants are presumed innocent unless and until proven guilty. If convicted of acting as agents of the PRC, Quanzhong An faces a maximum sentence of ten years in prison. The money laundering conspiracy charge against Quanzhong An and Guangyang An carries a maximum sentence of twenty years in prison. The remaining charges, including conspiring to act as agents of the PRC and conspiring to commit interstate and international stalking, carry a maximum sentence of five years in prison.

The government’s case is being handled by the Office’s National Security and Cybercrime Section. Assistant United States Attorneys Alexander A. Solomon, Sara K. Winik, and Antoinette N. Rangel are in charge of the prosecution, with assistance from Trial Attorney Scott A. Claffee of the National Security Division’s Counterintelligence and Export Control Section. Assistant United States Attorney Brian Morris of the Office’s Asset Recovery Section is handling forfeiture matters.

The Defendants:

QUANZHONG AN

Age: 55

Roslyn, New York

GUANGYANG AN

AGE: 34

Roslyn, New York

TIAN PENG

AGE: 38

PEOPLE’S REPUBLIC OF CHINA

CHENGHUA CHEN

Age: Unknown

PEOPLE’S REPUBLIC OF CHINA

CHUNDE MING

Age: Unknown

PEOPLE'S REPUBLIC OF CHINA

XUEXIN HOU

Age: 52

PEOPLE'S REPUBLIC OF CHINA

WEIDONG YUAN

Age: 55

PEOPLE'S REPUBLIC OF CHINA

E.D.N.Y. Docket No. 22-CR- 460 (KAM)

Attachment(s):

[Download Indictment](#)

Topic(s):

Countering Nation-State Threats

National Security

Component(s):

[USAO - New York, Eastern](#)

Contact:

John Marzulli

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United States Attorney's Office

(718) 254-6323

Updated October 20, 2022

★ OCT 07 2022 ★

DMP:AAS/SKW
F. #2021R00667

BROOKLYN OFFICE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
----- X

UNITED STATES OF AMERICA

- against -

QUANZHONG AN,
GUANGYANG AN,
 also known as "Angela An,"
TIAN PENG,
CHENGHUA CHEN,
CHUNDE MING,
XUEXIN HOU and
WEIDONG YUAN,

Defendants.

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THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Indictment, unless otherwise stated:

I. The Defendants and Coconspirators

1. The defendant QUANZHONG AN was a lawful permanent resident of the United States and citizen of the People's Republic of China ("PRC") who resided in Queens, New York and in Shandong Province, PRC. QUANZHONG AN was the former president of an organization based in Flushing, New York, purporting to represent persons from the Shandong Province residing in the New York metropolitan area. In the PRC, QUANZHONG AN headed an investment business ("PRC Business-1"), an entity the identity of which is known to the Grand Jury. In the United States, QUANZHONG AN was the founder of a real estate and

INDICTMENT

Cr. No. **CR 22 - 460**
(T. 18, U.S.C., §§ 371, 951(a),
981(a)(1)(C), 982(a)(1), 982(b)(1),
1952(a)(3)(A), 1952(b)(i)(2), 1956(h), 2
and 3551 et seq.; T. 21, U.S.C., § 853(p);
T. 28, U.S.C., § 2461(c))

MATSUMOTO, J.

LEVY, M.J.

development investment group (“Investment Group-1”), an entity the identity of which is known to the Grand Jury, operating in the United States and in the PRC. QUANZHONG AN was also the majority shareholder of another investment group (“Investment Group-2”), which owned a hotel in Flushing, New York (the “Hotel”), entities the identities of which are known to the Grand Jury. Additionally, QUANZHONG AN was a minority owner of a third investment group consortium (“Investment Consortium-1”), which owned a luxury high rise condominium in Elmhurst, Queens, as well as a holding company (“Company-1”), entities the identities of which are known to the Grand Jury. QUANZHONG AN was approximately 55 years old in October 2022.

2. The defendant GUANGYANG AN, also known as “Angela An,” was a U.S. citizen who was born in the PRC and resided in Roslyn, New York since approximately 2003. She was the daughter of the defendant QUANZHONG AN and was employed by the Hotel. GUANGYANG AN was approximately 34 years old in October 2022.

3. The defendant TIAN PENG was a citizen and resident of the PRC who was employed by the Shandong provincial office of the Central Commission for Discipline Inspection, which was called the Shandong Provincial Commission for Discipline Inspection (the “Provincial Commission”). The Central Commission for Discipline Inspection was the highest internal control institution of the Chinese Communist Party (“CCP”) tasked with enforcing internal rules and regulations and combatting corruption in the CCP. Before in or about 2022, PENG served as the Deputy Director of the 10th Review and Investigation Office of the of the Provincial Commission. Beginning in or about 2022, PENG served as the Director of the 10th Review and Investigation Office of the Provincial Commission.

4. The defendant CHENGHUA CHEN was a citizen and resident of the PRC. Until in or about 2022, CHEN served as the Director of 10th Review and Investigation Office of the Provincial Commission.

5. The defendant CHUNDE MING was a citizen and resident of the PRC. MING served as the Standing Deputy Secretary of the Provincial Commission until in or about 2022. Since then, MING served on the PRC Standing Committee of the National People's Congress, which was the highest organ of state power and the legislature in the PRC.

6. The defendant XUEXIN HOU was a citizen and resident of the PRC and was employed by the Provincial Commission.

7. The defendant WEIDONG YUAN was a citizen and resident of the PRC who worked as the Deputy Director of the State Administration of Taxation in the Zaozhuang City, Central District Taxation Bureau in the PRC.

II. Regulations for Agents of Foreign Governments

8. An individual who acted in the United States as an agent of a foreign government was required to provide prior notification to the Attorney General, under the rules and regulations established by the Attorney General. See 18 U.S.C. § 951(b); 28 C.F.R. §§ 73.1 et seq.

9. The term “agent of a foreign government” included an individual who agreed to operate within the United States subject to the direction and control of a foreign government or official. See 18 U.S.C. § 951(d).

III. Operation Fox Hunt

10. In or about July 2014, the government of the PRC announced “Operation Fox Hunt,” an initiative by the PRC Ministry of Public Security to locate and repatriate alleged

fugitives who had fled to foreign countries, including the United States. To advance these efforts, the PRC government took actions targeting the alleged fugitives and their families to compel cooperation with the PRC government and self-repatriation to the PRC.

11. When conducted openly and through lawful, established channels, official foreign law enforcement activity in the United States relied upon coordination between the U.S. and the relevant foreign government, including but not limited to official extradition requests, official requests for information located in the United States, notice of any official travel by foreign officials to the United States and formal requests for foreign officials to engage in official conduct in the United States.

12. Under Operation Fox Hunt, however, PRC government officials pursuing targets of Operation Fox Hunt traveled to the United States without providing notice to the U.S. government, and utilized assets located in the United States—frequently individuals with familial ties to the PRC—to, among other things, surveil and harass Operation Fox Hunt targets. PRC government officials and their assets threatened the targets and their families, including family members still residing in the PRC, with harm, including incarceration, to coerce the targets' repatriation to the PRC.

13. The PRC government lacked authority to conduct unilateral law enforcement operations within the United States without the approval of the U.S. government.

IV. The Criminal Scheme

14. Beginning in or about 2002, the PRC government targeted a PRC citizen residing in the Eastern District of New York, an individual whose identity is known to the Grand Jury ("John Doe-1"), with the goal of causing John Doe-1's involuntary repatriation to the PRC. John Doe-1 was on the PRC's list of top 100 priority fugitives as part of Operation Fox Hunt.

15. On or about May 16, 2002, the PRC government caused the International Criminal Police Organization (“Interpol”), an inter-governmental organization, to issue a red notice for John Doe-1. A red notice was a worldwide request advising Interpol member states of a fugitive wanted by the requesting country and containing information about the fugitive’s identity and the alleged criminal conduct. According to the red notice for John Doe-1, John Doe-1 allegedly “t[ook] advantage of his position as the general manager of [a state-owned corporation] [and] embezzled CNY 2 million (approximately EUR 264,941.24) of public funds for his personal use,” in violation of Chinese Criminal Law Article 382, a charge that carried a maximum possible penalty of life imprisonment.

16. The scheme to cause the coerced repatriation of John Doe-1 was spearheaded by members of the Provincial Commission, including the defendants TIAN PENG, CHENGHUA CHEN, CHUNDE MING and XUEXIN HOU. The defendant QUANZHONG AN, with the assistance of his daughter, the defendant GUANGYANG AN, acted as a U.S.-based asset for the operation who interfaced directly with family members of John Doe-1. In 2020 and 2022, QUANZHONG AN traveled to the PRC and received directives from the Provincial Commission. Upon returning to the United States, QUANZHONG AN communicated messages from the Provincial Commission to the family of John Doe-1.

A. John Doe-3’s Coerced Visit to the United States

17. As discussed below, beginning no later than 2017, the defendants and various coconspirators forced a family member of John Doe-1 to travel from the PRC to the United States to meet with John Doe-1’s son (“John Doe-2”), an individual whose identity is known to the Grand Jury. During this visit, the family member (“John Doe-3”), an individual

whose identity is known to the Grand Jury, conveyed threats from the PRC government to John Doe-2 that were intended to coerce John Doe-1's return to the PRC.

18. On or about November 13, 2017, the defendant XUEXIN HOU wrote John Doe-2 to indicate that he would be sending information about PRC policies and help him "understand how confident and determined our country is towards capturing [overseas fugitives]." XUEXIN HOU warned John Doe-2 that "coming back and turning yourself in is the only way out." XUEXIN HOU further threatened that "avoidance and wishful thinking will only result in severe legal punishments."¹

19. Around the same time, John Doe-2 received a message from John Doe-1's nephew ("John Doe-4"), an individual whose identity is known to the Grand Jury. John Doe-4, who resided in the PRC, indicated that he had been contacted by the defendant XUEXIN HOU to discuss John Doe-1's repatriation and asked John Doe-2 to contact XUEXIN HOU. John Doe-2, however, did not contact XUEXIN HOU as requested.

20. A few days later, John Doe-2 received another message from John Doe-4, indicating that John Doe-4 and his brother, John Doe-3, had met with a PRC official to discuss John Doe-1. John Doe-4 warned that the PRC government had new plans to capture fugitives abroad and they "w[ould] not cease their efforts" to cause John Doe-1's repatriation to the PRC. John Doe-4 further indicated that John Doe-3 would travel to the United States soon to meet with John Doe-2 to discuss the PRC government's interest in John Doe-1.

21. Around this time, the defendant QUANZHONG AN attempted to locate John Doe-1, to facilitate a future meeting between John Doe-1 and John Doe-3. On approximately October 24, 2017, QUANZHONG AN visited John Doe-2's residence in Long

¹ All quotations of communications are translated from Mandarin Chinese into English.

Island, New York. QUANZHONG AN asked to speak to John Doe-1, who was not home at the time. The visit was captured by the home surveillance system of John Doe-2's residence.

22. On or about December 13, 2017, the defendant WEIDONG YUAN, who was John Doe-3's supervisor at work, and John Doe-3 applied for temporary tourism visas to travel to the United States. The applications sought approval to travel to the United States in January 2018 for approximately 15 days and indicated that YUAN and John Doe-3 were traveling together. Both visa applications were denied.

23. In approximately August 2018, the defendant WEIDONG YUAN and John Doe-3 reapplied for visas to travel to the United States. They and their wives applied for visas to travel to the United States as part of a tourist group. These visa applications were granted.

24. On or about September 5, 2018, the defendant WEIDONG YUAN, John Doe-3 and their wives flew to Chicago, Illinois as part of the tourist group. However, on or about September 8, 2018, instead of traveling from Chicago to Hawaii—the next destination on the group's itinerary—WEIDONG YUAN and John Doe-3 traveled, without their wives, to the New York metropolitan area.

25. On or about September 8, 2018, John Doe-3 and the defendants WEIDONG YUAN and GUANGYANG AN, as well as GUANGYANG AN's husband (the "Son-In-Law"), an individual whose identity is known to the Grand Jury, traveled to John Doe-2's residence in Long Island, New York. According to home surveillance video footage, WEIDONG YUAN, John Doe-3 and the Son-In-Law emerged from a vehicle registered to the Son-In-Law, while GUANGYANG AN stayed in the vehicle. YUAN and John Doe-3 did not locate John Doe-1 or John Doe-2 at the residence and left after several minutes.

26. The next day, on or about September 9, 2018, the defendant GUANGYANG AN drove the defendant WEIDONG YUAN and John Doe-3 to John Doe-2's residence in Long Island, New York. According to home surveillance video footage, WEIDONG YUAN and GUANGYANG AN looked inside the windows of the residence and attempted to open the front door, before walking to the back of the residence, where they took photographs of the residence and attempted to open the back door. GUANGYANG AN reached inside the residence's mailbox and examined John Doe-2's mail. As depicted in the image below, YUAN and GUANGYANG AN stood outside the residence of John Doe-2.



27. According to home surveillance video footage, the defendant WEIDONG YUAN first taped an envelope to the front door of John Doe-2's residence, before removing the envelope from the front door and depositing it inside John Doe-2's mailbox. The letter, signed by John Doe-3, instructed John Doe-2 to contact either YUAN or the defendant GUANGYANG AN, and provided both of their telephone numbers. Soon after, GUANGYANG AN called John Doe-2's telephone multiple times. John Doe-3 also called John Doe-2 from a telephone number

associated with the Hotel to arrange a meeting with John Doe-2. As discussed above, Investment Group-2 owned the Hotel, and QUANZHONG AN was the majority shareholder of Investment Group-2.

28. On approximately September 11, 2018, John Doe-2 met with the defendant WEIDONG YUAN and John Doe-3 at a restaurant in Queens, New York in a meeting that was lawfully recorded. At the start of the meeting, John Doe-2 first met alone with John Doe-3. John Doe-3 told John Doe-2 that he had “no choice” in traveling to the United States to locate John Doe-1 and John Doe-2, and that he “dare[d] not tell [John Doe-2] much over the telephone” because he was concerned that the Provincial Commission was wiretapping both of their U.S. telephones. John Doe-3 expressed fear in speaking with John Doe-2 and stated that they might have to speak in the bathroom to avoid being overheard.

29. John Doe-3 explained that he had been forced to travel to Beijing, PRC to meet with a member of the Provincial Commission’s Supervisory Committee to discuss his travel to the United States. John Doe-3 stated that the PRC official had “placed pressure on him” because the PRC government wanted to “track down the most wanted 100 [fugitives] to come back to China,” a group that included John Doe-1. John Doe-3 had asked if the member of the Supervisory Committee was going to travel with him. The official had responded that the official would not travel with John Doe-3 because the official could “get into trouble by enforcing laws” in the United States and could be detained.

30. According to John Doe-3, the PRC government sent the defendant WEIDONG YUAN, who was John Doe-3’s deputy chief at the Provincial Tax Bureau, to travel with him. John Doe-3 stated that the Provincial Commission had paid for their trip and that the

Tax Bureau was providing him with a \$80 daily stipend, which would be reduced every day that John Doe-3 failed to contact John Doe-2 by telephone.

31. John Doe-3 explained that, after arriving in the United States, the defendant WEIDONG YUAN contacted the defendant GUANGYANG AN. GUANGYANG AN then met John Doe-3 and YUAN and provided them with John Doe-2's contact information and a photograph of John Doe-2, before driving YUAN and John Doe-3 to John Doe-2's residence, where they took photographs of the home.

32. John Doe-3 further stated that he had spoken with the defendant XUEXIN HOU two days earlier to provide an update on his efforts to contact John Doe-2. According to John Doe-3, the defendants CHUNDE MING and CHENGHUA CHEN ran the Provincial Commission, and HOU worked for MING and CHEN. John Doe-3 warned John Doe-2 to listen to the defendant WEIDONG YUAN but stated that John Doe-3 did not want to be involved in this matter.

33. The defendant WEIDONG YUAN then joined the table of John Doe-2 and John Doe-3 in the restaurant. YUAN told John Doe-2 that he had been "tasked to relay the message" to John Doe-1 that the "leadership in China would like to encourage the elite overseas Chinese to return" and that the PRC government had already caused the repatriation of 80 of the 100 most wanted fugitives. YUAN explained that he had made "a special trip here," as John Doe-1's issue needed to be resolved "sooner or later," and John Doe-1 needed to return to the PRC. YUAN indicated that the defendant CHUNDE MING was a deputy party leader in charge and wanted to speak to John Doe-1 directly and that the defendant CHENGHUA CHEN was managing John Doe-1's case. YUAN warned that, since John Doe-2 lived in the U.S., John

Doe-2 might not feel the impact of John Doe-1's return to the PRC, but that "it will make a difference for the family members you still have" in the PRC.

34. On or about September 11, 2018, the defendant GUANGYANG AN purchased airplane tickets for the defendant WEIDONG YUAN and John Doe-3 to travel on or about September 13, 2018 from John F. Kennedy International Airport in Queens, New York to Los Angeles International Airport in Los Angeles, California, which allowed them to rejoin their tour group from the PRC.

B. The Targeting of John Doe-5

35. In or about August 2019, the defendant TIAN PENG sent harassing communications to John Doe-1's former son-in-law ("John Doe-5"), an individual whose identity is known to the Grand Jury. John Doe-5, who was a resident of the PRC, was previously married to John Doe-1's daughter ("Jane Doe-1"), an individual whose identity is known to the Grand Jury.

36. Specifically, on or about August 29, 2019, John Doe-5 sent Jane Doe-1 an email, stating, in sum and substance, that the defendant TIAN PENG, whom he identified as a member of the Provincial Commission, had stopped John Doe-5 at a train station in the PRC. According to John Doe-5, PENG asked John Doe-5 to pass along a message to John Doe-1. PENG also informed John Doe-5 that the PRC had placed travel restrictions preventing John Doe-5 from leaving the PRC.

37. In sum and substance and in part, the defendant TIAN PENG's message to John Doe-1 characterized the defendant QUANZHONG AN as a patriotic PRC native who was actively taking a lead in the efforts to repatriate John Doe-1. In pertinent part, PENG wrote the following in Mandarin:

(a) The PRC government is “very serious about hunting down those who have fled abroad and recovering ill-gotten gains. They are determined to resolve the issue of returning those fugitives home. Regardless of the price, they undoubtedly will think of all possible ways and mobilize all their powers to accomplish this goal. So far, 60 some people out of the country’s 100 fugitives on the Red Notice list have returned to the country.”;

(b) The PRC “now has a clear picture of the health, work, life and other situations of [John Doe-1] and his family. Please refer to the situations of other returned fugitives. Use your good judgment and decide carefully.”;

(c) “Right now under the call of the Central Committee of the Communist Party and the government, patriots in foreign lands also actively support and participate in this task. An Quanzhong is a patriotic businessman in the U.S. and the head of the Chinese Business Association of New York. He was originally from Zaozhuang, Shandong, and has given strong support to the government’s work. He is willing to communicate with [John Doe-1] and pay for [John Doe-1] to help the government recover the loss without anything in return. At the same time, he is willing to provide enough funds to guarantee [John Doe-1’s] return and cover his expenses needed to return home. The government fully acknowledges his approach. Please thoroughly consider this offer and reach out to him.”; and

(d) “The 10th Review and Investigation Office of Shandong’s Commission for Discipline Inspection is in charge of this case. They have gotten support from An Quanzhong, the patriotic businessman. Mr. An can be contacted for specific matters . . . you can also reach out directly or indirectly to Tian Peng, the Deputy Director of the 10th Review and Investigation Office, Commission for Discipline Inspection.”

38. Between approximately November 2019 and December 2019, the defendant TIAN PENG texted John Doe-5 about connecting the defendant QUANZHONG AN with John Doe-1. In these communications, PENG repeatedly asked John Doe-5 if he had been in touch with John Doe-1. PENG warned John Doe-5 that “things cannot stay unresolved like this” and asked for the contact information of John Doe-1’s daughter, Jane Doe-1.

39. In approximately January 2020, the defendant TIAN PENG sent to Jane Doe-1 an electronic request to connect over a social media platform. PENG’s profile on the social media platform listed him as an “Official” of the “Shandong Discipline Inspection Committee” in Jinan, Shandong, PRC.

C. The January 2020 Recorded Meeting with QUANZHONG AN

40. On or about December 19, 2019, a PRC state-owned corporation that previously employed John Doe-1 (the “Corporation”), an entity the identity of which is known to the Grand Jury, initiated suit against John Doe-1 and John Doe-2 in New York State Supreme Court. The lawsuit alleged that John Doe-1 stole funds from the Corporation and that John Doe-2 had knowledge of his father’s scheme and benefited from it. In multiple lawfully recorded meetings described below, the defendant QUANZHONG AN acknowledged that the civil suit lacked merit and was filed at the behest of the PRC government solely to harass John Doe-1.

41. On or about November 24, 2019, the defendant QUANZHONG AN arrived at John F. Kennedy International Airport in Queens, New York on a flight from Beijing, PRC.

42. On or about January 23, 2020, the defendant QUANZHONG AN met with John Doe-2 in Queens, New York. The meeting was lawfully recorded. QUANZHONG AN began the meeting by stating that he was a member of the Standing Committee of the Chinese

People's Political Consultative Conference ("CPPCC"), which enforces rules and regulations of the Chinese Communist Party ("CCP") abroad. The CPPCC was a political advisory body in the PRC consisting of delegates from CCP, allied front organizations and political parties subservient to the CCP. CPPCC members often served as advisors to the PRC government, as well as legislative and judicial organs.

43. The defendant QUANZHONG AN stated that the CPPCC was trying to contact John Doe-1 and that QUANZHONG AN had offered to help. QUANZHONG AN admitted that, in or about 2017, he traveled to John Doe-2's home at the direction of the PRC government, to locate John Doe-1 and John Doe-2. QUANZHONG AN further admitted that he had received the address from the PRC government.

44. The defendant QUANZHONG AN explained that he had received instructions to contact John Doe-2 from the defendant CHENGHUA CHEN, then the Director of 10th Review and Investigation Office of the Provincial Commission, and that the defendant CHUNDE MING, the Executive Deputy Secretary of the Provincial Commission, was "in charge of the case."

45. The defendant QUANZHONG AN then offered to pay the money that John Doe-1 purportedly owed to the PRC government to help settle the matter. QUANZHONG AN explained that, according to the defendant CHENGHUA CHEN, if QUANZHONG AN paid back the money that John Doe-1 purportedly owed and John Doe-1 returned to the PRC, John Doe-1 would not have to be detained. QUANZHONG AN stated that the defendant CHUNDE MING agreed with the proposed resolution. QUANZHONG AN further claimed to have proposed to the Provincial Commission that John Doe-1 could stay in QUANZHONG AN's home once he returned to the PRC. In addition, QUANZHONG AN stated that CHEN had

“promised” to withdraw the civil lawsuit against John Doe-1 and John Doe-2 if John Doe-1 returned to the PRC. QUANZHONG AN offered to conduct a joint call with MING to discuss the proposal.

46. John Doe-2 asked why the defendant QUANZHONG AN would be willing to pay the fine on John Doe-1’s behalf. QUANZHONG AN responded that he had donated over 100 million yuan to the PRC government the previous year and that the PRC government “will be very happy if this thing is settle[d].” QUANZHONG AN boasted that, if he assisted with John Doe-1’s repatriation, the PRC government “will not see [QUANZHONG AN] as a bad guy because [he has] done so many good things, even donating money to society.” Referencing Operation Fox Hunt, QUANZHONG AN stated his belief that the PRC government’s repatriation program was motivated by the PRC government’s need to “save their faces” and have the 100 most wanted fugitives returned. QUANZHONG AN stated that each province in the PRC needed to achieve their “allocated assignment” and, if the local officials failed, “they can no longer stay in their positions.”

47. John Doe-2 asked if the defendants CHENGHUA CHEN or CHUNDE MING had articulated potential consequences if John Doe-1 failed to return to the PRC. The defendant QUANZHONG AN responded that he did not want to pronounce such “ruthless words,” but indicated that that CHEN would “keep pestering you, [and] make your daily life uncomfortable.” QUANZHONG AN warned that the PRC government had also “targeted and monitored” John Doe-1’s relatives in the PRC.

D. The July 2021 Recorded Meetings with QUANZHONG AN

48. On or about June 9, 2021, the defendant QUANZHONG AN arrived at John F. Kennedy International Airport in Queens, New York on a trip originating from Beijing, PRC.

49. On or about July 1, 2021, the defendant QUANZHONG AN solicited another meeting with John Doe-2 in Queens, New York. The meeting was lawfully recorded. QUANZHONG AN stated that he recently spoke to the defendant CHUNDE MING, who had asked if QUANZHONG AN had been in recent touch with John Doe-2. According to QUANZHONG AN, MING had mentioned another individual in Canada who agreed to repatriate to the PRC despite initially not wanting to go back (the “Canadian Victim”), an individual whose identity is known to the Grand Jury. QUANZHONG AN claimed that the charges were dropped against the Canadian Victim, and that John Doe-2 could speak to the Canadian Victim if he wanted. QUANZHONG AN reiterated that MING wanted to speak to John Doe-1 on the telephone.

50. The defendant QUANZHONG AN then admitted that the lawsuit brought by the PRC state-owned corporation against John Doe-1 and John Doe-2 in the New York State Supreme Court was frivolous and paid for by the PRC government to coerce John Doe-1’s return to the PRC. QUANZHONG AN acknowledged that “they are still suing you to place additional pressure on you” and “will keep pestering you through a lawsuit” because the cost of it “really is a drop in the bucket for a country to spend \$1 billion or \$0.8 billion to meet the political task assigned by the Central Government.” QUANZHONG AN further stated that “it will be an endless misery” for John Doe-1 and John Doe-2 to defend themselves. In response, John Doe-2 asked if the PRC government would use other means to pressure him. QUANZHONG AN replied that “they will definitely find new ways to bother you” and “it is definitely true that all of your relatives will be involved.”

51. The defendant QUANZHONG AN repeated his offer to pay John Doe-1’s fine and provide him housing if he repatriated to the PRC. QUANZHONG AN promised that, if

John Doe-1 returned, John Doe-1 would not be detained. QUANZHONG AN also acknowledged how his business interests prompted his involvement in John Doe-1's case. QUANZHONG AN explained, "[A]s you know, there are many ways to make it work in China. It's hard to do business in China." QUANZHONG AN claimed that he had succeeded by making donations to the PRC government. QUANZHONG AN further claimed that "he had donated over 300 million yuan over the years to the PRC government."

52. The defendant QUANZHONG AN ended the meeting by showing John Doe-2 a photograph on his telephone of a document purportedly from the PRC government. The document accused John Doe-1 of embezzling public funds but stated that, if John Doe-1 returned to the PRC and confessed, "his punishment may be reduced, and he may be exempted from criminal punishment." QUANZHONG AN threatened that, if John Doe-1 refused to return, the PRC government will "spend whatever it takes no matter [if] it's going to be 1 or 10 million dollars to pursue it."

53. On or about July 20, 2021, the defendant QUANZHONG AN requested another meeting with John Doe-2 in Queens, New York. The meeting was lawfully recorded.

54. John Doe-2 began the meeting by thanking the defendant QUANZHONG AN for hosting his cousin, John Doe-3, and his cousin's colleague, when they traveled to the U.S. in September 2018, to "deliver[] the same message as the one [QUANZHONG AN] shared" about repatriating to the PRC. Referring to the defendant WEIDONG YUAN, QUANZHONG AN asked if John Doe-2 meant the "colleague from the tax bureau" who "came with your cousin."

55. The defendant QUANZHONG AN repeated the proposal for John Doe-1 to return to the PRC without the possibility of detention. QUANZHONG AN stated that the

PRC government had sent a letter to QUANZHONG AN's office promising leniency for John Doe-1 if he if returned. QUANZHONG AN then showed John Doe-2 a photograph of the purported letter saved on his telephone.

56. Referring to the civil litigation against John Doe-1 and John Doe-2, the defendant QUANZHONG AN stated that, if John Doe-1 did not agree to the purported proposal, "the lawyers will keep calling you and make your life uneasy." Admitting again that the Corporation's suit against John Doe-1 and John Doe-2 was frivolous, QUANZHONG AN stated that the PRC government officials "don't really care if they can establish a case here, it's beyond that point, their intent is to make your life difficult with the political assignment they received." QUANZHONG AN stated that "the only objective for [the PRC government] to pursu[e] the indictment here is to make your life difficult." According to QUANZHONG AN, "there are plenty of people who just sit there [who work for the PRC government] with tea and come up with different stories as part of their job." QUANZHONG AN stated that the PRC government "will keep bugging you to distract you from work."

57. The defendant QUANZHONG AN further explained that the PRC government selected QUANZHONG AN "to be the one to make [the repatriation] happen." QUANZHONG AN stated that "it will make [him] feel good if [he] can deliver the task successfully by making it happen" and "it makes [him] look good." Later, QUANZHONG AN admitted that, "if the thing can be coordinated well, at least they will recognize me. They would say QUANZHONG AN is a reliable person since I have resolved your dad's case. They would not only recognize what I have done in the past but what I am capable of now from the way I handle this case."

58. The defendant QUANZHONG AN then reiterated that he had discussed the case with the defendant CHUNDE MING, who reportedly wanted to speak with John Doe-1 himself.

E. The 2022 Recorded Meetings with QUANZHONG AN

59. On or about June 5, 2022, the defendant QUANZHONG AN arrived at John F. Kennedy International Airport in Queens, New York on a flight from Beijing, PRC.

60. On or about July 12, 2022, the defendant QUANZHONG AN met with John Doe-2 in Queens, New York. The meeting, which QUANZHONG AN had solicited, was lawfully recorded.

61. During the meeting, the defendant QUANGZHONG AN relayed to John Doe-2 that the defendant CHUNDE MING, whom QUANZHONG AN indicated had previously offered to speak directly with John Doe-2 about John Doe-1's case, had left to work for the Standing Committee of the National People's Congress. QUANGZHONG AN identified the new leader as a former top minister in Qingdao Province who was reportedly offering to meet with John Doe-1 in a third-party country. He claimed that the purpose of such a meeting would be to establish trust. QUANGZHONG AN further indicated that the defendant CHENGHUA CHEN had also left his post and that his replacement was the defendant TIAN PENG.

62. After John Doe-2 asked whether John Doe-1 could return to the United States if he agreed to travel to the PRC, the defendant QUANGZHONG AN indicated that John Doe-1 could apply for such a return in several months. After John Doe-2 asked what would happen if John Doe-1 did not return to the PRC, QUANGZHONG AN stated, "Then they will find some things on you, non-stop keep looking for things," and suggested that the PRC authorities would "add" to the case. When John Doe-2 asked for clarification as to what might

be added, QUANGZHONG AN stated that perhaps John Doe-2 was not familiar with how things worked in the PRC. He stated that John Doe-1's family in the PRC would encounter difficulties: "They will try to make trouble. Since you're here, they won't be able to come here, do anything to you. They will do this One, the people in China, they will . . . definitely have trouble." Even if John Doe-1's relatives in the PRC did not exit their homes, "things can still happen."

63. As to the proposal, the defendant QUANGZHONG AN stated that "they will charge the old man, but other things will not exist." He clarified that the Corporation's lawsuit would disappear. QUANGZHONG AN offered for PRC leadership working on the case to come meet John Doe-1 in Toronto, Canada. He further indicated that the PRC government would not likely send someone again to the United States to meet with John Doe-2. He emphasized the desire of the PRC team to meet with John Doe-1 to reach an agreement. QUANGZHONG AN stated that the matter could not be settled with a monetary payment; John Doe-1 needed to travel to the PRC. According to QUANGZHONG AN, the current offer of agreeing not to prosecute John Doe-1 was a great opportunity, given the present political climate.

64. On or about July 20, 2022, the defendant QUANGZHONG AN called John Doe-2 and indicated that he would arrange for John Doe-2 to speak telephonically with a person from the PRC government working on John Doe-1's case. QUANGZHONG AN indicated that the call would take place the following day at the Hotel.

65. On or about July 21, 2022, John Doe-2 traveled to the Hotel to meet with the defendant QUANGZHONG AN. There, QUANGZHONG AN called the defendant TIAN PENG on speakerphone in a lawfully recorded conversation. During the call, PENG identified himself as the Director of the 10th Review and Investigation Office of the Provincial

Commission and indicated that QUANZHONG AN had been involved in the case for many years and had passed along information obtained from John Doe-2 to the PRC authorities. PENG indicated that the PRC government had consistently sought to enforce the policy on Operation Fox Hunt, which had resulted in the repatriation of 61 individuals to the PRC, including more than a dozen individuals from John Doe-1's province, most of whom had first met with PRC authorities in third countries.

66. During the call, the defendant TIAN PENG stated that the defendant XUEXIN HOU had not handled John Doe-1's case well and that things had improved after PENG assumed control over the case from HOU approximately three to four years ago. PENG indicated that he had a very good relationship with the defendant QUANGZHONG AN, including a "complete trust in him."

67. The defendant TIAN PENG stated that, previously, PENG had allowed the defendant QUANZHONG AN to show John Doe-2 an unofficial legal document pertaining to the terms of a proposed disposition of John Doe-1's case; all the terms were made after thorough deliberations but were not yet officially approved. PENG assured John Doe-2 that the terms of the proposal would be fulfilled as with a contractual agreement. PENG added that John Doe-1 would not face any criminal punishment, but that John Doe-1 needed to return to the PRC:

[T]here is certainly no criminal punishment in China. Why, you ask, does the old man [John Doe-1] have to come back? Because . . . he had to deal with this . . . there is this number, that is, to deal with the elimination of the number, right? If you don't eliminate the number, um, some—some of the previous, some of the measures taken against the old man and you in China cannot be resolved. . . . Now, for you, it would be very inconvenient to come back to China if you want to return. . . . It is also inconvenient for the old man to come back. These—these problems can only be solved through our legitimate legal approach

PENG further indicated that the PRC officials would not travel to the United States to avoid creating issues between the PRC and the United States: “There’s no way we could go . . . and take whatever measures, which would be a matter between the two countries.”

68. The defendant TIAN PENG stated that the 20th National Congress of the CCP would be held in the latter half of 2022 and suggested that, as the PRC government’s policies change every five years, any changes in policies may negatively affect John Doe-1: “In case there is a change, I am afraid that it doesn’t work in favor of the old man.”

69. In the same conversation, the defendant QUANGZHONG AN stated that he had previously shown to John Doe-2 a photo of the official policy document that the defendant TIAN PENG had referred to, and that John Doe-1 would remain in the PRC for at most 40 days but would not “go in prison, go inside,” that is, he would not be detained. PENG concurred that John Doe-1 would not be detained. QUANGZHONG AN and PENG both stated that, as the matter was a county-level case, it would be resolved more quickly than a provincial level case. QUANGZHONG AN and PENG both confirmed that the case would be resolved with a guilty plea to misappropriation, a disposition that would not require surrender of any assets by John Doe-1.

70. The defendant QUANGZHONG AN concluded the conversation by indicating that, upon a successful resolution of the matter, John Doe-1’s family could travel freely to and from the PRC. He stated that he had not yet shown John Doe-2 a document about procedures involved in John Doe-1’s case, which the defendant TIAN PENG explained was missing some words that could not be put in writing because of confidentiality rules.

71. After the telephone call with the defendant TIAN PENG concluded, the defendant QUANGZHONG AN stated that the document from PENG was not very specific and

did not clearly promise John Doe-1 an agreement not to prosecute and an agreement not to seize funds. After John Doe-2 asked about the functions of the “International Cooperation Bureau,” QUANGZHONG AN stated that it sets the policies, while the local authorities enforce the policies; he added that he was personally acquainted with the leader of the Bureau, which was focused on capturing the 129 most wanted fugitives from the PRC. QUANGZHONG AN indicated that, should John Doe-1 agree to return to the PRC, the decision would be communicated to higher levels of the PRC government. John Doe-2 promised to consult with John Doe-1 and to respond to QUANGZHONG AN sometime soon.

72. On or about August 19, 2022, John Doe-2 met in Queens, New York with the defendant QUANGZHONG AN in a lawfully recorded meeting. During the meeting, QUANGZHONG AN provided a telephone number and indicated that the number belonged to the Canadian Victim, who was then in Vancouver, Canada.

73. Thereafter, the defendant QUANGZHONG AN called the defendant TIAN PENG and allowed John Doe-2 to speak with PENG. QUANGZHONG AN informed PENG that he had provided the Canadian Victim’s telephone number to John Doe-2.

74. The defendant TIAN PENG indicated that John Doe-2 could contact the Canadian Victim. PENG indicated that he did not handle the Canadian Victim’s case, which was handled by Jinan City, referring to a city in the PRC. PENG further indicated that the process would be the same for John Doe-1. According to PENG, an uncle was involved in communicating with the Canadian Victim and that the uncle engaged an agriculture specialist from Jinan to travel to Canada to temporarily take care of the Canadian Victim’s farm in Canada while the Canadian Victim went back to the PRC.

75. After the call with the defendant TIAN PENG concluded, John Doe-2 told the defendant QUANZHONG AN that he wanted to find out from the Canadian Victim about the process and the arrangement involved, as well as the treatment of the Canadian Victim in the PRC and whether the Canadian Victim encountered any problem in leaving the PRC, since the Canadian Victim was also listed in a red notice.

76. John Doe-2 then asked if the Canadian Victim had any other charges against him or received a suspended sentence after the Canadian Victim returned to the PRC. The defendant QUANZHONG AN indicated that he did not inquire in depth regarding the Canadian Victim but was aware that the Canadian Victim returned to PRC and that everything was resolved. According to QUANZHONG AN, the Canadian Victim was thereafter able to travel freely, and his business prospered.

77. The defendant QUANZHONG AN told John Doe-2 that, once the matter involving John Doe-1 was resolved, John Doe-1 would be exonerated, and a burden would be removed. QUANZHONG AN stated that John Doe-1 could return to the United States from the PRC, absent any pending prosecution. He added that the Canadian Victim was presently in Vancouver, Canada and that, if John Doe-2 wanted to meet the Canadian Victim in person, whether in the United States or Canada, QUANZHONG AN could help arrange a meeting.

78. On or about August 27, 2022, John Doe-2 called the Canadian Victim in a lawfully recorded telephone call, using the telephone number provided to him by the defendant QUANZHONG AN. During the call, John Doe-2 indicated that he had received directions from the defendant TIAN PENG and QUANZHONG AN to call the Canadian Victim, and that the purpose of the call was for John Doe-2 to learn about the Canadian Victim's experience when the Canadian Victim returned to the PRC.

79. The Canadian Victim explained that his case was handled at the district level when he returned to the PRC at the end of 2018. The process included an arrest by Ministry of Public Security (which he referred to as “Public Security”), followed thereafter by an adjudication of guilt without punishment. According to the Canadian Victim, the entire process was coordinated by the Central Commission for Discipline Inspection. The Canadian Victim was initially told that the process would last approximately two weeks, but the process lasted more than 40 days because of the arrest in Canada pursuant to an extradition warrant from the United States of an executive from a PRC technology company. The Canadian Victim confirmed that he was neither detained nor mistreated while in the PRC, and he returned to Canada after the verdict. He indicated that the case was closed in the PRC and that no one had bothered him subsequently.

80. After John Doe-2 asked about the International Cooperation Bureau’s role—considering the defendant QUANZHONG AN’s indication that the case must proceed to the Bureau for final resolution—the Canadian Victim responded that, after a case was processed at the provincial level, the local office of the Ministry of Public Security would report the matter to the International Cooperation Bureau within the Ministry of Public Security. Subsequently, the International Cooperation Bureau would notify Interpol to have the name removed from the red notice.

81. At the end of the call, John Doe-2 stated that he was a U.S. citizen without close relatives or assets in the PRC. Therefore, John Doe-2 stated, he was still assessing the necessity of returning to the PRC to settle the case. John Doe-2 also complained about how the PRC used relatives and other people to pressure and threaten him to coerce his return. The

Canadian Victim agreed the PRC government would employ such methods because they were very effective.

F. The Money Laundering Scheme

82. From in or about 2016 through the present, the defendants QUANZHONG AN and GUANGYANG AN conspired with others to engage in a money laundering scheme. During this period, the conspirators sent and caused to be sent millions of dollars in wire transfers from the PRC to the United States. As these activities violated applicable PRC law regarding capital flight—which imposed a limit of \$50,000 per person annually for total foreign exchange settlement—the conspirators engaged in deceptive tactics designed to frustrate and impede the Anti-Money Laundering (“AML”) controls of the U.S. financial institutions, so that the defendants and the coconspirators could enjoy continued access to the U.S.-based bank accounts.

83. The conspirators used international wire payments passing from the PRC to the United States via the real-time gross settlement funds transfer system operated by the U.S. Federal Reserve Bank called Fedwire. The communications underlying the actual payments were referred to as “Originator to Beneficiary Information” (“OBI”). U.S. financial institutions processing international transactions regularly screened OBI messages of wire payments to avoid executing transactions in violation of applicable law.

84. The defendants and their coconspirators took various measures to obscure ownership and control of the laundered funds, including by (1) using more than 50 third parties to initiate transactions from the PRC to the United States of \$40,000 to \$50,000 (including Persons #1 through #55, as well as Company #1), individuals and entities the identities of which are known to the Grand Jury; (2) receiving funds wired from the PRC in various personal

accounts associated with the defendants or their relatives, including the Son-In-Law, an individual whom the defendant GUANGYANG AN identified to U.S. financial institutions as her sister (the “Associate”), the Associate’s husband (the “Husband”), and one of the defendant QUANZHONG AN’s ex-wives (the “Ex-Wife”), all individuals whose identities are known to the Grand Jury; (3) falsely stating the purposes of the transactions in OBI messages; (4) engaging in layering transactions involving personal and corporate accounts controlled by the conspirators; and (5) making materially false statements when asked by U.S. financial institutions about the purpose of the transactions, claiming, for example, that the purposes of the transactions were for tuition, loan repayment, or travel expenses. These deceptive tactics caused U.S. financial institutions to incur risk of civil and criminal liability

85. The chart below lists the approximate dates, senders, initial recipients, the amounts and the OBI messages in wire transfers from the PRC to the United States of \$40,000 to \$50,000.

<u>Date</u>	<u>Sender</u>	<u>Initial Recipient</u>	<u>Amount</u>	<u>OBI Message</u>
7/6/2016	Person #1	The Son-In-Law	\$50,000	
11/7/2016	Person #2	The Son-In-Law	\$49,980	
11/7/2016	Person #3	GUANGYANG AN	\$50,000	
11/14/2016	Person #4	The Son-In-Law	\$49,680	
11/16/2016	Person #5	GUANGYANG AN	\$50,000	
11/28/2016	Person #6	The Son-In-Law	\$50,000	
11/28/2016	The Ex-Wife	The Son-In-Law	\$50,000	
12/27/2016	Person #7	The Son-In-Law	\$48,000	
1/3/2017	Company #1	GUANGYANG AN	\$42,260.14	
4/5/2017	Person #8	The Associate	\$50,000	
4/5/2017	Person #9	The Associate	\$49,985	
4/5/2017	Person #10	The Associate	\$41,985	
6/19/2017	Person #7	The Son-In-Law	\$49,990	
6/20/2017	Person #11	The Son-In-Law	\$49,980	
9/6/2017	Person #12	The Ex-Wife	\$49,990	“Tuition Fee
9/6/2017	Person #13	The Ex-Wife	\$42,790	“Living Expense Tuition”
9/7/2017	Person #14	GUANGYANG AN	\$49,990	“Cost living”
9/7/2017	Person #15	GUANGYANG AN	\$49,985	

<u>Date</u>	<u>Sender</u>	<u>Initial Recipient</u>	<u>Amount</u>	<u>OBI Message</u>
9/7/2017	Person #16	The Associate	\$49,985	
11/10/2017	Person #17	The Son-In-Law	\$49,990	
11/10/2017	Person #18	The Son-In-Law	\$47,990	
12/7/2017	Person #19	The Son-In-Law	\$48,490	
12/7/2017	Person #20	The Son-In-Law	\$49,990	
12/14/2017	Person #21	The Son-In-Law	\$49,990	
12/27/2017	Person #22	The Son-In-Law	\$49,990	
1/16/2018	Person #23	The Associate	\$49,960	
1/16/2018	Person #24	The Associate	\$49,985	
1/16/2018	Person #25	The Associate	\$49,985	
1/17/2018	Person #26	QUANZHONG AN	\$49,984	
1/17/2018	Person #27	QUANZHONG AN	\$49,985	
1/17/2018	Person #28	QUANZHONG AN	\$49,990	
1/25/2018	Person #29	QUANZHONG AN	\$49,985	
1/25/2018	Person #30	QUANZHONG AN	\$49,985	
1/25/2018	Person #31	GUANGYANG AN	\$49,985	
1/25/2018	Person #32	GUANGYANG AN	\$49,985	
1/25/2018	Person #32	GUANGYANG AN	\$49,985	
1/26/2018	Person #33	GUANGYANG AN	\$49,985	
1/26/2018	Person #34	QUANZHONG AN	\$49,985	
1/26/2018	Person #35	QUANZHONG AN	\$49,985	
4/9/2018	Person #36	The Associate	\$49,975	
4/9/2018	Person #37	The Associate	\$49,985	
4/9/2018	Person #38	The Associate	\$49,985	
4/9/2018	Person #39	The Associate	\$49,985	
1/7/2019	Person #40	The Associate	\$49,185	
3/12/2019	Person #41	The Associate	\$49,985	
3/14/2019	Person #42	The Associate	\$49,985	
3/14/2019	Person #43	The Husband	\$49,985	
8/19/2019	Person #44	The Associate	\$49,565	
1/17/2020	Person #45	The Ex-Wife	\$49,985	"Travel"
1/17/2020	Person #46	The Ex-Wife	\$49,890	"Huankuan"
1/17/2020	Person #47	The Ex-Wife	\$47,990	"Travel Fee Rmtr Dob 19580825"
1/21/2020	Person #48	The Ex-Wife	\$50,000	"Tour Fee"
2/18/2020	Person #49	The Associate	\$49,788	"TRAVELRMTR DOB 19870516"
2/18/2020	Person #50	The Associate	\$49,800	"Travel"
2/18/2020	Person #51	The Associate	\$49,985	"Travel"
8/13/2020	Person #52	The Son-In-Law	\$49,975	"BBI: {6500} BBK INFO: FAMILY SUPPORT"
10/9/2020	Person #53	The Husband	\$49,880	"Xuefei"

<u>Date</u>	<u>Sender</u>	<u>Initial Recipient</u>	<u>Amount</u>	<u>OBI Message</u>
1/4/2021	GUANGYANG AN	GUANGYANG AN	\$48,990	
1/12/2021	Person #54	GUANGYANG AN	\$48,990	"Tuition BNF37040319880 3096124"
1/13/2021	Person #55	The Son-In-Law	\$48,985	

86. The conspirators controlled the laundered funds. Funds transferred from the PRC were frequently used by the defendants QUANZHONG AN and GUANGYANG AN for their personal or business purposes, including to pay personal credit card debt, mortgages on the defendants' residences in Roslyn, New York, mortgages on the Hotel and tax liability.

COUNT ONE

(Conspiracy to Act as Agents of a Foreign Government)

87. The allegations contained in paragraphs one through 86 are realleged and incorporated as if fully set forth in this paragraph.

88. In or about and between January 2017 and the present, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants QUANZHONG AN, TIAN PENG, CHENGHUA CHEN, CHUNDE MING, XUEXIN HOU and WEIDONG YUAN, together with others, did knowingly and intentionally conspire to act in the United States as agents of a foreign government, to wit: the PRC government, without prior notification to the Attorney General of the United States, as required by law, contrary to Title 18, United States Code, Section 951(a).

89. In furtherance of the conspiracy and to effect its objects, within the Eastern District of New York and elsewhere, the defendants QUANZHONG AN, TIAN PENG, CHENGHUA CHEN, CHUNDE MING, XUEXIN HOU and WEIDONG YUAN, together with others, did commit and cause the commission of, among others, the following:

OVERT ACTS

(a) On or about December 13, 2017, YUAN applied for a temporary tourism visa to travel to the United States.

(b) On or about August 6, 2018, YUAN applied for a temporary tourism visa to travel to the United States.

(c) On or about September 8 and 9, 2018, YUAN and John Doe-3 traveled to John Doe-2's residence in Long Island, New York to surveil John Doe-2's home and solicit a meeting with John Doe-2.

(d) On approximately September 11, 2018, YUAN and John Doe-3 met with John Doe-2 at a restaurant in Queens, New York.

(e) On or about January 23, 2020, AN met with John Doe-2 in Queens, New York.

(f) On or about July 1, 2021, AN met with John Doe-2 in Queens, New York.

(g) On or about July 20, 2021, AN met with John Doe-2 in Queens, New York.

(h) On or about July 12, 2022, AN with John Doe-2 in Queens, New York.

(i) On or about July 21, 2022, AN initiated a speakerphone call between PENG and John Doe-2.

(Title 18, United States Code, Sections 371 and 3553 et seq.)

COUNT TWO

(Acting as Agents of a Foreign Government)

90. The allegations contained in paragraphs one through 86 are realleged and incorporated as if fully set forth in this paragraph.

91. In or about and between January 2017 and the present, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants QUANZHONG AN and WEIDONG YUAN, together with others, did knowingly and intentionally act in the United States as agents of a foreign government, to wit: the PRC government, without prior notification to the Attorney General of the United States, as required by law.

(Title 18, United States Code, Sections 951(a), 2 and 3551 et seq.)

COUNT THREE

(Travel Act Violation)

92. The allegations contained in paragraphs one through 86 are realleged and incorporated as if fully set forth in this paragraph.

93. On or about September 5, 2018, within the Eastern District of New York and elsewhere, the defendant WEIDONG YUAN, together with others, did knowingly and intentionally travel in interstate and foreign commerce, to wit: from the PRC to Long Island, New York, with intent to promote, manage, establish, carry on and facilitate the promotion,

management, establishment and carrying on of unlawful activity, to wit: extortion under New York Penal Law Section 135.60 (Coercion in the Third Degree).

(Title 18, United States Code, Sections 1952(a)(3)(A), 1952(b)(i)(2), 2 and 3551 et seq.)

COUNT FOUR
(Travel Act Violation)

94. The allegations contained in paragraphs one through 86 are realleged and incorporated as if fully set forth in this paragraph.

95. On or about November 24, 2019, within the Eastern District of New York and elsewhere, the defendant QUANZHONG AN, together with others, did knowingly and intentionally travel in interstate and foreign commerce, to wit: from the PRC to John F. Kennedy International Airport, with intent to promote, manage, establish, carry on and facilitate the promotion, management, establishment and carrying on of unlawful activity, to wit: extortion under New York Penal Law Section 135.60 (Coercion in the Third Degree).

(Title 18, United States Code, Sections 1952(a)(3)(A), 1952(b)(i)(2), 2 and 3551 et seq.)

COUNT FIVE
(Travel Act Violation)

96. The allegations contained in paragraphs one through 86 are realleged and incorporated as if fully set forth in this paragraph.

97. On or about June 9, 2021, within the Eastern District of New York and elsewhere, the defendant QUANZHONG AN, together with others, did knowingly and willfully travel in interstate and foreign commerce, to wit: from the PRC to John F. Kennedy International Airport, with intent to promote, manage, establish, carry on and facilitate the promotion,

management, establishment and carrying on of unlawful activity, to wit: extortion under New York Penal Law Section 135.60 (Coercion in the Third Degree).

(Title 18, United States Code, Sections 1952(a)(3)(A), 1952(b)(i)(2), 2 and 3551 et seq.)

COUNT SIX
(Travel Act Violation)

98. The allegations contained in paragraphs one through 86 are realleged and incorporated as if fully set forth in this paragraph.

99. On or about June 5, 2022, within the Eastern District of New York and elsewhere, the defendant QUANZHONG AN, together with others, did knowingly and willfully travel in interstate and foreign commerce, to wit: from the PRC to John F. Kennedy International Airport, with intent to promote, manage, establish, carry on and facilitate the promotion, management, establishment and carrying on of unlawful activity, to wit: extortion under New York Penal Law Section 135.60 (Coercion in the Third Degree).

(Title 18, United States Code, Sections 1952(a)(3)(A), 1952(b)(i)(2), 2 and 3551 et seq.)

COUNT SEVEN
(Conspiracy to Engage in Interstate Harassment)

100. The allegations contained in paragraphs one through 86 are realleged and incorporated as if fully set forth in this paragraph.

101. In or about and between January 2017 and the present, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants QUANZHONG AN, GUANGYANG AN, also known as “Angela An,” TIAN PENG, CHENGHUA CHEN, CHUNDE MING, XUEXIN HOU and WEIDONG YUAN,

together with others, did knowingly and intentionally conspire to travel in interstate and foreign commerce, with the intent to harass and intimidate one or more persons, to wit: John Doe-1, John Doe-2 and John Doe-3, and in the course of and as a result of such travel, to engage in conduct that would cause, would attempt to cause and would be reasonably expected to cause those individuals substantial emotional distress, contrary to Title 18, United States Code, Section 2261A(1)(B).

102. In furtherance of the conspiracy and to effect its objects, within the Eastern District of New York and elsewhere, the defendants QUANZHONG AN, GUANGYANG AN, also known as “Angela An,” TIAN PENG, CHENGHUA CHEN, CHUNDE MING, XUEXIN HOU and WEIDONG YUAN, together with others, did commit and cause the commission of, among others, the following:

OVERT ACTS

(a) On or about November 13, 2017, HOU wrote John Doe-1 to indicate that he would be sending information about PRC policies to help John Doe-1 “understand how confident and determined our country is towards capturing [overseas fugitives].” HOU warned John Doe-1 that “coming back and turning yourself in is the only way out.” HOU further threatened that “avoidance and wishful thinking will only result in severe legal punishments.”

(b) On or about December 13, 2017, YUAN applied for a temporary tourism visa to travel to the United States.

(c) On or about August 8, 2018, YUAN applied for a temporary tourism visa to travel to the United States.

(d) On or about September 5, 2018, YUAN and John Doe-3 traveled from the PRC to Chicago, Illinois.

(e) On or about September 8, 2018, GUANGYANG AN, YUAN and John Doe-3 traveled to John Doe-2's residence in Long Island, New York.

(f) On or about September 9, 2018, GUANGYANG AN drove YUAN and John Doe-3 to John Doe-2's residence in Long Island, New York to surveil John Doe-2's home and solicit a meeting with John Doe-2. GUANGYANG AN called John Doe-2 multiple times.

(g) On approximately September 11, 2018, YUAN and John Doe-3 met with John Doe-2 at a restaurant in Queens, New York.

(h) In or about August 2019, PENG advised John Doe-5 that PENG had imposed travel restrictions preventing John Doe-5 from leaving the PRC.

(i) On or about December 19, 2019, the Corporation initiated suit against John Doe-1 and John Doe-2 in New York State Supreme Court.

(j) On or about January 23, 2020, QUANZHONG AN met with John Doe-2 in Queens, New York.

(k) On or about July 1, 2021, QUANZHONG AN met with John Doe-2 in Queens, New York.

(l) On or about July 20, 2021, QUANZHONG AN met with John Doe-2 in Queens, New York.

(m) On or about July 12, 2022, QUANZHONG AN met with John Doe-2 in Queens, New York.

(n) On or about July 21, 2022, PENG spoke telephonically with John Doe-2.

(Title 18, United States Code, Sections 371 and 3551 et seq.)

COUNT EIGHT
(Money Laundering Conspiracy)

103. The allegations contained in paragraphs one through 86 are realleged and incorporated as if fully set forth in this paragraph.

104. In or about and between January 2016 and the present, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants QUANZHONG AN and GUANGYANG AN, also known as “Angela An,” did knowingly and intentionally conspire to transport, transmit and transfer monetary instruments and funds, to wit: wire transfers, to a place in the United States from and through a place outside the United States, with the intent to promote the carrying on of specified unlawful activity, to wit: bank fraud, in violation of Title 18, United States Code, Section 1344(1), contrary to Title 18, United States Code, Section 1956(a)(2)(A).

(Title 18, United States Code, Sections 1956(h) and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION
AS TO COUNTS THREE THROUGH SIX

105. The United States hereby gives notice to the defendants charged in Counts Three through Six that, upon their conviction of any such offenses, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offenses to forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses.

106. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided

without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Sections 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

CRIMINAL FORFEITURE ALLEGATION
AS TO COUNT EIGHT

107. The United States hereby gives notice to the defendants charged in Count Eight that, upon their conviction of such offense, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(1), which requires any person convicted of such offense to forfeit any property, real or personal, involved in such offense, or any property traceable to such property, including but not limited to: (a) the real property and premises located at the [REDACTED] and all proceeds traceable thereto; (b) the real property and premises located at [REDACTED] and all proceeds traceable thereto; and (c) [REDACTED], and all proceeds traceable thereto.

108. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided

without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Sections 982(a)(1) and 982(b)(1); Title 21, United States Code, Section 853(p))

A TRUE BILL

FOREPERSON

BRÉON PEACE
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

F.#: 2021R00667
FORM DBD-34
JUN. 85

No. _____

UNITED STATES DISTRICT COURT

EASTERN *District of* NEW YORK

CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

QUANZHONG AN, GUANGYANG AN, ALSO KNOWN AS
"ANGELA AN," TIAN PENG, CHENGHUA CHEN, CHUNDE MING,
XUEXIN HOU AND WEIDONG YUAN,

Defendants.

INDICTMENT

(T. 18, U.S.C., §§ 371, 951(a), 981(a)(1)(C), 982(a)(1), 982(b)(1),
1952(a)(3)(A), 1952(b)(i)(2), 1956(h), 2 and 3551 et seq.; T. 21, U.S.C., §
853(p); T. 28, U.S.C., § 2461(c)

A true bill

[REDACTED]

Foreperson

Filed in open court this _____ day,

of _____ A.D. 20 _____

Clerk

Bail, \$ _____

Alexander A. Solomon and Sara K. Winik, Assistant U.S. Attorneys
(718) 254-7000

Attachment 2

China Has Opened Up Secret Police Stations in These Countries

N [newsweek.com/china-overseas-police-service-center-new-york-city-crime-1753242](https://www.newsweek.com/china-overseas-police-service-center-new-york-city-crime-1753242)

October 19, 2022

World

By John Feng On 10/19/22 at 1:19 PM EDT

World China Police Crime

Beijing's law enforcement tactics beyond its borders are under scrutiny after a report revealed dozens of cities—including New York—were hosting Chinese overseas police stations.

A pilot program run by the public security bureaus of Fuzhou and Qingtian counties—of coastal Fujian and Zhejiang provinces, respectively—had established 54 "overseas police service centers" across five continents, 25 cities and 21 countries as of June 21, according to Spain-based NGO Safeguard Defenders.

The overseas service stations were created in the name of combating transnational crime, especially telecommunications fraud, which has already seen the arrest of a large number of Chinese nationals living abroad. Their stated tasks also include the provision of administrative services, such as the renewal of Chinese driver's licenses, the report said.

Safeguard Defenders said China's policing tactics were problematic as they targeted suspects without firmly establishing links to crime or adhering to due process in host countries, chiefly by coercing the family members of alleged fugitives as a means to "persuade" them to return on their own.

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Between April 2021 and July 2022, Chinese authorities arrested 230,000 suspects this way, the majority from Southeast Asia, the NGO said.

A policeman stands by a Chinese Communist Party flag at the Site of the First National Congress of the CCP, on July 1, 2022, in Shanghai, China. House Republicans have written to Secretary of State Antony Blinken and Attorney General Merrick Garland about a Chinese overseas police service center in New York City. Hugo Hu/Getty Images

In the **United States**, the report's open-source data indicated one such service center in New York City. In **Canada**, three were established in Toronto.

In South America, there was one each in Quito and Guayaquil, **Ecuador**; Rio de Janeiro and São Paulo, **Brazil**; Buenos Aires, **Argentina**; and Viña del Mar, **Chile**.

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Most of the Chinese overseas police stations were located in Europe, including nine in **Spain**, the most of any country on the list: three in Madrid, three in Barcelona, two in Valencia and one in Santiago de Compostela.

Italy was hosting the second-most stations in Europe with four: Rome, Milan, Florence and Prato.

In **France**, three service centers were operating out of Paris. **Portugal** also hosted one each in Porto, Lisbon and Madeira. In **United Kingdom**, the report found two in London and one in Glasgow.

The Netherlands was hosting two such centers in Amsterdam and Rotterdam, respectively, while the **Czech Republic** had two in Prague. Budapest, **Hungary**, also had two, one for each of the Fuzhou and Qingtian police bureaus—a common phenomenon across Europe.

European countries each hosting only one Chinese police station included Dublin, **Ireland**; Bratislava, **Slovakia**; Frankfurt, **Germany**; Athens, **Greece**; Stockholm, **Sweden**; Vienna, **Austria**; Odessa, **Ukraine**; and Belgrade, **Serbia**.

In Africa, Benin City, **Nigeria**; Maseru, **Lesotho**; and Dar es Salaam, **Tanzania**, each hosted one.

In Asia, at least one police center was operating out of Ulaanbaatar, **Mongolia**; Sirdaryo, **Uzbekistan**; Bandar Seri Begawan, **Brunei**; Tokyo, **Japan**; and Phnom Penh, **Cambodia**.

Safeguard Defenders' September report, *110 Overseas*, said the open-source figures represented a partial list of activities linked only to the two police bureaus, and that there were likely many more associated with the police of other major Chinese cities.

The overseas stations are often embedded in overseas Chinese community associations, the report said. The number 110 dials the police in China.

A policeman with protective mask stands by a police car in front of a luxury car store on July 1, 2022, in Shanghai, China. House Republicans have written to Secretary of State Antony Blinken and Attorney General Merrick Garland about a Chinese overseas police service center in New York City. Hugo Hu/Getty Images

A more concerning factor of Chinese police operations on foreign soil, however, is Beijing's targeting of political dissenters and others likely to be subject to persecution once "persuaded" to return home, said the NGO.

"Persuasion to return" allows the authorities to skip juridical protocol such as protecting the target's right to a fair trial, it said.

"These operations eschew official bilateral police and judicial cooperation and violate the international rule of law, and may violate the territorial integrity of third countries involved in setting up a parallel policing mechanism using illegal methods," the report said.

"Abandoning any pretext of due process or the consideration of suspects' innocence until proven guilty, targeting suspects' children and relatives in China as 'guilty by association' or 'collateral damage,' and using threats and intimidation to target suspects abroad, is now itself becoming an endemic problem," it said.

"Whether the targets are dissidents, corrupt officials or low-level criminals, the problem remains the same: The use of irregular methods—often combining carrots with sticks—against the targeted individual or their family members in China undermines any due process and the most basic rights of suspects," Safeguard Defenders concluded.

Earlier in October, Spanish newspaper *El Correo* corroborated some of the NGO's concerns when it quoted an unnamed Chinese diplomat as saying: "The bilateral treaties are very cumbersome and Europe is reluctant to extradite to China. I don't see what is wrong with pressuring criminals to face justice..."

In January, in response to another Safeguard Defenders report, the Chinese Foreign Ministry said: "China's judicial and law enforcement authorities strictly abide by international rules, fully respect the judicial sovereignty of other countries."

A spokesperson said the NGO's findings were "rife with speculation and lies."

A group of House Republicans expressed their "grave concern" over the report in a letter dated October 7 and addressed it to Secretary of State Antony Blinken and Attorney General Merrick Garland.

"It is deeply troubling that the Chinese government could use these service stations as its long arm policing abroad," they said.

The service centers "coerce purported Chinese fugitives abroad to return to China to face legal proceedings," the letter read. "By doing so, China avoids scrutiny on its human rights record in relation to repatriating alleged fugitives overseas by eschewing formal international cooperation mechanisms."

On the New York City branch in particular, the congressmen requested response to questions including whether the departments of State or Justice had approved the police presence.

"There should be no room for the Chinese government to exercise extraterritorial law enforcement unilaterally on U.S. soil," they said.

The State Department and the office of New York City Mayor Eric Adams didn't return *Newsweek's* request for comment before publication.

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Attachment 3

Why are Chinese police operating in Canada, while our own government and security services apparently look the other way?



theglobeandmail.com/opinion/article-why-are-chinese-police-operating-in-canada-while-our-own-government

26 September 2022

opinion

Charles Burton

Special to The Globe and Mail

Published September 26, 2022

Unit 1 & 2 at 220 Royal Crest CT, in Markham, Ont. This address home to a registered NGO is reportedly being used by Chinese police as a base of operations in the GTA. YADER GUZMAN/The Globe and Mail

Charles Burton is a senior fellow at the Macdonald-Laurier Institute in Ottawa, and non-resident senior fellow of the European Values Center for Security Policy in Prague. He served as a diplomat at Canada's embassy in Beijing.

In China, the high-profile TV drama *In The Name Of The People* has become a smash hit. In that show, Chinese agents enter the U.S. posing as businessmen so they can repatriate a factory manager who had fled abroad with huge ill-gotten wealth.

But a new study by the European non-governmental agency Safeguard Defenders suggests that there might be some truth to the fiction. According to the NGO, the Fuzhou Public Security Bureau has established more than 50 “overseas police service centres” in cities around the world – including three publicly documented ones in Toronto, home to Canada’s largest Chinese diaspora.

This is an outrage. Chinese police setting up offices in Canada, then “persuading” alleged criminals to return to the motherland to face “justice” – while our own government and security services apparently choose to look the other way – represents a gross violation of Canada’s national sovereignty, international law and the norms of diplomacy. China is extending the grip of its Orwellian police state into this country, with seemingly no worry about being confronted by our own national security agencies.

The RCMP and politicians of all stripes routinely condemn Chinese state harassment of people in Canada, but what action has been taken? There have been no arrests or any expulsion of any Chinese diplomats who might be co-ordinating this kind of thuggery.

Beijing describes these global police outposts as administrative centres to help Chinese nationals renew driver's licences and other domestic banalities back home. But the Safeguard Defenders study found that they also hunt down political dissidents, corrupt officials or rogue Chinese alleged criminals and urge them to return home.

The summary says some of these operatives are given cover by being formally attached to local Chinese Overseas Home Associations (which have themselves largely become co-opted by the Chinese Communist Party's United Front Work operations and run out of China's embassy and consulates).

This bold strategy is consistent with China's propensity for routinely flouting international laws, including those that require any other country's police wishing to gather evidence in Canada to work through the RCMP.

In the case of these "police service centres," Safeguard Defenders reports that agents press their targets to return home, including by offering vague promises of leniency or even urging families back home to encourage them to do so. The officers have taken aim at these alleged (and unproven) criminals by seizing their families' assets, denying children in China access to schools, and terminating family members' employment, all in violation of due process.

In Canada, this has been a reality for years. In 2001, during refugee hearings in Vancouver for Lai Changxing – a businessman wanted by Beijing over accusations of corruption and smuggling – Chinese police admitted to entering Canada using fake documents, and even to spiriting in Mr. Lai's brother in an attempt to convince him to return home. Canadian authorities effectively smiled benignly at this serious breach of criminal and immigration law; Mr. Lai was eventually deported back to China.

Canada is becoming China's chew toy. Consider Beijing's alleged disinformation campaign which helped "unfriendly" Conservative MPs of Chinese ethnicity, including Kenny Chiu, lose their seats in the 2021 federal election.

Ottawa wants Canadian businesses to be able to tap into the world's largest market. But the price of this access appears to be ignoring Beijing's Canadian agenda, from military and industrial espionage to harassing Canadian Uyghurs, Tibetans, Falun Gong practitioners and ethnic Chinese and Taiwanese people who reject Beijing's hectoring that they should be loyal to China instead of to Canada.

Does Canada have no security capabilities on the issue? Our police and security agencies must surely know what is going on, but for some reason prefer to simply curate their information rather than act on it. When asked by The Globe and Mail about the police service centres, an RCMP spokesperson said the force would not comment on "uncorroborated

media reports or statements.” And most of the information we receive about China’s illegal and “grey zone” activities in Canada typically comes from the U.S. government and well-funded security and intelligence-focused think tanks in Australia and Europe.

The more we ignore reports of China’s growing presence in Canada – including its interference in our electoral process, its potential espionage in our universities and research institutes, and so on – the more emboldened and manipulative Chinese agents become. With no sign that it will be held accountable, China will only increase the size and threat of its operations, because it can.

With its seeming indifference toward China’s blatant contempt for our laws and security, Ottawa is playing an extremely dangerous game with Canada’s sovereignty.

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Attachment 4

Congress of the United States
Washington, DC 20515

October 24, 2022

The Honorable Antony J. Blinken
Secretary of State
Harry S. Truman Building
U. S. Department of State
2201 C. Street, NW
Washington, DC 20520

Honorable Merrick Garland
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
U.S. Department of the Treasury
1111 Constitution Avenue NW,
Washington, DC 20224

Dear Secretary Blinken, Attorney General Garland and Commissioner Rettig,

I am writing to follow up on the letter that was sent to you on October 7th, 2022, which was signed by twenty-one Members of Congress and requested a response by October 22nd, 2022. The letter expressed grave concerns about reports¹ that the police authorities of the People's Republic of China (PRC) have opened an overseas police service station in New York City.

Safeguard Defenders, a Spain based human rights organization, released a report last month titled *110 Overseas: Chinese Transnationals Policing Gone Wild* about the PRC's recently established overseas police service stations in 21 countries.² The report raises alarming questions about the nature and operations of the PRC police service stations, which "eschew official bilateral judicial cooperation and violate the international rule of law and may violate the territorial integrity in third countries involved in setting up a parallel policing mechanism using illegal methods."³

China's Communist regime is becoming increasingly aggressive in its efforts to control Chinese diaspora overseas and exert influence globally, whether through overt coercion or by cooptation through so-called United Front work. The Chinese Communist regime could use the

¹ <https://news.yahoo.com/china-opened-overseas-police-stations-154545452.html>

² <https://safeguarddefenders.com/sites/default/files/pdf/110%20Overseas%20%282%29.pdf>

³ Ibid.

overseas police service station in New York City as an instrument to surveil, harass or intimidate U.S. residents of Chinese origin, or even unilaterally carry out law enforcement operations. The presence of such a PRC police service station and any unauthorized activities it conducts could violate US government guideline clearly communicated to PRC law enforcement authorities and thereby encroach on U.S. sovereignty.

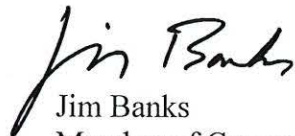
Considering the importance of this issue to United States sovereignty, respect for the rule of law, and fundamental due process, we request that the Departments of State and Justice to brief the members who signed the October 7th letter, or their staff, and kindly respond to the following additional questions by November 11th, 2022.

1. Since the release of the Safeguard Defense report, has the State Department or Justice Department taken any action, investigative or otherwise, with respect to the PRC's overseas police service station in New York City?
2. Do the presence of the PRC police service station in New York City and its operation violate any U.S. laws?
3. Following the release of our letter dated on October 7th, we learned that the Chinese hometown organization American ChangLe Association, which is hosting the PRC police service station in question, has had its tax-exempt status revoked for failure to submit tax filings to IRS.⁴ Given that, is the IRS enforcing the penalty under Section 6652(c) with regards to America ChangLe Association NY Inc.?

Sincerely,



Gregory F. Murphy, M.D.
Member of Congress



Jim Banks
Member of Congress



Michael Waltz
Member of Congress



Mike Gallagher
Member of Congress

⁴ <https://nypost.com/2022/10/08/chinese-police-station-spies-on-dissenters-linked-to-shady-us-charity/>

Attachment 5

GOP lawmakers demand explanation for 'deeply troubling' Chinese police station in New York City

3.8k

Ryan General

October 11, 2022 · 4 min read

In this article:

Antony Blinken

American government official and 71th U.S. Secretary of State

- **Michael Waltz**

U.S. Representative from Florida

- **Jim Banks**

American politician

The reported presence of China's Fuzhou police in New York City has prompted a group of Republican House lawmakers to seek answers from President Biden's Cabinet Secretaries.

Headed by Study Committee Chairman Jim Banks (R, IND-3), Reps. Michael Waltz (R, FL-6) and Mike Gallagher (R, WI-8), the group of 21 lawmakers sent a letter to Secretary of State Antony Blinken and Attorney General Merrick Garland to [demand answers](#) on how the Chinese police were able to [establish a branch](#) in the U.S.

"We are writing to express our grave concern over reports of the law enforcement presence of the People's Republic of China in New York City," the letter began.

The letter further states, "The Public Security (Police) Bureau of Fuzhou, China, announced in January 2022 that it has opened the 'first batch' of 30

overseas police service stations in 25 cities in 21 countries. In the United States, the Fuzhou Police's overseas service station is hosted at the American Changle Association, an overseas Chinese hometown organization in New York City."

More from NextShark: [Woman Cries for Help as Man Harasses Her in LA Restaurant, No One Stepped In](#)

Human rights NGO Safeguard Defenders [reported last month](#) that the Chinese government has set up at least 54 police service stations worldwide as part of its United Front Work Department.

According to the [Australian Strategic Policy Institute](#), the United Front Work Department operates under the Chinese Communist Party to direct thousands of groups in conducting operations involving foreign political influence, dissident movement suppression, intelligence gathering and technology transfer.

In a report, the [New York Post](#) uncovered that the station in Lower Manhattan is being operated by nonprofit America ChangLe Association NY Inc., a group that has been blacklisted by the IRS.

More from NextShark: [Vintage 'Sonic the Hedgehog' game sold for astronomical \\$430,500](#)

The group, which listed its charitable mission in public filings as a "social gathering place for Fujianese people," paid \$1.3 million for the suite of offices where the Fuzhou Police Overseas Chinese Affairs is situated.

In their letter to Biden's officials, the GOP lawmakers accused the Chinese police service stations of coercing "purported Chinese fugitives abroad to return to China to face legal proceedings, which is euphemistically dubbed as 'persuading to return' in Chinese parlance. By doing so, China avoids scrutiny on its human rights record in relation to repatriating alleged fugitives overseas by eschewing formal international cooperation mechanisms."

"It is deeply troubling that the Chinese government could use these service stations as its long arm policing abroad," the letter read, adding, "there should

be no room for the Chinese government to exercise extraterritorial law enforcement unilaterally on U.S. soil.”

More from NextShark: [Singaporean man jailed for targeting young girls in online nude photo scam](#)

The letter ended with several questions to Blinken and Garland:

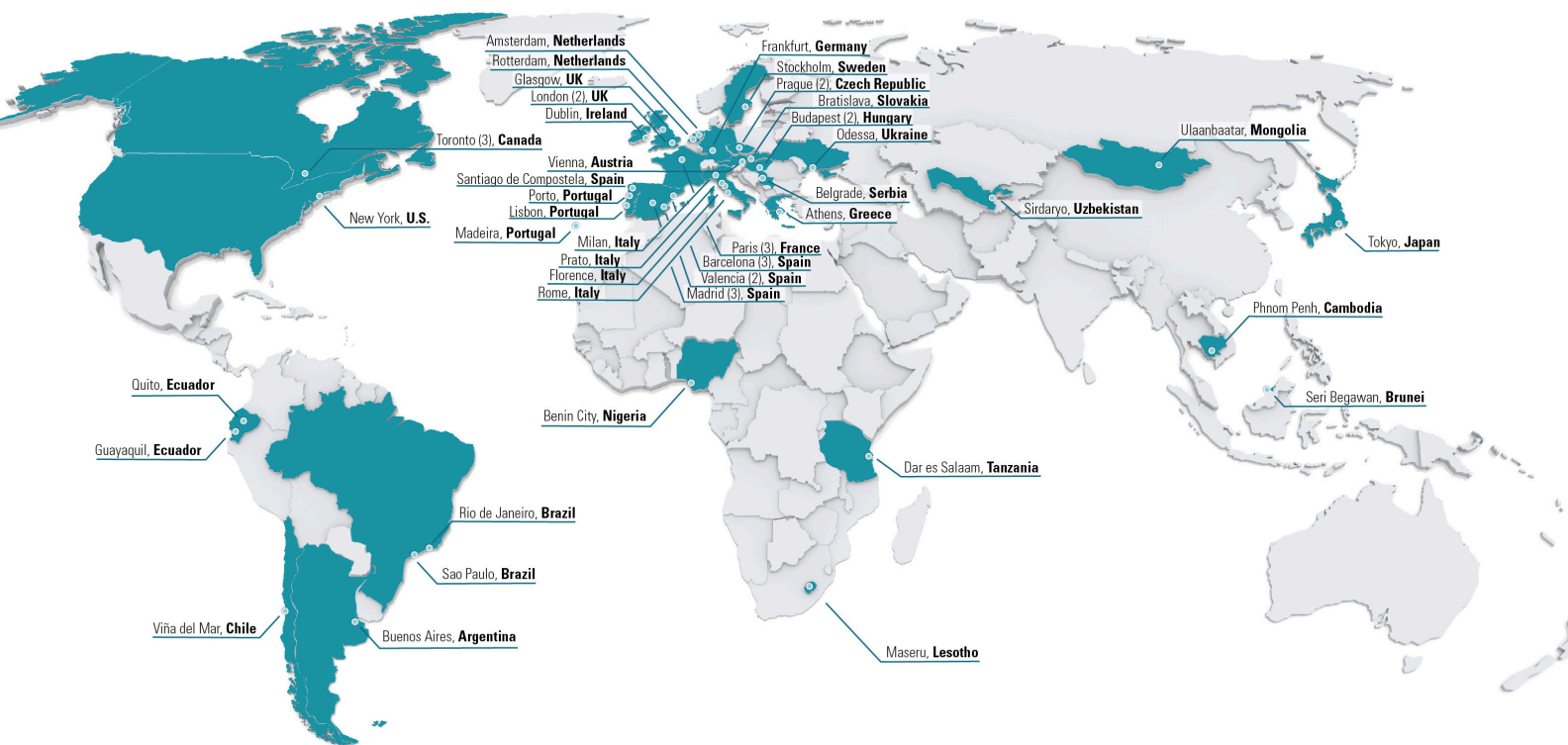
“Considering the importance to safeguard the liberty of U.S. persons and the sovereignty of the United States from foreign encroachment, we request that you kindly respond to the following questions by October 21st, 2022,

- Did the Department of State, Department of Justice, or any other agency of the federal government invite or approve China’s Fuzhou police to establish a presence in New York City?
- Is there any other Chinese law enforcement presence in the United States besides Fuzhou police’s overseas services station in New York City?
- Has the Biden administration rescinded the visa restrictions imposed by the previous administration on Chinese nationals engaged in United Front work activities?
- Has the Department of State issued any visas to Chinese nationals to perform law enforcement or other related government duties at the Fuzhou Police Overseas Service Station in New York City?
- Have the Fuzhou Police Overseas Service Station in New York City and any of its employees registered with the federal government in accordance with [the] Foreign Missions Act and Foreign Agents Registration Act?
- Has the Fuzhou Police Overseas Service Station in New York City engaged in any activities to monitor [or] harass U.S. residents or has it coerced any purported fugitive to go to China without due process under U.S. law?”

Attachment 6

110 OVERSEAS

Chinese Transnational Policing Gone Wild



110 OVERSEAS

Chinese Transnational Policing Gone Wild

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110 is the Chinese emergency phone number for the Police.

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Keywords: China, human rights, criminal justice, transnational repression, long-arm policing

First published September 2022

Introduction

As part of a massive nationwide campaign to combat the growing issue of fraud and telecommunication fraud by Chinese nationals living abroad, Chinese authorities claim that from April 2021 to July 2022, 230,000 nationals had been “persuaded to return” to face criminal proceedings in China.

This campaign, which started on a humble scale in 2018, has developed alongside the establishment of overseas Chinese police “service stations,” sometimes called “110 Overseas” after the national

police emergency phone number, now found in dozens of countries across five continents. This investigation looks into these two related and recent developments, especially in view of the expansion of other forms of long-arm policing and transnational repression by the PRC.

This investigation follows the release of new Chinese governmental data and is part of **Safeguard Defenders’ ongoing monitoring of China’s growing global transnational repression.**

Summary of key points

- Faced with a growing issue of fraud and telecommunication fraud by Chinese nationals living abroad, China claims **230,000 suspects of fraud and telecom fraud were successfully “persuaded to return”** to China from April 2021 to July 2022.
- Official statements detail use of **depriving suspects’ children the right to education** back in China, as well as other actions against relatives and family members, in a full-on “guilt by association” campaign.
- China has **designated nine countries** as having serious fraud, telecom fraud and web crimes, and Chinese nationals are no longer allowed to stay in those countries without “good reason.”
- Rapidly emerging evidence points to extensive online campaigns and the use of **“Overseas Police Service Stations” being used in these operations on five continents**, often using local “Chinese Overseas Home Associations” linked to the CCP’s United Front Work.
- These operations eschew official bilateral police and judicial cooperation and **violate the international rule of law, and may violate the territorial integrity of third countries** involved in setting up a parallel policing mechanism using illegal methods.

Background

Persuasion to return and China's Involuntary Returns campaign

"Persuasion to return" is a key method within China's larger *Involuntary Return* operations (IR). Classified as primarily Type 1 (and occasionally Type 2) actions in Safeguard Defenders' [Involuntary Returns](#) report on the subject, overseas targets and/or their families back in China are approached directly to "encourage" the return of the target to China to face justice, "or else."

In many cases identified in the *Involuntary Returns* report, methods used under IR Type 1 and Type 2 actions include:

- (1) The tracking down of the target's family in China in order to pressure them through means of intimidation, harassment, detention or imprisonment into persuading their family members to return "voluntarily";
- (2) Direct approach of the target through online means or the deployment of – often undercover – agents and/or proxies abroad to threatened and harass the target into returning "voluntarily".

The final *Involuntary Returns* category - Type 3 - involves direct kidnappings on foreign soil. As far as known at the time of reporting, this method has not been used in the operation described in this investigation.

"Persuasion to return" methods plays an integral part of China's *Fox Hunt* operation – run by the Chinese Ministry of Public Security (MPS) – which is one of several components of the wider *Sky Net* operation overseen by the National Supervision Commission (NSC). The *Fox Hunt / Sky Net* operations pursue higher value targets. Despite its global scale and an official claim of ensuring the return of at least 10,000 targets since the start of operations, it is much more modest in scale

than the campaign described here. However, as an example cited in this investigation shows, the networks set up to conduct the latter can and are being used within the *Fox Hunt* ambit as well.

These methods allow the CCP and their security organs to circumvent normal bilateral mechanisms of police and judicial cooperation, thereby severely undermining the international rule of law and territorial integrity of the third countries involved. In eschewing regular cooperation mechanisms, the CCP manages to avoid the growing scrutiny of its human rights record and the ensuing difficulties faced in obtaining the return of "fugitives" through legal proceedings such as formal extradition requests. It leaves legal Chinese residents abroad fully exposed to extra-legal targeting by the Chinese police, with little to none of the protection theoretically ensured under both national and international law.

Online fraud is, or has been, considered an endemic problem. News reporting in both China and Taiwan indicates that during the pandemic telecommunication fraud became even more widespread, with an [increasing number of reports surfacing on the luring and trafficking of individuals from the Mainland, Hong Kong and Taiwan to operate in such illegal "industries."](#) However, the Chinese police recently claimed their campaign launched in 2018 had been so successful that online fraud had been contained.

While establishing these operations to hunt down those accused of fraud and telecommunications fraud, China identified nine countries particularly prone to hosting Chinese nationals engaging in such criminal activities, the "nine forbidden countries." However, the setting up of overseas police "service stations" is a worldwide

phenomenon, with the majority of such being in western democratic nations, with a particular focus on Europe, and not in the “nine forbidden countries.” As documents identified by Safeguard Defenders show, such overseas police “service stations” have been used by police back in China to carry out such “persuasion to return” operations on foreign soil, including in Europe.

Abandoning any pretext of due process or the consideration of suspects’ innocence until proven guilty, targeting suspects’ children and relatives in China as “guilty by association” or “collateral damage,” and using threats and intimidation to target suspects abroad, **is now itself becoming an endemic problem.**

Local Beginnings

After being listed by the inter-ministerial joint meeting of China’s State Council as a “Key Rectification Area of the Origins of Criminals Going Overseas for Fraud”, on 18 September 2018, the government of Anxi County, Fujian, held a “thousand person” conference and launched operation “Fighting Gangsters and Scammers Going Overseas from the Area Where They Come From” (扫黑除恶专项斗争暨赴境外诈骗流出地专项整治) to combat transnational telecom fraud.¹

Under the campaign, Anxi county departments at all levels were instructed to carry out five measures against fraud suspects, actions to be taken before any suspect was taken before a court of law:

- (1) Demolish property built using illicit money and recover any illicit money;

- (2) Ban the children of suspects from studying in public schools;
- (3) Suspend all medical insurance subsidies and confiscate passports;
- (4) Ban “dishonest persons” from taking high-speed rail and planes or being accommodated in hotels;
- (5) Stop all applications for policy subsidies at the county level or above.

Additionally, the Anxi county government also required that local leaders in villages where there were more than two fraudsters should be “dismissed or mandated to resign” and that if one person were to be arrested for the crime of telecommunications fraud, the officials of the village should be “notified and criticized.”²



Anxi “Thousand Person Conference”³

The Anxi County government's campaign launch was not without controversy. Since the targets are merely suspects, and the five punishments are all carried out before any guilt has been established, Xinhua Net in an article that same month opposed the measure of banning suspects' children's access to school, equating such action as guilt by association. While it stated that such actions were unfit for a modern society, it endorsed all other aspects of the campaign.⁴

Multiple domestic media reports of the meeting lauded the conference's launch of the "hundred-day battle" from 1 September to 31 December (2021). Later, a pilot project to tackle organized crime was launched, part of which focused on telecom fraud, with some local governments launching actions aimed at overseas fraud operations. The basis for this was the "National Supervision Work Plan for the Special Fight against Organized Crime" issued by the General Office of the Communist Party of China and the General Office of the State Council.⁵ These pilot projects were supervised by the Provincial-level Commissions for Discipline Inspection (CDI's) and was applauded for its success by the Supreme People's Court on 31 January 2019.⁶

As language from the Anxi county "thousand-person conference" demonstrates however, **the battle did not stop at home but needed to be taken overseas.** According to cited reports of the meeting, it was all hands on deck: a "commando team" composed by the Public Security Bureau and assisted by propaganda, procuratorial and local cadres, public security bodies were tasked with taking the lead in setting up "anti-fraud" assaults abroad. An overseas "strike headquarters" was set up in Yunnan to carry out "crackdown, persuasion, dispersion, control and publicity work," and reportedly a taskforce of 70 people was established to target people overseas involved in fraud and illegal cross border travel.⁷

There was no mincing of words on the methods to be employed either: **"A group of immediate family members of the Party members and cadres should be persuaded to return in an all-around way."** Those refusing or unable to cooperate in persuading suspects to return home would themselves be handed over to the County Commission for Discipline Inspection and the Supervisory Commission for investigation and punishment.⁸

Going Global: "Catch them within and outside the borders"

On 14 April 2022, Vice-Minister of Public Security Du Hangwei revealed last year's nationwide achievements of crackdown on telecom fraud in a press conference, stating:

"We persuaded 210,000 people to return in the last year [2021]..."⁹ Additionally, on 17 August 2022, the Ministry of Public Security announced the total tally of those persuaded to return under this campaign alone from April 2021 to July 2022 stood at 230,000 individuals: "The number of cross-border telecom fraud cases targeting Chinese residents has been significantly decreased in China, with 230,000 telecom fraud suspects being educated and persuaded to return to China from overseas to confess crimes from April 2021 to July 2022 [...]"¹⁰

This followed earlier actions to expand the campaign. One year before, on 26 January 2021, the Supreme People's Court, Supreme People's Procuratorate and the Ministry of Public Security issued a document, "Bulletin of the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Public Security Regarding Urging Criminal Suspects Involved in Cross-Border Gambling to Voluntarily Surrender Themselves" (最高人民法院最高人民检察院公安部关于敦促跨境赌博相关犯罪嫌疑人投案自首的通告), calling on the suspects of cross-border gambling to return to surrender in exchange for lighter punishments. The deadline given was 30 April 2021. The same notice also asked judicial organs to encourage individuals or organizations to persuade suspects to return.¹¹

The Anti-Telecom and Online Fraud Law (ATOFL)¹², passed 2 September 2022 and coming into effect 1 December includes extraterritoriality provisions for Chinese citizens. It states in article 3 that:

The Law shall apply to fighting the telecom and online fraud in China's territory, or telecom and online fraud **overseas committed by Chinese citizens**. It also stipulates that **overseas organizations or individuals engaging in or assisting in telecom and online fraud against people in China's territory** shall be held accountable.

The law also strengthen government regulation in fighting fraud, with article 6 empowering the State Council to establish an anti-telecom and online fraud work mechanism to coordinate the work. Local governments at all levels shall organize and lead the anti-telecom and online fraud work within their respective region. Article 25, which outlines the work to be undertaken against fraud, and activities to be considered criminal, includes an un-defined "other acts of providing support or assistance to telecom and online fraud activities".

Nine forbidden countries

Shortly following the 26 January bulletin, on 4 April 2021, an annual session on combating telecom-related crimes was held (国打击治理电信网络新型违法犯罪工作会议), after which local governments all over the country, mainly on county but also on township and village levels issued various “return persuasion” announcements. According to an estimate by outlet Southern Weekend¹³, over 110 announcements were issued, with many from Hunan, Fujian and Sichuan. The majority of identified targets were located in northern Myanmar.

According to Wang Bo (pseudonym), a Hunan police official working on telecom fraud cited in Southern Weekend’s coverage, it was the first time a nationwide “persuasion to return” campaign had been initiated against telecom fraud suspects. Some of the policies employed were based on the Anxi government’s “hundred-day” pilot campaign in 2018.

Wang Bo told Southern Weekend that although not all (Chinese) citizens staying in northern Myanmar were engaged in criminal activities, they would still be regarded as targets for persuasion because **most of them exited the country to Myanmar illegally**. Wang admitted that some suspects persuaded to return would only be imposed a fine for **crossing border illegally** as the police held no evidence of crimes.¹⁴

On 17 September 2021, Director of the Criminal Investigation Bureau of the Ministry of Public Security Liu Zhongyi (刘忠义) disclosed that a total of **54,000** fraud suspects had been persuaded to return **solely from northern Myanmar** since the beginning of the year.¹⁵ If the rate held steady for the full year of 2021, as many as 81,000 or more Chinese nationals may have been persuaded to return from northern Myanmar alone.

Solely in Wanding (畹町), a river port bordering Myanmar in Ruili city, Yunnan province, over 960 suspects of telecom fraud and over 100 suspects

of cross-border gambling returned to China to surrender between January and October 2021.¹⁶

In July 2022, the government of Wenchang City, Hainan province, issued a notice to disclose the names and pictures of those from Wenchang “illegally staying in northern Myanmar” and warned them to return. If they did not contact their local police stations by 10 August 2022:

- (1) Their spouses, parents and children would all be suspended from getting subsidies such as severe illness insurance and medical insurance subsidies;
- (2) **Their children would be disqualified to enter urban schools once the parents failed to show up together in the interviews for registrations or to apply for the admission jointly;**
- (3) Their immediate family would be blocked in principle from joining the Party and the military, and from taking the exams for becoming public servants or employees of state-owned companies;
- (4) Real estate purchased with their illicit money would be vacated and auctioned, any personnel settled in the property would be forcibly driven out, and houses built with stolen money would be demolished.¹⁷

Even though none of those targeted had been convicted of any crime and, notwithstanding Xinhua’s prior warnings that such actions would paint relatives, children and family members as guilty by association, collateral punishment continued to remain a key part of the “persuasion to return” operation.¹⁸

Similar notices giving deadlines for suspects to return “voluntarily” or else face a variety of punishments against their children or family members continued to pop up in various cities during 2021 and 2022.

In February 2022, the government of Laiyang city, Yantai, Shandong province, issued a notice to ask those from Laiyang “illegally staying” in northern Myanmar to return by 31 March 2022. If they did not follow the notice, the bank accounts of their immediate family members and friends who engaged in financial transactions with the suspects would be controlled, restricted or even cancelled. The suspect’s children would also be moved back to their hometown for school. Moreover, if family members refused to cooperate with the authorities in persuading the suspects to return, they would see their policy benefits and subsidies suspended or cancelled.¹⁹

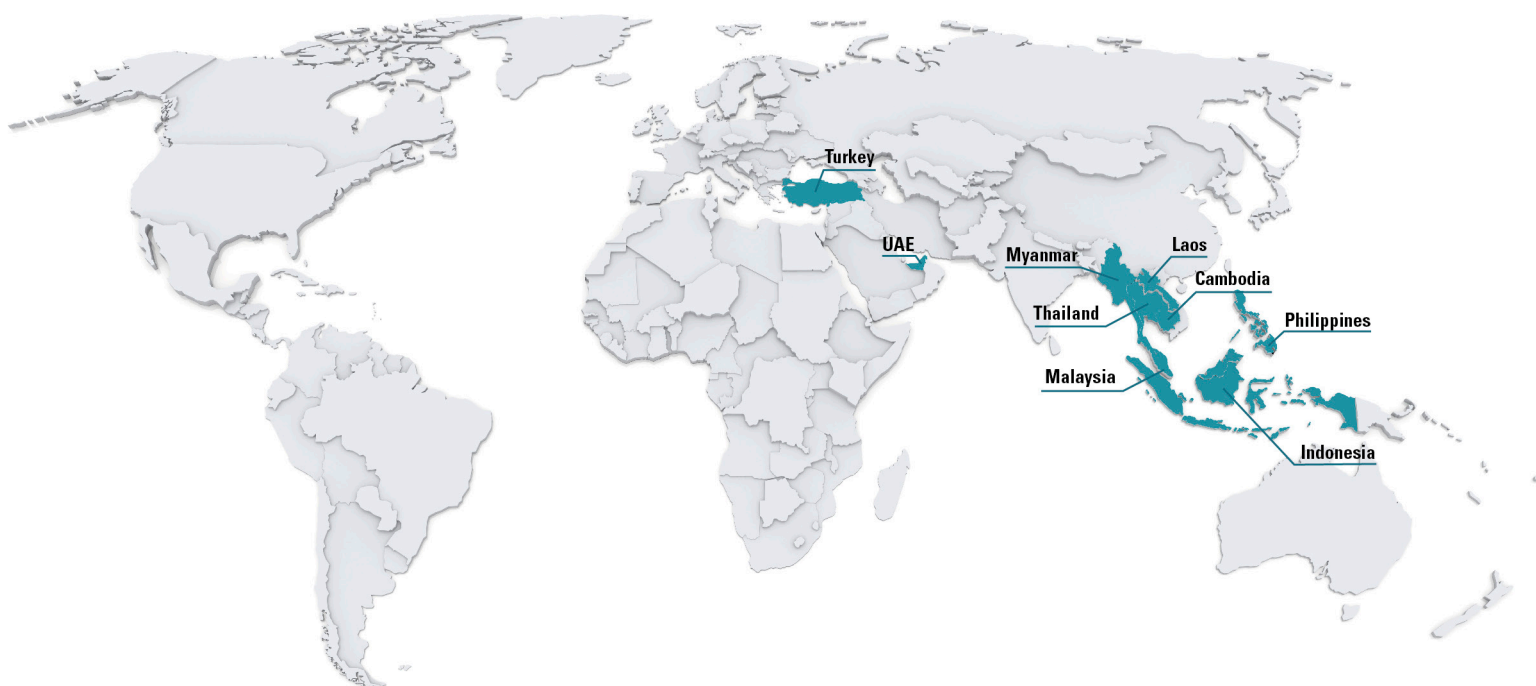
Local governments are not left to their own devices in setting out these operations, nor do announcements issued by local government authorities target only Myanmar. In addition to “persuasion to return” operations by local governments, the central Ministry of Public Security (MPS) sent multiple working groups to Cambodia, the UAE, northern Myanmar and other key countries and regions to carry out international law enforcement operations during 2021.²⁰

Cambodia has become so popular for Chinese

anti-fraud operations that in 2019 Chinese police moved to set up a joint law enforcement office with its Cambodian counterparts in the capital of Phnom Penh. In 2021, at least 610 Chinese nationals suspected of online fraud were repatriated to China: none of them via formal extradition procedures, but simply deported with the direct cooperation from the Cambodian authorities. As of July 2022, one report notes that four mass deportations had occurred over the last year.²¹ Cambodia is one of many countries around Asia with a ratified bilateral extradition treaty with the PRC, but these are rarely – or in some cases, never – used as authorities instead rely on the faster, smoother and easier method of having people deported – thus depriving them of any chance of due process to fight accusations of criminal behavior.

Similar stories of often young people being lured to other countries only to be held hostage and forced to engage in online scams are not limited to Cambodia. One report identifies Myanmar as another hotspot for such actions, where people are often promised well paid positions to lure them, while others end up being forced into prostitution.²² Another report from Phoenix Weekly cited a police

The nine fraud-related countries



source stating that over 100,000 Chinese people in Myanmar alone were engaged in telecom fraud. In Yunnan province, some 13,380 people were detained for illegal border crossings in 2020, a major increase from the year before.²³

Reports cited above indicates that among suspected criminals there are also entirely innocent people simply living in the wrong country, as well as victims themselves who have been forced into such illegal acts through threats, smuggling and intimidation.

Since the end of November 2021, several more notices have been issued to warn the Chinese public **not to travel to nine countries** with serious telecom and web crimes: Cambodia, the UAE, the Philippines, Thailand, Myanmar, Laos, Malaysia, Turkey and Indonesia. **People who have no "strict necessity" or "emergency reason" to travel to or stay in those countries are required to return to China** as soon as possible.²⁴

Attacking non-suspects abroad

On 11 March 2022, Li Qingqing (pseudonym), a woman from Yuanzhuang township, Xianyou County, Fujian province, who currently runs a restaurant in Phnom Penh, was asked by the Yuanzhuang police to return. She argued that she is not a suspect of any crime and is just doing business in Cambodia. The police told her that according to China's policy, Chinese citizens staying in the nine fraud-related countries are required to return unconditionally. After that, she continually received messages from the local police asking her to return.

On 5 May, **police informed her she had been put on the telecom suspect list and warned her that her**

mother's house would be cut off from power and water supplies. Her mother's house was later spray-painted with the words "House of Telecom Fraud" and a policy notice was posted next to the spray-painting. Her mother was then called to the village committee and asked to persuade her daughter to return by 31 May.²⁵ Li's current fate and whether she has or has not returned is unknown.

Li's is not the only case. As early as 2021, Chinese media reported on how local police went around to fraud suspects' hometowns and sprayed "shameful fraud" on a relative's house and cut off power supply.²⁶

"110 Overseas": Widening the net?

"Strikes against Chinese overseas suspects" are not limited to the nine forbidden countries as the Fujian pilot origins demonstrate. While many of the publicly reported operations appear to have been conducted mainly through online means, on 22 January 2022, Liu Rongyan, Director of the Overseas Chinese Police Office of the Public

Security Bureau in Fuzhou City, Fujian Province, announced that the Fuzhou Public Security Bureau had opened its "first batch" of 30 overseas police service stations in 25 cities in 21 countries. The combination of the overseas stations and an online platform used for services such as receiving reporting is together called '110 Overseas'.

110 is the emergency phone number in China, much like 911 and 112 in the US and EU respectively. The Fuzhou city police operation out of Fujian province uses the name "110 Overseas" for its campaign, while other police jurisdictions use different names.

The list of thirty initial Fuzhou “110 Overseas” offices is clearly expanding rapidly, as an announcement on the joint launch with the Fuzhou Public Security Bureau from the Fujian Overseas Chinese Hometown Association in Prato, Italy, from 30 March demonstrates²⁷, with the reported tally on 21 June standing at 38 stations across five continents.²⁸

There is no complete list of such “110 Overseas” police service stations available, but the initial list, along with further stations identified by Safeguard Defenders via government announcement, provides a clue to how it looks worldwide, even though the number is undoubtable larger and such stations more widespread. The list herein presented are the service stations run by Fuzhou city and Qingtian city police, while a government announcement earlier²⁹ stated that such work had begun in ten provinces, and hence one can assume the list of such stations goes far beyond what can be presented here.

While not the object of this investigation, at first glance at least some of the associations abroad are tied to the United Front system, such as the French Fujian Federation of Industry and Commerce and the Shiyi Hometown Association in Fuzhou, France³⁰, cited among the first overseas service stations for Fuzhou police overseas Chinese affairs established by the Fuzhou Public Security Bureau.³¹

序号	国家	城市	海外站点地址	海外当地电话
1	法国	巴黎	19 Avenue de Choisy 75013 PARIS FRANCE	0783316666 0783725555
2	法国	巴黎	26 Rue du ballon Naisy Le Grand	698109872
3	西班牙	马德里	Calle Amor Hermoso 30 bis, 28026 Madrid Spain	+34646606919 +34688178178
4	西班牙	马德里	C/BACO 7 FBI TORREJON DE ARDOZ MADRID	0034-698783555
5	西班牙	巴塞罗那	INDUSTRIA 79 08025 BARCELONA SPAIN	0034+696070988
6	西班牙	瓦伦西亚	C/Pelayo 16 1-2 46007 Valencia Spain (商会办公室)	962507368 650466098
7	加拿大	多伦多	2537 Warden Ave Scarborough ON Canada M1W 2M5	64773511002
8	加拿大	多伦多	1/2 unit, 220 Royal Crest Ct, Markham, Ontario	6477037666
9	加拿大	多伦多	96 LACROIX STREET, MARKHAM, ON L3R 9C3	6472893333
10	巴西	圣保罗	Rua carnot 549 ,Canindé 2 楼4号	005511 977777190
11	阿根廷	布宜诺斯艾利斯	CARRERA MISTRAL 5452	1124649998
12	美国	纽约	107 E Broadway #3A New York NY 10002	19173798023 212-966-9977
13	美国	伦敦	3rd Floor 2 The Arcade 32-34 High Street London E20 1YE	0044-7999319999
14	美国	伦敦	49 Watford Way, London, NW4 3TH U.K.	02070606999
15	美国	格拉斯哥	417 Sauchiehall Street, Glasgow, G2 3LG, Glasgow, U.K.	7833224886
16	匈牙利	布达佩斯	Bungary Budapest 1105, cserkezt 51cs37.	15980648361
17	希腊	雅典	AGISILAKI 22-ATHENS-GREECE	0030693930888
18	柬埔寨	马六甲	MAJONE 1, TICE AREA MASERU 100, LE 37820	002656787777 +26657870887
19	尼日利亚	贝宁城	Tongking Steel Co.Ltd. Opus Community, off Sapele Road Bypass, pipe line Road, Benin City, Edo State, Nigeria	08156566666 08156588888
20	乌兹别克斯坦	锡尔河	Sirdaryo tumani Sirdaryo shaxri Buryodkor maxalasi O'qituvchilar kochasi 58 uy	998999168888
21	捷克	布拉格	Lipova 8, Praha 2	222543589
22	蒙古国	乌兰巴托	蒙古国乌兰巴托成吉思汗大街19区工厂街拉河街270-3号	99975866
23	智利	比尼亚德尔玛	Von Schroeders 403, Viña del Mar, Chile	0056-999-666666
24	葡萄牙	波尔图	RUA P LOTE 12A ZONA ZONA INDUSTRIAL DE ARVORE 4480/623 VILA DO COMDE PORTO PORTUGAL	965625197
25	葡萄牙	马德拉群岛	Rua Comandante Comacho del S. 8350-208Ribeira brava	929165908
26	厄瓜多尔	基多	AV. GONZALEZ SUAREZ N27-142 QUITO ECUADOR	0999161065
27	文莱	斯里巴加湾	ground floor, the crown princess complex, lorong 1, jalan lakrama Abdul razak, bandar seri begawan BAIT 2, Brunel Darussalam	13923197181
28	日本	东京	F101-0024 日本東京都千代田区神田和泉町2-27 十国会館	0081-80-7202-8899
29	荷兰	鹿特丹	Van der Sluysstraat 370, Rotterdam	+31611333666

List of the “first batch of Fuzhou county overseas police service stations”³²

The United Front system (United FrontWork) is the work of Chinese Communist Party agencies seeking to co-opt and influence ‘representative figures’ and groups inside and outside China, with a particular focus on religious, ethnic minority and diaspora communities.

Overseas hometown associations, while often providing genuine services to the community, have by now become overwhelmingly co-opted by the CCP’s United Front organizations, which seek to increasingly control the Chinese diaspora. Leaders of hometown associations are frequently rewarded with meetings with CCP officials, participation in party-organised events and symbolic appointments to party-controlled bodies in China. In return, they are expected to assist the party in its propaganda and political influence activities, such as promoting China’s invasion (under the propaganda guise of “peaceful reunification”) of Taiwan.³³ This has

become an even more emphatic feature following Xi Jinping’s latest assertions on the importance of the United FrontWork in the summer of 2022:

“Xi said that as China is striving to build itself into a modern socialist country and realize national rejuvenation, the United Front plays a more important role in gathering broad support to concentrate on the central tasks and serve the overall interests of the country. [...] He also underlined the need to foster overseas patriotic elements and enhance United Front work online.”³⁴

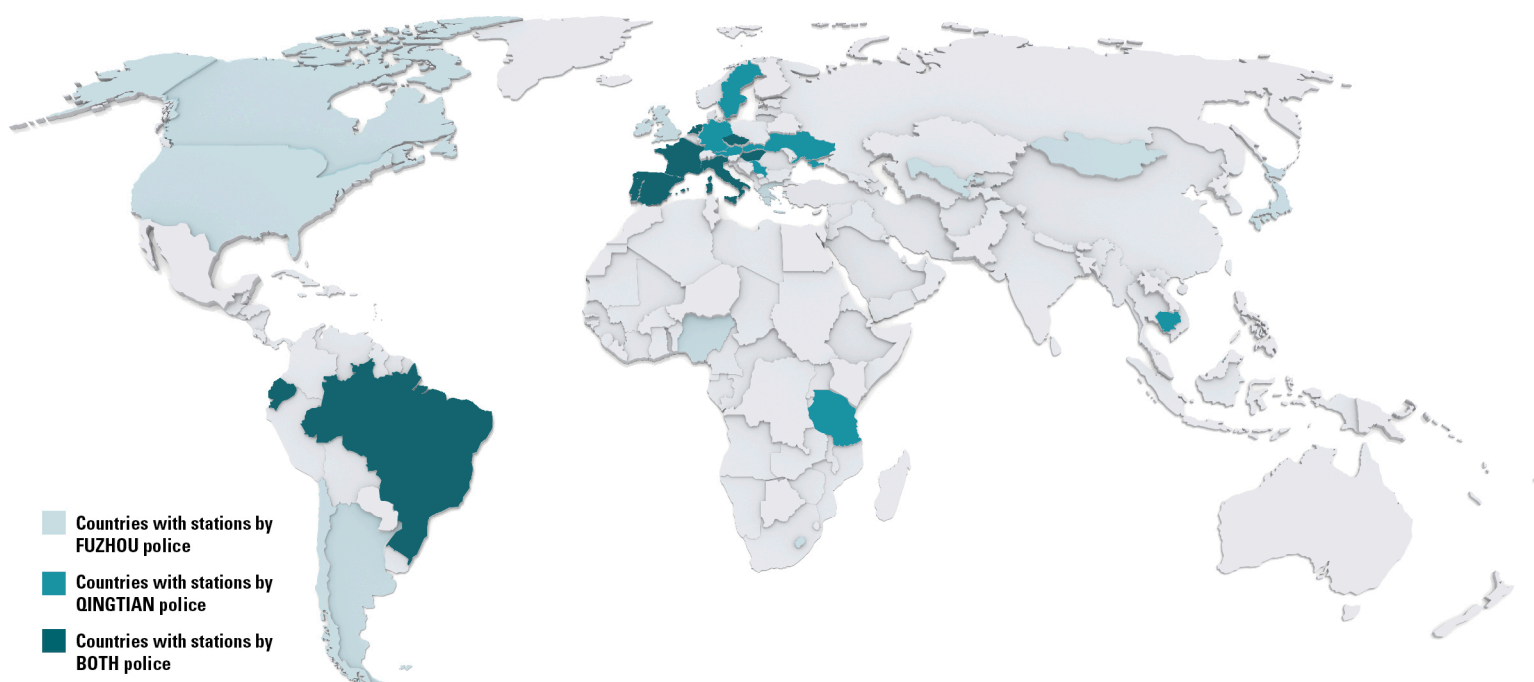


Fuzhou public security overseas police service station, Prato, Italy³⁵

Openly labeled as overseas police service stations to accommodate the growing administrative needs of Fuzhou residents abroad – for example in renewing Chinese driver's licenses remotely and other tasks traditionally considered of a consular nature – the “110 Overseas stations”, both in their online and physical overseas form, also serve a more sinister goal as they contribute to “*resolutely cracking down on all kinds of illegal and criminal activities involving overseas Chinese*.”³⁶

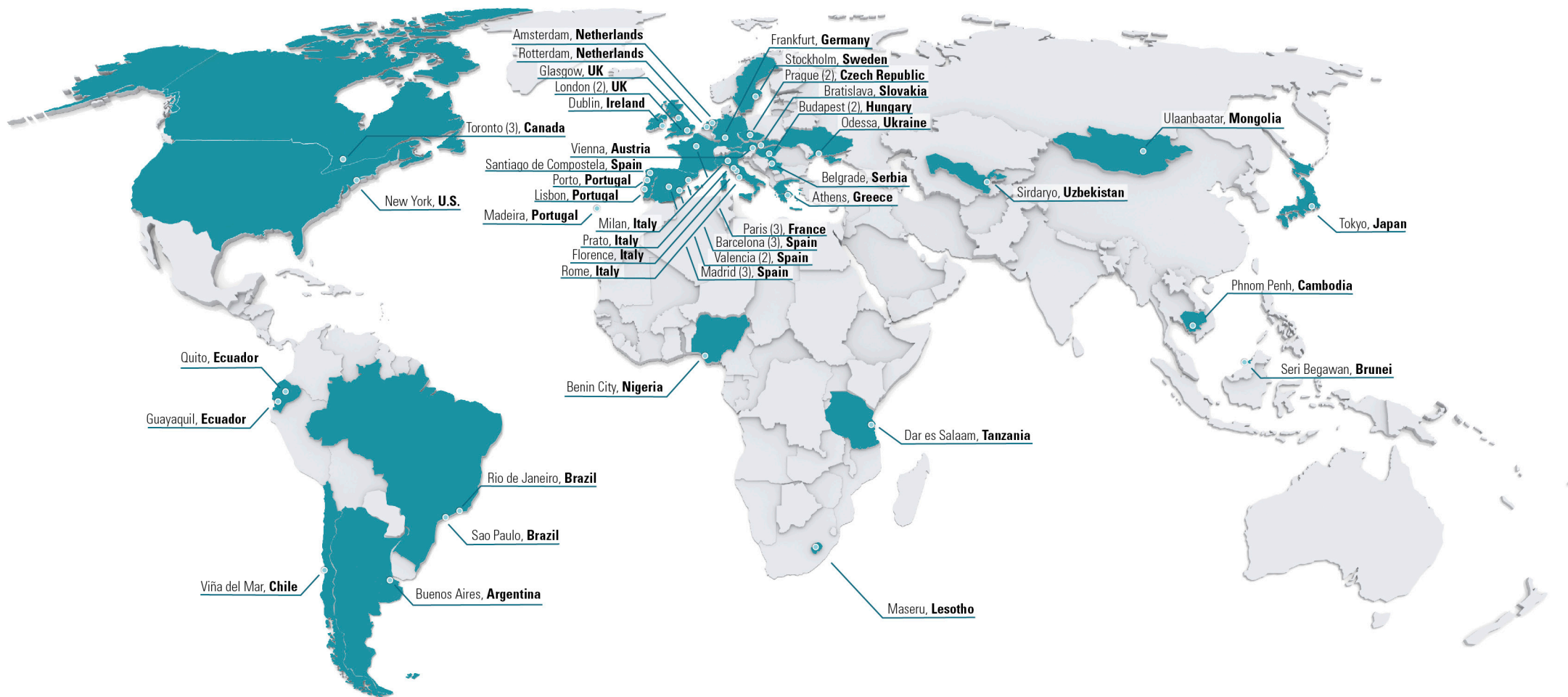
In one account provided by the authorities themselves, we find direct **evidence of their role in the “persuade to return” method abroad**: On April 11, 2022, an “110 Overseas” notice was received from Mozambique by the Yangxia Police Station, with a businessman reporting that one of his employees had stolen a large amount of cash

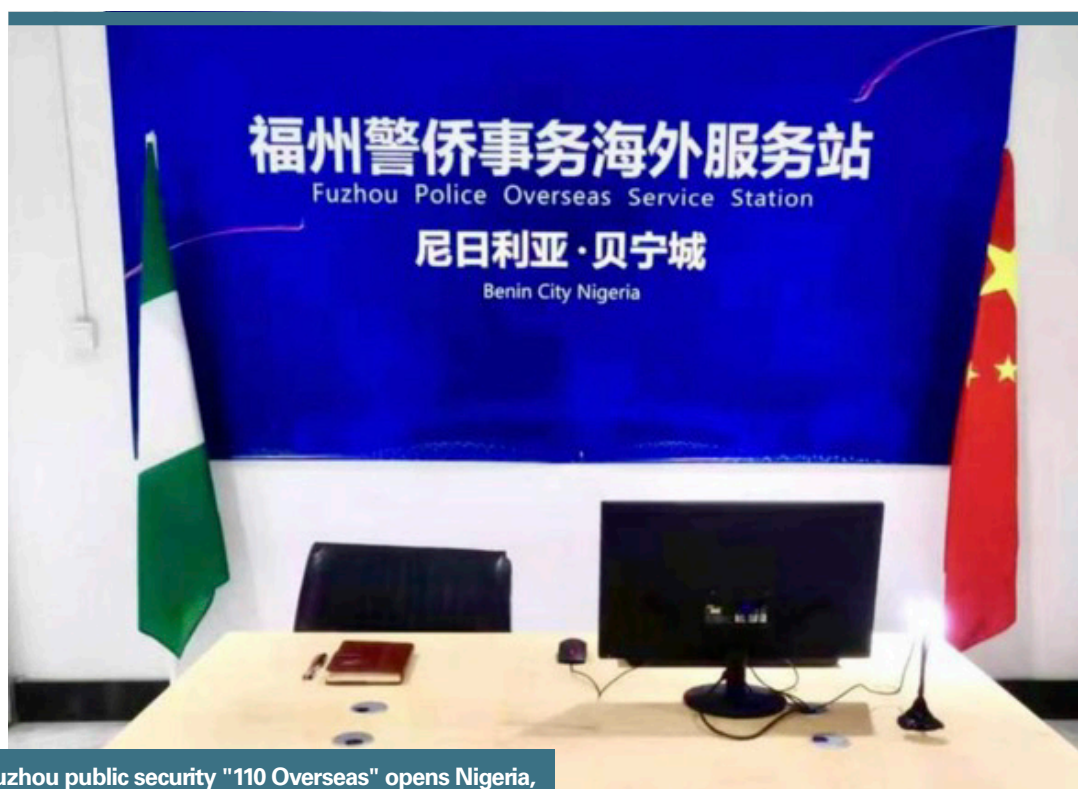
from the company before fleeing back to China in 2020. Upon receiving the notice, the police station immediately took to investigate and arrested the suspect on 18 May. When the suspect confessed to the existence of an accomplice, “Yu”, the “*police quickly identified Yu and immediately mobilized to persuade him (to return) after confirming that he was still in Mozambique. After being persuaded to return, [Yu] decided to cooperate with the police and fly back to China from Mozambique.*”³⁷ According to a Party-owned media's report on this case, the local police “*contacted Yu's relatives back in China and urged them to persuade Yu to surrender as soon as possible*” and meanwhile “*directly got in touch with Yu and told him relevant laws and policies*,” making Yu give in.³⁸



FUZHOU-RUN OVERSEAS POLICE "SERVICE STATIONS"		QINGTIAN-RUN OVERSEAS POLICE "SERVICE STATIONS"	
Country	City	Country	City
EUROPE			
Ireland	Dublin		
The Netherlands	Rotterdam	The Netherlands	Amsterdam
Portugal	Porto		
Portugal	Madeira	Portugal	Lisbon
Czech Republic	Prague	Czech Republic	Prague
Hungary	Budapest	Hungary	Budapest
		Slovakia	Bratislava
		Germany	Frankfurt
Italy	Prato	Italy	Rome
		Italy	Milan
		Italy	Florence
France	Paris (x2)	France	Paris
Spain	Madrid (x2)	Spain	Madrid
Spain	Barcelona (x2)	Spain	Barcelona
Spain	Valencia	Spain	Santiago de Compostela
		Spain	Valencia
UK	London (x2)		
UK	Glasgow		
Greece	Athens		
		Sweden	Stockholm
		Austria	Vienna
		Ukraine	Odessa
		Serbia	Belgrade
AMERICAS			
Canada	Toronto (x3)		
U.S.	New York		
Brazil	Sao Paulo	Brazil	Rio de Janeiro
Argentina	Buenos Aires		
Chile	Viña del Mar		
Ecuador	Quito	Ecuador	Guayaquil
ASIA			
Uzbekistan	Sirdaryo		
Mongolia	Ulaanbaatar		
Brunei	Seri Begawan		
Japan	Tokyo		
		Cambodia	Phnom Penh
AFRICA			
Nigeria	Benin City		
Lesotho	Maseru		
		Tanzania	Dar es Salaam

Map of publicly documented Overseas Police Service Centers from Fuzhou County and Qingtian County³⁹





Fuzhou public security "110 Overseas" opens Nigeria, Benin City service station

Extending the prosecutor's service tentacles overseas

"The procuratorial work involving overseas Chinese is long-term. The procuratorial and overseas Chinese should cooperate closely and strengthen interaction to normalize the mechanisms such as information exchange, legal publicity, joint visits and joint meetings. They should give full play to the 'four major procuratorial' functions of the procuratorial organs in criminal, civil, administrative and public interest litigation [...]"

Li Riqin, Minqing County Procuratorate, Fujian⁴²

Whereas the Fujian "overseas police service station" presents direct links with the local Public Security Bureau, additional close ties appear between the prosecutorial work by the Fujian Provincial People's Procuratorate and "procuratorates and overseas Chinese communication stations" (检侨联络站), or as one article puts it: "extending the prosecutor's

service tentacles to overseas Chinese-related and Taiwan-related procuratorial work"⁴³, in which "cooperation between procuratorates and overseas Chinese (检侨合作)" is gradually being rolled out in various places, with "overseas contact points in Italy, Germany and other countries to carry out overseas Chinese-related prosecution work such as transoceanic mediation, cross-border inquiries, video reports and complaints."⁴⁴

According to a July 2022⁴⁵ People's Daily report, , the Fujian Provincial People's Procuratorate and the Provincial Overseas Chinese Federation in April jointly issued their *"Opinions on Strengthening the Procuratorial Work of Overseas Chinese Involved in the New Era to Protect the Legitimate Rights and Interests of Returned Overseas Chinese and Overseas Chinese in Accordance with the Law"*. While Safeguard Defenders was unable to retrieve

the cited "Opinions", an article explaining the content of a similar opinion issued by Zhejiang Province and the Provincial Overseas Chinese Federation provides further confirmation of the strong links between the prosecutorial functions and overseas stations:

*"According to the 'Opinions', the provincial procuratorate will set up a special department dedicated to guiding and coordinating the procuratorial work related to overseas Chinese [...] the provincial procuratorial organ will strengthen communication and cooperation with the overseas Chinese work department, and establish mechanisms such as joint meetings, work reports, supervision and case handling."*⁴⁶

It must be noted that the wording used in the document – "Qiao (侨)" – is used to refer to both Chinese currently overseas as well as ethnic Chinese who have returned from overseas. In some cases therefore, the overseas related tasks of the police and/or procuratorate actually refer to the domestic affairs of Chinese currently living inside China following their return from abroad.

It is not immediately clear whether the before-cited "overseas service stations" tied to the Public Security Bureau and the "procuratorates and overseas Chinese communication stations" linked to the Procuratorates overlap completely. Yet both the methods employed and the use of "hometown associations" abroad appear identical. The Zhejiang Province example provides further direct evidence from one of its counties, Qingtian:



On 23 May 2019, People's Public Security News published the article 《探索爱侨护侨助侨机制，设立警侨驿站海外服务中心 青田警方积极打造“枫桥经验”海外版》⁴⁸ on the Qingtian County Public Security Bureau's "innovative set up of Overseas Police Service Centers" providing "convenient services for the vast number of overseas Chinese" in a cited 21 cities in 15 countries, including Rome, Milan, Paris, Vienna, Austria, etc., "hiring 135 Qingtian-born overseas Chinese leaders and leaders of overseas Chinese groups" and "establishing a team of more than 1,000 overseas grid service information personnel," coordinated by a "domestic liaison center."

Beyond listing the performance of objectively useful services to the Qingtian overseas community of a cited 330,000 individuals in over 120 countries such as the renewal of passports, the article expressly references the overseas centers' role in the "collection of overseas Chinese sentiments, public opinions and policy information push," as well as its global policing efforts under Operation Fox Hunt⁴⁹:

*"Through the establishment of overseas service centers, Qingtian County Police has made breakthroughs in its overseas pursuit of fugitives. Since 2018, the Qingtian police have detected and solved six criminal cases related to overseas Chinese, successfully arrested a red notice fugitive, and persuaded two suspects to surrender under the assistance from the Overseas centers."*⁵⁰

The article goes on to provide a case example of the overseas center's role in the successful "persuade to return" of Fox Hunt target Xia, who was accused of theft and fled to Serbia. "Through lots of efforts on investigation, the police found the location where Xia was hiding in Belgrade. After successfully getting in touch with Xia through the overseas service center, the Qingtian police worked jointly with the staff members of the overseas service center to carry out the persuasion to return through WeChat audio and video communication."⁵¹

In another reported example from 2020 of a suspect wanted for environmental pollution in China, the County Procuratorate in Qingtian, Zhejiang Province, joined efforts with the Qingtian Hometown Association of Spain - through the County Overseas Chinese Federation -, following an

investigation by the Qingtian County Public Security Bureau and an “online chase” of the suspect that had failed to yield the desired result. In the end, “with the efforts of all parties, Liu began to have the idea of returning to China to surrender [...]” and according to the report shortly thereafter did surrender in Qingtian. Following the success of the operation, JiYongjun, a full-time member of the Procuratorate Committee of Qingtian County Procuratorate and chairman of the Overseas Chinese Federation was quoted to have said that *“the procuratorate will launch a quick mechanism for handling cases involving overseas Chinese”*.⁵²

从西班牙马德里到青田“检侨之家”劝返追逃嫌疑人

欧华信息网 2020-01-18 41663



“From Madrid, Spain, to Qingtian's 'Home for Overseas Chinese Inspection': Fugitive persuaded to return.”⁵³

Conclusion

Worrying Growth of China's Transnational Repression

The scourge of fraud and online fraud has become endemic in China, both within its borders and outside. Police reported in April 2022 that they had resolved 394,000 cases and arrested 634,000 suspects in 2021 – an increase of 28.5% and 76.6% respectively – while also stating that the successful campaign had effectively curbed the growth of online fraud crimes.⁵⁴ A big part of this campaign has been to effectively target those suspected of fraud, as well as related cases of human trafficking, abroad. Vice-Minister Du of the Ministry of Public Security indicated that the focus on fraudsters abroad has been an important part of the campaign, and China Daily reported *“the number of people who committed crimes against Chinese people from abroad has significantly decreased”*⁵⁵.

However, nothing indicates this campaign is about to slow down. Liu Zhongyi, head of the criminal investigation bureau of the Ministry of Public Security, said: *“The rapid rise in cases has been effectively curbed, but the telecom fraud crime situation remains grim and complex, and the intensified crackdown and comprehensive governance should remain.”*⁵⁶

Moreover, the transnational mechanisms set up under this campaign may well serve other overseas policing purposes as well, as some cited examples already indicate. Much of the information contained in this brief investigation is very recent, making it difficult to fully capture the picture of how these mechanisms interact and/or overlap. China's growing campaign to police Chinese nationals abroad has gone hand in hand with its expanded “anti-corruption” campaign domestically, but it is rare to get insight into the true scope of its action. While it was known that lower value targets are often pursued via “persuaded to return” tactics, the

data presented in this brief are the first to provide some insight into the scope and methodology of this specific campaign... one among many.

Safeguard Defenders research into the methods of Involuntary Returns showed that the Sky Net campaign – which includes operation Fox Hunt targeting higher value suspects – surpassed 10,000 successful returns by Christmas 2021, from 120 different countries. Our deep-dive into individual cases also demonstrated how only about 50% of those reported were successful, and how most involved dissidents or individuals that had fled religious and/or ethnic persecution. As [announced in March](#) 2022, Sky Net and Fox Hunt are set to expand. [Another report](#) showed how China, tied to Xi Jinping's signature “anti-corruption” campaign, have significantly expanded its use of INTERPOL.

Whether the targets are dissidents, corrupt officials or low-level criminals, the problem remains the same: The use of irregular methods – often combining carrots with sticks – against the targeted individual or their family members in China undermines any due process and the most basic rights of suspects. The described treatment of targets, their families and even wider community as suspected criminals – in some cases even in the absence of any factual accusation as emerges from the “nine forbidden countries” – further deprives them of the right to be considered innocent until proven otherwise and the right to a fair trial, and also institutes a far-reaching “guilt by association” paradigm.

Furthermore, the disregard for the use of proper channels and processes in international relations is blatant. Despite China's insistence on the establishment of bilateral extradition treaties

or other mechanisms of judicial cooperation – which serve both a specific propaganda purpose in legitimizing the Chinese Communist Party-controlled judicial system, as well as nurturing a *chilling effect* for the rapidly growing number of individuals fleeing China – it rarely uses these legal international procedures. Rather than cooperating with local authorities in the full respect of territorial sovereignty, it prefers – as reiterated frequently in the articles cited in this investigation – to cooperate with (United Front-linked) overseas “NGOs” or “civil society associations” across the five continents, setting up an alternative policing and judicial system within third countries, and directly implicating those organizations in the illegal methods employed to pursue “fugitives”

This methodology further allows them to circumvent firmly-set international principles such as the non-derogatory principle of non-refoulement

under the United Nations Convention Against Torture and the UN Convention on the Protection of Refugees, or the guarantees established under international mechanisms such as the UN Convention Against Transnational Organized Crime and the Protocols Thereto.⁵⁷

As these operations continue to develop and new mechanisms are set up, it is evident that countries governed by the standards set by universal human rights and the rule of law urgently need to investigate these practices to identify the (local) actors at work, mitigate the risks and effectively protect the growing number of those targeted.

For a further set of recommended actions in and by democratic countries, find Safeguard Defenders’ [factsheet on countering extraditions](#), report on [Involuntary Returns](#) and manual on dealing with extraditions to China, [Hide and Seek](#).

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Qingtian: <http://www.zgqt.zj.cn/qtzjjhxxq/8406150.html>; <http://www.zgqt.zj.cn/qtzjjhxxq/8485342.html>; <http://www.chinaqw.com/qx/2018/09-28/203602.shtml>
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- ⁵⁰<http://i.cztv.com/view/13192197.html>
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safeguard
DEFENDERS

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Attachment 7



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

THE NEO LITHIUM ACQUISITION: CANADA'S NATIONAL SECURITY REVIEW PROCESS IN ACTION

**Report of the Standing Committee on Industry and
Technology**

Joël Lightbound, Chair

**MARCH 2022
44th PARLIAMENT, 1st SESSION**

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Chair**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON INDUSTRY AND TECHNOLOGY

has the honour to present its

THIRD REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied Critical Minerals and has agreed to report the following:

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LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1

That the government create a formalized and transparent process, including disclosure of a list of government departments and agencies consulted, by which government departments provide advice to the Minister of Public Safety and the Minister of Innovation, Science and Technology regarding decisions made under the *Investment Canada Act*. For decisions on national security reviews, the process should be led by Canada's national security agencies before they report to Innovation, Science and Economic Development Canada. 11

Recommendation 2

That the Minister issue a notice under section 25.3 for all investments by firms from authoritarian regimes considered to be state-owned enterprises under the *Investment Canada Act*..... 12

Recommendation 3

That the Minister release in a timely manner a full and comprehensive Critical Minerals Strategy. 12



THE NEO LITHIUM ACQUISITION: CANADA'S NATIONAL SECURITY REVIEW PROCESS IN ACTION

INTRODUCTION

On 20 January 2022, the Houses of Commons Standing Committee on Industry and Technology (the Committee) adopted the following [motion](#):

That, pursuant to Standing Order 108(2), the committee study the decision of the Government to not require a National Security Review of the purchase of Neo Lithium by Zijin Mining under the provisions of the Investment Canada Act and regulations thereto; that this study include at least two meetings of two hours each; that the committee invite the Minister of Innovation, Science and Industry and that these meetings be televised; that the committee also invite the Deputy Minister of Industry Simon Kennedy, the Director General, Investment Review, Kate Burke, and other officials from Industry, Science and Economic Development Canada (Investment Canada Act Review, and Automotive, Transportation and Digital Technologies Branch), Public Safety, CSIS, Natural Resources, as well as industry stakeholders and external experts and academics on China's geopolitical activities, including the influence of the Government of China on state-owned and state-influenced enterprises, and representatives of sector organizations; that the committee begin the study with two meetings during the week of Jan 24, 2022; that witness lists be submitted to the clerk by noon Friday, January 21, 2022, and that the committee report its findings to the House.

As part of this study, the committee held two meetings on 26 and 27 January 2022 where it heard from 11 witnesses. The committee also received 3 briefs.

THE ACQUISITION OF NEO LITHIUM AND NATIONAL SECURITY REVIEWS UNDER THE *INVESTMENT CANADA ACT*

The Acquisition of Neo lithium by Zijin Mining

Neo Lithium Corp. (Neo Lithium) is a lithium mining firm incorporated in Ontario. It has been listed on the TSX Venture Exchange (TSXV) since July 2016.¹ The firm is primarily

1 Neo Lithium, "[Neo Lithium Discovers High Grade and Low Impurity Salar and Brine Reservoir Complex in Argentina and Commences Trading on the TSX Venture Exchange With Ticker NLC](#)," *News and Press Release*, 20 July 2016.



focused on the development of the Tres Quebradas Lithium Project (3Q Project) in Catamarca Province, Argentina which it wholly owns through a local subsidiary.² An independent feasibility study of the project, commissioned by Neo Lithium and made public on 26 October 2021, estimated the present value of the project at US\$1.129 billion with initial capital expenditures of US\$370.5 million. The study predicted an annual production of 20,000 tonnes of lithium carbonate and a mine lifespan of 50 years.³

On 8 October 2021, Neo Lithium announced that it had entered an agreement with Zijin Mining Group Co., Ltd. (Zijin Mining) by which Zijin Mining agreed to acquire Neo Lithium for an estimated \$960 million. At a price of \$6.50 a share, the all-cash offer represented a 36% premium over Neo Lithium's 20-day volume weighted average price on the TSXV.⁴ On 26 January 2022, Neo Lithium announced the completion of the agreement following the receipt of all regulatory approvals and the satisfaction of all closing conditions.⁵

Zijin Mining is a mining firm incorporated in the People's Republic of China (PRC) and listed on the Shanghai and Hong Kong stock exchanges. Primarily a gold and copper producer, Zijin Mining claims a market capitalization of US\$40 billion with a workforce of 30,000 across operations in 12 countries.⁶ In its quarterly report for the third quarter of 2021, Zijin Mining lists Minxi Xinghang State-owned Assets Investment Company Limited, which it describes as a state-owned corporation, as its largest shareholder with a 23.11% stake in the firm.⁷

National Security Reviews under the *Investment Canada Act*

Under the *Investment Canada Act* (ICA), the Minister of Innovation, Science and Industry (the Minister), has the authority to investigate a broad range of foreign investments in

2 Neo Lithium, [*Neo Lithium Corp. Notice and Management Information Circular for the Special Meeting of Shareholders to be held on December 10, 2021*](#), 8 November 2021, p. 23, 57 [Neo Lithium Shareholder Circular].

3 Ibid., p. 60.

4 Neo Lithium, [*"Zijin Mining to Acquire Neo Lithium Corp. in All-Cash Offer," News and Press Release*](#), 12 October 2021.

5 Neo Lithium, [*"Neo Lithium Corp. Announces Closing of Plan of Arrangement with Zijin Mining Group Co., Ltd.," News and Press Release*](#), 26 January 2022.

6 Neo Lithium Shareholder Circular, p. 61.

7 Zijin Mining Group Co., Ltd., [*Third Quarterly Report 2021*](#), 15 October 2021.

Canada on national security grounds.⁸ Under section 25.2 of the ICA, the Minister can temporarily prevent the implementation of an investment where there are “reasonable grounds to believe” that the investment “could be injurious to national security.” Under section 25.3, the Minister may recommend that the Governor in Council review an investment where, after consultation with the Minister of Public Safety and Emergency Preparedness, the Minister “considers that the investment could be injurious to national security.”

Should the Governor in Council decide to conduct a national security review, the Minister, in consultation with the Minister of Public Safety and Emergency Preparedness, must determine whether the investment “would be injurious to national security.” Where the Minister finds that the investment would be injurious or is unable to make a determination, the Minister must refer a report with their findings and recommendations to the Governor in Council. Following such a referral, the Governor in Council, under section 25.4 of the ICA, may take any measure it considers “advisable to protect national security,” including blocking the investment, allowing the investment subject to conditions, or ordering the divestiture of an already implemented investment.

The ICA and its regulations set out specific deadlines by which action under sections 25.2, 25.3 and 25.4 must be taken.⁹ Under both sections 25.2 and 25.3, the Minister may compel parties to the investment to disclose information necessary to the investigation.¹⁰

In March 2021, in response to the economic uncertainties brought about by the COVID-19 pandemic, as well as other geopolitical developments, the Minister published the *Guidelines on the National Security Review of Investments* (national security review guidelines) to provide Canadians and foreign investors with more information regarding the factors considered when making national security decisions under the ICA.¹¹ Paragraph 7 of the national security review guidelines states that investments by “state-owned investors, or private investors assessed as being closely tied to or subject to direction from foreign governments” will be subject to “enhanced scrutiny.” The list of factors that the Minister will consider in making national security determinations, set

8 [*Investment Canada Act*](#), R.S.C., 1985, c. 28 (1st Supp.), Part IV.1 [ICA]. For a more complete discussion of the *Investment Canada Act* and related committee recommendations see House of Commons, Standing Committee on Industry, Science and Technology, [*The Investment Canada Act: Responding to the Covid-19 Pandemic and Facilitating Canada's Recovery*](#), Fifth report, March 2021.

9 [*National Security Review of Investments Regulations*](#), SOR/2009-271, s. 2 [ICA National Security Regulations].

10 ICA, ss. 25.2(3) and 25.3(5).

11 Government of Canada, [*Guidelines on the National Security Review of Investments*](#), March 2021.



out in paragraph 8, includes “[t]he potential impact of the investment on critical minerals and critical mineral supply chains.” The Government of Canada currently lists 31 minerals which it considers critical, including lithium.¹²

In its most recent annual report on the ICA, Innovation, Science and Economic Development Canada states that, out of a total of 826 investment filings in 2020-2021, the Minister issued 23 notices under section 25.2.¹³ In the same period, the Governor in Council ordered 11 reviews under 25.3 (all but one of which had already been the subject of a notice under section 25.2). Three of the section 25.3 reviews resulted in orders under section 25.4 blocking or requiring the divestiture of an investment. These numbers represented a significant increase from the previous year for actions under sections 25.2 and 25.3, while the use of section 25.4 orders remained constant. Seven of the eleven notices under section 25.3 and two of the three orders under section 25.4 involved foreign investors based in the PRC.

The National Security Review of the Neo Lithium Acquisition

According to Neo Lithium, Zijin Mining filed an ICA notification of the acquisition on 15 October 2021 and it was certified as complete on 20 October 2021.¹⁴ According to the ICA and its regulations, the government has 45 days from the date on which the completed notification was received to take action under either section 25.2 or 25.3.¹⁵ On 12 January 2022, a media report quoted a Neo Lithium spokesperson as saying that no notice had been received regarding action under either section and the deadline for receiving such notice had passed in early December.¹⁶

WITNESS TESTIMONY

The Minister of Innovation, Science and Industry and Government Officials

In his testimony before the Committee, the Minister stated that a national security review of the Neo Lithium acquisition was completed according to the requirements of

12 Government of Canada, *Critical Minerals*.

13 Innovation, Science and Economic Development Canada, *Investment Canada Act: Annual Report 2020-2021*.

14 Neo Lithium Shareholder Circular, p. 39.

15 *ICA National Security Regulations*, ss. 2 and 4; ICA, s. 13(1).

16 Niall McGee, “*Ottawa allows Chinese acquisition of Canada’s Neo Lithium to pass with no formal national security review*,” *the Globe and Mail*, 12 January 2022.

the ICA in what he described as a “quasi-judicial process.” He stated that the acquisition was reviewed by “government and national security experts” and that there was sufficient information to determine that “no national security harm could arise as a result of this transaction” prior to the stage at which either section 25.2 or 25.3 would need to be invoked. According to the Minister, this conclusion “was reached by the different departments involved and our national security intelligence agencies.” The Minister also assured the Committee that the acquisition was subject to “enhanced scrutiny” as required by the national security review guidelines and noted that his power to investigate, including the ability to compel the disclosure of information, is not contingent on invoking either section 25.2 or 25.3.¹⁷

Citing confidentiality requirements under the ICA and the classified nature of certain information, the Minister declined to offer details on the process by which the decision on Neo Lithium was made. He did testify that “we looked at the mineral, the location of the operation, and the impact on the supply chain.” In particular, he cited as factors that impacted the decision: the fact that Neo Lithium’s operations are in Argentina and that “[e]lectric battery production in North America does not require or rely on imports” of the type of lithium that the project will produce.¹⁸

In his testimony, Simon Kennedy, Deputy Minister, the Department of Industry, stated that the government determined that the investment related to assets that were “not of strategic value to the North American supply chain.” Noting that the government may begin investigations prior to the 45 day-period under section 25.2 or 25.3, Mr. Kennedy described the investigation as having taken place “certainly over a period of months,” and that the Minister was kept “apprised of” the investigation.¹⁹

Describing the role of Canada’s national security agencies in reviews under the ICA, Cherie Henderson, Assistant Director, Canadian Security Intelligence Service, testified that:

At the [S]ervice, as an investigative body, we go out looking for any intelligence that can support an assessment or basically answer the question as to whether there is a national security threat we could potentially be facing. We go out to numerous sources and we gather as much information as we possibly can, so that we can get the most comprehensive picture in order to answer the question. We then do a full assessment

17 House of Commons, Standing Committee on Industry and Technology [INDU], [Evidence](#), 27 January 2022 (Honourable François-Philippe Champagne, Minister of Innovation, Science and Industry).

18 Ibid.

19 INDU, [Evidence](#), 27 January 2022 (Simon Kennedy, Deputy Minister, Department of Industry).



looking at all different aspects, and from that assessment we provide our advice to government.²⁰

According to Ms. Henderson, national security agencies' advice is then combined with the advice from other government departments in what she characterized as a "community decision" regarding the investment.

Independent Experts

As part of its study, the Committee heard from five non-government witnesses, four of whom expressed an opinion regarding the Minister's decision not to invoke either section 25.2 or 25.3 in relation to the Neo Lithium acquisition. Wesley Wark, Senior Fellow, Centre for International Governance Innovation, called the lack of a longer review process a "wrong decision."²¹ In his testimony, he stated he did not wish to "prejudge" the "conclusion" of such a review, but later, in a brief to the Committee, wrote that the "failure to block or impose conditions" on the investment revealed "important deficiencies" in the process.²²

Similarly, Jeff Kucharski, Adjunct Professor, Royal Roads University, expressed an opinion that an extended review under either section 25.2 or 25.3 should have been conducted.²³ In a brief submitted to the Committee, Mr. Kucharski claimed an extended review "could have identified any number of potential risks to Canada's national security," and that it "would have been surprising enough" had the government conducted such a review and decided against taking action under section 25.4.²⁴

Guy Saint-Jacques, Former Ambassador of Canada to the People's Republic of China, suggested the government's lack of concern over the investment raised questions about Canada's larger policy on critical minerals but said that it was "not obvious" how the

20 INDU, [Evidence](#), 27 January 2022 (Cherie Henderson, Assistant Director, Canadian Security Intelligence Service).

21 INDU, [Evidence](#), 26 January 2022 (Wesley Wark, Senior Fellow, Centre for International Governance Innovation).

22 Wesley Wark, [Brief on National Security Review and the Neo Lithium takeover by Zijin Mining](#), Brief submitted to the House of Commons Standing Committee on Industry and Technology, 2022.

23 INDU, [Evidence](#), 26 January 2022 (Jeffrey B. Kucharski, Adjunct Professor, Royal Roads University).

24 Jeffrey B. Kucharski, [Submission to the House of Commons of Canada's Standing Committee on Industry and Technology](#), Brief submitted to the House of Commons Standing Committee on Industry and Technology, 2022.

investment “directly threatened” Canada’s national security.²⁵ Speaking from the perspective of the automotive sector, Flavio Volpe, President, Automotive Parts Manufacturers' Association, expressed concern over the potential impact on Canada’s economic relationship with the PRC of restricting the investment: “[p]icking a fight over assets on the other side of the world is not an action that our industry would recommend.”²⁶

While not expressing an opinion on the specific investment, Nikos Tsafos, James R. Schlesinger Chair for Energy and Geopolitics, Center for Strategic and International Studies, highlighted the growing strategic importance of critical minerals, including lithium: “Should we care who owns lithium and who produces lithium in the world? I think ... there's been a growing awareness that indifference to that question...has come at a huge cost.” Mr. Tsafos also emphasized the uncertainty regarding what markets like lithium will look like in the future, as they are small today but may grow by a “hundredfold” over the coming decades. According to Mr. Tsafos, the development of these markets will create “new linkages and dependencies” that will influence the geopolitical landscape and related national security decisions.²⁷

Mr. Wark and Mr. Kucharski both advocated for, what Mr. Kucharski called, the “bigger strategic picture” taking precedence over a “case-by-case” approach in the ICA’s national security review process. Mr. Wark emphasized that decisions under the ICA should be “guided by a coherent economic security strategy for Canada,” including a strategy on critical minerals. Both witnesses believed that the government should review the ICA and consider “automatically trigger[ing]” national security reviews for certain types of investments, including those involving state-owned enterprises.²⁸

All witnesses expressed concern about the PRC’s growing dominance in the extraction and processing of critical minerals, including as part of its “Made in China 2025” policy. Mr. Tsafos echoed the views of other witnesses when he testified:

Supply chains without China are impossible, but supply chains dominated by China are unacceptable. Critical minerals and the industries they enable are too important to be

25 INDU, [Evidence](#), 26 January 2022 (Guy Saint-Jacques, Former Ambassador of Canada to the People's Republic of China).

26 INDU, [Evidence](#), 26 January 2022 (Flavio Volpe, President, Automotive Parts Manufacturers' Association).

27 INDU, [Evidence](#), 26 January 2022 (Nikos Tsafos, James R. Schlesinger Chair for Energy and Geopolitics, Center for Strategic and International Studies).

28 INDU, [Evidence](#), 26 January 2022 (Kucharski).



left alone. Western governments should tackle these questions together, because the stakes are too high for any other approach.²⁹

Witnesses were, however, divided on the strategic importance of the Neo Lithium acquisition. Mr. Volpe stated that the fact that the proposed mine was in Argentina and is expected to produce lithium carbonate, as opposed to the “preferred lithium hydroxide,” means its assets were unlikely to support North American electric vehicle production regardless of which firm controlled its operation.³⁰ Mr. Wark and Mr. Kucharski disagreed with this assessment, contending that lithium carbonate was relevant to electric vehicle battery production and, as Mr. Wark testified, the mine’s location was not “terrifically significant to a national security review.” Mr. Wark pointed to the importance of what’s lost when a Canadian company is taken over: “We’re losing future capabilities. We’re losing intellectual property. We’re losing technological know-how, and we’re losing an unknowable future.”³¹

Mr. Wark emphasized the need for greater transparency in the administration of the ICA. He stated that increased transparency regarding how decisions are made would improve their credibility, allow for greater accountability, and increase predictability for investors.³² Mr. Wark also speculated that the timing of the review, occurring in the period following the 2021 federal election, may have affected the attention paid to the decision at the political level.

OBSERVATIONS AND RECOMMENDATIONS

The Committee completed a longer study of the ICA during the 43rd Parliament and published its report in March 2021.³³ In *The Investment Canada Act: Responding to the Covid-19 Pandemic and Facilitating Canada’s Recovery*, the Committee made several recommendations which it believes are relevant to the specific investment under consideration in this study. In general, the Committee remains convinced that a thorough government review of the ICA, followed by periodic and robust reviews, would be beneficial, including consideration of the amendments recommended in its previous study.

29 INDU, [Evidence](#), 26 January 2022 (Tsafos).

30 INDU, [Evidence](#), 26 January 2022 (Flavio Volpe, President, Automotive Parts Manufacturers' Association).

31 INDU, [Evidence](#), 26 January 2022 (Wark).

32 Ibid.

33 INDU, [The Investment Canada Act: Responding to the Covid-19 Pandemic and Facilitating Canada’s Recovery](#), Fifth report, March 2021.

The Committee was concerned about the inability of government officials to provide details regarding the decision-making process in the Neo Lithium acquisition. Considering the amount of publicly available information about the acquisition, which is expressly excluded from confidentiality requirement under the ICA, the government should be more transparent regarding how this important decision was reached.³⁴ Greater transparency could have alleviated some of the legitimate concerns that have been raised about the decision taken in this case, while also improving the credibility and predictability of the national security review process as a whole.

Building on the theme of transparency and accountability, the Committee noted that the process government officials described, by which the various government departments provide input to national security reviews, lies largely outside the formalized review process set out in the ICA, and its regulations and guidelines. Testimony suggested that the exact departments consulted, and the weight given to their input, may vary depending on the nature of the investment in question. While the Committee understands that collaboration across departments is critical, the committee believes that such an informal process is not befitting of a decision-making framework that the Minister described as quasi-judicial. The Committee is also concerned that the government department tasked with leading the process, Innovation, Science and Economic Development Canada, is not the department with the subject-matter expertise in national security, namely the Canadian Security Intelligence Service and related national security agencies.

Recommendation 1

That the government create a formalized and transparent process, including disclosure of a list of government departments and agencies consulted, by which government departments provide advice to the Minister of Public Safety and the Minister of Innovation, Science and Technology regarding decisions made under the *Investment Canada Act*. For decisions on national security reviews, the process should be led by Canada's national security agencies before they report to Innovation, Science and Economic Development Canada.

As in its previous study, the Committee remains concerned about investments in Canada made by state-owned enterprises which may be undertaken for reasons other than economic. The Committee once again heard compelling testimony that the industrial policies of some authoritarian regimes may not always be compatible with Canada's national security, and that investments by state-owned enterprises from these countries

34 ICA, s. 36(4)(c).



are worthy of in-depth national security reviews. This is especially true of investments in sensitive sectors like critical minerals.

While a government review of the ICA may identify useful amendments to strengthen the national security review process, the case of Neo Lithium demonstrates that improvements can be made within the existing framework. The Committee believes that all investments by state-owned enterprises from authoritarian states meet the threshold of “could be injurious to national security” under section 25.3 and that the Minister should use his discretion to invoke that section in all such cases. The Committee notes the broad definition of state-owned enterprise under the ICA, which includes “an entity that is controlled or influenced, directly or indirectly, by a government or agency.”³⁵ Therefore, the Committee recommends:

Recommendation 2

That the Minister issue a notice under section 25.3 for all investments by firms from authoritarian regimes considered to be state-owned enterprises under the *Investment Canada Act*.

The Committee agrees with witnesses who underscored the importance of broader government policies and priorities informing decisions taken under the ICA. Investments in sectors considered a priority by the government, like critical minerals, should be evaluated in the context of the Canada’s strategic interests in the sector. As such, it is all the more important that the government produce detailed and publicly-available policies in sectors of strategic importance to Canada’s economy.

Recommendation 3

That the Minister release in a timely manner a full and comprehensive Critical Minerals Strategy.

35 ICA, s. 3.

APPENDIX A

LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee's [webpage for this study](#).

Organizations and Individuals	Date	Meeting
As an individual	2022/01/26	3
Jeffrey B. Kucharski, Adjunct Professor Royal Roads University		
Guy Saint-Jacques, Former Ambassador of Canada to the People's Republic of China		
Wesley Wark, Senior Fellow Centre for International Governance Innovation		
Automotive Parts Manufacturers' Association	2022/01/26	3
Flavio Volpe, President		
Center for Strategic and International Studies	2022/01/26	3
Nikos Tsafos, James R. Schlesinger Chair for Energy and Geopolitics		
Canadian Security Intelligence Service	2022/01/27	4
Cherie Henderson, Assistant Director Requirements		
Department of Industry	2022/01/27	4
Hon. François-Philippe Champagne, P.C., M.P., Minister of Innovation, Science and Industry		
Katherine Burke, Director General Investment Review Branch		
Simon Kennedy, Deputy Minister		
Department of Natural Resources	2022/01/27	4
Jeff Labonté, Assistant Deputy Minister Lands and Minerals Sector		

Organizations and Individuals	Date	Meeting
Department of Public Safety and Emergency Preparedness Dominic Rochon, Senior Assistant Deputy Minister National Security and Cyber Security Branch	2022/01/27	4

APPENDIX B

LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

Center for Strategic and International Studies

Kucharski, Jeffrey B.

Wark, Wesley

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 3, 4 and 10](#)) is tabled.

Respectfully submitted,

Joël Lightbound
Chair

Attachment 8

CANADA

U.S. lawmaker calls Chinese takeover of Canadian lithium firm ‘very alarming’

Michael Waltz: “Was the Biden administration notified and, if it was, why did it green-light this acquisition?”

Rep. Michael Waltz (R-Fla.) speaks onstage during the 2021 Concordia Annual Summit on Sept. 20, 2021 in New York City. | Riccardo Savi/Getty Images for Concordia Summit

By **ANDY BLATCHFORD**

02/04/2022 05:00 AM EST



A Florida congressman says he’s pressing the Biden administration on Canada’s decision to skip an extended national security review of a Chinese state-owned company’s takeover of a lithium mining firm.

“It was quite surprising to me to hear of this acquisition, given there’s a clear national security nexus and I would think there’s clear national security concerns,” Florida Rep. Michael Waltz (R) told POLITICO. “Not just any acquisition — but from a Chinese state-owned firm is, again, very surprising and very alarming.”

The Trudeau government has come under fire for not subjecting the deal involving the Canadian headquartered Neo Lithium Corp. and China’s Zijin Mining Group Ltd. to the extended review. Neo Lithium’s mining site is in Argentina and the company says it will extract battery-grade lithium carbonate — used in products like zero-emission vehicles — over 35 years.

Question about consultations: Waltz said he sent inquiries to the U.S. Department of State, the Department of Commerce and the Department of Energy to find out if Canada informed the Biden administration about the potential deal.

The congressman noted that in 2020 the countries struck a deal to form the Canada-U.S. Joint Action Plan on Critical Minerals. President Joe Biden and Prime Minister Justin Trudeau have committed to strengthening critical minerals supply chains together.

“Was the Biden administration notified and, if it was, why did it green-light this acquisition?” said Waltz, who is a member of the House Committee on Science, Space and Technology. “And if it wasn’t, why wasn’t it in accordance with the agreement? Obviously, we’re NATO allies. We, I think, have a common view of the Chinese Communist Party as an increasingly dangerous and threatening adversary.”

The background: Trudeau’s political opponents launched a study of the deal in Parliament, given that the Argentinian mine is expected to extract the critical mineral. A top security expert told POLITICO the decision is “headshaking” and a “grievous” mistake.

Government’s defense: Last week, Canadian Industry Minister François-Philippe Champagne defended the government’s actions on the deal, which closed last month.

“Transactions involving critical minerals are systematically and thoroughly reviewed and scrutinized,” Champagne told the House of Commons’ industry committee. “Neo Lithium was no exception. Let me be very clear: Neo Lithium was reviewed by the government and national security experts. Full stop.”

Security and intelligence agencies and other investigative bodies reviewed the Neo Lithium investment, the minister added.

Champagne, however, declined to explain what consultations he may or may not have had with U.S. officials about the transaction.

Simon Kennedy, deputy minister of Innovation, Science and Economic Development, told the same hearing he was not in a position to publicly discuss Canadian officials' discussions with foreign governments, nor whether they did, or did not, happen.

Expert perspectives: Automotive Parts Manufacturers' Association President Flavio Volpe, who was part of the negotiations that produced the USMCA, told the committee last week that lithium from Argentina cannot be used in the production of vehicles in Canada, the U.S. or Mexico due to the trade deal's compliance rules of origin.

"So, we're talking about a hypothetical use here that in practice would never happen," Volpe said.

Security expert Wesley Wark, who also testified at the committee, told POLITICO that "the Neo Lithium mistake is a grievous one that is just headshaking."

Wark said he believes it would be "absolutely standard practice" during the initial review stage for the Canadian government to reach out to U.S. officials to ask if they have any relevant information, or any views on the acquisition.

"I would be dumbfounded if there wasn't an American view expressed to Canadian officials," said Wark, a senior fellow for the Centre for International Governance Innovation. "Of course, I have no idea what that view might have been."

What's at stake: Waltz, a Green Beret and former Pentagon adviser, said Beijing has dominated critical minerals around the world for years, particularly lithium.

“It’s about having control over the supply,” said Waltz, the ranking Republican on the Armed Services Subcommittee on Readiness. “The Chinese Communist Party has repeatedly threatened to turn off our supply chains or to use our supply chains as geopolitical leverage... I would hope that Canada, our NATO allies and our Quad allies would stand alongside us.”

What’s next: Canada’s industry committee continues its critical minerals study Friday with testimony from academics and mining industry representatives.

The witness list includes Carleton University’s Meredith Lilly, who advised former Prime Minister Stephen Harper and Mining Association of Canada President Pierre Gratton.

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