



# PALAU INVESTMENT RISK MITIGATION PROJECT

## 1. Overview

Palau has become a target of numerous unsolicited, highly suspicious, and impractical investment proposals from outside investors, including online gaming, grandiose development projects, and cryptocurrency investments.

Many of these investment proposals are, in fact, dangerous schemes orchestrated by Chinese transnational criminal organizations looking to (1) expand criminal enterprise beyond the borders of Southeast Asia and (2) make Palau the centerpiece of illegal online gambling, money laundering, and other illicit activities in the Pacific.

*Over the past six months, Pacific Economics has produced investment risk briefs highlighting imminent threats to Palau from PRC-linked entities, transnational crime, and financial misconduct.*

## 2. Summary of Key Findings

### PRC-Linked Threats and Criminal Networks

- **Prince Group (Grand Legends, Horizon Holdings):** A Chinese-Cambodian conglomerate expanding resort and real estate projects in Palau is involved in illegal gambling and human trafficking, with a history of using shell companies for laundering operations. (Chen Zhi)
- **Palau Southern Palace Development Corporation:** A property development company promoting cultural and business ties is being used as a vehicle for PRC influence operations to undermine Palau's Taiwan relationship. (Hunter Tian, Richard Tian)
- **Sun Maojin:** A PRC investor seeking to lease land in Palau for hack-proof quantum communications ground stations with covert military command-and-control capabilities.
- **Airai Global:** This proposed logistics hub investment is linked to China's Poly Technology Group, a sanctioned arms dealer, creating international sanctions risks.

### Financial Crimes and Money Laundering

- **Wang Shuiming:** A major figure in Singapore's largest money-laundering case is seeking to expand illegal online gambling and laundering operations into Palau.
- **Palau Majesty Development:** A real estate and blockchain investment firm plans to integrate cryptocurrency and stablecoins, heightening money-laundering risks.
- **Fang Chaojie:** A fraudulent banking operator is posing as a bank president to launder cryptocurrency-based funds.
- **Xiao Bowen:** A former leader of a Triad-linked cultural organization is continuing transnational criminal operations in Palau despite U.S. sanctions.

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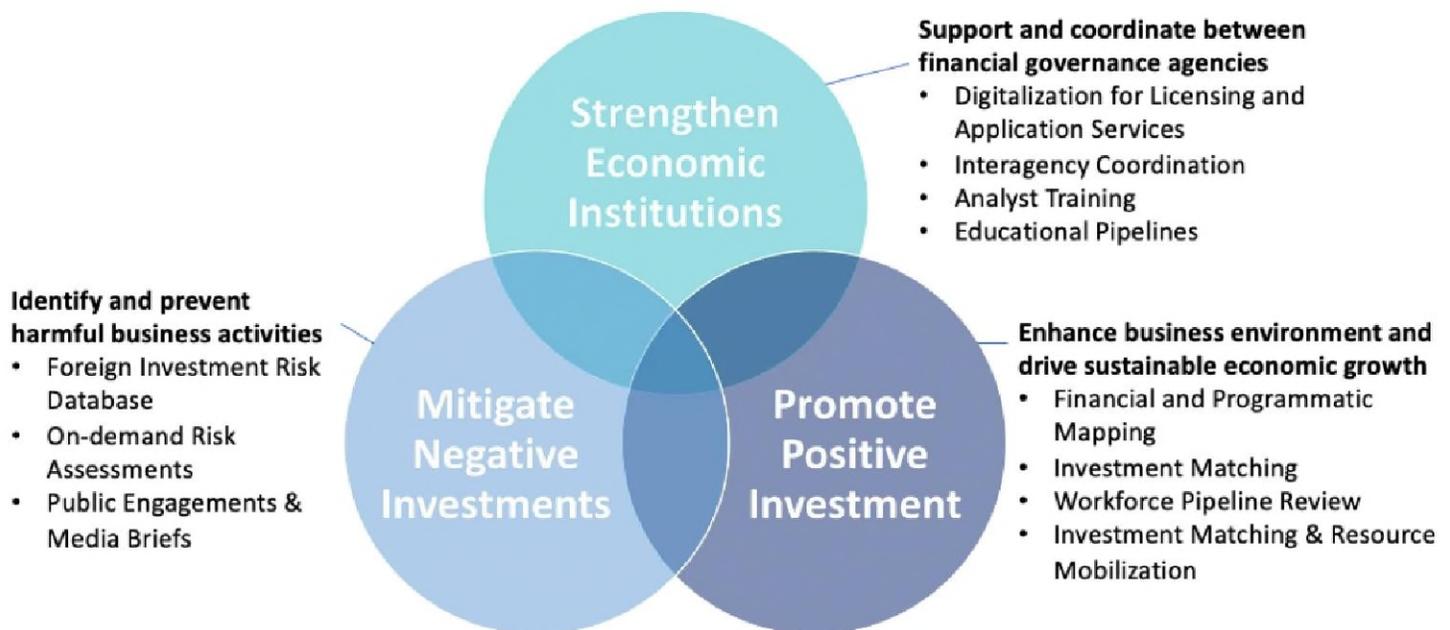
### 3. Risks and Implications for Palau

**Economic Security:** Criminal infiltration into tourism and property sectors risks deterring legitimate investors.

**National Security:** PRC-affiliated land leases and dual-use surveillance technologies threaten strategic locations.

**Sovereignty Undermined:** PRC influence initiatives are designed to pressure Palau's diplomatic ties with Taiwan.

### 4. Recommended Actions



### 5. Conclusion

Palau faces critical threats from foreign interference, transnational crime, and financial misconduct. Immediate action through mitigating negative risk, strengthening economic institutions, and promoting positive investment are needed.