

U.S. Investigates Work at Pacific Island Casino Project With Trump Ties

Written by Administrator
Thursday, 04 May 2017 03:01 -

The casino project in Saipan, an island about 3,700 miles west of Hawaii, illustrates a challenge for China, even as it throws an unusual look into the issue of undocumented workers on American soil.

For China, high-profile regional construction projects are crucial to programs like President Xi Jinping's "One Belt, One Road." That program, which envisions economic development across the Asia-Pacific region led by China, would expand the country's influence and demonstrate its construction and development know-how even as it provides a potential outlet for Chinese industrial overcapacity. So far, despite the promise of subsidies from China, One Belt, One Road's progress has been slow — and being outed as an exporter of illegal construction workers to an Asia-Pacific neighbor does not help that agenda.

One Chinese contractor at the site, Suzhou Gold Mantis Construction Decoration, ties the project to One Belt, One Road. "The company will use the Saipan project to fully grasp One Belt, One Road," it said in a statement on its website.

For the United States, the Saipan situation comes as President Trump calls for tougher limits on immigrants working illegally. In that regard, the investigation in Saipan carries a twist of irony: The chairman of the company that is building the casino hotel was once a protégé of Mr. Trump's own casinos in Atlantic City.

In late March, after a worker at the project, the [Imperial Pacific casino hotel](#), died from a fall, F.B.I. agents raided the site and discovered hundreds of undocumented Chinese workers. Last month, United States prosecutors filed criminal charges against a number of individuals associated with two big Chinese contractors. Work on the project now faces delays.

Photo



Workers employed by MCC International Saipan, a local affiliate of a Chinese state-owned contractor. Agents for the company were charged with illegally employing

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immigrant workers.
Tribune

Credit

Erwin Encinares/Saipan

Before the labor issues became public, the Saipan casino project had already drawn attention from casino industry analysts.

Imperial Pacific International Holdings, which owns the Imperial Pacific project, already operates a small temporary gambling facility nearby called Best Sunshine Live, which began operating in late 2015 in a duty-free shop near the larger hotel construction site.

Best Sunshine's high-roller tables far outperform the most profitable gambling palaces in Macau, the world's largest gambling market, on a table-to-table gambling volume basis. Last year, the tiny temporary casino with 16 tables for so-called VIPs generated about \$32 billion in gambling volume, according to Imperial Pacific's stock exchange filings.

Imperial Pacific has not been accused of wrongdoing by federal officials, in either the work investigation or in its gambling business. "We have very stringent procedures on compliance to prevent money-laundering activities," Shen Yan, president for global capital markets at Imperial Pacific, said Wednesday evening in a telephone interview. He said the high per-table volumes were because of the limited supply of gambling space when compared with Macau, and the fact that customers, mostly from China, tended to stay and gamble longer when traveling to Saipan.

On the labor issues, it said in a statement that its executives "denounce in strongest terms the harboring and the use of illegal workers by some of its contractors and subcontractors, and the utter disregard on the rights and well-being of these affected individuals."

Mark A. Brown, a casino industry veteran who before Saipan worked at properties in Cambodia, Macau and Las Vegas, got his start as a protégé in Mr. Trump's Atlantic City casinos, eventually rising to the position of chief executive of Trump Hotels and Casino Resorts.

"'Trump protégé' makes for a good story," Mr. Brown said in an email. But, he added, "the facts are we have many prominent individuals on our board of directors."

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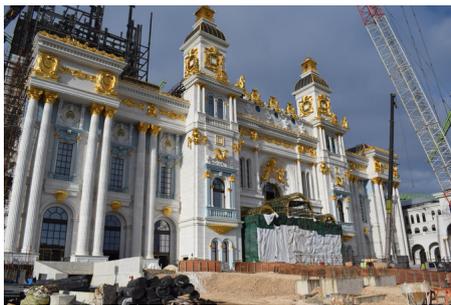
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They include R. James Woolsey, a former C.I.A. director who sits on the board. An advisory committee [announced by the company](#) last year to provide strategic and tactical advice on its business and government relations included [Louis Freeh](#), a former F.B.I. director, and Ed Rendell, a former governor of Pennsylvania.

American prosecutors have charged a number of individuals connected to two Chinese contractors with illegally harboring and employing immigrant workers in Saipan. Among them, the F.B.I. said, were agents for MCC International Saipan, a local affiliate of a big state-run contractor, [China Metallurgical Group](#); and for another mainland company, [Nanjing Beilida New Material System Engineering](#). Representatives of both Chinese companies declined to comment on Thursday.

In the F.B.I. raid that led to the charges, agents discovered corporate spreadsheets listing 150 workers as “hei gong,” a Chinese word for undocumented laborers.

Photo



The Imperial Pacific project has been linked to China’s “One Belt, One Road” program, which envisions the country leading economic development across the Asia-Pacific region.

Credit

Jon Perez/Saipan Tribune

Mr. Han, the worker from China’s rust belt, worked for the contractor Suzhou Gold Mantis, which was not targeted by the F.B.I. He said that he and other Suzhou Gold Mantis workers had been out of a job since April 2 but continued to wait for payment, occasionally protesting in front of the casino. “We haven’t seen anyone from Gold Mantis,” he said. “All the managers have escaped.”

Another Suzhou Gold Mantis worker, Meng Hongjun, 46, from Henan Province in central China, said he had done stints as an overseas laborer in Dubai in 2010 and in Saudi Arabia in 2012.

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Mr. Meng heard about the opportunity in Saipan last year, signed himself up on a group tour and arrived in October. “I knew I would be working illegally here,” he said Wednesday in a phone interview. “I knew it.”

An external spokesman for Suzhou Gold Mantis based in Washington said on Wednesday that it was providing help for 91 people who had been working on the project.

The company, the spokesman said in a statement, “is working with the authorities to identify individuals who worked on Gold Mantis projects and ensure they receive the wages they are entitled to under the law.”

Edith DeLeon Guerrero, secretary of labor for the Commonwealth of the Northern Mariana Islands, which includes Saipan, did not return phone calls seeking comment.

For Saipan and neighboring islands, workers from abroad — who can be brought in legally under a special program — account for nearly half of the local work force. But they must be paid the federally mandated minimum wage, set at [\\$6.55 per hour](#) in Saipan, plus 1.5 times that for overtime above 40 hours a week. The foreign worker permit program is scheduled to be phased out by 2019 — meaning the economic temptation to resort to illegal labor could rise further unless Mr. Trump’s administration comes up with an alternative.

In a United States Senate [committee hearing](#) last week, the Government Accountability Office estimated that the end of the imported labor program, which it said included many construction workers from China, would [dramatically shrink the local economy](#), by as much as 62 percent of 2015 [gross domestic product](#).

Saipan has a long history of work done under “sweatshop and labor trafficking conditions,” said [Jennifer Rosenbaum](#), a visiting human rights fellow at Yale Law School.

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“While Gold Mantis was not subject to the F.B.I. raid,” she said in an email, “the Department of Justice action shows that the pressure on the construction site, across multiple contractors, was to cut labor costs by seeking out migrant workers least able to complain and then pressuring them to work in substandard conditions.”

Correction: May 4, 2017

Photographs of the Imperial Pacific construction site in Saipan with an earlier version of this article carried incorrect credits. They were taken by Jon Perez for The Saipan Tribune, not by Erwin Encinares.

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