

CHINA



PRIME TARGET: Zhou Yongkang was head of domestic security and a member of the Communist Party Standing Politburo Committee, making him one of the most powerful people in China, until he stepped down in 2012. **REUTERS/STRINGER**

Authorities have begun investigating a crash in 2000 that killed the first wife of Zhou Yongkang, the prime target in China's biggest corruption scandal, Reuters source says.

# China turns up heat on ex-security chief with crash probe

BY BENJAMIN KANG LIM, CHARLIE ZHU AND DAVID LAGUE



REUTERS

BEIJING/HONG KONG, SEPTEMBER 12, 2014

**L**ittle is known about the exact circumstances in which Wang Shuhua was killed. What has been reported, in the Chinese media, is that she died in a road accident sometime in 2000, shortly after she was divorced from her husband. And that at least one vehicle with a military license plate may have been involved in the crash.

Fourteen years later, investigators are looking into her death. Their sudden interest has nothing to do with Wang herself. It has to do with the identity of her ex-husband – once one of China's most powerful men and now the prime target in President Xi Jinping's anti-corruption campaign.

Investigators are probing the death of the first wife of Zhou Yongkang, China's retired security czar, a source with direct knowledge of the investigation told Reuters. They are looking for evidence of foul play by Zhou in the crash, the source said.

That investigators are going to such lengths to discredit Zhou is one sign of the power struggle that has raged at the very top of the Communist Party since the reins were handed to Xi almost two years ago. It isn't over. Another indication is that Xi is considering a proposal to let the 205-member Central Committee deliberate on whether to press criminal charges against Zhou, 71, rather than handle his case exclusively among top leaders, said one person with ties to the leadership.

This would be an unprecedented departure from the party's usually more opaque decision making on internal discipline matters. It suggests that Xi believes he needs to ensure the backing of the wider leadership before moving to decisively neutralise Zhou.

Xi and his allies are still uncertain how far they can go in their bid to eliminate the threat from a rival who once controlled China's pervasive security apparatus and built a sprawling network of patronage



**HUNTING TIGERS:** President Xi Jinping has launched the biggest corruption crackdown since the communists came to power in 1949, going after "tigers" or high-ranking officials as well as "flies".

REUTERS/JORGE SILVA

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**Bo Zhiyue**

An expert on Chinese elite politics at the National University of Singapore

with tentacles deep in politics and business, according to sources with ties to the leadership. More broadly, as his anti-corruption campaign begins to threaten powerful vested interests, Xi needs to weigh the danger of a backlash from some of China's most politically connected families, who want to protect the vast wealth their proximity to power has afforded them.

## EJECTED FROM PARTY?

On July 29, the Central Commission for Discipline Inspection (CCDI), the party's internal watchdog, said in a terse statement

that Zhou is under investigation "on suspicion of grave violations of discipline," usually a euphemism for graft. The watchdog's statement gave no details of the accusations against him but the 69-character announcement is being closely scrutinised for clues about the party's intentions.

"The statement did not say he violated the law," says Bo Zhiyue, a senior research fellow and expert on Chinese elite politics at the National University of Singapore's East Asian Institute. "If Zhou Yongkang is only found to be guilty of violating party discipline, the worst punishment would be to expel him from the party."

That move may not be far off, Reuters has learned. It is likely that Zhou will be ejected from the party, possibly as early as October when the Central Committee holds its fourth plenary session, according to sources with ties to the leadership.

But before it moves to actually prosecute Zhou, the party wants to be sure it has an iron-clad case. Investigators are anxious to avoid a repeat of the trial last year of Zhou's





**PARTY PLOTTING:** Zhou plotted to get his own men in power in the run-up to the 2012 Communist Party Congress to choose a new leadership team, so he could pull strings behind the scenes, Reuters sources close to the leadership say. **REUTERS/CARLOS BARRIA**

ally, the former Chongqing party chief Bo Xilai, who recanted his earlier confessions and protested his innocence during a five-day trial, according to a person with leadership ties. Bo was jailed for life for corruption.

The party is also considering the potential damage to its reputation if the allegations against Zhou are aired in a public trial. It would be difficult for the leadership to explain how Zhou appeared to have enjoyed wide support within the party as he climbed through the ranks to eventually become a member of the Politburo Standing Committee, the apex of political power in China, people familiar with the investigation told Reuters.

If a defiant Zhou chooses to speak out at a trial, it could also deeply embarrass the party. From his years running the security services, Zhou has intimate knowledge of the affairs of current and retired leaders and their families, according to two sources with leadership ties. “Zhou knows too much,” one of the sources said. “It is a huge risk.”

Zhou is believed to have been behind the bugging of senior Chinese leaders during the sensitive period in the run-up to the party’s 18th Congress in 2012, which saw the once-in-a-decade transfer of power, Reuters reported in May. Premier Li Keqiang and his predecessor, Wen Jiabao, were the targets of the surveillance ordered by Zhou, who was searching for evidence of

corruption, according to one person close to the leadership.

Officials at CCDI and the State Council Information Office, which doubles as the spokesman’s office for the cabinet, didn’t respond to questions sent by fax to their offices. The Beijing Bureau of Public Security did not reply to phone calls seeking details on the police report into the crash in which Zhou’s first wife died. Relatives of Wang Shuhua could not be reached.

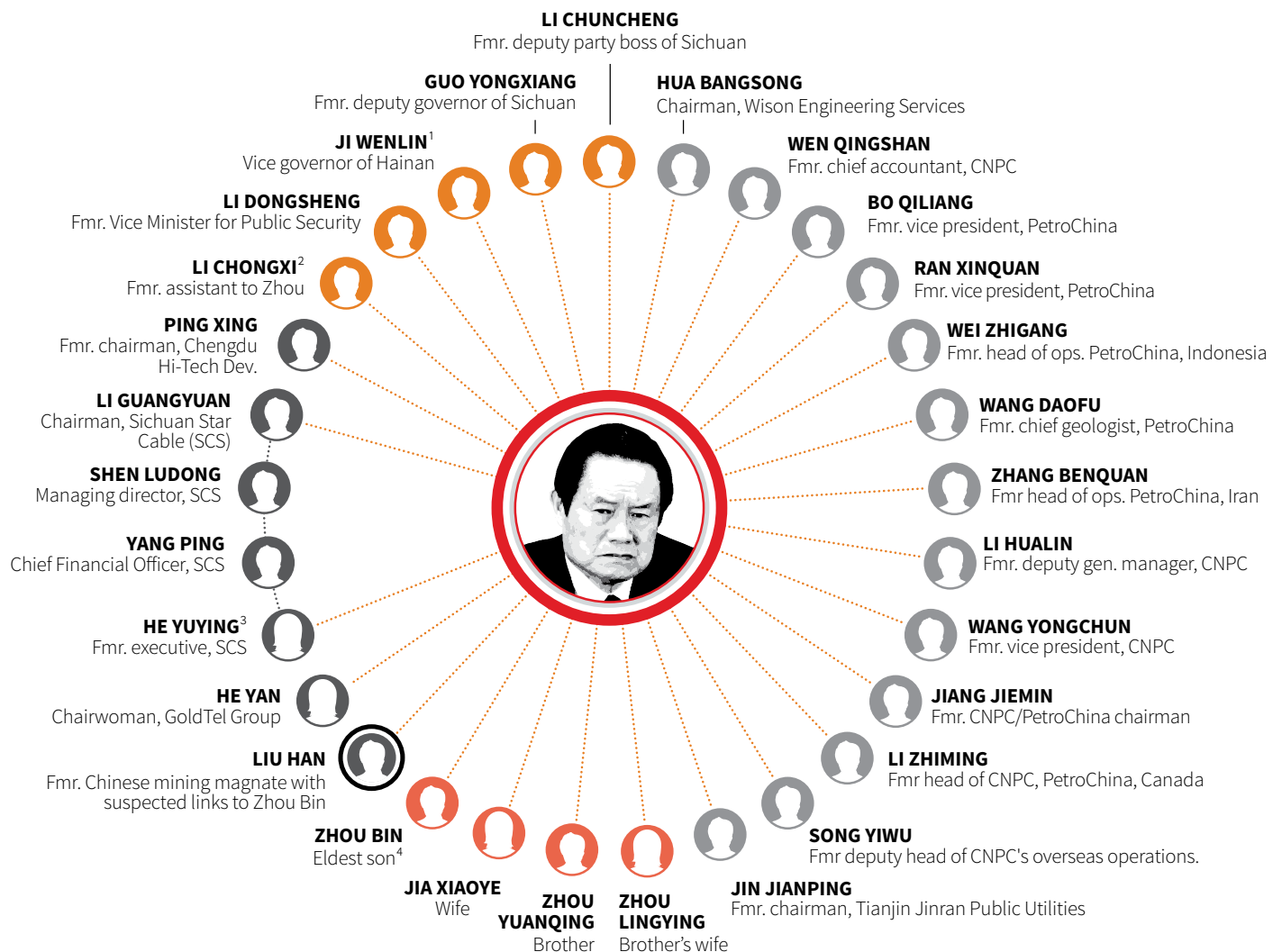
### **BONDS OF PATRONAGE**

Subduing Zhou and dismantling his network removes a potential threat to Xi and consolidates his authority as he pursues an

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## Closing in on Zhou's circle

Since former domestic security chief Zhou Yongkang fell from grace, many of his aides and associates have been placed under investigation. He and his wife are currently under house arrest.



Note: CNPC = China National Petroleum Corp. <sup>1</sup>Ji worked as an aide for Zhou when the latter was land resources minister in the late 1990s. He then followed Zhou to Sichuan province and became one of his secretaries when Zhou was provincial party boss. <sup>2</sup>Also former head of an advisory body to legislature in Sichuan. <sup>3</sup>Died in September; the company did not provide a reason for her death. <sup>4</sup>From a previous marriage.

Source: Reuters.



**TABLES TURNED:** Blind civil rights activist Chen Guangcheng believes Zhou's security apparatus persecuted him before he escaped to the United States in 2012 and says it is now "appropriate" the ex-security chief is under the gun.

REUTERS/PICHI CHUANG

ambitious agenda of restoring the party's prestige and accelerating China's revival as a great power. He is also unshackling himself from the bonds of patronage and family loyalties that have tied top Chinese leaders to their predecessors. Xi and Zhou were both proteges of party power broker and retired President Jiang Zemin, who gave his blessing to Xi's ascendance to the top job.

Zhou now finds himself at the mercy of an opaque legal system, bereft of due process, that he once wielded against thousands of Chinese citizens he deemed a threat to the Communist regime. He has been under virtual house arrest since late last year, according to sources familiar with the investigation. There is no public information that he has been brought before a court. It is not known if he has a lawyer. He has made no public statements about the

probe. And investigators have yet to produce any evidence of wrongdoing.

For now, Xi has the upper hand in a power struggle that is roiling elite politics in China. A sweeping purge of Zhou's family and political and business allies is continuing. Zhou's eldest son by his first marriage, Zhou Bin, is expected to be indicted soon on corruption charges, two sources with knowledge of the investigation said. Zhou Bin is in custody and couldn't be reached for comment.

For Xi, the public move against Zhou Yongkang is the pinnacle of his campaign to bring down "tigers" and "flies," shorthand for corrupt officials of senior and low rank, in a high stakes war he has declared on official graft. The formal announcement that Zhou is being investigated also confirmed that Xi had marshaled sufficient political

support to shatter a party taboo: It has been an unwritten rule that current and retired members of the Politburo Standing Committee are immune from corruption investigations. Zhou, who served on China's most powerful decision-making body at the same time as he was internal security chief, is now the most senior leader targeted for graft since the Communists took power in 1949.

Zhou married a China Central Television (CCTV) presenter almost three decades his junior in the year after the car crash that killed his first wife and which investigators are now revisiting. They are also combing through his professional life for evidence of graft or other crimes, according to the sources with ties to the leadership. He is accused of corruption involving family members and political allies as well



as accepting bribes to promote officials, the sources say.

He is also under investigation for an act that, more than any other, may have landed him in Xi's sights, sources familiar with the probe say. In the midst of the 2012 leadership transition, Zhou made a failed attempt to inject his supporters, including the charismatic Bo Xilai, into the top leadership so

he could rule from behind the scenes after his retirement.

"It is entirely appropriate that he is being investigated for breaking the law and breaches of discipline," says Chen Guangcheng, a blind civil rights activist who believes the former security chief was personally responsible for persecuting him before he left China for the United States

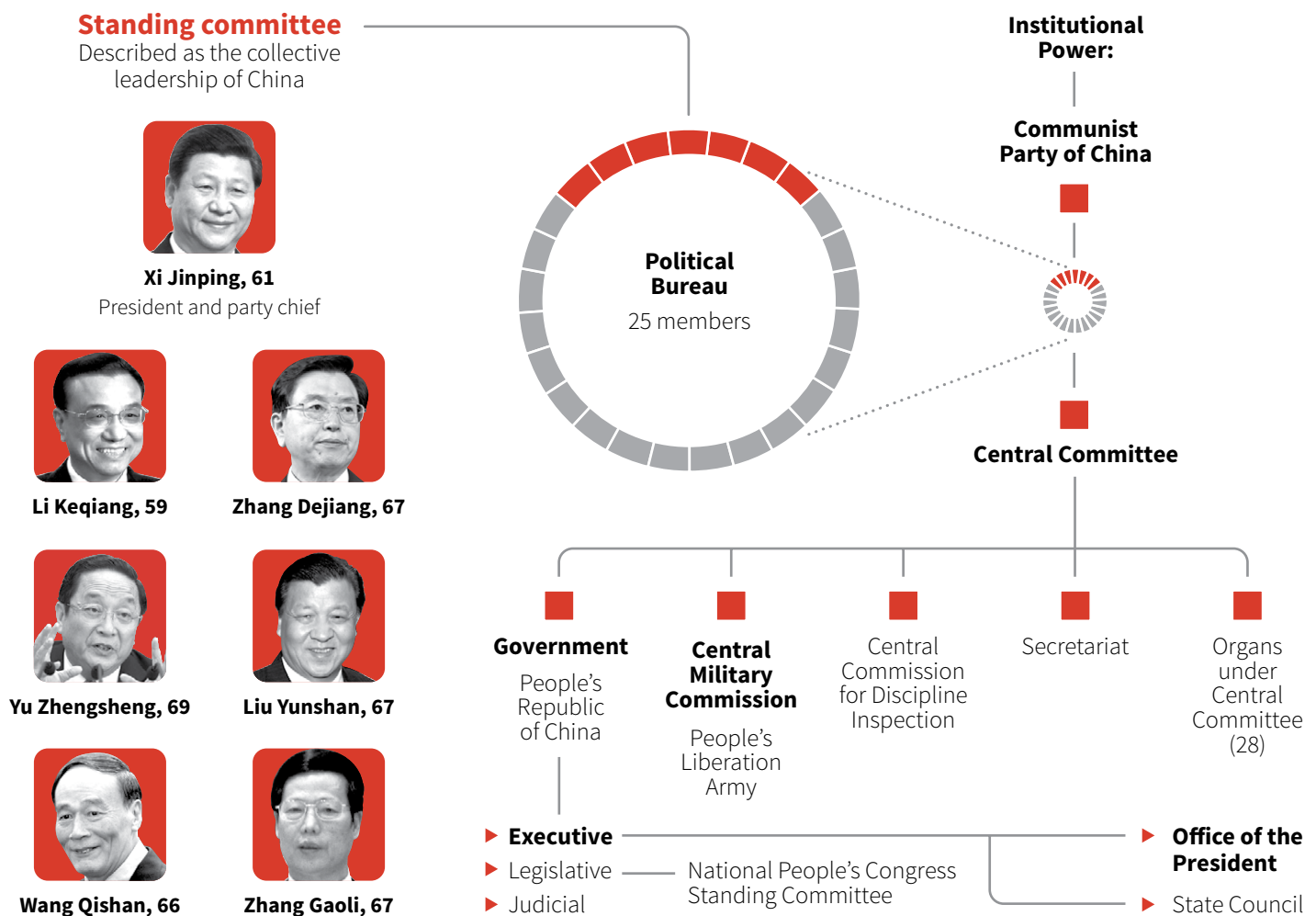
in a highly publicized case in 2012. "But the investigation into Zhou Yongkang is not really progress for China," Chen adds, referring to the lack of judicial protections against illegal arrests, beatings by police and other civil rights violations.

### PRESERVING PARTY MONOPOLY

Once China's top law enforcement officer,

## China's power structure

Under former President Hu Jintao, China's leaders adhered to a decision-making process that was based on consensus. But Xi Jinping, who took over as head of the Communist Party in 2012, has begun to assert his dominance on the seven-member Politburo Standing Committee, the country's most powerful body.



Zhou has now become the poster-boy for an anti-corruption campaign that Xi says is essential for bolstering the party's legitimacy and securing its longevity. Ironically, much of Zhou's career was devoted to this very aim – preserving the party's monopoly on power.

Two decades ago, that singular focus was on display in his handling of the fall-out from one of Communist China's worst fire disasters. It was the winter of 1994 and grief and anger had reached a boiling point in Karamay when Zhou arrived at the frontier oil town in the far northwest. A fire in the Friendship Theatre during a song and dance performance had killed 323 people, 288 of them children.

Distraught parents and relatives, many of them employees of the giant state-owned China National Petroleum Corporation,

were demanding answers. Why were children ordered to remain seated until local officials had escaped? Why were exits blocked? Why did the emergency services take so long to respond?

For Zhou, then number two at CNPC, these questions were secondary. "The top, overriding priority is to maintain stability," he told a grim meeting of company managers at an auditorium in Karamay, two weeks after the December 8 blaze. "I believe all the children that are now in heaven also hope to see stability in Karamay," he added in the speech broadcast by the town's state-run television station.

In the aftermath of the fire, bereaved families insisted on face-to-face meetings with senior officials. Zhou refused. He and other top executives agreed it would only inflame tensions, according to the television

footage of the meeting where they briefed CNPC managers and local officials.

It wasn't that the disaster was swept under the carpet. Local officials were harshly punished for negligence, some serving lengthy jail terms. But Zhou put the interests of the party ahead of all other considerations, an approach he stuck with as he rose through the ranks. In dozens of speeches, public statements and articles in ideological journals, Zhou demanded vigilance from police, judges, prosecutors and party members to preserve the existing order.

### FROM OIL TO POLICE

Trained as a geophysical engineer at the Beijing Petroleum Institute, now known as China University of Petroleum, where he joined the party as a student, Zhou's first job was at the remote Daqing oil field in

## Political allegiances

The Politburo Standing Committee of China's Communist Party is the nation's power center. It isn't a monolith, though. Most members have one or more powerful mentors, including past leaders Hu, Jiang and Deng.



Source: Reuters.

CPC = Communist Party of China; NPC = National People's Congress; CPPCC = Chinese People's Political Consultative Conference

1967. Discovered in 1959, the massive field lay in the sub-zero temperatures of the far northeast. The struggle to develop it became a symbol of Maoist China's determination to become a self-sufficient industrial power.

By 1985, Zhou had reached the rank of oil industry Vice Minister and in 1996 he became CNPC chief. It was in the final decade of his career that Zhou made the switch to police work, as Minister of Public Security between 2002 and 2007. He then became secretary of the party's Politics and Law Commission, giving him sway over China's courts, prosecutors, police, the paramilitary People's Armed Police and the civilian intelligence agency.

While he ran a security apparatus that was ruthless in crushing dissent, Zhou wasn't impervious to public sentiment. In May 2009, Deng Yujiao, a waitress working at a bathhouse in the central province of Hubei stabbed to death a drunk local official, Deng Guida. The two were not related.

Deng Yujiao later surrendered to police. The court verdict following her trial said that Deng Guida had shoved and verbally insulted Deng Yujiao and had twice pushed her down onto a sofa. Fighting back, she stabbed him in the neck, arm, chest and shoulder with a fruit knife, according to the verdict carried by Xinhua.

There was an outpouring of sympathy for Deng Yujiao when the case became public. Zhou chaired a closed-door meeting in the days after the stabbing where legal experts

“The tree craves calm but the wind will not subside.

**Zhou Yongkang**

In a speech published in the official People's Daily in April 2012

argued that the waitress should be sentenced to death for murder, a source with access to the meeting's proceedings told Reuters. But Zhou disagreed.

The following month, Deng Yujiao was convicted of intentional assault with disproportionate force rather than murder. She walked free.

On Zhou's watch, the internal security apparatus expanded, and consumed a budget that exceeded the official figure for military spending. He routinely warned of the danger from a wide array of enemies, including hostile foreign forces, underground churches, political dissidents, separatists, terrorists, religious extremists and groups like the Falun Gong spiritual movement, branded an evil cult by the authorities. “The tree craves calm but the wind will not subside,” Zhou said in speech published in the official People's Daily in April 2012.

### TARGETING FAMILY AND ALLIES

Now, Zhou himself has become an enemy of the party. To neutralize him, more than 300 of his relatives, political allies and business associates have been arrested, detained or questioned over the past two years, according to sources briefed on the investigations. Chinese authorities have seized assets worth at least 90 billion yuan (\$14.5 billion) from these people, the sources said.

Some of Zhou's closest family members, including his son Zhou Bin, expanded their business interests while he was a senior leader in Beijing. A Reuters review of Chinese company filings reveals that his relatives and associates set up or invested in at least 20 companies in Beijing between 2002 and 2011, and one in the

northwestern province of Qinghai.

Some of these companies are involved in energy-related businesses, including the supply of equipment or services to the CNPC group that Zhou Yongkang once headed. Others are engaged in property development or trading, business descriptions filed with the companies registry show. The companies had a combined registered capital of about 616 million yuan (\$100 million), according to corporate records reviewed by Reuters.

Apart from Zhou Bin, relatives now in custody include Zhou Yongkang's wife, former television reporter Jia Xiaoye, and his younger brother, Zhou Yuanqing. Reuters has uncovered no evidence that Zhou Yongkang or Jia acted improperly or that Zhou exploited his influence to assist his relatives in business.

Zhou Yuanqing's wife, Zhou Lingying, controls or has stakes in nine of the 20 Beijing companies, a Reuters review of corporate documents reveals for the first time. Her investment in companies include the wholly owned Beijing Honghan Investment Co Ltd, which in turn holds 43 per cent of Beijing Hongfeng Investment Co Ltd. Beijing Hongfeng had total assets of 697 million yuan (\$113 million) at the end of June 2011, according to the most recent publicly available filings. Zhou Lingying has also been detained, according to people familiar with the investigation.

The whereabouts of Zhou and these relatives are not known and so they could not be contacted for comment. It is also not known if they have legal counsel.

### “RULE BY LAW”

While Zhou is the most senior politician in Xi's crosshairs, the crackdown goes far beyond what the Hong Kong Chinese-language media has dubbed the “Zhou family gang.” By the end of August, 48 officials of vice ministerial rank or higher had been investigated, according to reports in the state-controlled media. The official Xinhua



See the video: <http://reut.rs/1vH1ONv>





PETRO-PURGE: Xi's corruption probe has focused on China's sprawling state-owned oil industry, which Zhou once oversaw as head of China National Petroleum Corporation. **REUTERS/JASON LEE**

news agency reported on August 14 that 23 of these officials had been charged. Many of them have no apparent link to Zhou.

Still, defanging a “tiger” of Zhou’s stature remains a key focus for Xi. The statement that Zhou was being investigated coincided with an announcement that the party’s Central Committee would meet in October to study “rule by law,” seemingly a reference to strengthening the role of the legal system to ensure all Chinese citizens are treated equally.

“They are afraid nabbing Zhou Yongkang will be perceived as the outcome

of a power struggle," says Bo, from the East Asian Institute. "So when they announce the probe, they also say they want to carry out the rule of law."

- Editing by Peter Hirschberg and Bill Tarrant

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