The Triads as Business

Yiu Kong Chu

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There is no doubt that the triads have become recognised as a sophisticated international criminal force. Their very name conjures up images of intrigue, mystery, brutality and violence and, following the handover of Hong Kong to China on 1 July 1997, there have been increasing fears that the influence of the triad societies will spread through emigration. This book investigates the reality behind the myth. Yiu Kong Chu here looks at the triads in Hong Kong, generally regarded as the headquarters of triad societies throughout the world. He describes their origins, their organisation, their involvement in legitimate businesses from the entertainment and construction industries to street hawking and the wholesale fish markets of Hong Kong and, finally, their part in illegal activities around drugs, gambling, prostitution and human smuggling.

Based on interviews with ex-triad members and victims of the triads and with police from Hong Kong, mainland China and Europe, as well as on documentary evidence, *The Triads as Business* gives a vivid and compelling picture of the triads as part of a wider society.

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Foreword

For reasons the reader should easily grasp, original research on organised crime is in general rather scanty, and on triads in particular is almost non-existent. The only predecessor to Yiu Kong Chu's book this century, W.P. Morgan's *Triad Societies in Hong Kong,* is 40 years old.

Thus, *The Triads as Business* stands virtually alone in its field. But it can claim more than mere uniqueness. Unlike many writings on organised crime, there is nothing speculative or conspiratorial about it. Based on a wide-ranging empirical research carried out by its author with unparalleled determination over several years, this book does not just contain a rich crop of descriptive information on this phenomenon. It also tests some hypotheses derived from the economic theory of organised crime originally developed with reference to the Sicilian mafia. Written in an unassuming and succinct style, *The Triads as Business* aims to illuminate and to inform rather than to impress. And what it does illuminate often turns out to be interesting and unexpected.

For example, the link between organised crime and purely extortionate activities is shown to be largely a misconception, albeit a widespread one. More often than not, triad groups, just like the mafia, provide effective protection services to economic agents in several markets of both legal and illegal commodities. Rather than being victimised, dealers and entrepreneurs themselves often call on and bargain with triad members for various forms of assistance, especially if legal or self-managed options are either unavailable or inefficient. They occasionally end up not liking very much the services they get or how much they are asked to pay for them, but still prefer to have them of poor quality rather than not having them at all. To be sure, triad activities do have their victims - such as unprotected competitors, consumers and rival gangs – but also many beneficiaries. Triads are indeed an integral rather than a mere predatory element of many sectors of the economy.

Contrary to another misconception, triads are not an all-powerful organisation, equally and firmly in control of every sector, legal or illegal, upon which they set

their eyes. There are conditions that prevent or lead to their involvement in any one sector, which are governed by powerful economic mechanisms. In the markets of legal goods, for instance, Chu's research confirms the evidence, found both in Sicily and in the United States, that mafia-like groups are particularly apt to provide the 'muscle' that makes cartels viable, by both discouraging new entrants and ensuring that cartel members comply with their collusive agreements. It also bears out the finding that the sectors liable to this type of triads intervention have low product differentiation, low technology and low barriers to entry; and are those in which labour is unskilled, demand is inelastic and firms are many and of small size (Gambetta and Reuter 1995).

In the markets of illegal commodities too, triad involvement varies greatly by type and extent. It generally grows as the exposure of agents to the risk of robbery, cheating or extortion grows. At the same time, it diminishes if the markets involved operate in more than one territory at once, for this makes it harder to match the dynamics of these markets with triads' territorial structure. In some cases, such as wholesale and retail markets in narcotics, in which the weight of the protection services required is large relative to other assets or skills, triads tend to become more heavily involved and at times to run the business themselves rather than to act as mere protectors. By contrast, in international drug trafficking, in which the financial skills and technologies required as well as the chains of exchange are complex, triads often are, contrary to a common view, ill-equipped to play a major part.

One of the striking results of *The Triads as Business* is to reveal that many features of organised crime groups are not culturally or ethnically determined, and shows that the same economic framework can successfully explain how these groups operate and organise themselves in different parts of the world. Triads share with the mafia essential traits. Similarities are not just confined to the markets that they penetrate and to their organisational structure, which is not centralised but rather fragmented and localised. Nor do they concern only the fact that in both groups affiliation is not based on kin – contrary to what viewers of *The Godfather* are led to believe. The parallels extend even to the use of an initiation ritual and to their foundation myth: mafia and triads both claim as their founders a secret sect of seventeenth-century rebels and avengers, *I Beati Paoli,* and the monks of the Shaolin Temple respectively.

But Chu's research also gives us the opportunity to search for interesting organisational differences. For instance, the mafia, especially in Sicily, seems to have been relatively more successful in preventing the formation of competing groups. Mafia 'families' enjoy a degree of independence and occasionally engage

in warfare with one another, but operate under the same 'trademark', sharing both a common reputation and initiation ritual. Triad groups, by contrast, comprise several 'trademarks' with a common initiation ritual but varying reputations and distinct origins. Furthermore, the rules that govern affiliation seem more lax in triad groups, to which even a few women have been initiated, than they are in the mafia. These and other differences, which the interested reader will no doubt detect, suggest the presence of group-specific processes. The realistic picture of triad operations and make-up that Chu provides offers us the right kind of cumulative knowledge that makes further comparative investigations possible.

Diego Gambetta
All Souls College, Oxford
July 1999

Preface

In Hong Kong, triads are known to have been long involved in the illegal businesses of drugs, gambling, prostitution, loan sharking, debt collecting, and smuggling. Triads are also notorious for organised extortion from legitimate businesses, such as the entertainment industry, street hawking, wholesale markets, minibus services, interior decoration businesses, the trading of properties, and the film industry. Since Hong Kong triads are believed to be increasingly active in drug trafficking, human smuggling, and economic organised crime such as credit card fraud, counterfeiting, and money laundering, Western police predict that these triads will replace the Italian mafia as the most powerful criminal organisation in the world in the next century. Are these contentions correct? To elucidate what exactly triads do in different kinds of organised crime, this book, inspired by Gambetta's economic theory of protection, aims to critically analyse the role of Hong Kong triads in legal, illegal, and international markets in simple economic terms.

The first part of the book deals with the origin and organisation of Hong Kong triads, discussing whether the triads were imported from Qing China to facilitate the patriotic movement against the alien ruler or emerged spontaneously to respond to the conflict among different migratory dialect groups for job opportunities in labour markets at the turn of the century, and whether triad societies are centrally structured or highly unorganised. The second part examines whether triad members are mere extortionists or are able to provide real services to the business community. Triad involvement in entertainment businesses, the construction industry, outdoor filming, street hawking, minibus services, wholesale fish markets, interior decoration businesses, the selling of new flats, and the film industry are discussed. The third part deals with triad involvement in illegal markets. Using the examples of drug dealing, gambling, and prostitution, this research tests whether Hong Kong triad members directly operate illegal businesses or simply sell protection to entrepreneurs in the illegal industry. The fourth part concerns whether all international Chinese organised crime is committed by Hong Kong triads. Triad involvement in drug

trafficking and human smuggling is selected for discussion. The final part reflects whether Hong Kong triads are extortionists, entrepreneurs, or protectors and indicates international movement of triads and new directions in the study of triads.

This is a qualitative study based on a literature review and in-depth interviews. The documentary sources include newspaper and magazine articles, official reports from law enforcement agencies, and published documents on Chinese secret societies and organised crime. The main targets of interviews were Hong Kong anti-triad police officers. Interviews were also conducted with ex-triad members, social workers, reporters, teachers, and triad victims (see Appendix 1: Data sources). Law enforcers from Europe and China dealing with Chinese organised crime were consulted.

Yiu Kong Chu
September 1999

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This book was largely based on my PhD thesis on Hong Kong triads carried out at the University of Exeter from 1992 to 1997. The study could not have been completed without generous help from many people. I am particularly indebted to Dr Diego Gambetta, University of Oxford, who gave me tremendous support throughout my research and whose economic theory of protection enlightened me on how to study the role of Hong Kong triads in different markets. I also wish to offer my special thanks to Mr Bill Tupman, Mrs Alison Tupman, Professor Stephen Wilks, Dr Jon Vagg, Dr Mak Lau Fong, and Dr Maggy Lee, who read through an earlier draft and suggested numerous valuable improvements. In addition, I would like to thank my good friends Mr T.W. Yue and Dr Federico Varese, who spent considerable time with me discussing organised crime.

The most difficult part of this study was the fieldwork. It could not have been done without the generous assistance of the Hong Kong Police. I owe a particular debt to Chief Inspector Peter P.F. Ip and his colleagues in the Research Unit of the Criminal Intelligence Bureau. I also wish to thank the police officers from China, the UK and other European countries for agreeing to be interviewed. My special thanks also go to the police students at the University of Exeter, who shared their valuable experiences in dealing with organised criminals.

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Newspaper and journal abbreviations

AM	*Asian Magazine,* Hong Kong
CU	*Cover-ups,* Hong Kong
EM	*East Magazine,* Hong Kong
FEER	*Far Eastern Economic Review,* Hong Kong
HKEJ	*Hong Kong Economic Journal,* Hong Kong
HKS	*Hong Kong Standard,* Hong Kong
MP	*Ming Pao,* Hong Kong
NEP	*New Evening Post,* Hong Kong
NM	*Next Magazine,* Hong Kong
OD	*Oriental Daily,* Hong Kong
SCMP	*South China Morning Post,* Hong Kong
SP	*Sing Pao,* Hong Kong
STE	*Shing Tao European,* UK
STJP	*Sing Tao Jih Pao,* Hong Kong
TKP	*Tai Kung Pao,* Hong Kong
WAM	*Wide Angle Magazine,* Hong Kong
WKJP	*Wah Kiu Jih Pao,* Hong Kong

Chapter 1

Triads, business, and markets

Triads are a menace

It is claimed that triad members existed among the indigenous inhabitants of Hong Kong Island even before the British ceded it to be their colony in 1842. On 8 January 1845, the first Ordinance to pass the Legislative Council was to deal with the suppression of triads and other secret societies. After 150 years, to date, triad societies still exist in Hong Kong, which is now a Special Administrative Region of the People's Republic of China.

It has long been believed that Hong Kong triads possess a central organisation with a 'godfather' at the top directing their local and overseas branches to organise a variety of criminal activities. The influence of the triads seems to have reached every corner of Hong Kong society – from school bullying gangs to drug rackets, illegal gambling, loan sharking, prostitution, illegal immigration, and extortion through to bona fide business operations like restaurants, clubs, and transport companies. Hong Kong triads are also believed to pose a serious threat to the law and order of Western societies. As Black (1991) asserts:

> Before Communist China takes over Hong Kong in 1997, the world's most ruthless criminal cartel will be stepping up its bid to take control of the underworld of Western society, and to spread within our culture like a criminal cancer. This cartel is the Chinese Triads – the yellow peril of the East, and now the West.

Are the above contentions correct? Ironically, in the 1960s and 1970s official US agencies held a similar conspiracy view that there was a nationwide syndicate known as mafia or Cosa Nostra which was alien to American society. It was organised by Italian immigrants who were of Sicilian origin. This alien organisation was so rigidly structured and highly centralised that it was able to control the whole American underworld. Hong Kong triads – the Chinese mafia – are now perceived as a giant criminal organisation with an omnipotent power controlling local and overseas branches for various criminal activities.

The study of Hong Kong triads

While contemporary Hong Kong triads have attracted much media attention locally and internationally, very little research has been done on this subject. The only comprehensive study on Hong Kong triads is Morgan's *Triad Societies in Hong Kong* published in 1960. This was a police report describing triad activities and practices in Hong Kong from 1945 to 1958. There are also many short articles written by Hong Kong and Western police officers who have dealt with triad criminals in the last twenty years (Ellithorpe 1974; Straten 1977a,b; Winterton 1981; Donnelly 1986; Roache 1988; Andrae 1989; Boocock 1991; Main 1991; Merritt 1991a,b; Ball 1994; Williams 1994). In addition, several journalistic books about contemporary triads have been published (Robertson 1977; Posner 1988; Booth 1990; Black 1991). Although these publications provide some valuable information about triads in Hong Kong or in overseas Chinese communities, they are investigative reports rather than academic works.

Since the 1980s, several Hong Kong scholars have carried out research on some aspects of triad societies. Lo (1984) discusses the relationship between juvenile gangs and triad societies. Chan (1987) examines the process of becoming a triad member. Che (1990) deals with the causes of delinquent youths' participation in triad activities. Huque (1994) discusses the Triad Renunciation Scheme which allowed triad members a chance to sever ties with their organisations in the early 1990s. Bolton, Hutton and Ip (1996) give a detailed account of many of the issues relating to the use of triad language. Since the research papers above are short reports or articles, they do not provide a sound theoretical approach for the study of Hong Kong triads.

Two outstanding pieces of research on Chinese secret societies or criminal gangs in overseas Chinese communities have been published. Mak's book on *The Sociology of Secret Societies* (1981) argues that there are three conditions which gave rise to the emergence and persistence of Chinese secret societies in Singapore and Malaysia: (1) the inadequacy of legal protection given to the Chinese immigrants in the early Straits Settlements; (2) the adaptability of secret societies to change, for example the shift in their activities from occupational monopolisation in the early Straits Settlements to territorial demarcation in contemporary society and the reduction in hierarchical positions; and (3) the symbiotic relationship between local Chinese secret societies and the larger society. Although Mak's research gives unique insights into the emergence of Chinese secret societies, there is little discussion of organised crime committed by secret society members in Malaysia and Singapore.

Chin's book on *Chinese Subculture and Criminality* (1990) represents the first systematic academic research on Chinese organised criminality. Chin adopts a subculture theory to investigate the relationship between triad subculture and gang delinquency in New York's Chinatown. He observes that in the development of

Chinese crime groups, the values and norms of triad subculture have been paramount. Initially, triad subculture stressed patriotism and righteousness. Later, loyalty to the triad groups replaced these and brotherhood became the core value. However, when the manifest and latent functions of these self-help groups became less important, the groups gradually replaced their patriotic or benevolent causes with criminal activities. Thus, Chin claims that the degeneration of patriotic triad societies into criminal gangs is due to the change of triad values and norms over the past two centuries.

Although there is no doubt that Chin's study has produced enormously valuable data about contemporary Chinese gang activities in the USA, his subcultural explanation does not seem to match very well with historical facts. According to recent historical findings, the Tiandihui, the original name of the triad society, did not appear to be an anti-government organisation. It was originally a mutual-aid association which emerged to resolve the conflict among various migratory dialect groups in the southern regions of Fujian province in mid-eighteenth-century China. More importantly, members of Tiandihui, or triads, at their earliest stage, were involved in different kinds of organised crime, especially selling protection to the people who needed to travel frequently for a living (Murray and Qin 1994).

In addition, the basic elements of triad subculture or norms are surprisingly similar to codes of conduct of other well-established criminal organisations, such as the Sicilian mafia. For instance, both organisations emphasise 'Do not disclose the secrets of the organisation', 'Do not become police informants', 'Do not betray your fellow members', 'Do not become involved with the wives of your colleagues', and so on (Morgan 1960; Gambetta 1993). Thus, it seems more interesting to study why different ethnic crime groups adopt a set of similar rules than use these 'cultural characteristics' to explain the behaviour of triad members (Diego Gambetta, personal communication, 21 May 1996). Since academic studies, theoretical writings in particular, on Hong Kong triads are extremely limited, we are still not sure what exactly Hong Kong triads do in different kinds of organised crime.

Organised criminals: entrepreneurs, extortionists, or protectors?

Over the years, organised crime has been a subject of controversy in criminology. There is no consistent definition of organised crime. 'Organised crime' has been used interchangeably with 'syndicate crime', 'professional crime', 'organisational crime', 'illegal enterprise', 'underground empire', 'gang', 'secret society', or simply 'mafia'. Related to the definitional debates are controversies about the origin and organisation of organised crime. Is organised crime an imported product or an integrated part of the society? Is organised crime centrally structured or highly unorganised? In recent years, some scholars have tried to focus on the core activities of organised crime. Do organised criminals mainly supply illegal goods and

services, or do they practise extortion or sell private protection?

Since traditional US authorities see organised crime as a conspiracy, organised crime groups are believed to participate in all kinds of illegal activity. In 1966, Hoover, the FBI director, said: 'La Cosa Nostra is the largest organization of the criminal underworld in this country, very closely organized and strictly disciplined. They have committed almost every crime under the sun …' (President's Commission on Law Enforcement and Administration of Justice 1967: 19).

Smith (1978, 1980) and Haller (1990) do not agree that there is a giant criminal organisation, such as mafia, which is able to monopolise illegal industry. They claim that organised crime is a set of small and ephemeral illegal enterprises which emerge to respond to market needs. In this context, organised criminals are entrepreneurs who provide the goods and services which are proscribed by law. However, Schelling (1984) argues that 'organised crime' is not directly involved in running illegal businesses. He claims that the core activity of a 'criminal organisation' (e.g. mafia) is 'extortion' and its major victims are illegal entrepreneurs who supply illegal goods and services to the public. Illegal entrepreneurs are weak at protecting themselves because they are deprived of legal protection and this gives the criminal organisation the opportunity to extort money from them.

Gambetta (1993) has developed an economic theory of protection and has applied it to the Sicilian mafia. His theory gives unique insights into the origin, organisation, and role of the Sicilian mafia in the markets of both legal and illegal commodities. Protection, he argues, is a key resource in transactions in which there is a high risk of cheating and in which state protection is either unavailable or inefficient. Private and essentially illegal agencies, such as the Sicilian mafia, may emerge to provide protection to entrepreneurs operating in these markets.

The mafia was originally a southern Italian phenomenon – particularly virulent in western Sicily (Gambetta 1993: 75–99). Its geographic distribution was the result of the distrust endemic to the area, which became particularly marked after feudalism was officially abolished in 1812. The main effect of the demise of feudalism – the transformation of land into a market commodity subject to legally defined individual property rights – created a new demand for protection by property owners. Nevertheless, the new Italian state – which has never completely succeeded in acquiring legitimacy in the south – was not very effective in enforcing private property rights and in settling disputes. The lack of public trust thus turned that demand into one for *private* protection. Gambetta claims that the existence of this demand does not imply that someone able to meet it will necessarily emerge. In Sicily, however, many men versed in the use of violence – private armies, disbanded soldiers, and bandits – became unemployed after the break-up of feudalism and began to sell private protection to whoever wanted to buy it. It was from these groups, Gambetta argues, that the mafia originated.

Gambetta (1993: 100–26) asserts that the Sicilian mafia as a protection firm is neither a tight-knit secret sect nor a totally disorganised entity. The internal organisation of an individual family is hierarchical. The reason is that in the protection market the use of violence is essential and the efficient deployment of force requires a military type of organisation. However, the relationship among mafia families is not centralised, but rather takes the form of a cartel. There is not even a single cartel embracing all Sicilian families, but a number of cartels. The 'commission', by creating a coalition of bosses, is mainly aimed at disciplining the members of each family. Gambetta maintains that, nevertheless, the arbitration role of the commission has proved far from infallible. Families, especially the larger ones, have retained their independence.

Although the mafiosi use violence, Gambetta (1993: 40–3) does not agree that the mafia is a non-rational force. He finds that the use of violence is crucial for a mafioso to establish his reputation as a reliable protector. In order to reassure his clients that he can supply credible protection, the protector must be able to show that he can successfully punish 'misbehaviour'. Gambetta notes that competition among protectors is perhaps the most common reason for its use. While cars compete on the basis of speed, safety, durability, and comfort, protectors compete in terms of toughness. The mafioso who hits hardest not only eliminates his vanquished competitors but also advertises himself to customers as a reliably tough character and the most reliable protector.

Gambetta (1993: 127–55) observes that the word 'mafia' has become a trademark in the protection market. This brand name evokes an entity with a seriously threatening reputation, and anyone who can convincingly claim to be part of it is likely to be considered a reliable protector and reap the benefit of this belief. Mafia families share an interest in protecting their trademark from abusers of various sorts, including those pretending to be members of the mafia, who, if caught, are violently punished. The only way in which someone can truthfully claim to be a member of the mafia is by having undergone the initiation ritual and by this being known with certainty to other mafiosi. The initiation ritual serves several functions, including acting as a fragile barrier against impersonators.

Gambetta (1993) opposes the view that mafiosi are illegal entrepreneurs primarily involved in the supply of illegal goods and services to the public. He also disagrees with Schelling's view that the mafia do not supply a real service but merely practise extortion at the expense of illegal dealers. He maintains that the mafia is a set of firms specialising in the supply of private protection. The primary beneficiaries are the entrepreneurs, legal and illegal alike, who are protected by the mafia. In Sicily, the mafiosi often intervene to collect debts or delay repayments. In addition, the mafia is able to protect business entrepreneurs against other criminals, such as thieves, extortionists, and kidnappers.

Perhaps the most important service provided by mafiosi is to assist business entrepreneurs in monopolising the market. According to Gambetta and Reuter (1995: 128), some markets have certain characteristics that make the formation of cartels both attractive and difficult to sustain. These markets are characterised by poor product differentiation, low technology, unskilled labour, inelastic demand, trade unions, and small size of firms; however, the barriers to entry are low. In order to avoid competition, the mafia is 'invited' by business entrepreneurs to keep out new entrants and enforce the agreements among cartel members.

Gambetta (1993: 33) explains that 'time horizon' crucially affects whether protection will turn into extortion. If the mafiosi see a long future in their business, they are less likely to harass customers or provide low-quality services for fear of lowering their future income. If the time horizon shortens because of instability among mafia families, the temptation to prey grows. Furthermore, if potential customers know that the mafioso's 'life expectancy' is short, they will be more reluctant to pay protection, and a greater degree of coercion will be required to make them do so. The overall degree of stability of the protection industry is an important factor in predicting mafiosi's behaviour.

Gambetta (1993: 227) asserts that the mafia supplies, first and foremost, the organising force. Mafiosi and illegal dealers are not one and the same. The latter are usually independent economic agents licensed and protected by the former. Gambetta (1993: 226–8) claims that illegal entrepreneurs are the major customers of the protection industry because all illegal markets are both unprotected and subject to legal action. The mafia is particularly interested in supplying its protection services to the entrepreneur in certain illegal markets. For instance, as Schelling (1984) suggests, the entrepreneur who relies on high visibility to attract customers and compete for attractive locations is an ideal customer of protection. These markets encourage collusion among entrepreneurs, and this makes protection both feasible and worthwhile. By contrast, the mafia may find burglars and car thieves unattractive for protection because any territorial sharing among them is very difficult to police.

Gambetta (1993: 234–44) claims that the Sicilian mafia as a protection agency is less likely than often believed to have participated in drug trafficking because guaranteeing transactions in the heroin market is arduous. Owing to the complex nature of drug trafficking, each operation – importing from sources, refining, exporting, and selling to consumer markets – is performed by independent groups. Although some mafiosi are involved in drug trafficking, they do not supply guarantees for the whole sequence of drug transactions. Therefore, in this capacity, they should be seen as illegal entrepreneurs rather than as protectors. In addition, Gambetta finds evidence that investment in the drug market tends to be a private business among individual members. Seldom does a mafia family deal in drugs; only individual mafiosi do.

In conclusion, Gambetta (1993: 155) defines the mafia as a set of firms active in the protection industry under a common trademark with recognisable features. These firms acknowledge one another as the legitimate suppliers of authentic mafioso protection and they are able to prevent the unauthorised use of their trademark by pirate firms. His economic theory of protection can be summarised as follows. First, protection firms such as the Sicilian mafia may emerge to meet a high potential demand for private protection. Second, while the internal organisation of a protection firm is hierarchical, the relationship among protection firms takes the form of cartels. Third, violence is used to build up and maintain a protector's reputation as a credible protector, and initiation ceremonies are used to define membership and thus to protect the protector's trademark from impersonators. Fourth, protectors are not extortionists but are able to provide real services to entrepreneurs. The more uncertain the prospect of remaining in business for a long time, the more likely that protection will drift towards extortion. Finally, if a protector invests in illegal industries, it is a strictly private business.

Triads, business, and markets

There is little doubt that triads are a menace in both Hong Kong and the international community. The word 'triad' conjures up many things to people: fear, intrigue, mystery, brutality, and violence. As a Hong Kong journalist puts it: 'Its use of arcane signs and symbols strikes a responsive chord in the young. It is this same "mystery" that threatens the more mature. We fear what we don't know.' (*HKS* 7 May 1986). The most direct and effective way to raise their mysterious veil is to see Hong Kong triads as business firms and investigate what exactly they do in legal, illegal, and international markets. Inspired by Gambetta's economic theory of protection, this research is specifically designed to test whether Hong Kong triads mainly supply illegal goods and services, practise extortion or sell private protection. In other words, are Hong Kong triads entrepreneurs, extortionists, or protectors in legal, illegal, and international markets?

In Hong Kong, triads are notorious for organised extortion from legitimate businesses, such as the entertainment industry, street hawking, wholesale markets, and minibus services. The recent extension of their reach to interior decoration businesses and the trading of properties, alongside the use of intimidation of famous film stars to make them perform in particular films, has aroused great public concern. According to popular belief, triad members are mere extortionists and the business community is virtually helpless to resist their demands. The results of the research reported in this book will argue that triad societies may also be able to provide real protection services. Triads can be employed by entrepreneurs to protect their businesses against attack by other gangs, manipulate a market by suppressing competitors, or recover stolen property or debts.

Triads are also known to have long been involved in the illegal businesses of drugs, gambling, prostitution, loan sharking, debt collecting, and smuggling. It is generally believed that the Hong Kong illegal market is monopolised by triad societies. This book will argue that triad societies are not likely to be dominant in every aspect of illegal trade. Their participation varies from one business to another, or even within a business. Their primary role is to provide strong-arm services to illegal entrepreneurs so that they are able to run their businesses smoothly in a risky environment. Although they may get directly involved in the operation of illegal businesses, triad members are mainly responsible for security.

Since Hong Kong triads are believed to be increasingly active in drug trafficking, human smuggling, and economic organised crime such as credit card fraud, counterfeiting, and money laundering, Western police predict that these triads will replace the Italian mafia as the most powerful criminal organisation in the world in the next century. This book will discuss whether all international Chinese organised crime is committed by Hong Kong triads. Other ethnic Chinese crime groups, such as the Singapore and Malaysian gangs, Taiwanese gangs, and Mainland Chinese gangs, may have emerged as powerful crime groups in Western societies. More importantly, even if the crimes are committed by the Hong Kong Chinese, they may not be triad members. As international criminal projects usually involve a large sum of capital, extensive business connections, and high managerial skills, triad members may gain no particular advantages from running these businesses.

Although a wide range of issues about Hong Kong triads are covered in this study, the main focus of the book is to investigate what exactly Hong Kong triads do in legal, illegal, and international markets. The book tries to show that Hong Kong triads, like any other business firms, are not likely to be involved in all types of businesses. They have competitive advantages in some markets but not in others. They may lose their market share if they fail to adjust themselves in a changing environment. Therefore, the business community in particular, and the society in general, are not helpless in dealing with triads. If their protection market could be made unprofitable, most triad societies would disappear sooner or later.

Part I

The triads

Chapter 2

Origins

The triads in China

The Shaolin legend

The triad society has long been believed to be a secret organisation originally founded by a group of monks in the Shaolin Temple in mid-seventeenth-century China aiming to overthrow the alien Qing government and restore the native Chinese Ming dynasty. According to the Shaolin legend, during the reign of the Emperor Kangxi (1662–1722), China was invaded by a rebellious tribe known as the Xilu. The Emperor recruited 128 monks from the Shaolin Temple to defeat the Xilu rebels using their superior military skills. The Grand Secretary of the Qing Council incited the Emperor to destroy the Temple, using the argument that the monks were going to rebel against the Qing. When Qing troops set fire to the Shaolin Temple, only five monks survived. They eventually set up their society headquarters in the Muk Yeung City of Fujian province to mobilise patriotic citizens to overthrow the Qing government (Morgan 1960).

Since their initial attack on the Qing was unsuccessful, the five monks founded five major lodges in different parts of China to continue their movement. Before parting they devised a series of secret signs by which they and their recruits might be recognised whenever members met. Starting in the nineteenth century, the second lodge, known as Samhehui (Three United Society), in Guangdong province became very powerful. Its influence extended to Hong Kong and to overseas Chinese communities in Southeast Asia and North America. Western observers called it 'Triad' which has since become the general name for all Chinese secret societies. Finally, in 1911, the Qing dynasty was overthrown and the Republic of China was established. After their ultimate goal had been achieved, triad societies were said to have withdrawn from the political scene and degenerated into purely criminal organisations (Morgan 1960). This legend has passed from one generation to another within triad societies up to the present day. It has generally been believed by triad members, law enforcers, and Chinese people.

The origin of the Tiandihui

In the last two decades Chinese historians have begun to doubt the reliability of the Shaolin explanation as the archives of the Qing dynasty are gradually opened to allow the study of Chinese secret societies. According to the legend, the Tiandihui (the Heaven and Earth Society), the original name of the Hung Mun or triads, was established in 1674. However, the Qing government first noticed the existence of the Tiandihui when Lin Shuangwen used the society to rebel in Taiwan in 1786. As soon as the rebellion had been suppressed, the Emperor ordered a task force to investigate the origin of the Tiandihui. After a three-year investigation, involving mobilisation of numerous government officials throughout the country, the task force concluded that the Tiandihui was founded in 1761 or 1762 by the monk Hung Erh at the Guanyin Temple in Gaoxi village, Zhangpu county, in Zhangzhou prefecture of Fujian province (Tai 1977; Murray and Qin 1994: 5).

It seems that the origin of the Tiandihui has nothing to do with the political mission to 'overthrow the Qing and restore the Ming'. The Tiandihui was a mutual protection society which emerged spontaneously to respond to the social conflicts among various sub-ethnic groups linked to the socio-economic circumstances in the southern part of Fujian province. In the earliest stage of the Tiandihui, members were involved in different types of organised crime, especially the selling of private protection to those who needed to travel frequently for a living. With the migration of Fujian people, the Tiandihui spread rapidly throughout neighbouring Guangdong province, and into Taiwan and other parts of southeast China (Murray and Qin 1994) (see Appendix 2: The formation of the Tiandihui).

The rapid expansion of the Tiandihui was partly due to its decentralised structure. As its main purpose was to form pseudo-familial networks among unacquainted people through the rituals of sworn brotherhood for mutual protection, it did not adopt a centralised hierarchical structure. Instead, the organisation was flexible enough for any unacquainted people to form their own society units at any time in any place according to the needs of their members. Nevertheless, members of various Tiandihui units were able to communicate and offer mutual protection whenever they met through the society's unique method of mutual recognition, such as passwords, poems, signs, and secret gestures. Thus, the Tiandihui was a universal secret brotherhood association which aimed to offer a 'worldwide life insurance scheme' for its members.

The origin of the triad society

After suppressing the Lin Shuangwen rebellion in 1786, the Qing government declared the Tiandihui an illegal society. Consequently, all societies which adopted the name and the ritual of the Tiandihui were forced to go underground or to

change their names to escape detection. One of those was the Samhehui (Three United Society), better known as 'Triad'. As Chinese migrants continued to move to Hong Kong, Southeast Asia, North America, and, more recently, Europe, the triads emerged in overseas Chinese communities all over the world.

By the mid-nineteenth century, the English word 'triad' had come into widespread usage among Westerners as a generic term for the Tiandihui and its offshoots in overseas Chinese communities in Southeast Asia. The pioneer in the study of Chinese secret societies was Dr William Milne, who was principal of the Anglo-Chinese college in Malacca. In 1821, he wrote the first systematic account of the Samhehui, and, according to Murray and Qin, it was he who coined the popular name triad (Murray and Qin 1994: 92, 316).

According to the Shaolin legend, the 'Triad' was adopted as a society name because the founding place of the Tiandihui was located around the Three Rivers. The modern explanation is that the 'Triad' came from the combination of the three forces of Heaven, Earth, and Man. However, this interpretation did not appear in the earlier triad and official documents. Tai (1977), a Chinese historian, observes that the Tiandihui was founded by three people – Lee, Zhu, and Hung – who appeared on the altar. He thus suspects that the 'Triad' (Three Unities) referred to those three founders. In addition, the other popular name of the Tiandihui, Hung Mun (Hung Family), was said to be adopted from the first name of the first Ming Emperor Hung Mu. Probably Hung Mun was derived from the first name of the monk Hung Erh. Since the monk Hung Erh was the founder of the society, it was natural for his members to refer to the society by his surname. Finally, the so-called Five Ancestors of the Tiandihui might not exist. This may refer to the five Confucian virtues – benevolence, integrity, etiquette, wisdom, and sincerity (Jen, I, Li, Chin, Hsin) – not to five actual human beings.

The triads in Hong Kong

Hong Kong is situated on the southeast coast of China. It has a total area of 1,074 square kilometres and consists of three parts. Hong Kong Island was formally ceded to Britain from China in 1842 by the Treaty of Nanjing. The Kowloon peninsula was secured in a Convention of Peking in 1860. These two areas are British-owned. Hong Kong's boundaries were extended in 1898 by another Convention of Peking, which authorised a ninety nine-year lease of the New Territories to Britain. The lease of the New Territories expired in July 1997. According to the Joint Declaration signed by the Chinese and British governments in 1984, the whole colony reverted to Chinese control on 1 July 1997.

It is claimed that triad members had existed among the indigenous inhabitants of Hong Kong even before the British officially came in 1842. As more Chinese mi-

grated to the colony, the organisation grew, with the arrival of old members and the recruitment of new ones (Sinn 1989: 13– 14). On 8 January 1845, less than three years after Hong Kong Island had been ceded to Britain, the first Ordinance to pass the Legislative Council was to deal with the suppression of triad and other secret societies (Morgan 1960: 59). It seems that the British regarded the proliferation of such societies within the colony as a serious threat to their rule.

Although triad societies had existed among the original inhabitants before the British arrived and had flourished afterwards, almost all triad members joined the societies in China before migrating to Hong Kong. They might have come to Hong Kong to be labourers or political refugees, or be using Hong Kong as a transit place to arrange for trade in Chinese labourers abroad or to smuggle opium into China, or the revolutionaries might have used Hong Kong to connect overseas triads in order to overthrow the Qing government. It seems that, at least before the turn of the century, the emergence of triad societies in Hong Kong was not a direct response to local needs.

Transplanted triads: China's connections

Seasonal labourers, opium smuggling, and labourer trades

Before the arrival of the British in the early 1840s, the population of local inhabitants on Hong Kong Island was small and most of them were fishermen or farmers. A small number of Hakka people came from the Waichow district of Guangdong province to work as stone cutters. It was evident that some of those cutters had joined triad societies in China. In 1844, the Hakka triads were in revolt in Waichow. The Chinese officials in charge of Kowloon City warned the Hong Kong authorities that the Hakka triad members on Hong Kong Island were preparing to cross the harbour and aid their Hakka colleagues in Kowloon to attack their office. Troops and police patrolled the streets and the situation was only relieved by the defeat of the rebels by Imperial troops in Waichow (Morgan 1960: 62). Since they were simply seasonal labourers in Hong Kong, this group of Hakka triad stone cutters were not likely to take root in Hong Kong.

Although secret societies were sometimes used as a tool to organise rebellions against the Qing government, these societies, especially the triads in south China, engaged themselves in different types of criminal activities, such as salt and opium smuggling, organised robbery, collective violence, protection rackets, and piracy, in normal times (Sinn 1989: 13). Soon after the British set up the colony on the island, Hong Kong became a gateway for two international trades. The first was opium trafficking from India, via Hong Kong, to China: triad members in China who were involved in opium trafficking set up their contact points in Hong Kong to

facilitate their business. The second was the trade of Chinese labour to Southeast Asian regions, Australia, and America.

To facilitate their activities, triad members in south China who were involved in the Chinese labour trade established their boarding houses in the colony. In 1886, a riot broke out in the Western District of Hong Kong arising from extortion practised in the coolie trade. The boarding houses where the coolies stayed prior to shipment overseas were mainly controlled by triad elements and their owners generally acted as agents obtaining passage for their guests. To maximise their profit, the housekeepers not only overcharged the coolies for accommodation and passage but also demanded a fixed sum from each coolie for 'services rendered'. Certain boarding house proprietors refused to join in this system and consequently obtained a greater volume of business than their rivals. They eventually gathered their society friends around them and launched an attack on the uncooperative houses (Morgan 1960: 63). Therefore, the earliest triad members in Hong Kong were likely to be closely connected with secret societies in south China.

Political movements

Because of its proximity to China, Hong Kong was always a shelter for Chinese triad refugees who had been involved in anti-government activities. During the Taiping Rebellion (1850–64), triad societies in the Guangdong province organised rebellions against the Qing government. After the victory by Imperial troops, a number of triad refugees came to Hong Kong (Morgan 1960: 62–3; Crisswell and Watson 1982: 43–4).

By the end of the nineteenth century, Hong Kong was also frequently used by revolutionaries as a meeting place to discuss their plans for overthrowing the Qing government. Dr Sun Yat-sen was the leader of the Republican movement. In order to turn the overseas triads into an instrument for revolution, he joined the Kwok On Wui triad society in Honolulu, which came under the general supervision of the Chi Kung Tong and was a mainly overseas section of the triad in the USA. Dr Sun returned to Hong Kong in 1895 and formed the revolutionary organisation Hsing Chung Hui (Chan 1990: 19–64). After that, Hong Kong became an important base for the Republicans for the collection of funds from overseas triad societies to facilitate their anti-Qing movement. Although the triads in Hong Kong played a part in the collapse of the Qing dynasty, their contribution should not be overestimated. Tsai (1993: 241) observes that when the triads joined the revolutionary uprisings against the Manchus they were often motivated not by abstract patriotism but by the lure of monetary gains (as mercenaries) and by a desire to protect their material interests against the government tax collectors (as in the case of the triad salt smugglers in Waichow).

Clan and district associations

Before the turn of this century, triad members also attached themselves to some clan or district organisations in Hong Kong. As more and more Chinese emigrants settled in Hong Kong, those coming from the same district and speaking the same dialect grouped together to form clan or district organisations for mutual aid. Some members who had joined triads in China gradually introduced the triad system to their associations. This can be exemplified by the Fuk Yee Hing triad society, believed to have existed in Hong Kong before 1866. The Fuk Yee Hing originally appeared as a clan association, deriving its membership mainly from natives of Chiu Chow and Hoklo in the northeast part of Guangdong province. Some of their members were in triads before coming to Hong Kong. A retired Hong Kong triad expert explains why they joined triads:

> By that time, many Chiu Chow people came down to Hong Kong to earn a living because life was very hard in their native villages. It usually took them a few days to walk to Hong Kong. On the way, the Chiu Chow people were often robbed by bandit gangs in the mountain areas in the Waichow district [the middle part of Guangdong province]. Some clansmen found that the bandits would let them go if they were triad members. Thus, many Chiu Chow people joined triad societies for protection before coming to Hong Kong.
>
> (HK Police Interview, 2 October 1993)

The Fuk Yee Hing membership pre-1941 was estimated at about 10,000, of whom only about 30 per cent were believed to have been actual triad members. The remainder joined because this was the main association dealing with the employment, welfare, and funeral problems of the Chiu Chow and Hoklo populations and they were able to share in the benefits provided by the association in return for a subscription of only HK$1 (Morgan 1960: 66–7). The Fuk Yee Hing organisations are also found in other Southeast Asian countries, such as Thailand, Malaysia, Singapore, and Myanmar. They were organised by the same ethnic group, but their name is slightly different: Ghee Hin Kongsi (Mak 1981).

In summary, although the number of triad members grew considerably after the British had formally landed in Hong Kong in 1842, the triad societies were not local. The earlier triad members joined the societies in China before coming to Hong Kong. Some individual members might have used their triad networks for self-protection, organised their businesses of opium trafficking and the labour trade, or participated in the Republican movement, but they were transplanted triads and did not develop and take root in Hong Kong. Rather, it seems that the emergence of local Hong Kong triads was closely linked with the conflicts among different coolie dialect groups at the turn of this century.

Local triads: a response to migratory labour

After the British took Hong Kong Island as a colony in 1842, Hong Kong became one of the main storage centres for China trade. Along with the rapid expansion of the coolie market in shipping, trading, military, and residential establishments, the colony attracted a large number of Chinese people from neighbouring provinces, such as Guangdong and Fujian. The Chinese emigrants treated Hong Kong as a working place and expected to rejoin their families in China after accumulating sufficient money. Consequently, the population had three characteristics: they were predominantly young males, mobile, and spoke different dialects.

The coolie house

Since the British regarded all labour activities as conspiracies to restrict free trade, the colonial labour legislation aimed to suppress trade unionism (Sinn 1989: 14–15). Owing to these legal restrictions, Chinese labourers had to find security of their own. Unlike Chinese merchants who had acquired considerable economic and social resources to promote their interests, coolies had only kinship ties and dialect group cohesion to rely upon in their daily struggle to compete with one another to make a living (Tsai 1993: 111). The coolie house, functioning as it did as both an ethnic and a labour organisation, became the most important place for coolies. It was very common for a group of coolies from the same dialect group to stay in the same house.

As the coolies were organised by district and dialect group, competition for resources and employment opportunities among different coolie factions was keen. Sir Henry A. Blake, governor of Hong Kong from 1898 to 1903, noted that 'the junks from Swatow land their cargoes in Hong Kong at a wharf where Swatow coolies are employed; did they land it at a wharf worked by Cantonese, there would certainly be disorder, and possibly fighting, before the discharge of the cargo' (Menpes and Blake 1909: 48, cited in Tsai 1993: 110). Rivalry and tensions existed not only between the Chiu Chow, Hoklo, Hakka, and local Cantonese coolies, but also between Cantonese coolies from Tung kuan and those from Sze Yap (Tsai 1993: 111). In order to accumulate sufficient organised power to protect their job opportunities, triad ritual was adopted spontaneously by different district and dialect coolie factions to strengthen their organisations.

The emergence of local triads

As early as 1857 it was suspected that triads had gained control of the labour market (Morgan 1960: 61). In the 1901 Chair Coolies' Enquiry, when asked if there were any combinations amongst coolies, a Jardines' headman replied: 'Many head

coolies combined because they are under guarantee. They are members of the Triad Society'. He added that coolies who came to Hong Kong entered the triad society 'as a rule' (Jinricksha Enquiry 1901: 88, cited in Chan 1991: 157). Although triad members had long been involved in Hong Kong labour markets, it should be noted that most of them joined the societies in China before coming to Hong Kong. With the help of their triad networks, individual labour contractors were able to exert exorbitant control over their labourers, and triad labourers could secure a higher hand in competition and exert monopoly by threat and force. It was true that they were triads, but they were 'transplanted triads' because they had no strong organisational bases in Hong Kong. Gradually, these triad members recruited their fellow colleagues to form their own triad societies to monopolise employment opportunities.

Although there are no clear examples to show how this happened in the coolie community, Chang (1989: 38–9) observes that triad societies emerged in the Hong Kong hawking community at the turn of the century. The founder was a peddler who came from Tung Kuan in Guangdong province. He joined a triad society known as Hung Shing Wui in Canton before coming to Hong Kong. To protect their selling territory from other peddlers and resist extortion by local gangs, he and his fellow peddlers formed a Hung Shing Wui triad society. With the strong organisational back-up, they were soon able to establish a monopoly in their hawking area. Groups in other trades subsequently followed suit, adopting triad ritual for their organisation. Soon, more than ten similar triad societies had been established, each to safeguard their particular occupational interests. Triad societies thus spread rapidly in local labour markets. An unintended consequence was that individual conflicts now always escalated into group conflicts.

At a meeting in 1909, in the midst of repeated group fights for territory, a leader of one of the societies known as Yung Yee Tong, who was also a senior member of a triad society in China, proposed the unification of all local societies into an integrated organisation. During the meeting, the members agreed to form an alliance so that disputes might be resolved without having to resort to violence. As all societies desired peaceful and prosperous coexistence, they further agreed that from then on they would have the character Wo (Peace) put as a prefix to their respective society names. For instance, Hung Shing Wui became Wo Hung Shing and Young Yee Tong was changed to Wo Young Yee. In addition, the meeting agreed to establish a set of standard society rites, so that respective societies could follow. The Wo group could be seen as the first triad association to emerge in Hong Kong (Chang 1989: 40). Its sub-groups, such as Wo Hop To, Wo Shing Wo, and Wo On Lok, are still very active in Hong Kong as well as in overseas Chinese communities today.

Triadisation

Although Hong Kong triad societies have no direct relationship with the triads in China, their members believe that they are part of the universal triad brotherhood. As they are 'brothers' and under the same roof of the Hung Family, according to the rules triad members have an obligation to protect each other. Their main victims are thus non-triad people. To avoid being victimised by triad societies, a non-triad group operating in an area with strong triad influence may be forced to transform its organisation into a triad society. This process – a snowball effect of triad societies on other social groups – can be called 'triadisation'. The concept of triadisation can also be applied to individual people. If one lives or works in the sphere of triad influence, it is tempting for a person to join a triad society for protection unless he has some other powerful background which can free him from triad victimisation. This may be the main reason for triad societies expanding so rapidly in the early Hong Kong labour market. Morgan (1960: 67) writes:

> An unfortunate side effect of Triad involvement in the labour field was that *bona fide* labour associations were often forced to organise fighting sections of their own in order to oppose Triad infiltration into their particular spheres. Some of these associations became so obsessed with self-protection and retention of their employment monopolies that they, in turn, employed the Triad oath and ritual in order to bind their members more closely together and also, in some cases, to ally themselves with and obtain the general protection of one of the larger society groups.

Numerous triad societies were set up simply because their original members were victimised by triads. In about 1910 the Tung Lok Tong triad society was established by coolies of the government hospitals in the Western District in order to protect the coolies against extortion by members of the Wo group (Morgan 1960: 67). The Wo Yee Tong triad society was founded in 1940 in the Kennedy Town area of Hong Kong Island. It originally consisted of hawkers and stall-holders who banded together in defence against exploitation by triads (Royal Hong Kong Police 1977: 62).

In addition, organisations which were originally legitimate trade unions could be forced to transform themselves into fully fledged triad societies to protect their members from the triads in the same trade. For instance, the origin of the Kwong Hung was a working-man's club founded by the members of building trades including masons, carpenters, and painters at the beginning of the century. The club evolved into the Kwong Hung Painters' Guild and until 1971 was functioning as a normal tradesman's association. In that year, however, members of the guild complained to their officials that they were vulnerable to coercion by their triad workmates. Thus, they urged that the Kwong Hung should itself become a triad society

for self-protection. In August 1972, office-bearers were appointed during a triad ritual and Kwong Hung became a formal triad society (Royal Hong Kong Police 1977: 42).

In a similar manner triad influences spread over other labourers, those in the public markets, transportation coolies, and construction workers, and into the clan and district organisations. Triads were also found in disciplined services. The Ching Wah Sh'e triad society was founded in 1935 by drivers and other junior officers of the Fire Brigade. Initially it was a genuine recreation club originally known as Ching Wah Tung Lok Sh'e. Re-formed at the end of the Japanese occupation (1942–5), the Ching Wah Sh'e adopted triad rituals, becoming a typical triad society, and drawing its membership from the Fire Brigade and also from other disciplined services including the police (Royal Hong Kong Police 1977: 33).

It should be noted that although some clan or district organisations were triad societies, not all members were triad members. The Fuk Yee Hing, a transplanted triad society from China, existed in Hong Kong before 1886. It registered as the Fuk Yee Industrial and Commercial General Association in 1946, embracing most of the Hoklo population of the colony and having at least twelve branch offices to administer its members in Hong Kong. Membership pre-1941 was estimated at about 10,000 of whom only about 30 per cent were believed to have been triad members. Morgan (1960: 67) explains why all the Fuk Yee Hing members had to be initiated as triad members in the later period:

> The step was necessary, not only to strengthen the organisations themselves and protect their particular monopolies in the labour and dues collecting fields, but also to build up the parent Triad groups in order that they could attempt to take over their rivals' territories.

As the triad influence penetrated most areas of the labour market, individual labourers either joined a triad society or paid protection fees to secure their jobs. For instance, to prevent the triads from usurping their pitch or destroying their goods, the hawkers had either to join a triad society and subscribe to the expenses of the society 'protectors' or to pay a flat daily fee to the society collectors (Morgan 1960: 89). Triad societies, which emerged as mutual protection associations for their members, gradually engaged in selling protection for profit after they had established their reputation for violence. Morgan (1960: 90) writes:

> Hawkers, prostitutes, etc. were virtually guaranteed a pitch or place in which to ply their trade and could expect Triad help if an outsider attempted to move into their area. Dance halls and restaurants paid to prevent their establishments being packed with Triad members who would purchase nothing more than a cup of tea and by their very presence prevent any cash customers from entering.

> Street gamblers paid not only for pitch rights, but also for the hire of look-outs who gave warning of the arrival of police. Shopkeepers paid to prevent 'customer' arguments alleging the giving of short weight or short change, often resulting in fights that damaged not only the stock but also the reputation of the shop owner.

Consequently, some triad societies began to break away from their involvement in labour markets. They sold protection services to anybody who wanted to buy into their spheres of influence.

Chapter 3

Organisation

One of the major controversial issues in the study of triad societies is whether the societies are centrally structured or highly disorganised. Western observers tend to believe that Hong Kong triads are tight-knit secret societies with godfathers at the top directing their local and overseas branches to organise a variety of criminal activities (Booth 1990; Black 1991). On the other hand, the Hong Kong police like to see triads as an unorganised entity. The 1981 Royal Hong Kong Police *Annual Review* (p. 7) wrote:

> The triad member today is in the main a petty gangster who trades on the fear inspired by the sinister mysticism of the ancient name. There is no centralised control of triad groups and only a very loose-knit relationship between gangs operating under the name of the same society.

In fact, Hong Kong triads are neither a centrally structured nor an unorganised entity, but loose cartels consisting of numerous autonomous societies which adopt similar organisational structure and rituals to bind their members together. In other words, they are not one single big pyramid with a godfather at the top controlling the whole organisation, but rather many small hierarchical pyramids led by area bosses at district level and connected by a form of cartel.

Organisational structure

Traditional triad structure: the headquarters system

According to the Hong Kong police, more than 300 triad societies have appeared in its records. Most of them were established between 1914 and 1939. Triad societies during that period can be divided into eight major groups: the Wo, T'ung, Tung, Chuen, Shing, Fuk Yee Hing, Yee On, and Luen. They established their spheres of influence in different parts of Hong Kong (Morgan 1960: 65; HK Police Interview, 6 December 1998). Each of these main groups consisted of a headquarters and a number of branch

Table 3.1 The rank structure of a triad society

Rank		*Code number*	
1	Shan Chu (Mountain Master)	489	
2	Fu Shan Chu (Deputy Mountain Master)	438	(if appointed)
3	Heung Chu (Incense Master)	438	
4	Sin Fung (Vanguard)	438	
5	Hung Kwan (Red Pole)	426	} equivalent rank
6	Pak Tsz Sin (White Paper Fan)	415	
7	Cho Hai (Straw Sandal)	432	
8	49 Chai (Ordinary Members)	49	

Source: Morgan 1960: 101

societies operating in their respective areas. The organisation was managed by a group of triad officials. The rank structure by that period was as shown in Table 3.1. According to Morgan (1960: 96–8), the Shan Chu (Mountain Master) was the overall leader responsible for making the final decision on all matters. The Fu Shan Chu (Deputy Mountain Master), when appointed, was the deputy leader and directly assisted the leader. The Heung Chu (Incense Master) was responsible for all ceremonies of initiation and promotion. The Sin Fung (Vanguard) was responsible for recruitment, and organising and assisting in ceremonies. The Hung Kwan (Red Pole) was the 'fighter' rank of the society. The Pak Tsz Sin (White Paper Fan) was responsible for the general administration of the society. The Cho Hai (Straw Sandal) was the liaison officer for the society. The '49 Chai' was the ordinary member usually recruited to follow a particular office-bearer. The structure of a headquarters organisation is shown in Figure 3.1.

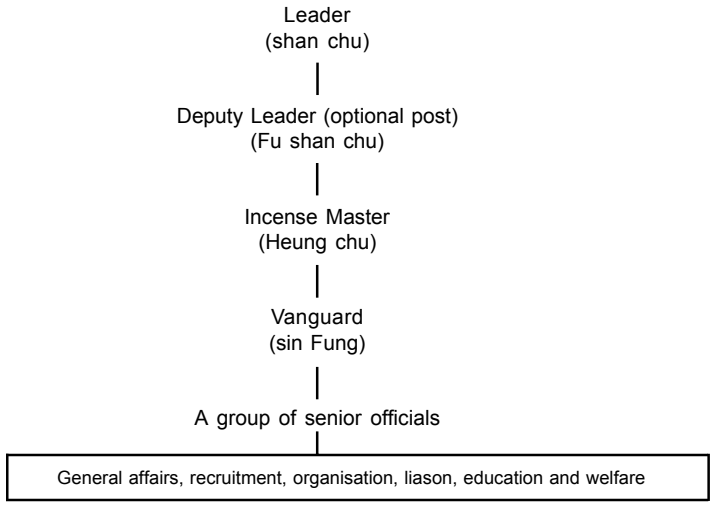

Figure 3.1 The structure of a headquarters organisation. Source: Morgan 1960: 96

Apart from the Mountain Master, Deputy Mountain Master, Incense Master, and Vanguard, the remainder of the headquarters personnel consisted of a group of senior officials and a number of senior ordinary members who acted as their assistants. These senior officials were placed in charge of five main departments through which the society as a whole was controlled: (1) general affairs section, (2) recruiting section, (3) organisation section, (4) liaison section, and (5) education and welfare section.

Each of the branch societies had a leader and usually a deputy leader, who could come from any office-bearer rank. There was no Incense Master or Vanguard in the branch societies. The branch leaders, deputy leaders, and department heads were appointed for fixed periods only, and at the end of their terms of office fresh elections were held to fill the posts. The five main administrative departments were headed by an official and functioned exactly as the departments of the headquarters except that they were concerned with matters affecting the branch society only and not the society as a whole. The structure of a branch society is shown in Figure 3.2.

For instance, the Wo group in Hong Kong consisted of thirty-six branch societies. The group was controlled by a headquarters known as the Wo Tsz Tau (first character of Wo). The Wo Tsz Tau was a purely administrative body and was not a branch society of the Wo group. Its personnel were usually senior officials drawn from the various branch societies which it controlled. Members elected to the Wo Tsz Tau retained their identity with the particular branch societies from which they came, such as the Wo Shing Yee or Wo Shing Wo. If asked about membership, they would claim to be members of one or the other of the branch societies but might add, as further proof of qualification, that they were also members of the Wo Tsz Tau (Morgan 1960: 95).

Although the triads from 1914 to 1942 were the most organised and disciplined of those to exist in Hong Kong, in practice the headquarters exercised little influence over the branch societies. Since each main group had their own legitimate associations such as trade unions, martial arts schools, or social clubs as their front organisations, their so-called headquarters thus had a permanent address. For instance, the Fuk Yee Hing triad society's front organisation was the Fuk Yee Industrial and Commercial

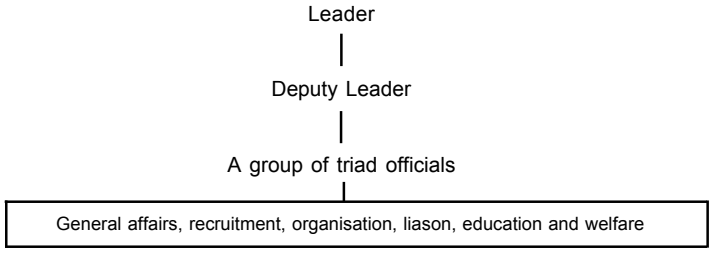

Figure 3.2 The structure of a branch society. Source: Morgan 1960: 96

General Association and its headquarters was located at No. 14, Nam Cheong Street. The Kwong Luen Shing triad society's original organisation was the Kwong Luen Shing Painters' Guild and its clubhouse was situated at No. 605, Reclamation Street (Royal Hong Kong Police 1977: 39, 43). Therefore, those main triad groups had a headquarters which could symbolically control their off-shoot societies.

In reality, the various branch societies were autonomous organisations, headed by an office-bearer with a group of members physically controlling a particular area. The main function of the group headquarters was for arbitration when threatened with inter-society and inter-group warfare. For this reason, the headquarters officials were usually old and respected society members or businessmen whose community standing commanded some measure of respect when they engaged in the duties of arbitration. In addition, the headquarters was a central organisation for initiating new members of branch societies. New members were recruited into the branch societies which would first send details of intended recruits to the headquarters recruiting section. When sufficient candidates for membership were available, an initiation ceremony would be arranged by the Incense Master and Vanguard (HK Police Interview, 2 October 1993).

Modern triad structure: the committee system

The dominating position of the seven big triad cartels started to break down during the 1950s as many small triad societies were formed in newly developed trades or residential areas. Although they might have been under the umbrella of their parent group, these societies appeared as separate triad societies and operated independently in their own territories. When the Communist Party took over China in 1949, the 14K triad society based in Guangdong province moved into Hong Kong and soon became one of the largest triad societies in Hong Kong, which further broke up the big seven triad cartels (see Appendix 3: The 14K).

On 10 October 1956, civil disturbances broke out in Kowloon. Although triads did not directly instigate the riots, they took advantage of the chaos to commit a variety of serious offences. The government quickly passed emergency legislation that enabled the police to detain over 10,000 suspected triad members. Over 600 of the top officials were deported (Main 1991: 148–9). The traditional 'front' organisations, such as guilds and associations, from which triads had operated were de-registered and closed down. Although triad societies gradually revived in the late 1960s when the government and police were fully occupied in maintaining order on the streets during a period of civil riots in 1967, their organisational structure has become flatter and the ritual is much simplified. In addition, numerous street gangs emerged in public housing areas. The 1970–1 Royal Hong Kong Police annual report (p. 17) wrote:

> During the year of 1970–1 there was an increase in quasi-triad activity. In the slum areas of the city and densely populated new residential areas, there is a tendency for youths to group themselves into gangs, whose members profess Triad affiliation to achieve recognition of their power and to intensify their illegal activities. However, they have no true allegiance to any Triad society.

The triad movement was further fragmented after the establishment of the Independent Commission Against Corruption (ICAC) in 1974. Triads were no longer protected by corrupt police officers, as the ICAC effectively broke the link between triad societies and the police syndicate. Nowadays, according to the police, around fifty triad societies are believed still to exist in Hong Kong, of which about fifteen regularly come to police attention (Fight Crime Committee 1986: 3).

It has been speculated that there were 160,000 triad members in Hong Kong in the early 1990s (*WAM* 1991: 30–9, cited in Chin 1995: 47). No anti-triad police officers and ex-triad members interviewed in this research can confirm the triad membership in Hong Kong. Nowadays, very few triad societies keep membership records because this is a criminal offence according to the Hong Kong Societies Ordinance. Even if the above figure is correct, this is a cumulative figure for many years and it cannot reflect the current triad scene in Hong Kong. More importantly, the majority of the so-called triad members have regular jobs and they are not active in criminal activities. Active full-time triad criminals are much fewer in number than the estimate of triad members suggests.

The current Hong Kong triad community is composed basically of four major groups: the Chiu Chow/Hoklo, 14K, Wo, and Luen. Their sub-groups which are still active are shown in Table 3.2.

Each main group has its own historical origin. The Chiu Chow/Hoklo group was based on a dialect connection and was formed exclusively by a Chiu Chow/Hoklo minority in Hong Kong. The 14K came from Canton and was a pro-Nationalist organisation (see Appendix 3: The 14K). The Wo

Table 3.2 The four major triad groups and their sub-groups

Chiu Chow/Hoklo	*14K*	*Wo*	*Luen*
Sun Yee On	Hau	Wo Shing Wo	Luen Ying Sh'e
Fuk Yee Hing	Tak	Wo Hop To	Luen Lok Tong
King Yee	Ngai	Wo On Lok	Luen Fei Ying
Yee Kwan	Yee	Wo Shing Tong	Luen Fei Ying
Tai Ho Choi	14K Tai Huen	Wo Yee Tong	
	Baai Lo	Wo Shing Yee	
		Wo Lee Kwan	

Source: HK Police Interview, 6 December 1998

and Luen groups were local triad groups developed from trade unions in labour markets. However, they are now all local triad societies. For instance, the membership of the Chiu Chow/Hoklo group is not restricted to their clansmen, allowing members to be recruited from any dialect group.

Although various societies are symbolically under the umbrella of a main triad group, no central organisation (e.g. the headquarters) has been set up to give commands. Each society is an independent organisation. For example, although the King Yee was originally an off-shoot society of the Sun Yee On triad society, its members are not under the supervision of the Sun Yee On (HK Police Interview, 23 February 1995). More importantly, each society is a triad cartel composed of numerous small sub-groups each controlling their territories at the district level. Apart from the four big triad groups some old triad societies, such as Kwong Luen Shing, Tung Luen Sh'e, T'ung San Wo, and Chuen Yat Chi, are still active in Hong Kong.

By tradition each triad group should be headed by a '489', assisted by one or more '438s'. However, the modern structure has become rather flexible. Apart from a very few well-organised societies, the most common office-bearer rank is the Red Pole (426). The other ranks, such as the Mountain Master (489), Vanguard (438), and Straw Sandal (432), have fallen into disuse. Although the White Paper Fan (415) is still being used, it has become unpopular. Non-office-bearer ranks continue to be referred to as '49' members. The Blue Lantern, which originally referred to the probationary members, is now increasingly used to indicate the lowest rank of the triad hierarchy. The most common ranks are (1) 426 Red Pole, (2) 49 Ordinary Member, and (3) Blue Lantern (HK Police Interview, 19 July 1997). The modern organisational structure of a better-organised triad society is shown in Figure 3.3.

A well-organised triad society normally has a central committee composed of a body of influential and senior officials. The chairman and treasurers, now known locally as Cho Kun and Cha So, are often elected from this body at an annual or bi-annual meeting. They may be any office-bearer of the 426 rank. Usually the most influential office-bearer, the one with the largest group of followers or the most wealth, is successful. The Incense Master is a senior official of the society in terms of rank and age, and can conduct initiation ceremonies. The leadership in the central committee control promotions, supervise internal discipline, and settle internal and external disputes. They are also involved in organising lion dances and martial arts demonstrations to show their strength in a disguised form during Chinese festivals. The leader and his committee, however, are not likely to dictate to their members in which criminal activities they should get involved. Moreover, apart from 'red packets' or lucky money at times such as Chinese New Year, initiation ceremonies, and promotion ceremonies, the leader does not generally derive any share of the profits from his members' activities (Tsang 1991: 2).

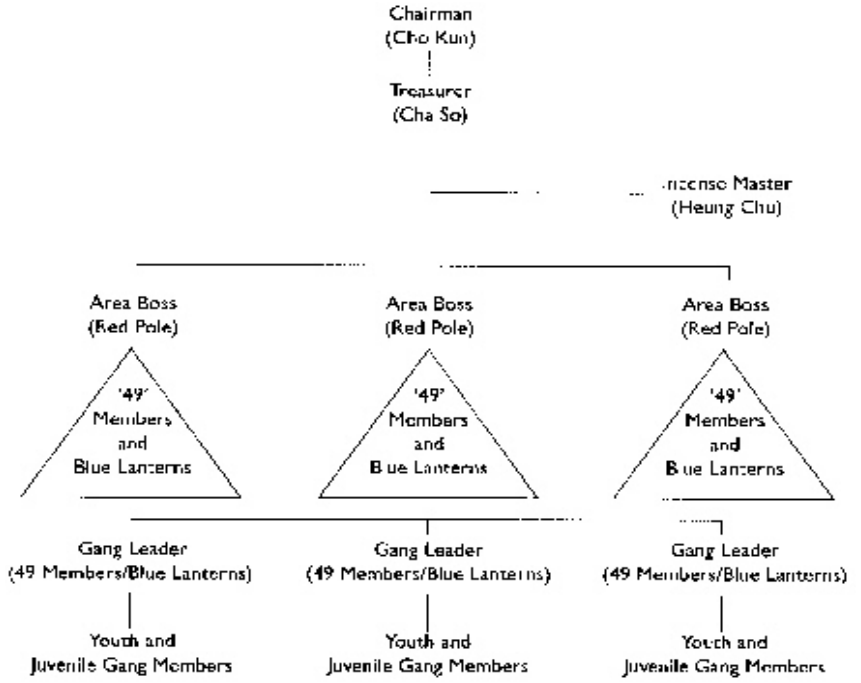

Figure 3.3 The structure of a modern triad society. Source: HK Police Interview, 6 December 1998

Figure 3.3 The structure of a modern triad society. Source: HK Police Interview, 6 December 1998

The most organised part of a triad society is at the middle level where numerous street gangs are operating in their own territories. Each gang is headed by an area boss, normally a 426 Red Pole, and has fifteen to twenty core members. To maintain their sphere of influence and operate various kinds of street level organised crime, these gangs usually do not hesitate to use violence. If an area is large there may be more than one boss of a particular society operating in it. The bosses of the smaller gangs may or may not answer to the boss of the biggest one (HK Police Interview, 6 December 1998).

In 1990, it was reported that the Sun Yee On was the only active triad society in Tuen Mun. There were about seven or eight triad bosses in the same district. While some bosses had fewer than ten followers, other bosses could have nearly a hundred. Each boss operated independently in his own territory and no boss was able to give commands to another (*OD* 24 September 1990). The followers of an area boss might be leaders of various youth and juvenile gangs in the same district. When an area boss required a large amount of manpower for reinforcement, youth and juvenile gang members were mobilised through their established networks.

Less organised triad societies have no central committee to perform the roles of coordination and settling disputes between societies. These societies consist of a number of individual street gangs which are under the control of their own area bosses. Although they share the same society name, area bosses operate with one another only on an *ad hoc* basis (Fight Crime Committee 1986: 5). The 14K is a good example. In December 1986, a Superintendent testified in the High Court that there was no centralised organisation within the 14K and that the various sub-groups operate independently. He said: 'If they are friends with each other then [the sub-groups] will call on others to assist them if necessary. However, there are sometimes conflicts within the 14K group.' (*HKS* 2 December 1986).

Although a triad gang in a particular territory is led by an area boss with a group of fifteen to twenty core members, the triad boss may be able to mobilise hundreds of people to undertake a project in a short time. The reinforcement may come from the gang's own triad group or from other societies, in the same district or other regions, through the boss's personal and triad connections. On 18 May 1990, a King Yee triad boss in Kwun Tong succeeded in mobilising about 700 men to try to drive away other prospective buyers from queuing at the sales office to buy new residential flats. The police subsequently arrested 119 of the 700 people. The Superintendent in charge of this case said: 'Some of the people who arrived that evening were drug addicts and hawkers. All were promised between $100 and $500 to turn up and disrupt the queue.' (*SCMP* 11 June 1990). On the other hand, twenty of the 119 people arrested were under the age of 18. Some boys as young as 13 years old were also found. Thus, triad labour can come from any walk of life and all age groups. To identify the people of theirs who were hired to disrupt the queue, the King Yee triad leader asked his 700 men to wear a white glove on their right hand (*FEER* 31 May 1990: 11).

Compared with the traditional seven big cartels, modern triad societies are less organised. Each triad society itself is a cartel which has a number of street triad gangs at the district level. Thus, there are about fifty triad cartels in Hong Kong. Nevertheless, triad cartels vary greatly. While some well-organised triad cartels have a central committee to coordinate their different street triad gangs, other small cartels may exist in name only because their triad gangs cooperate only on an *ad hoc* basis. However, the internal structure of a triad firm (a triad gang) is hierarchical, headed by a triad boss with a group of fifteen to twenty core members physically controlling a particular area. Thus, the evidence of modern triad societies shows that each triad firm is internally hierarchical and that the relationship among triad firms takes the form of cartels.

Hong Kong triads and overseas triads

Internationally, Hong Kong is often perceived as the headquarters of the world's triad societies. In 1976, for example, it was reported that '[…] the word triad is still

virtually synonymous with Hong Kong. Any overseas Chinese found committing a crime, whether it be drug smuggling or petty theft, is usually automatically labelled a triad member by the police of the country involved' (*SCMP* 2 October 1976). In recent years, Chinese criminals have been actively involved in international heroin trafficking, human smuggling, and economic organised crime, such as credit card fraud, counterfeiting, and money laundering. Hong Kong triads are believed to be the background organisers of these international criminal activities.

In reality, as discussed above, Hong Kong triads have never been one single organisation with a godfather at the top controlling the whole organisation through a hierarchical structure. Triad societies are actually loose cartels consisting of a number of independent gangs which adopt a similar organisational structure and rituals to bind their members together. Gaylord, a criminologist in Hong Kong, says: 'It would be tempting to say there is one man with long fingernails moving the chess pieces around the board, but that's just not the case'. Instead, he believes that triads compete fiercely among one another, and for the most part are not strictly controlled from the top. Their members often run their own rackets or freelance their services to syndicates that use the triads' networking resources (*Time* 1 February 1993: 39–40). A senior Hong Kong police officer observes:

> There is an increased awareness of Chinese organised crime in the USA, Canada, Australia and other jurisdictions. In general, however, I would say that this activity is locally controlled and not subject to direction from any triad 'Godfather' figure in Hong Kong. There are obviously contacts between Hong Kong triads and overseas Chinese organised crime groups but any assistance provided to one another or joint ventures conducted between them are largely based on personal relationships, and not as a result of a calculated move by Hong Kong triads to set up overseas bases. There is, in a number of countries, a recognised Chinese triad presence. It is not a recent phenomenon, but one that has existed for several decades.
>
> (Tsang 1993: 6)

In the UK, although senior Hong Kong triad members may come to help to settle disputes between different triad sub-groups because most British triad leaders originally came from Hong Kong, British police officers emphasise that triad societies are not controlled by their Hong Kong colleagues. In 1986, a group of Hong Kong Wo On Lok (Shui Fong) triad members moved to the UK. When they gradually ate up the business of the local Shui Fong triad society, local Shui Fong members sought assistance from Hong Kong. In 1992, a senior member from Hong Kong Shui Fong came to the UK, planning to settle the conflict between these two groups.

This person was subsequently shot and injured in London's Chinatown by the newly developed Shui Fong triad society (UK Police Interview, 24 February 1996).

As triads are decentralised and each group operates separately and independently, it is unlikely that Hong Kong is the world's triad headquarters, deliberately exporting members abroad to branch out. Although there are some links between Hong Kong and overseas triads, these links are weak and through informal networks. The emergence of triad societies in Western countries is largely due to a local environment which can foster the development of Chinese secret societies such as triads. Therefore, overseas triad societies are not likely to be branches of Hong Kong triads.

Initiation ceremonies

According to the rules, a person is regarded as a full triad member only if he has been through a proper triad initiation ceremony. All new recruits have to be sponsored by a triad official, and names of prospective recruits have to be submitted to the society for approval. When a sufficient number of recruits has been obtained, a date and a place is set for the initiation ceremony (Morgan 1960: 191). Prior to 1956, the headquarters of most triad societies regularly conducted elaborate initiation ceremonies to facilitate the recruitment of new members to their branch societies. The ceremony lasted several hours or sometimes even several days. The traditional ritual was followed and the Incense Masters were employed full time. Over the past few decades, disorganisation within the triad society has resulted in a rapid decline in the importance of these rituals. Today triad societies in Hong Kong still conduct initiation ceremonies, but they are considerably simplified. The method of 'hanging the blue lantern' has increasingly been used by many societies to initiate new members (HK Police Interview, 6 December 1998).

Traditional initiation ceremony

In a traditional ceremony, the new recruit was taught the mythical history of the society, its rules and punishment, hand signs and identification verses, and avowed total loyalty to the society. In the legend of the foundation of the triad society, the First Five Ancestors were said to have experienced a number of heroic and miraculous events during their flight to safety from the Shaolin Temple. Some of the more significant of these 'happenings' were honoured in the ceremonial rites of the movement. Through the ceremonies, the members were socialised into the triad world. According to an anti-triad police expert (HK Police Interview, 23 February 1995), the initiation ceremony consisted of the following eighteen steps:

1. Tapping the new recruit's left shoulder
2. Dashing the joss stick
3. Covering with the yellow gauze quilt
4. Passing through the Heaven and Earth ring
5. Passing through the fiery pit
6. Passing the two plank bridge
7. Eating the five seasonal fruit
8. Drinking the three river water
9. Smashing the bowl
10. Chopping off the chicken's head
11. Pricking the middle finger of the left hand
12. Drinking the Red Flower wine
13. Eight-step worshipping in front of the altar
14. Old and new members bowing to each other
15. Washing the face of new recruits
16. Teaching triad hand signs
17. Bowing to the office-bearers
18. Giving lucky money to protectors.

The key elements of the traditional initiation ceremonies were: (1) the ceremony had to be held in a room or place to be termed a lodge which, by use of triad insignia hung on the walls, was to represent the mythical triad capital of Muk Yeung; (2) blood was to be drawn from the finger of each new member by the Incense Master, and each member was to taste his own blood and then join it with that of other members and drink it to signify sworn blood-brotherhood; and (3) new members in the presence of the officials of the society were to avow total loyalty to the triad movement (HK Police Interview, 2 October 1993).

Modern initiation ceremony

Traditional triad initiation ceremonies involved very elaborate procedures which, if followed completely, would take up to three days to perform. They required a very large space and much paraphernalia. For reasons of security, modern initiation ceremonies have become considerably shorter and seldom last more than an hour. They are invariably restricted to 9–12 new members at a time, with only two or three minor triad officials presiding. The ceremonies are often held in temporarily hired or borrowed accommodation (HK Police Interview, 17 February 1995). Several local triad societies have also gone to Macau to conduct mass ritual initiation and promotion ceremonies. For example in April 1973, the Wo Shing Wo triad society held mass initiation and promotion ceremonies under the full triad ritual in Macau. During these ceremonies over 100 new members and officials

were initiated into or promoted within the society (Royal Hong Kong Police 1974: 11).

The simplified ceremony still contains basic elements of the full ceremonies. The recruit, accompanied by his sponsor, is first informed of the history of the triads and reminded that his initiation must be completely voluntary. He takes an oath before an altar which is decorated to represent the mythical triad capital of Muk Yeung. He is then warned of the fate of traitors, swears loyalty to his brothers which may include drinking a mixture of his own blood and that of other initiates, and pays a symbolic sum of lucky money as a form of joining fee. At the end of the ceremony the recruit is taught some recognition signals and triad poems so that he can recognise fellow members. Recently, the sacrificial chicken has been often replaced by an egg, and in some cases new recruits are asked to suck their own blood from their finger instead of mixing it with others (HK Police Interview, 23 February 1995).

In November 1987, a 17-year-old student described his initiation ceremony into the Sun Yee On triad society in the High Court (*SCMP* & *HKS* 14 November 1987). The ceremony took place in a private flat and was officiated by a man, attended by the recruit's prospective Big Brother and a senior office-bearer. The recruits were ordered by the presiding official to kneel in front of an altar made of red paper mounted on the wall with worshipping paraphernalia including incense, wine cups, and joss papers. Before the recruits knelt down, the presiding official took out a chopper and used it to pat each of them on the back once. The recruits were asked to place their hands, one on top of the other, on the chopper and smash an egg on which a human face had been drawn. This was used to demonstrate what would happen to anybody who betrayed the society.

The recruits, still kneeling, were told to hold a corner of a sheet of white paper which was brushed over their hands several times. This was called 'covering with the gauze quilt'. Each drank a cup of water described as 'water of the three rivers' and was given an apple said to be the 'five colour fruit'. Then the presiding official pierced their left middle fingers to draw blood. Their prospective Big Brother took out a piece of red paper on which was written his name and the names of the new recruits, with an arrow pointing from their names towards their Big Brother's one, which meant that they were to follow him. The recruit then dropped his blood on to his name and the other recruits their blood on to their names. He and the other recruits formally became the followers of the Big Brother.

The alternative and most widely practised method of recruitment nowadays is by a process known as 'hanging the blue lantern'. As it is just a verbal recognition of following a triad member, without any proper ceremony, the procedure may take less than five minutes. A person recruited in this way is normally treated as a probationary triad member, and they may or may not be taught triad hand signs or

triad verses as a means of identification. Traditionally, new recruits initiated in this way are conventionally not regarded as full triad members by a majority of societies. The more conservative triad societies would arrange for their Blue Lantern members to undergo a proper initiation ceremony at a later date. Nevertheless, it is the general trend for the less organised societies to utilise this method to initiate members (HK Police Interview, 22 February 1996). An ex-triad office-bearer recalls: 'In the early 1970s, I still had the opportunity to attend several traditional formal initiation ceremonies. The Incense Masters were very good and they could memorise all steps of the procedure. Today, nobody cares about the ceremony and very few people can conduct it.' (Interview with triad member, 1 October 1993).

According to Morgan (1960: 263–5), once a person has been initiated into a triad society only death can release him from his membership. At the initiation ceremony the member mixes his blood with those of other initiates and once they have sipped of the mixture they all become blood-brothers, a fact which no power can alter. The 13th oath says: 'If I should change my mind and deny my membership of the Hung family [triad] I will be killed by a myriad of swords.' (Morgan 1960: 157–60).

Thus, it is said that 'once a triad, always a triad'. Although triad membership is lifelong and cannot be revoked, a member may be expelled from his particular society. Such expulsion applies only to that society and not to the triad family itself. In 1957, a triad document dealing with the expulsion of an official from the Wo On Lok triad society was seized by the Hong Kong police. Copies of the expulsion order were circulated by the Wo On Lok leaders to all other societies in the Wo group (see Appendix 4: Translation of a triad expulsion order).

As the ceremony initiates the recruit not only into the society which performed the ceremony but also into the triad family, members can transfer from one society to another without having to undergo another ceremony or pay an additional initiation fee. In addition, this universal membership also permits an ordinary member from one society to accept promotion in another society. Nevertheless, it is not normally allowed for a person to be a member of more than one triad society at a time (Interview with triad member, 17 February 1995).

Since today it is no longer possible for many triad societies to enforce strict discipline over their members, membership transfer can be done quite easily. Triad members now think, 'What benefit am I getting from my Dailo [Big Brother], and is it worth my contribution?'. If triad members are not happy with their relationship with their Big Brothers, they can approach a Big Brother from another triad group and request to come under this new Big Brother. Thus, many triad members switch societies almost at will (*SCMP* 6 May 1986). In 1990, an 18-year-old student confessed that he joined a triad society after he and his friends were bullied by a local gang in a snooker saloon. Very soon he found that the society he had joined was a

weak one. He requested to transfer to another society, paying financial compensation to his Big Brother. For the same reason he transferred to a third society where he stayed a bit longer because he became a Big Brother and was able to recruit more than ten members (*MP* 22 March 1990).

Although secret triad rituals play an important part in binding members together, the evidence shows that another main function of the rituals is to prevent the unauthorised use of the triad's trademark by pirate agents who claim that they are triad members. However, triads may find it difficult to protect their trademark. As the simplified initiation ceremony and 'hanging the blue lantern' are widely practised, anyone who wishes to join a triad society can do so without undue difficulty. In addition, traditionally only triad officials had the right to recruit followers. Nowadays, this rule is not respected and any triad member can recruit additional members, especially through 'hanging the blue lantern'. As a result, triad membership is difficult to control and it is easy for non-triad subjects to claim to be triad members.

Mutual recognition

Formal recognition

Triad societies are a secret organisation. Over the years, triad members have developed numerous methods, such as passwords, phrases, poems, hand signs, gestures, seals, slang, and jargon, to show their identities. Traditionally, the initiated members were taught those means of identification so that they could easily identify themselves and communicate with each other. In Hong Kong, most means of identification are commonly used throughout the triad community. For instance, the Fung, Lau, Po, and Yan are universal verses which can be used by all triad members in Hong Kong. Some means of identification, however, are specifically for the identification of a particular society. In Hong Kong, well-organised triad societies normally have their own 'title' verse. For example, the title verse of the 14K is: 'The name of our family rises high as the phoenix dances and the dragon flies, like a bolt from the blue the title of our family rumbles over the land, with K Gold as our mark, China with the righteous 14 guard.' (Chang 1989: 99). Before 1957, there was an elaborate interrogative procedure for a triad member to check whether another was a real triad member. Basically it contained five steps (Chang 1989: 93–7):

1. What is your society?
2. Who is your 'Dai Lo' (Big Brother)?
   Who is your 'Ting Yae' (Incense Master)?
3. Show me your 'Po' and 'Yan' (hand signs).
4. Tell me the 'Fung', 'Lau', 'Po', and 'Yan' poems.
5. Tell me the names of the 'Five Parts'.

Nowadays, secret hand signs, poems, and passwords are seldom used. Since the new triad member is generally allocated a 'protector', the most common practice adopted by triad members is to identify their links to such protectors. A triad member challenged by another will generally be asked: 'Where are you from?'. In reply he will state that he is of a certain triad society and follows with the name of his protector. Normally identification challenges stop at the point of determining the authenticity of the challengee's connections to the nominated protector. If the challenger is a member of another triad, the claim to such membership is not necessary to shield him against trouble (HK Police Interview, 22 February 1995).

Informal recognition

The means of formal recognition are largely for unacquainted triad members who run into each other in an odd situation or for the triads who wanted to threaten non-triad members. Triad office-bearers, especially those who have stayed in the triad community for some time, usually know each other although they might never have met. For instance, they may know each other from occasions such as promotion ceremonies, birthday dinners, celebration of Chinese festivals, funerals, joint business meetings and settlement talks, or from other social settings like teahouses, restaurants, bars, clubs, underground casinos, or vice establishments. A retired 14K boss who was active in the early 1970s says that he knew many office-bearers both in his own group and in other triad societies. He explains:

> We would not be stuck in our territory. We always went out to eat, drink, dance, or gamble with other Dai Los [Big Brothers]. You had to know Gaau Jai [dealing with people] because sometimes you needed other people's help. For instance, you might need to use another triad's territory for smuggling stuff. […] If I met somebody I did not know – he may be a newly promoted office-bearer – I would check his background by asking things about his unit. For instance, who was the Cho Kun [Chairman] and Cha So [Treasurer] this year? Or the people I knew in his district. It was difficult for a Yeung Ku [non-triad member] to disguise himself as a triad member because we generally knew which society was powerful and who was the most influential person in a particular area. […] The formal interrogative procedure was mainly used in settlement talks, to make sure that the other party was a triad, no Yeung Koo involved.
>
> (Interview with a triad member, 1 October 1993)

Today, the triad scene is quite different. Triad ritual has become simplified and the method of 'hanging the blue lantern' is widely adopted by many societies to initiate members. Moreover, promotion to an office-bearer does not follow the tradi-

tional rule that the candidate must have served at least three years and made a significant contribution to the society. As a result, the distinction between triad and non-triad members, ordinary members and office-bearers is not clear. Many young people like to claim that they are triad members to seek prestige in their peer groups but in fact they have nothing to do with triads. However, a triad expert points out that, in his experience, it is very uncommon for a person who is not a triad member to recruit followers in the triad way. This is because the real triad in the area will hear of the matter sooner or later, and they will not let the person get off lightly (HK Police Interview, 23 February 1995).

Establishing reputation

In order to establish their reputation as a powerful society in both the under-and upperworld, triad societies have to make their presence known in public, especially in the territories they control. Triad societies are actively involved in traditional Chinese festivals, showing their strength by dispatching a large number of their members. Recently, some young and ambitious triad bosses have begun to display hundreds of fighters to show their power in another triad's territory, known locally as Sai Ma (Shining Horses). By contrast, newly formed street gangs tend to use violence to establish their reputation in the area.

Chinese festivals

A major aspect of Hong Kong's cultural and traditional heritage is the considerable number of Chinese festivals celebrated each year. Triad members are known to be involved in the celebration of many festivals, such as the birthdays of the Kwun Yam (the Goddess of Mercy), To Tei (the God of the Earth) and Tin Hau (Sea Goddess). These religious celebrations see various triad societies competing with each other by showing the strength of their numbers, displaying emblems and banners, or struggling for possession of the 'bamboo' slip in public (HK Police Interview, 29 September 1993).

In 1982, two sub-groups of the 14K, namely the Ngai and the Hau, clearly sought to increase their prestige at the Tin Hau festival in Yuen Long. These two triad groups combined to mobilise 300 members who marched through the streets behind their lion dance as part of the celebrations. Each wore a T-shirt on which the Chinese characters 'Ngai' and 'Hau' were prominently displayed. In 1984 more than forty flags bearing the distinctive Wo Shing Wo triad society logo were erected along Nathan Road – the main thoroughfare on the Kowloon peninsula – to draw attention to a dinner in a nearby restaurant, purportedly being held in celebration of the Tam Kung festival (HK Police Interview, 23 February 1995).

Shining Horses

It is a taboo for one triad society to extend its influence into another triad's territory without prior agreement. However, since young triad bosses are so eager to establish their reputation in the area, it is now not uncommon for one triad to invade another triad's territory. At about 10.00 p.m. on 15 April 1991, a large triad showdown involving more than 300 people took place on Lockhart Road in Wan Chai (*TKP & STJP* 17 April 1991). The trigger was a battle between the Sun Yee On and Wo Hop To triad societies for protection rights over a new seafood restaurant. A night club on Lockhart Road, previously under the protection of the Wo Hop To, closed down. The premises was soon turned into a seafood restaurant. When Wo Hop To members came to sell their protection service, it was turned down by the new owner because the place was now under the protection of the Sun Yee On. Although both parties arranged settlement talks, these failed to resolve this territorial dispute.

To demonstrate his power, the regional boss of the Sun Yee On – calling also on another local triad society, the Hau group of the 14K – mobilised more than 200 strong men to turn up on Lockhart Road. They were asked by their leaders to have a drinking straw in their mouth to allow identification. Seeing the Sun Yee On invading their territory, the Wo Hop To immediately called in nearly 100 men. They all wore hats for identification. At one time, two large groups totalling more than 300 men were involved in the confrontation on Lockhart Road. Although they were eventually dispersed by the police, the showdown had caused the Sun Yee On boss to become the most well-known young triad leader in the underworld.

Violence

Violence is often used by newly developed street gangs to establish their reputation in the area. A social worker described how a street gang protected their 'playground' territory:

> They had been known to beat up a number of young people who played football on the pitch on several occasions for the slightest excuses such as being rough at play or appearing 'smug'. […] The underlying reason for these fights was to demonstrate their strength and power of domination and as warnings to outsiders not to muscle into their domain.
>
> (Interview with a social worker, 15 February 1995)

Violence is used not only to enhance the status of a triad gang, but also to establish an individual triad member's reputation in his group. A senior Sun Yee On triad member explains:

> I am no martyr. Many times I crippled people over a small monetary dispute. It was all to do with face and keeping order among members. A lot of times it was a show of power and your standing in the society. To show that we could do anything to anyone if they got out of order.
>
> (*SCMP* 19 September 1992)

It is claimed that violence in triads is irrational because it is usually used for trivial things, such as for girlfriends or simply for 'face'. The evidence above shows that violence is used to build up and maintain a triad's reputation as a credible protector. Since triads have established their reputation for violence, some people are able to use this 'trademark' to make profits. For instance, in 1973 a total of fifty-seven people in well-paid occupations were telephoned by a man who demanded money from them in the name of a triad society. All paid except one, and as a result of this report to the police an arrest was made. The person concerned had made a very large sum of money but was in fact not a member of a triad society at all (*SCMP* 30 June 1975).

Summary

Between 1912 and 1939, the various triad societies in Hong Kong were largely organised under the general names of the eight triad cartels: the Wo, T'ung, Tung, Chuen, Shing, Fuk Yee Hing, Yee On, and Luen. Each group had a headquarters and a number of branch societies. After 1957, and especially since 1974, the organisational structure of Hong Kong triads has changed dramatically. The fifty existing triad societies (about fifteen of which are believed to be active) can now be largely categorised into four main triad groups – the Chiu Chow/Hoklo, 14K, Wo, and Luen – and the traditional headquarters system has declined. Instead, each society is an independent organisation, so they could be seen as fifty triad cartels. Moreover, the traditional six rank has reduced to mainly three ranks, i.e. the 426 Red Pole, 49 Ordinary Member, and Blue Lantern. The simplified initiation ceremony or the method of 'hanging the blue lantern' are widely practised to initiate new members.

Hong Kong triads are neither a centrally structured nor an unorganised entity, but loose cartels consisting of numerous autonomous gangs who adopt a similar organisational structure and rituals to bind their members together. In other words, they are not one single big pyramid with a godfather at the top controlling the whole organisation but rather many small hierarchical pyramids led by area bosses at district level, which are connected to each other by a form of cartel.

Although the main purpose of secret triad rituals is to bind the triad members together, the other important function is to prevent other people pirating triad membership. Hong Kong triads have developed different kinds of formal methods, such as passwords, poems, hand signs, gestures, slang, and jargon, and an elabo-

rate interrogative procedure to identify their members, although they are now largely in disuse. It is interesting to note that informal social circles exist in the triad community. These enable triad bosses from various societies to be acquainted with each other so that they can make sure that they are dealing with their 'brothers' rather than non-triad people.

An individual triad society can establish its reputation in a territory by showing the strength of its numbers, displaying emblems and banners, or struggling for possession of the 'bamboo' slip in public during the celebration of Chinese festivals. Young triad bosses may show their power by mobilising a large number of people in another triad's territory. Street gang leaders may resort to violence to enhance their 'notoriety' in the area. Thus, violence is only one of several means used to establish the reputation of a protection firm.

Part II

Legal markets

Chapter 4

Protection against extortionists

Entertainment businesses

In Hong Kong, many lawful public entertainment establishments, especially cinemas, bars, clubs, karaoke lounges, night clubs, discos, restaurants, billiard saloons, and video game centres, are under triad protection. The particular vulnerability of public entertainment businesses lies in the fact that they are not able to survive harassment or interruption created by gangs, for their image is essential to their business. In addition, entertainment businesses normally operate on a cash basis. Money can be skimmed off by extortionists before payment of taxes. Moreover, entertainment establishments are usually owned by a partnership – a small group of friends contribute a pool of capital to set up a business. This makes the business vulnerable to extortion because one or a few people in charge of the establishment can make decisions concerning the business. Ground-level entertainment premises are particularly vulnerable to harassment because they allow easy escape of triad members if necessary. However, foreign-owned entertainment premises are unlikely to be the target of triad protection in Hong Kong: triad members may believe that foreign investors attract more police protection because they are well connected with the government.

Entertainment business operators, especially in busy tourist areas, tend to employ the most powerful triad society in the area to protect their premises against extortionists. For example, the police know that the vast majority of entertainment establishments in the Yau Tsim district are protected by the Sun Yee On triad society, but they find it difficult to stop this as very few of the operators involved have come in to make complaints (*HKS* 10 May 1992). One anti-triad police officer explains:

> People [in entertainment establishments] are willing to pay. They don't complain and we can't force them to give evidence. They need protection because their business won't be touched by other gangs if it is known they are protected by the Sun Yee On. […] They don't want trouble. Like typical businessmen, all they want is to make money even if they have to pay protection money.
>
> (*HKS* 10 May 1992)

Although they pay tax, business operators hesitate to seek official protection because the police presence may damage their image and affect their business. As the officer above says:

> In case they get attacked, they don't even want to call us. A police visit on their premises affect[s] their business. Even if we spend only an hour, they lose money as their business gets held up. Triad attacks are reported only when somebody gets killed or seriously injured. Otherwise, incidents are often settled amicably.
>
> (*HKS* 10 May 1992)

Since entertainment businesses are by their nature particularly vulnerable to extortion, it is common for the owners to employ triads to protect their premises. Over many years, different triads have carved up the protection market of entertainment premises in busy leisure areas. For instance, the police have identified eleven triad groups which provide protection services to more than 200 entertainment premises in Wan Chai, although the Wo Hop To and Sun Yee On triad societies are the most powerful triads in the area (*SCMP* 30 May 1988). Jaffe Road in Wan Chai was also known as 'Hop To Street' in the triad community, since the Wo Hop To triad society had for a long time had a dominant power base in the area, and nearly all entertainment premises along the road were under its protection (HK Police Interview, 8 March 1995).

When a new entertainment establishment is about to open, it is assumed that it will be protected by the triad which has been controlling the area. The operator will be approached by local triads offering their protection against extortion by other gangs. Protection fees are usually paid monthly. The amount varies according to the size, location, and turnover of the establishment. It should be emphasised that the selling of the protection service is not always along the lines of 'pay up or close down'. Some triads are subtle, using different ways to convince business operators to buy their service. In the early 1990s, two triad members came to congratulate the owner on his newly opened bar in Wanchai. They told the owner politely: 'Lo Sai [Boss], you may not realise that this is a rough area and it is not easy for you to manage the business alone. Our Big Brother is a powerful figure in this area and we may help. We guarantee that nobody will make any trouble in your bar if you pay us HK$6,000 a month. The price is reasonable. Other bars in this district pay the same amount.' (HK Police Interview, 5 January 1995).

The fact that entertainment establishments are under a triad's protection does not, however, mean that the society will send members to act as security guards. Their fighters are located somewhere else in the area, ready to answer calls from any of their protected businesses. In well-organised triads, like the Sun Yee On in Wan Chai and Tsimshatsui East, the bosses may rent a flat as their headquarters and in

which the action squads can be accommodated. Members of less well-organised triads may hang around certain video games centres or snooker saloons in the area. Their bosses call them using pagers when manpower is required. An anti-triad police officer explains:

> Triads are not stupid! They will not put their men in the [entertainment] premises. There is no point in tying them up there. Moreover, the police as well as their rival triads will find them if they stay there. Sure, they will visit their protected premises regularly, to have free drinks, to look around, and to make sure everything is all right. But most of time they are not there.
>
> (HK Police Interview, 5 January 1995)

It should be noted that protection is not simply a repressive activity. Its predominant role is in fact deterrence (Gambetta 1993: 159). When public entertainment premises are disturbed by other triads or gangs, the manager or bouncers will make clear that the premises are under the protection of a particular triad society. If this is known as a powerful society in the area, most extortionists are scared off unless they come with the purpose of challenging the protector of the premises. In this case, the manager or bouncers will call in their triad protector to deal with the rival gang (HK Police Interview, 19 January 1995).

It is interesting to note that, in some cases, two triad groups may band together to provide protection for new entertainment nightspots (*SCMP* 6 May 1986). A police officer elaborates:

> When a new large entertainment establishment is going to open, the owner usually employs the triad controlling the area as the protector of his premises. Nevertheless, he may be afraid that another powerful triad nearby would come to make trouble. In order to give the 'face' to the neighbouring triad, the owner may also pay off this triad as 'dry salary'. The amount can be half the protection fee of the official protector.
>
> (HK Police Interview, 5 January 1995)

'Dry salary' means that the triad takes the salary but has no official obligation to protect the business premises. The officer above admits that joint protection by two triads is not common. In most cases, one entertainment establishment is protected by one triad, if only because few operators can afford two triads for the service (HK Police Interview, 5 January 1995).

While they are likely to provide a real protection service to large entertainment establishments, triads tend to provide bogus protection (that is, to engage in extortion) to companies engaged on construction sites and in outdoor filming. The main reason may be that in such cases triads can see no long-term prospects in offering genuine protection.

Construction sites

Compared with triad involvement in other legitimate businesses, such as minibus services, the entertainment industry, interior decoration, the sales of new residential flats, and outdoor filming, triad protection in construction sites attracts much less public attention. However, this should not be taken to indicate that it is a trivial business. With the boom in the construction industry since the 1980s, especially the number of large projects undertaken in rural areas, protection operation in construction sites has proved an immensely lucrative activity for triad societies. Moreover, triad targets are not only those involved in private civil engineering projects but also operators of major government-funded work.

Vulnerability

The vulnerability of the construction industry is largely a result of the fact that operators have limited resources to resist criminal damages made by extortionists. In Hong Kong many construction sites are located in remote rural areas, for example the huge New Territories Circular Road project in the northwest New Territories, and the giant New Airport project on Lantau Island. Traditionally, rural areas in the New Territories and the islands have been largely self-policed. Police power is not well established there. Gangsters may find it easy to commit criminal damage, for example to pieces of expensive machinery and equipment, on sites of large construction projects when all the workers are off-duty. Moreover, strict deadlines for completing a construction project may inhibit contractors from seeking police protection because official involvement may be time consuming and ineffective (Interview with an estate agent, 6 October 1993).

Although a large construction project may involve millions of dollars, the work on it is not done by one company alone. After obtaining contracts from private developers or the government, major local or foreign building contractors normally sub-contract out portions of the project to smaller construction companies. Small contractors may have to supervise their projects directly on construction sites, and this provides gangsters with a chance to extort money, since individual contractors can be forced to pay or move out of the business. Furthermore, the construction industry is relatively invisible within society. The general public may feel that they have no immediate interest in the industry because gangsters do not victimise them directly. The lack of social pressure on the government regarding this problem makes law enforcement agencies hesitate to take it on as a priority matter.

The operation

The vulnerability of the construction industry can be illustrated by the way triads extort money from construction operators. Triad protection has existed in construc-

tion sites in rural areas for a long time, though in the past it has been on a small scale. When a construction site was set up in their areas, local triads appeared to ask for a 'compensation fee'. Sometimes it was legitimate because construction companies might use village facilities or cause inconvenience to the local people. If the amount was reasonably small, many contractors were willing to pay up and write it off as 'worshipping local god fees' in their operational costs. In some cases, the compensation fee was required because local triads said that the construction would affect the 'Feng Shui' of their villages. In other cases, local triads simply asked for 'tea money' because the contractors were working in their territory (Interview with an estate agent, 6 October 1993).

Generally, there was no fixed amount for protection. The sum depended on 'what the market could bear'. Payments were often made through young triad members on construction sites. Triad bosses seldom turned up. If contractors refused to pay, the exits of construction sites might be obstructed, building materials stolen, and expensive machinery damaged. In 1991, a building company received a contract to build eight three-storey block apartments in a village in Sai Kung. A man came to ask the foreman whether he knew the rule for building apartments in the village, namely, that HK$40,000 had to be paid for each block. The offer was turned down. When a lorry carrying concrete tried to enter the site, it was obstructed by the man's private car. Eventually, the company surrendered and paid off HK$100,000. Later, the man was arrested and charged with blackmail (*STE* 20/21 February 1993).

Since such construction projects were small and lasted for a short period, the so-called 'triad protection' approached extortion. The situation changed, however, once the government began to develop the New Territories systematically in the early 1970s. A number of large private and public engineering projects are now carried out in rural areas. This has resulted in local triads organising more sophisticated protection operations for considerable profit. The new methods include: (1) forcing building companies to employ their triad brothers as watchmen or workers, although they never turn up to work; and (2) triads setting up their own construction companies and 'persuading' contractors to sub-contract a portion of building work to them, though they are unlikely to complete the work. The Fight Crime Committee describes this triad operation as follows:

> They threaten the contractors. When the contractors do not pay they find their machinery, valued up to say a quarter or a half million dollars, has been destroyed. As the next step, the gangs approach the contractors and get them to employ watchmen to stop the damage. After the contractors have paid, they find that there are no watchmen provided but the damage ceases. Another tactic is that contractors are forced to employ a number of workers but only a few turn up actually to work. Nevertheless

> the wage bills show payment to many. Workers themselves, together with the gangs, may form registered associations to control the supply of labour and then demand exceptionally high wages which the contractors will be forced to pay in order to meet contractual deadlines.
>
> (Fight Crime Committee 1986: 13–14)

To prevent bloodshed and outside triads moving to their territory, local triads may arrange settlement talks to carve up an emerging lucrative market. In 1991, the building of a new airport at Chek Lap Kok on Lantau Island, to replace the existing Kai Tak Airport in 1997, was announced. The whole project comprised the new airport itself, six road and rail projects, two major land reclamations in West Kowloon and Central, and a new town on North Lantau. A police officer observes: 'The very nature of the industry itself, with its contractual deadlines, expensive plant and machinery, and easily accessible locations, which are usually inadequately guarded, provides ample opportunity for extortion activities.' (*SCMP* 8 May 1992).

The 14K, which was based at Tung Chung (the main town on North Lantau next to Chek Lap Kok) and the Sun Yee On triad society from Tuen Mun (the nearest mainland town) were believed to have held negotiations to carve up the profits from the construction sites on Chek Lap Kok. Another triad was also involved: the Fei Fu Tong triad society from Tsing Yi, an island on one of the regular shipping routes to the airport site area.

The response

Many local and foreign construction companies, whether their projects are privately or government funded, have expected intimidation as a matter of course on their construction sites in rural areas. One project manager in a New Territories construction site said many companies came to expect to make a pay-off in certain notorious areas and frequently wrote off protection payments as 'operating costs' (*SCMP* 28 August 1987). According to a police officer, most large firms involved in the New Airport project have set aside a certain amount to pay extortion claims. In fact, the triads were demanding protection money of HK$1,000 per machine per month, and up to HK$8,000 per month per watchman, who would be a gang member but might never turn up at the site (HK Police Interview, 5 January 1995). In some cases, operators of large construction companies employ a powerful local triad leader in the area to be the protector before setting up their sites. A Hong Kong police officer recalls a case:

> After a construction company had been sub-contracted to work for a portion of the New Territories Circular Road project, the contractor came to employ a 14K triad boss in a major town in the northwest New Territories as the protector of his construction sites. Initially, the triad

> boss asked for an overall amount of HK$2 million for the protection of the whole project, but it was turned down by the contractor. Finally both parties reached an agreement: namely, a down-payment of HK$120,000 with a monthly payment of HK$40,000 for the duration of the contract.
>
> (HK Police Interview, 15 August 1993)

Many construction companies tend to buy protection from the most influential triad in the area. They would hesitate to employ people who are suspected of being powerless or bogus triads. In December 1991, two Nigerian men appeared on the construction site of a hotel in Tsimshatsui. When they met the manager of the site, they claimed, in English, that they were 'triads' and demanded protection money for the construction site. The manager reported it to the police immediately and the two bogus men were arrested. It was believed they were travellers in Hong Kong who, after running out of money, had tried to disguise themselves as local triads to extort money (*STJP* 20 December 1991).

In contrast to the situation with large entertainment establishments, it seems that triads tend to sell bogus protection to operators in construction sites, though the situation may vary from site to site. Some large company operators can have a greater bargaining power to deal with triads, so that local triads are likely to victimise the contractors whose projects are small and last for a short period because they cannot see a long future in the protection business. This situation will be made clearer in an examination of triad involvement in outdoor filming.

Outdoor filming

In Hong Kong triad involvement in outdoor filming has a long history. Local triads come to collect protection fees when they see a film crew shooting in their areas. In the past this triad practice was not widely publicised because the major part of a film was produced in indoor workshops. Film producers were willing to pay up and write it off as a 'general expense', provided the amount was limited. Since the 1980s, however, Hong Kong films have become popular in local and overseas markets, and, to increase the quality of the films to meet the growing need, film production budgets have significantly increased and outdoor filming is used extensively. This gives local triads the opportunity to organise more sophisticated protection operations to reap profits from outdoor filming.

In recent years, the number of cases of triad involvement in outdoor filming has increased considerably, and the amount involved has risen from a few hundred dollars to tens of thousands of dollars. Film producers find it increasingly difficult to manage the situation because triads now tend to demand a down-payment first and then come to collect money daily until the

shooting has been completed. In addition, other gangs may appear from time to time to demand protection fees after the producer has paid a gang. The chairman of the Hong Kong Film Directors' Guild recalls:

> When I first joined the industry, in 1976, there was the odd demand for protection money while on location. Now, I would say that 99.9 percent of the time, unless you are shooting in your own home, you have to pay some amount of money. […] In a recent incident, when we were filming in an abandoned factory in Kwai Chung, we were asked to pay tens of thousands of dollars. They actually came inside the building and insisted it was their territory. And it's always possible that another gang will turn up later and demand payment.
>
> (*SCMP* 19 January 1992)

Vulnerability

Outdoor filming is vulnerable to interruption and vandalism by gangs since it is an on-going production process. Shooting can be disrupted by the presence of unnecessary figures, noise, or objects being thrown from somewhere nearby. Moreover, both film equipment and background sets are expensive, and, because most outdoor shooting takes place in remote areas, are easily damaged by troublemakers. Film companies may find it very costly to get the whole crew to re-shoot if one day's shooting is lost, since most popular Hong Kong actors are making several films at the same time and juggling schedules (Interview with a deputy film director, 11 February 1995).

The vulnerability of outdoor filming to gang intervention is also due to the unwillingness of crew leaders to seek police protection. Hong Kong is a small city and there are few suitable private places which can be rented for film production. As a result, film crews usually make use of public places for outdoor shooting. To avoid cumbersome bureaucratic procedures, crew members may do this secretly without official permission and hence their shooting is illegal. This makes them less likely to report to the police their being harassed by local gangs (Interview with a news reporter, 14 January 1996).

The operation

Because outside triads are not familiar with the locality, it is hard for them to obtain intelligence about when and where film crews will come to shoot outdoors. Consequently, protection in outdoor filming is exclusively run by local triads. As the protection for outdoor filming is a lucrative business, local triad leaders may arrange for their members to 'patrol' the popular

shooting locations in their areas (*CU* 24 May 1991). Most locations are situated in countryside areas, such as Lau Fau Shan and Pak Lai in Yuen Long, and Tui Min Hoi and Pak Sha Wan in Sai Kung. Of urban areas, Tsimshatsui East is the most well-known location for outdoor filming. As soon as a film crew is found to be shooting in their area, the patrol men call their fellow members to come to demand protection fees (*CU* 25 May 1991).

The chairman of the Hong Kong Film Directors' Guild says that sometimes the payment is legitimate, for example if they are shooting on private land or in a village. Crew leaders gladly compensate the locals for the inconvenience caused (*SCMP* 10 January 1992). However, most common triad methods for demanding money are not justified. The triads make an excuse such as 'order maintenance fee' or 'cleaning fee'. In rural areas, they ask for a 'compensation fee' because the film shooting is said to affect the 'Feng Shui' of their villages (*CU* 25 May 1991). Sometimes, local triads come simply to demand the so-called 'tea money' (*SCMP* 16 January 1992).

There is no fixed amount for protection fees. The sum may range from several hundred to fifty thousand dollars, and largely depends on the cast of the film crew and whether the crew leader is tough in negotiation. A Hong Kong action star recalls his experience with triads:

> Once, a gang approached us for protection money when we were about to do an outdoor shoot for a movie. They asked us to pay a $50,000 down-payment and $5,000 every day for the location shooting. We were asked to pay them $3,000 at a later stage or else our sets would be burnt.
>
> (*HKS* 16 January 1992)

If the offer is refused, vandalism may be used. In June 1991, a film crew was harassed by triads when shooting in the busy Causeway Bay area. When crew members were building background sets, a group of men arrived to disrupt the process. They claimed that they were the Wo Hop To triad members and demanded HK$5,000 protection fee. The crew leader turned down their offer. Later, this group came back to the scene, claiming that they were fans, and tried to disturb the shooting. Ironically, the story of the film was about the triads in China in the 1930s (*STJP* 14 June 1991). In some cases, triads may use the police to disrupt the shooting by complaining that the film crew is making too much noise in public areas (*CU* 24 May 1991).

More seriously, background sets may be damaged and crew members beaten up. In June 1993, a film crew was 'bombed' by local triads when the triads' offer was rejected. After having obtained official permission to use a piece of government wasteland for shooting, a film crew had arrived at a village in Sheung Shui. Two self-claimed Wo Shing Wo triad members appeared to demand a protection fee. In spite of their objections, the crew leader gave the triad men just HK$300. Later, a motor-

bike arrived. The two men on the bike threw a homemade bomb at the shooting scene (*SP* 21 June 1991). In March 1992, when a crew was shooting in a back lane in Kowloon City, a group of six men turned up and stopped the shooting. They claimed they were triads working as bouncers in the bar lounge nearby, and complained that the crew should have informed them in advance before shooting near their lounge. Protection money of HK$20,000 each day was demanded. When the offer was rejected, the men beat up the crew members (*MP* 20 & 21 January 1993).

The response

Since triad protection in outdoor filming has become more organised and sophisticated, outdoor filming in popular locations now has only a slim chance of escaping triad intervention. To cope with this problem, film crews may use the following strategies. First, they will try their best to complete their outdoor shooting in as short a time as possible: before the local triads have arrived, they have gone. Second, before they go to film in some popular locations, crew operators contact the most influential triad boss in the area and offer him protection fees in advance. Lastly, some tough crew leaders still pay protection fees to local triads; however, they report it to the police at an appropriate time. For instance, in 1991 several self-claimed 14K triad members turned up to demand protection fees while a film crew was doing an outdoor shoot in Sai Kung. They asked for HK$3,000 protection money, but the offer was turned down. One night, the shooting location was set on fire and a background set was damaged. Afterwards, the same triad group came back again; this time they demanded HK$1,000 daily until the shooting had been completed. Eventually, the crew leader agreed to pay the triad HK$500 each day. When the shooting was near completion, the crew leader reported the triad intervention to the police. Anti-triad officers secretly came to investigate the case. After the crew had gone, the police arrested a 14K triad boss (*CU* 24 May 1991).

Chapter 5

Protection against competitors

Traditional operations

Street hawking

Street hawking has been a feature of life in Hong Kong for many years. Unlike licensed fixed-pitch hawkers whose locations are determined by bureaucratic processes of random allocation by ballots, unlicensed hawkers have to secure their locations on their own. Although all unlicensed hawkers have equal access to the use of any particular location within a hawking area, there is a tendency among hawkers to keep the same locations. This spatial monopoly is especially strong at the core of a hawking area which consists of locations with great economic attraction (Smart 1989: 65). Therefore, unlicensed hawkers may face the problem of securing their 'places' from other competitors. The hawkers who do not possess the necessary social resources to gain access to favourable locations may rely on local triads to protect their hawking places.

Claiming territorial rights and 'renting out' hawking spaces

To protect their hawkers' selling places from competitors, a triad group has to claim the 'territorial rights' in a hawking area. In 1974 the Urban Council introduced a 'Hawker Permitted Area' scheme which claimed fifteen streets in the heavily populated districts in the Kowloon area as an open zone for unlicensed hawkers. However, no fixed positions were allocated for hawkers. Instead, the open zones would be available on a daily 'first come, first served' basis. Following the disclosure of where the fifteen demarcated streets were located, however, triad members descended on the streets first, with paint and brush, to mark 'plots' on the surface of the roads. Inside the plots triad members painted names to establish their 'ownership'. They passed subtle threats to anyone 'trespassing' on their marked plots. Hawkers claimed that they were 'pushed aside' by triad musclemen who were staking claims to all possible hawking sites in the areas (*SCMP* 21 February 1975).

After establishing their territorial rights in a particular hawking area, triads 'rent out' spaces to unlicensed hawkers for profits. Generally, a sum of money is expected to initiate the rental arrangement. In addition, hawkers will be asked to make

weekly (or daily) payments to the triad protector. The amount may depend on the location of the space and what the hawkers are selling. In the case of 'Hawker Permitted Areas', the triad groups 'sold' those plots with prices from HK$500 to HK$3,000, the latter for sites on busy street corners (*SCMP* 21 February 1975). In August 1986, the police smashed a protection operation run by the Wo Yee Tong triad society in Kennedy Town. While vegetable hawkers in the streets contributed only about HK$75 a week, butchers and fruit stalls were charged several hundred dollars for 'protection' (*HKS* 15 August 1986).

If they collect protection money weekly, the triads may set aside one particular day to visit their hawkers. When the triads turn up, hawkers often give them the prepared money without saying anything. Triad bosses seldom come down to collect protection fees. It is a hard job and their presence may attract police attention. Instead they appoint younger members or associated people to do the job. For instance, hawkers in Tsuen Wan said that the triads came to collect protection fees every Monday. Although the triad boss sometimes came to the hawking area, it was usually his wife who collected the money (*SCMP* 13 April 1975).

Protecting hawking places

Since too many hawkers in a protected market would result in cut-throat competition, triads have to secure the interest of their protected hawkers by limiting new entrants. In January 1993, an undercover police officer disguised himself as a hawker in a popular illegal hawking area in Tsimshatsui. He was approached by a 14K triad member and asked to shut down his business immediately. When the member's associate tried to use a mobile phone to call in reinforcements to deal with the police hawker, officers ambushed them and both triad members were arrested (*MP* 21 January 1993).

Even when new hawkers are allowed to set up business in a protected area, the triads may impose certain business constraints on them. New hawkers may be allocated a less marketable place, or they may not be allowed to sell the same kind of goods as others in the area. More importantly, the new hawkers will be charged the same or even higher protection fees. This will raise the production costs of the new hawkers and thus reduce their competitive ability in the hawking market. As a result, the interests of the original protected hawkers can be secured.

In a market town in the New Territories, there is a small anonymous road. It is located in the heart of a shopping area, next to a cinema and a small park, and has become an ideal place for operating unlicensed cooked-food stalls. Although every unlicensed hawker is entitled to compete with others for the selling positions, the same eight food stalls were found to operate in the same locations every day and no stall sold the same kind of food. According to a shop owner nearby, these hawkers

were protected by a local triad boss known as Uncle Ng (false name). No other hawkers dared to set up food stalls on the road without the permission of Uncle Ng. In fact, the people in the area referred to the road as Uncle Ng's Road (Interview with two shop owners, 18 July 1993). It is also interesting to note that triads appear to have no racial discrimination against the hawkers plying business in their protected area. On 22 May 1992, the police received an unusual report from a group of Nepalese hawkers in Yaumati that they had been paying HK$20 in protection money each night to a man who claimed to be a member of Wo Shing Wo triad society (*HKS* 26 October 1992).

Triads, as protectors of their unlicensed hawkers, are expected to counteract the operations of the hawker control team. The hawker control team is a specialised unit of the Urban Services Department which takes the major responsibility for keeping unlicensed hawkers off streets by establishing patrol routes in the most congested areas. In general, triad members provide three kinds of services to their customers. First, they may act as 'lookouts' or 'watchmen', giving audible warning to their protected hawkers before a hawker control team arrives, thus allowing the hawkers time to find a safe refuge. Second, triads organise illegal hawkers to resist arrest by the hawker control team. Finally, triads may threaten hawker control team members to dissuade them from taking action against the protected hawkers (Interview with two shop owners, 18 July 1993).

In October 1985, a clearance squad was dispatched to clear hawkers' illegally built structures in Mongkok. During dispersion by the officers of over thirty illegal hawkers, fourteen squad members were injured by at least ten men armed with iron bars and pipes. The police believed that the attack was organised by triad members who 'rented out' spaces and supplied electricity to unlicensed hawkers in the area (*SCMP* 4 October 1985). In another case, five hawker control team officers were injured by about ten men armed with wooden poles during a raid on unlicensed hawkers in Shaukiwan (*SCMP* 4 October 1985). The chairman of the Federation of Urban Services Department and the Regional Services Department Staff Unions confirms that in carrying out raids against unlicensed hawkers his staff faced more threats from the triads controlling the hawking businesses than from the hawkers themselves. He says: 'Some of our colleagues were followed and verbally threatened by triad members who claimed they knew where our staff lived and could identify their family members.' (*SCMP* 4 October 1985).

As well as providing protection against state intervention for their protected hawkers, triads also deter people who attempt to report the illegal hawking activities to the authorities. Since their shop fronts are blocked by the hawkers' stalls, shopkeepers have a strong incentive to complain to the police or the Urban Services Department. However, they may be threatened by triads if they are known to have made complaints. Such a situation did take place in Kennedy Town: when

hawkers found that shopkeepers had made complaints to the authorities, they simply turned to their 'protectors' to resolve the matter (*HKS* 15 August 1986).

Who are the victims?

The police find that their investigations are always hampered by the unwillingness of the majority of hawkers to make complaints or to give evidence against triad extortion. It should be noted that unlicensed hawking is illegal in Hong Kong. Consequently, unlicensed hawkers have a common interest in keeping the authorities as far away as possible from their hawking sites. More importantly, protected hawkers are the primary beneficiaries of triad protection. In the triad-controlled area, they ply their business free from other competitors or extortionists. By contrast, unprotected hawkers are always forced out of the triad-controlled areas, hawking in relatively poor public locations. These unprotected hawkers are some of the real victims of triad protection, and they are more likely to report triad activities to the police – not for the protection of their business but for their own safety.

Shop owners are also the victims of triad protection, because their shop fronts are blocked by the stalls of protected hawkers. In order to compete with these protected hawkers, some shop owners arrange for their relatives to be street hawkers, getting them to set up stalls in front of their shops (Interview with two shop owners, 18 July 1993). Consumers are also victims, since they pay for the goods and services which may include the cost of triad protection. However, consumers may not feel they are victims since the prices of goods at street hawkers may still be less than those in ordinary shops.

Protected hawkers may have mixed feelings about triad protection. For the hawkers who have no social resources to secure their selling places, triads provide strong-arm services to help them drive away other competitors and extortionists. On the other hand, protected hawkers are frightened by triads because of their brute force. They worry particularly about meeting a 'bad' protector who may look for any excuse to take as much money as possible from their earnings. For example, the protector may claim that his 'brothers' are in trouble or he has not had his lunch. It is also common for triad members to take food or goods from hawkers and leave without paying.

So it seems that unlicensed hawkers tend to accept triads as part of their trade. They need triad services to secure their selling places. They do not expect that law enforcement agencies will destroy the power base of their triad protectors. What the unlicensed hawkers hope for, therefore, is that they meet a 'credible' and 'disciplined' triad protector.

Minibus services

Compared with other traditional public transport, the minibus service (known lo-

cally as Public Light Bus) has a relatively short history in Hong Kong. Since a minibus service is not a franchised public transport concern, it is up to the operators themselves to arrange their own routes and terminals. Therefore, minibus terminals can be located on any street in a busy area. As profitability varies from route to route, competition for 'better' routes is fierce. The drivers serving a profitable route have a strong incentive to form a cartel to prevent other drivers using their terminals. Triads, able to mobilise a large group of members to use violence, are brought in to provide the force required to establish and maintain control over the profitable minibus routes.

Entering the market

Not all routes are likely to attract triad involvement. Triads tend to offer protection services to routes which have three characteristics: (1) the route is lucrative; (2) drivers are so disorganised that they are not able to band together to drive away their competitors; and (3) the route is easy to monopolise, for example it has many restricted zones so that control over the terminals means control of the route (HK Police Interview, 2 January 1995). Generally, triad entry to minibus services occurs either by 'invitation' or by 'initiative'.

It is more likely for triads to be 'invited' by minibus operators to secure a route which they have already initiated. It usually takes a fairly long period for a group of drivers to set up a new route: first, drivers have to test the profitability of a potential route; then they need to look for 'good' places to site their terminals; and finally, passengers take time to get used to the new service. When the business has stabilised and proven profitable, however, other drivers seek to move in to take a share. Thus, the original drivers have a common interest in forming a cartel to limit new entrants. Some drivers may bring in local triads to 'police' their routes. In some cases, drivers may join local triads so that they can gain access to the power necessary to monopolise the route completely. However, these triad routes cannot be too visible: if the triad monopoly affects many fellow drivers or consumers, law enforcement agencies may intervene. Therefore, these triad routes are often lucrative but 'quiet' (Interview with a retired driver, 20 February 1995).

Two police officers who were undercover agents described the operation of a triad-controlled minibus route (HK Police Interview, 5 January 1995). For the purpose of anonymity, names and other related material have been omitted. The route involved is called here the South–North Town Route. The route had been established for more than ten years, and was initially set up by a group of drivers to provide a new transport service between the South and North Town. When the route had proven lucrative, as the South Town became increasingly populated, some serving drivers who were triad affiliated 'invited' their triad group to join the business.

Their purpose was to form a cartel to monopolise the use of the terminals. They knew that once they succeeded, other fellow drivers would lose a good deal of their competitive advantage. The reason was that there were many restricted zones along the road; other drivers would find it difficult to pick up and put down their passengers without using the terminals. To protect the interests of the serving drivers, the cartel would not accept new entrants even if they were willing to pay an admission fee of up to HK$80,000. The two undercover agents said that they failed to penetrate the cartel because they could not meet its 'joining' conditions: (1) to join the triad society; (2) to prove that one was a reliable member; and (3) to wait until a vacancy appeared and all influential members agreed to allow the candidate to join the cartel.

Triad entry to minibus services is not necessarily a smooth process. In some cases, triads may face confrontation if they attempt to control the routes where the minibus operators are well organised. On 17 January 1989, about ten men visited the Sheung Shui branch office of the Hong Kong, Kowloon, and New Territories Public Light Bus Union Association. They claimed that they were members of the Wo Shing Wo triad society in Sheung Shui. They demanded HK$3,000 protection fee for the Sheung Shui–Yuen Long route. Their offer was turned down. The windscreens of nine minibuses parked in Sheung Shui were smashed two days later. To arouse public concern over the triad violence, seventy-five minibus drivers organised an afternoon strike in Yuen Long (*WKJP* 20 January 1989).

If their competitor is an organisation with a strong ideological background, triads may find it more difficult to supply protection services. During the 1970s, the left-wing Motor Transport Workers Union was very active on Hong Kong Island. A number of minibus drivers were union members. In order to resist any external power trying to control their business, they set up mutual protective organisations known as 'worker terminals'. They refused to pay protection fees to triads. Instead, they organised their own members to guard their terminals. Those drivers were so steadfast that triads failed to get entry to their business. When the influence of the left-wing trade union gradually declined in the 1980s, a power vacuum was left which allowed triads to step into minibus services (*NM* 26 April 1991).

The above evidence shows that triads have a better chance of moving into a business where competition among minibus drivers is fierce. If the drivers are well organised and especially if their organisations have a strong ideology, triads may be excluded from the protection industry in this sector.

Organising protection services

After claiming their territorial rights over a particular minibus route, triads 'rent out' the operation rights to drivers for the use of the terminals. In most cases, triads will ask minibus operators to join an overt association. Such front organisations usu-

ally claim to be welfare associations, aiming to provide mutual help and medical and educational assistance to their members. The chairman and leading committee members are always the influential office-bearers in local triad groups. After joining a triad-run association, the drivers can ply their business on the chosen route without interference from other, unprotected drivers. In return, drivers are expected to pay an entrance fee to join the association. In addition, drivers are required to contribute monthly fees for the use of the triad-controlled terminals (HK Police Interview, 5 January 1995).

The route is then closely policed by triad members who act as 'regulators' at the terminals. On the surface, the role of the regulators is to ensure that vehicles line up properly without obstructing traffic. In fact, they mainly force non-members of the association off the profitable route. The protected driver in turn has to pay daily operating fees, such as cleaning or management fees, to the regulator. The regulator is also responsible for recording which drivers have paid the protection fee. To enable their identification, protected drivers have to buy from the triad-run association a particular destination board which is usually much more expensive than an ordinary one. To avoid attracting police attention, drivers may be required to change the colour of their destination plates after a certain period (Interview with a retired driver, 20 February 1995).

In July 1991, the police broke a large triad operation in the minibus service at Jardine's Bazaar in Causeway Bay. This operation was run by three different triad societies, the Wo Yee Tong, 14K, and Wo Shing Wo, but the first of these was the main organisation behind the operations. Jardine's Bazaar was very important for the minibus operation because it was the only unrestricted zone in the heart of the busy Causeway Bay shopping area. The Superintendent in charge of the case explains:

> Jardine's Bazaar is a very good and very profitable thoroughfare for non-franchised PLBs [minibuses] plying between Shau Kei Wan and Western. In fact, most non-franchised buses would like to use that place because you cannot stop in Hennessy Road, it is a restricted zone. There is a tolerated area for dropping down and picking up passengers. So it was very much a choke point for these triad members and very easy to control because it's only one entrance and one exit, that's it, it's a one way system.
>
> (*HKS* 3 July 1991)

The triad protector charged each driver HK$1,000 as an initial 'joining' fee. In addition, drivers had to pay HK$300 a month for running between Shau Kei Wan and Wan Chai and another HK$300 if they wanted to go to the Western District. In return, drivers were given yellow plastic route plates as identification so that they could pick up passengers at Jardine's Bazaar. The triad protector regularly adopted

different ploys to confuse the police, such as changing the colour of the route plates and using the labels and key rings of a charitable organisation – a well-known non-profit-making hospital in Hong Kong – as identification. The triad approached the hospital saying that they wanted to raise funds for charity. When they obtained the labels and key rings bearing the name of the hospital they distributed them to their protected drivers, who had to display them each time they entered the area to distinguish them from unprotected drivers (*SCMP* 3 July 1991).

It should be emphasised that supplying credible private protection to minibus drivers is a labour-intensive business. The day-to-day operation may include a manager, two or three assistants, three or four regulators, and a group of enforcers. At Jardine's Bazaar, as mentioned, the protection service was run by members of three different triad groups, with the Wo Yee Tong being the main power. The manager was a middle-aged woman known as Big Sister. She had at least three assistants. One of these had a mobile telephone, ringing triad colleagues at another terminal to 'discipline' disobedient drivers. Every day this management group turned up at around 2.00 p.m. at Jardine's Bazaar to make sure their protection service was running smoothly. They also had a group of enforcers, mainly youths and juveniles, roving around the bazaar to drive away any unprotected driver trying to use the terminal to pick up passengers (*NM* 26 April 1991).

Protection against competitors and price fixing

Each minibus route can accommodate only a certain number of minibuses, otherwise cut-throat competition would make business unprofitable. Thus, the major service of the triad protector is to prevent unprotected drivers from using their terminals. The methods range from preventing boarding of would-be passengers, slashing tyres and breaking windscreens when the vehicles are left unattended, to assaulting drivers. The fact that minibus drivers park their vehicles on the street after a day's business and that they work on certain fixed routes makes them and their vehicles an easy target for triad attack.

At Jardine's Bazaar, the Superintendent quoted above told how every day triad members on board a parked minibus checked to see whether drivers were carrying the sign plates or stickers. Those who had not paid were subject to acts of intimidation. One of the tricks used by the gangs was to leave a space in a minibus queue at the terminal for unsuspecting drivers to pull in. The minibus at the back and the one in the front would then jam him in. The trapped minibus might be stuck for the whole day (*HKS* 3 July 1991).

In addition to ensuring that their protected drivers have the monopolistic right to use lucrative routes, triads may also offer the service of price fixing for their customers. At Jardine's Bazaar, the minibus fare between the Western

District and Causeway Bay was HK$3. After the triads moved in, protected drivers had to charge passengers HK$1 more than the usual fare. A driver said that the fare was fixed by the 'watchmen' at the terminal. He explained:

> If a driver who hadn't paid and charged cheaper fares tried to pick up passengers, he would be told off. The watchmen would take down the plate number and ring up their partners at the other end of the route and somebody would talk to the driver when he arrived there.
>
> (*SCMP* 4 July 1991)

In one case, when an unprotected driver was found to be charging passengers HK$3 at Jardine's Bazaar, two triad members mixed with passengers to get on to his minibus. When his minibus arrived in the restricted zone in the Central District, the two triad members forced the driver to open the door and shouted at all the passengers to get off. Consequently the driver not only failed to collect the fares but also risked being fined for stopping in a restricted zone (*NM* 26 April 1991). Another driver suffered a more serious consequence. When he took two passengers from Jardine's Bazaar to the Western District, charging HK$3 for each, a man came to knock at his minibus door and warned him: 'You'd better ply business somewhere else. You know, vehicles can be repaired but people will be in big trouble if injured'. The driver ignored the warning and carried on his business. At midnight that same day he was found seriously beaten up, having been attacked while parking his vehicle at a petrol station (*NM* 26 April 1991).

Who are the victims?

In many cases, protected drivers are the primary beneficiaries of triad protection. They consider the protection money worthwhile as they can ply more business on a monopolised route. Moreover, protection fees may pass on to customers because they can be charged higher fares. At Jardine's Bazaar, the fare between the Western District and Causeway Bay was reduced after the smashing of the triad operation. Most of the minibuses cut fares from HK$4 to HK$3. Some drivers complained:

> Our business was slightly affected as more drivers drove in to pick up our customers. Many of those who had not paid any protection money before returned here to pick up passengers; it caused chaos in the road as they just jumped the queue.
>
> (*HKS* 4 July 1991)

The real victims are those who have not received triad protection but are still doing business on triad-controlled routes. The undercover police officers above explain:

> Once you are under triad protection, you do not need to worry about the business. You just park your vehicle at the triad-controlled terminal to pick up the waiting passengers and then leave. If you are 'Big River Buses' [unprotected minibuses], you have to remain highly alert when picking up and dropping down your passengers. Sometimes you are forced to do so in restricted zones because you cannot use the facilities of the terminals. In some cases, you even have to give priority to protected drivers to pick up passengers along the road. This would upset you very much!
>
> (HK Police Interview, 5 January 1995)

It is this group of drivers who always report to the police, especially as triads may resort to violence to keep the drivers away. Although passengers are also victims of the triad service because they may pay a higher fare, the police have never received complaints from them. This is partly because the fare difference is small. However, another reason may be that passengers are satisfied with the triad service because it keeps order at minibus terminals.

Wholesale fish markets

The fish marketing system

Fishing is one of Hong Kong's oldest industries. Hong Kong still remains virtually self-sufficient in fresh fish produce, with some 95 per cent of the supply coming from the local fishing fleet. According to the Marine Fish (Marketing) Ordinance, all marine fish, except crustaceans and those still alive, must be off-loaded at places specified by regulations. The Fish Marketing Organisation (FMO) was established by the government to manage wholesale fish markets. The FMO currently operates a total of seven wholesale fish markets: Cheung Sha Wan, Aberdeen, Castle Peak, Tai Po, Sha Tau Kok, Sai Kung, and Shau Kei Wan. Any fish not off-loaded and traded in the above official markets are regarded as being illegally transported. Although the FMO is an official organisation, the main source of its revenue comes from the 6 per cent commission it receives on sales (Hong Kong Government 1998: 130–2).

In 1997 the Hong Kong fishing population comprised about 19,200 fishermen, utilising 4,460 vessels of various description (Hong Kong Government 1998: 129). Every day, in the early morning, fishing vessels sail back to Hong Kong to land their catches. On arrival at the wholesale markets, fish are handled by the staff of the FMO on a 'first come, first served' basis. Fish are sorted according to type and size. Weighing is conducted by the FMO staff in the presence of the fishermen or their agents. After that, fish are sold by auction.

All wholesale fish markets have their own registered buyers. Since fish are mainly sold by auction, there is strong competition among fish buyers. To maximise their profit, individual buyers have an incentive to manipulate the auction process by deterring other would-be buyers from bidding for the fish lot which they have 'pre-selected'. Triads, able to mobilise manpower for the purpose of physical violence, are brought in by fish buyers to suppress competitors.

The operation

For the purpose of manipulating the process of fish sales, it is common for triad members to claim before the auction starts the 'property right' to particular fish lots which they intend to bid for. After entering a fish market, triad members go into the sorting floor to make the 'prior marking' on fish containers. They select good quality fish lots first and mark them with pieces of paper. Other interested fish buyers will then not make a bid for the lot. In addition, triad members may put poor quality fish on top of good quality fish and/or cover large fish with small fish, so that they can get the lot for a much lower price. As a result, their 'protected' buyers may accumulate a handsome profit at the expense of the fishermen and their fellow buyers (HK Police Interview, 22 February 1996).

The Cheung Sha Wan wholesale fish market in Shamshuipo had been manipulated by triads for more than ten years. Although individual triad members from the 14K, Luen Ying Sh'e (Lo Luen), and Sun Yee On were involved in the marketing operation, the Wo On Lok (Shui Fong) and Wo Shing Wo triad societies were the most influential groups in the market (*CU* 1 April 1988). In 1988, a senior police officer in Shamshuipo describes the Wo On Lok operation as follows:

> The Wo On Lok, better known as Shui Fong, was very active in the Cheung Sha Wan wholesale fish market. Before the auction started, they sent their members to the sorting area to mark good quality fish lots. After seeing their marks, other fish buyers knew that the fish lots belonged to the Wo On Lok, and they would dare not make a bid. If some ignorant buyers bid for them, they would be retaliated [against] by the triad members afterwards.
>
> (*CU* 1 April 1988)

After buying good quality fish lots at a low price, the Wo On Lok members re-sold them to seafood restaurants. It was estimated that each restaurant paid the triad from HK$3,000 to HK$4,000 to guarantee that they would receive good quality fish. Moreover, lorry drivers transporting fresh fish from the market were forced to pay HK$200 monthly protection fee to the triad (*CU* 1 April 1988). In addition, the Wo On Lok and Wo Shing Wo triad

members were found to be involved in organised pilfering. Thousands of dollars worth of fish were taken each day; the stolen fish were then re-sold outside the market (*HKS* 15 March 1988).

Although the Wo On Lok and Wo Shing Wo had established their own territories, they always fought each other for dominance in the market. However, their gang fights were usually carefully hidden from the police, for the main reason that they were afraid of giving the police an excuse to investigate their illegal activities (*CU* 15 July 1988). This could have resulted in the collapse of the whole protection business.

It is worth pointing out that the wholesale fish markets are not visible to the public. The system is by its nature very complicated, and outsiders may find it difficult to understand its operation. Owing to a consequent lack of social pressure, authorities have hesitated to highlight the triad problem in these markets. Over many years, the triad practice was gradually accepted by participants as a 'normal' marketing method. This may be one reason why the triads controlling the markets tried to keep their existence as 'quiet' as possible.

In some cases, the police have succeeded in breaking into the fish markets because some dominant triads became too 'greedy'. Fishermen and buyers have no other choice but to seek police assistance. In April 1993, the police smashed a large fish syndicate run by the Sun Yee On triad society in the Castle Peak fish market in Tuen Mun. It was said the triad had established its influence in the market over a ten-year period. In addition to forcing fishermen to sell them seafood cheaply and then re-selling it at an inflated price during the auction process, the triad used various means to reap huge profits from the fishermen and buyers. For example, their members 'borrowed' money from fishermen and buyers but never paid it back; fishermen were forced to sell their catches at sea before the fish reached the market, so that the triad could make more profit without paying 6 per cent official commission; they asked buyers to employ their members who took the salary and then never turned up to work; and they forced buyers to pay 'parking fees' for their lorries. Buyers and fishermen who refused to toe the line were beaten up (*HKS* & *SP* 2 April 1993).

In preceding years the police had launched several operations against the Sun Yee On in the market. They even sent undercover agents to collect information about the triad's illegal activity. However, none of the police operations succeeded because fishermen and buyers were too afraid to act as witnesses. This was the situation until early 1993, when some victims indicated that they were willing to give evidence in court. The police thus had the chance to break the triad syndicate. The eighteen suspected triad members, including three senior office-bearers, were charged with blackmail and extortion (*SP* 2 April 1993).

Who are the victims?

A senior fisheries officer at the Agriculture and Fisheries Department made the following comment on triad involvement inside the fish market:

> These bad elements controlled the supply and so they controlled the pricing as well and could push up the prices as they liked. […] These elements did not retail the fish themselves but sold them to others at a retail level for a profit. […] I think the bad elements are triad members trying to make a profit out of nothing.
>
> (*HKS* 2 February 1989)

It is clear that triads make profits from the wholesale fish markets, but they do provide a real service to individual buyers. Triads help their protected buyers to manipulate the auction process by barring other buyers from bidding for the fish lot in which they are interested. Thus, the primary beneficiaries are the fish buyers who employ triads to supply organised power to gain an unfair share in the markets. Obviously, the immediate victims are the fishermen and unprotected fish buyers in the markets. Consumers may also suffer because they may pay a higher price for relatively low quality fish. The FMO also loses revenue from its 6 per cent commission when triads engage in private fish trading activity.

Chapter 6

Protection against competitors

Recent operations

Interior decoration

The market

Since the 1980s, triads have been found to be participating in the interior decoration business of new residential housing estates, especially those in the Home Ownership Scheme (HOS). The 1986 Fight Crime Committee (p. 15) reports:

> Syndicates control decoration on some Home Ownership Scheme estates to the extent that they only allow triad backed companies to do business in the estate. Non-triad decorators will be warned off. Few will ignore the warning and rarely are reports made to the police.

The HOS, run by the Housing Authority, was established in 1978 to provide flats for sale at prices below market value to lower- and middle-income families and public housing tenants. Under the scheme, flats are sold directly to the public and the new owners have to arrange interior decoration of their new homes (Hong Kong Government 1998: 187). In Hong Kong one building block typically has 400 flats. In the early 1990s the average cost of decorating a flat was around HK$100,000. Therefore, the total decoration fee for a building block can be HK$40 million (*CU* 19 April 1991). A housing estate under the Home Ownership Scheme may have five to eight building blocks. Thus there is a huge market for interior decoration.

Most decorating companies in Hong Kong are run by a contractor with a small group of workers. When residents start to move into a new HOS housing estate, contractors come to ask them for decorating contracts. As the period of touting for business is quite short, competition among contractors is fierce. To avoid cut-throat competition and to facilitate their work, contractors have a strong incentive to monopolise all decorating contracts in a particular block. Triads, with the power to mobilise a large group of followers to use violence, can thus enter the market.

Claiming territorial rights and franchising decorating rights

When a housing estate is nearing completion, it is common for representatives of influential triad societies in the area to arrange talks to apportion the decorating rights of the estate. It is expected that the larger and more lucrative shares will go to the more dominant triad society. Only when this established system of negotiation fails, or outside triads attempt to muscle in, may violence be used to settle disputes among the competing triad groups. Once an agreement has been reached, it is in the interests of all participating triads to maintain strict control over their own members' movements in their respective blocks. The triads involved may operate a 'mutual referral system'. For instance, if an unassuming HOS tenant approaches a triad decorating company representative and asks him to do work for him which is in a block previously allocated to another triad company, the representative will refuse to take on the job. Instead, he may refer the prospective client to the 'right' company, i.e. the controlling triad society in his block. As a result, conflicts among the participating triads can be avoided during the period of the decorating work (HK Police Interview, 15 August 1993).

After establishing the territory in an individual block or blocks of a new HOS housing estate, the triad may contact a legitimate company and offer it a decorating 'franchise'. The 'protected' company is then free to operate within the housing estate. Usually 10 per cent of the costs of the decorating work is expected to be paid as commission to the triad. In addition, triad members may directly solicit work from incoming residents and then offer an 'unprotected' decorating firm this potential business for an 'introduction fee' (HK Police Interview, 15 August 1993). In some cases, contractors may 'bring in' triads to run their decorating business. An anti-triad police officer explains:

> Some decorating contractors got used to employing their 'old partners' to supply muscle. This may make some triads have to move to other areas to 'work' for them. This time the triad group responsible for supplying muscle in the Peace Garden [a privately built housing estate constructed in Cheung Kwun O in 1991] was the Wo Shing Wo. Actually, the power basis of the triad was in Yau Ma Tei. This reflects that triads and decorating contractors have established a special relationship for a long time.
>
> (*HKEJ* 6 April 1991)

Suppressing competitors and generating customers

To guarantee that their protected companies can enjoy a monopolistic right in its controlled estate, the triad must keep other contractors away and help the protected companies 'generate' customers in their blocks. Intimidation or violence may be used by the triad to deal with unprotected contractors

and uncooperative residents. When residents start to occupy their flats in a new housing estate, triad members will hang around their controlled blocks to force outside contractors out of the estate. In February 1991, a 39-year-old contractor was attacked and injured by nine men when he was touting for business in a newly completed housing estate in Cheung Kwun O (*MP* 27 February 1991).

In order to deter triad-run decorating companies, the Housing Authority introduced an 'Approved Contractor Scheme' in 1982. Under the scheme, the Housing Authority lists several approved decorating companies, which have been vetted by the police, to residents moving into a newly completed housing estate (Fight Crime Committee 1986: 21). In this case, triads are used by one approved decorating company to drive away other approved ones. In July 1993, a new housing estate was completed in Tai Po. The Housing Authority recommended seven approved decorating companies to the incoming residents. One approved company was suspected of being backed up by a triad society. To assist its protected company to monopolise all decorating contracts, the triad tried to force the other six companies out of the estate. The police sent undercover agents, disguised as decorating contractors, to tout for business near the mobile office of the protected company. Three men arrived, who claimed that they were Fuk Yee Hing triad members. They ordered the police contractors to close down the business immediately. The three triad members were then ambushed and arrested by police officers (*MP* 15 August 1993).

If an unprotected company is found to be conducting decorating work in triad-controlled blocks, triad members may force the decorator to give up his contract to their protected company. In December 1990, a decorator had four fingers severed in a chopper attack launched by six armed men because he refused to give up his decoration work in a housing estate on Tsing Yi Island (*HKS* 13 December 1990). On other occasions, triads may ask the unprotected contractor to pay a 'compensation fee' for taking work away from their 'brothers'. Residents may be threatened if they intend to get outside contractors to work for them. A property sales agent says: 'As soon as these people [triads] find out a building is ready for occupation, they send representatives there and try to get business from the residents. Sometimes, they threaten to beat up the residents if they try to hire outside decorators.' (Interview with an estate agent, 6 October 1993).

Who are the victims?

It is obvious that the decorating of newly completed housing estates is a lucrative business. However, the market is also highly competitive among various decorating companies. Although triads receive commission from their protected companies, the primary beneficiaries are the protected companies because they have the monopolistic right over the decorating business in a particular building block or

blocks. There is little doubt that unprotected decorators are some of the real victims because they are forced out of doing business in the triad-controlled area. Therefore, it is this group of decorators who tend to report the triad monopoly to the police, especially when they are bullied by triad members.

New residents are also victims of triad involvement in the decoration business. They may pay a higher price but receive relatively low quality decorating work. However, many residents may not feel they are being victimised, partly because they themselves do not directly pay the protection fee to triads. Moreover, the amount involved is relatively limited. A new flat under the Home Ownership Scheme may cost HK$2 million, and the decorating fee for a flat is on average HK$100,000. In addition, a new resident may not feel there is a triad problem if all residents in the same housing estate pay a similar price.

The selling of new flats

The market

Hong Kong is a small city in terms of area but it has a population of some six million. As a result, the vast majority of local people have to live in high-rise and high-density buildings. Since the sales procedure for public residential flats is tightly monitored by the government, triads are not involved in these sales. Where private residential developments are concerned, however, it is a different story. Once a new private estate is nearing completion, the developer will advertise a date on which the new flats can be reserved. The sales offices on the sites then register the would-be buyers, on a 'first come, first served' basis. On a later day the would-be buyers are invited to go to make the down-payment and choose a flat. One's priority in selecting flats depends on one's registration number: a buyer has the first choice of flat if his registration number is towards the top of the list (*TKP* 17 May 1990).

During the 1985–93 property boom many people came to realise that an easy way to make quick money was to acquire new flats and then re-sell them later at higher prices. A number of estate agencies were set up to exploit the booming market. Consequently, when the registration of bids for new flats was announced a long queue would form at the site office a few days before the due date. Competition among genuine buyers, opportunists, and representatives of various estate agencies became fierce. Triads, with the ability to threaten competitors with violence, were brought in by some estate agencies to help them obtain new flats.

The operation

When estate agencies became aware that a new residential estate was going on

sale, they would 'put in an order' to their triad bosses. These bosses then ordered their members to queue at the site office. To obtain places near the front, triad members would jump the queue by threatening other would-be buyers, who had no choice but to give way to them (*HKEJ* 20 May 1991). As the estate agencies knew that they could obtain a certain number of new flats through their triad comrades, they would offer them for sale, sometimes even a few days before the developer officially sold them – but at prices much higher than the developer's. It was reported that an estate agency advertised new flats for sale even though the flats were not due to be officially sold by the developers until two days later. The price of a new flat had been considerably raised, ranging from HK$200,000 to HK$450,000 (*MP* 4 August 1991).

It should be noted that what triad members usually did in connection with the sale of flats did not violate the law. A Superintendent explains: 'It's purely business […] not a criminal offence. All we can do is to ensure there are no strong-arm tactics employed.' (*SCMP* 15 August 1985). However, the police decided that they had to take action after arrogant behaviour by the King Yee triad at Laguna City. When 600 flats at Laguna City went on sale on 18 May 1990, about 700 men mobilised by a King Yee triad boss – each wearing a white glove on his right hand – turned up with six hired buses attempting to break up the queue of would-be buyers. The 700 white-gloved men were dispersed by the police. Next day the King Yee triad boss called a press conference in a restaurant to give his version of the operation (*TKP* 16 May 1990; *SCMP* 17 May 1990; *FEER* 31 May 1990).

One of the measures adopted to combat triads was to advise property developers to sell their new flats by ballot. Potential buyers were required to make advance bookings and then the developer picked the successful applications at random. Where this arrangement was used triad activities at residential developments died down because there was no physical queue. However, not all developers were willing to use this system. And even when the ballot system was used, triad involvement could not be completely eliminated.

In April 1992, about 200 flats at Sunshine City went on sale under the ballot system. The estate was so popular that the flats were oversubscribed by thirteen times. When the winners of the ballot were asked to go and choose their flats, more than 100 estate agents descended on the site, hoping to get hold of the flats and resell them later at higher prices. As soon as the winners emerged from the developer's office, the estate agents put pressure on them to sell their flats. Eleven people who claimed to be triad members were arrested by the police. They were believed to be employed by estate agents to provide back-up when they got into disputes with other agents. It was also said that these triad members were hired to intimidate buyers into giving up their claims to the flats (*SCMP* 7 April 1992).

Who are the victims?

The above examples show how estate agents cooperated with triads to make big profits during the property boom by suppressing other competitors. The direct victims were the real buyers in the queue because their positions were taken over by triad members using strong-arm tactics. Unprotected estate agents also suffered because the sales of new residential flats were manipulated by triad-backed estate agencies. Since 1993, however, triads have ceased their operations in connection with the sale of new flats. The main reason for this is that property prices have started to fall and estate agencies do not have the same incentive to obtain new flats. Although triad involvement in the selling of new flats was short-lived, the triads demonstrated their resourcefulness in providing strong-arm services to business operators in a changing environment. A senior Hong Kong police officer said that the police are confident in dealing with ordinary triads. What worries the police is that some unethical business operators now team up with professionals and influential triad leaders to run legitimate businesses by unscrupulous means (HK Police Interview, 14 February 1995).

The film industry

The market

Triad involvement in the Hong Kong film industry is not a new phenomenon. As a local director confesses: 'Triads have been part of the film industry all along.' (*FEER* 30 January 1992). What is new is that triads have increasingly begun to use violence in the industry. Since the 1980s, and especially in the early 1990s, triads have not only collected protection fees at shooting locations but also coerced popular actors to make films at below standard rates of pay, threatened film company operators to release their contracted actors, intimidated theatre owners into not taking their films off the circuit even if they are doing badly at the box office, and seizing rolls of new films using violence. In addition, two film producers, suspected to be members of the 'Big Circle Boys', were shot dead within one month in 1992 (see Appendix 5: The Big Circle Boys). Eventually, Hong Kong film actors and workers organised a historic march on 15 January 1992 to protest against increasing violence in their industry.

It seems that the intensive triad involvement is related to the 1986–93 boom in the Hong Kong film industry. Traditionally, Hong Kong movies were produced mainly for local markets. Since the 1980s onwards, Hong Kong films have become popular in other Asian countries, especially Taiwan, Japan, South Korea, Malaysia, and Singapore. As some top-rated Hong Kong actors are very popular, overseas film distributors are willing to pay high prices for films in which they star. In 1992, for instance, each

film featuring Chow Yun Fatt could ask for HK$10 million in Taiwan, and Andy Lau's films could sell at HK$5 million in Taiwan and South Korea respectively (*NM* 17 January 1992). When local films began to prove profitable, many small production companies were set up to enter the market. The figures in Table 6.1 demonstrate the boom in the Hong Kong film industry between 1986 and 1993.

It is common for top-graded Hong Kong actors to make several films at the same time, and small film company operators may find it difficult to get them to appear in their films. Also, it is an annoyance to film producers if their contracted actors do not turn up to work for their films according to schedule. To tackle these problems, film producers, especially those from small companies, have a tendency to get the popular actors to work for them at a lower price but at the film crew's most convenient time (Interview with a deputy film director, 11 February 1995). Triads or other notorious gangs, able to mobilise a group of followers for the purpose of physical violence, are brought in by film producers to supply muscle to obtain their targets from their competitors in the film industry.

Unscrupulous methods

For the purpose of coercing popular actors to work on their films, some film producers employ triads or other notorious gangs to use unscrupulous methods, such as intimidation, criminal damage, assault, or even rape, to deal with their targets. Their targets may be actors, their managers, or the film companies for whom the popular top-rated actors are working. For instance, a popular actor-singer claims that he was forced to work for a triad-run film company for two to three years. He says: 'I refused [to cooperate] once […] my office had been turned upside down by several gangsters and my manager had a gun put to his head.' (*SCMP* 16 January 1992).

It was reported that a leading Hong Kong actress was allegedly gang raped by a group of men on the instruction of a movie producer whose

Table 6.1 Number of Hong Kong films (1986–93)

Year	*Number of locally produced films*
1986	100
1987	110
1988	139
1989	156
1990	247
1991	211
1992	376
1993	426

Source: Hong Kong Government 1987–94

advances had been turned down. Another leading actress ran into trouble after she repeatedly turned up late for filming for a triad-produced movie. She was forcibly detained by the film-makers for three days until she completed her filming obligation (*SCMP* 16 January 1992). It is also common for triad film companies to offer a much lower than market price for popular actors. A popular actress claims that she was 'ordered' to act in triad-financed films at an unreasonable price (*HKS* 16 January 1992). After having worked for the triad companies, actors may not be paid or be paid only part of their wage (*SCMP* 16 January 1992). A Hong Kong newspaper reported a popular local actress's experience with triads in the film industry (see Appendix 6: An actress's experience with triads).

As well as actors and their managers, film company owners may also be intimidated if they refuse to 'lend' their contracted actors to work for a triad's company. On 20 May 1992, a shot was fired at the gate of a film company. According to the owner, one of his staff had received a threatening call from another film company. The company demanded to 'borrow' one of its top-rated actors for an independent production. The staff were told that if they did not allow the actor to work for them, something would happen. Consequently, a gunman came to fire a shot at the gate of the company (*SCMP* 21 May 1992).

Sometimes, the physical reel of a film can be the target of a triad's revenge if a company's actors have turned down its offer. On 9 January 1992, four armed men burst into the production office of a film company and seized a copy of the film *All's Well that Ends Well*. The robbery was believed to be intended to punish the film's star for refusing to join a rival film company (*SCMP* 16 & 19 January 1992). Furthermore, theatre operators can be victimised by triad film companies if they intend to take triad films off the circuit because they are doing badly at the box office. One case reported that a triad-funded film was on show again after the theatre was ruined by the release into it of snakes and grasshoppers (*NM* 24 December 1991). Triad intimidation has also extended to Hong Kong's entertainment press. In November 1991, four staff members of an entertainment magazine were hospitalised after a gang of six men wielding knives ransacked their office. It was believed the attack was organised by a triad film company after the magazine wrote an article critical of an actress working in the company (*SCMP* 16 January 1992).

The two-hand trick

It has been reported that triads frequently use strong-arm tactics to intimidate actors, their managers, or their film company operators. Much less well known is the 'soft' method of the 'two-hand trick'. The common scenario is that, after an actor has consumed several drinks in a bar or club, a triad boss approaches and accuses the actor of, for example,

making too much noise. The actor may be threatened to make him pay the triad a 'compensation' fee. When the actor is not sure what to do, another triad boss appears in time to be a go-between. The dispute is quickly settled because the actor is now under the 'protection' of the 'good' triad. After that, the good triad uses this favour to ask the actor to work for its films (*NM* 17 January 1992). A Hong Kong action actor made the following comment on this triad trick:

> They are just acting. Soon afterwards they come back and say: 'This time we need your help, we want to make a movie'. A lot of actors and actresses become members of these gangs. They join for safety and security, which is good for a short time, but it is bad for your whole life.
>
> (*SCMP* 6 November 1992)

Since popular entertainers have high market value and can easily make profits, triad bosses like to get close to them. In addition, if a triad boss can make a popular entertainer his friend or his follower, this may enhance his reputation as a credible protector in the under- and upperworld.

The rules of the game

Triads have long been involved in the Hong Kong film industry. Why have film industry people tended to accept traditional triads but reject contemporary ones? An action film actor says that the march held on 8 January 1991 was not against all triads but only against 'undisciplined' ones (*SCMP* 16 January 1992). If this is the case, what is the difference between the practice of disciplined and undisciplined triads in the film industry?

According to a Hong Kong magazine, local (disciplined) triads would follow the rules of the game: they would pay the whole wage to their actors, but actors had to turn up to work on time and finish the work on schedule. Although some triads may have owed actors wages or have forced actors to work for them, they would never harass film company and theatre owners (*NM* 17 January 1992). A Hong Kong comic actor further explains the difference between the practice of local triads and outside gangs (e.g. the Big Circle Boys) in the industry:

> In the past different triad groups existed in the Hong Kong film industry. Even though a triad planned to victimise a particular target, the triad still needed to follow certain rules of the game. At least, victims could find out who was the background operator. However, the current development seemed to have no rules to follow. A group of gangsters, without the triad name and organisation, broke into the

> film industry. Compared with organised triad societies, these gangsters were more terrifying and difficult to control. [...] They were hounds! You would not know where they came from. If something happened, you were not able to trace the background operator. If we let this go on, where could we find our code of conduct?
>
> (*NM* 17 January 1992)

The response

It is clear that film actors feel cynical about police protection. For instance, a famous actor claims that he went to the police when his manager was threatened at gun-point, but nothing came out of it. In any case he doubted that the police could do much. He explains: 'Are they going to send someone to protect me 24 hours a day? And who's going to ensure the safety of my family?' (*FEER* 30 January 1992). In addition, it should be appreciated that popular entertainers are public figures and their every movement will attract attention in society. Thus, they may be vulnerable to rumours, harassment, or physical violence. Consequently, they prefer to solve their problems without potentially attention-attracting police involvement. In fact, many entertainers like to make friends with influential triad members, seeking protection from them as they know they may get into trouble one day. Sometimes, in order to gain access to sufficient protection, some actors may actually join triad societies (HK Police Interview, 13 February 1995). The following case involving rape and blackmail of an actress may give some hints as to the vulnerability of popular entertainers. The names have been changed for the purpose of anonymity.

The case took place in 1990. 'Wong' knew the address of the actress because he had set up an intercom in her apartment. Since he was in debt to the tune of HK$80,000, Wong asked his partner 'Chan' to help him take nude pictures of her and then blackmail her. When she was opening the door to her apartment they forced her inside. Wong and Chan drugged her with medicine and took off all her clothes. When the actress woke up, Wong raped her. The men then took nude pictures of her, and left a letter asking her to put HK$200,000 into a bank account; otherwise, the pictures would be shown in public and the men would make her 'disappear' at the same time. The letter was signed 'Big Brother'. The two men were subsequently arrested (*SP* 5 October 1993).

Although the above case could happen to any woman, popular actresses are particularly vulnerable to this kind of criminal method (whether it is committed by real triads or not) because they are well known in public. In some cases, popular entertainers use their triad friends to settle their personal disputes because this is more efficient, effective, and attracts less attention. Sometimes, a powerful serving or retired police officer who is well

known in the triad community may be asked by popular entertainers to be a go-between. It does not matter whether they are triads or police officers – if they have been proven as credible protectors they may be called in.

Chapter 7

Dispute settlement

In theory, legitimate business operators can use the law to settle disputes with their business partners or customers. However, the legal channel involves cumbersome procedures which are often time consuming and may prove ineffective in the end. Even if resorting to the law may pay off in some cases, operators generally prefer to use their own means to settle their business disputes. This is particularly the case in some sensitive industries, such as entertainment and financial services, whose image is essential to their business. Triads, with a reputation for violence, may be brought in by legitimate operators to resolve business disputes effectively and with minimum fuss.

Because the Hong Kong police force is overstretched, some business entrepreneurs find it difficult to secure police help in recovering lost property. For instance, the Commercial Crime Bureau (CCB) will not normally investigate a fraud involving less than HK$5 million. Smaller cases are handled by regional police offices (HK Police Interview, 6 December 1998). Regional offices may in turn give low priority to fraud cases. A CCB officer explains:

> Commercial crimes are often very complicated and beyond the scope of the average policeman. It is a specialist field, but of course we cannot handle everything and a line has to be drawn somewhere. As the workload gets heavier, then the line gets higher. And, of course, this means that triads are cashing in on the situation. It is something you are not going to overcome.
>
> (*SCMP* 10 October 1991)

According to a watch part manufacturer, many Hong Kong Chinese businessmen who are cheated by tricksters turn to triads rather than the police for help in getting their money back. This manufacturer was himself victimised in an elaborate 'sting' run by a bogus company (*SCMP* 7 August 1987). He explained why he and other victims did not report it to the police:

> It's a waste of time. I stand more chance with the triads, and this is the way many people feel. […] A large proportion of these businessmen will not report their losses to the police because they have no confidence in them. It's not so much the police as the law. I have been caught out before, it's one of the chances you take in this business, but when I have reported it to the police I have been told it's a civil case and the police are not a debt collecting agency.
>
> (*SCMP* 7 August 1987)

The watch part manufacturer said he knew some victims who had paid HK$3,000 simply for the triads to start enquiries. The triads then retained 30 per cent of the money regained. In another case, a businessman was owed HK$1 million by a man who had bought goods and then disappeared without paying. He described how triads recovered his money:

> I reported the matter to the police and months later they had got nowhere. It took the triads only a matter of days to track down the man. I had a phone call at 2 a.m. The man was phoning me from his bed and he was surrounded by triads. One had a knife at his throat. He pleaded with me to call them off. I told him he had 48 hours to pay up, or they would be back. I got my money.
>
> (*SCMP* 10 October 1991)

A shoe wholesaler explained why he tended to use triad collectors to help him settle business disputes. His main business was to buy shoes in factories in China and then sell them to Hong Kong shoe shops. According to the general practice, he would let his shoe retailers have the shoes first and they were expected to pay back the money in three months. If a shoe retailer deliberately refused to pay his debts or cheated him, he would employ triads to deal with him. In 1996, one retailer asked for a large quantity of shoes because he was going to open another shop. After six months, the shop retailer suddenly closed down his original shop and the newly opened one. He disappeared without paying his debt. As soon as the wholesaler learnt that this was a set-up (i.e. long-term fraud), he employed a powerful triad debt collector to chase him. Eventually, the retailer was found and beaten up by the triad. Although he got back only half of his money, the shoe wholesaler said: 'It is better than nothing. More importantly, people in the same field have learnt that I am a tough guy and they won't try to cheat me again!' (Interview with a shoe wholesaler, 1 June 1998).

Legitimate entrepreneurs are cheated not only by crooked business partners but also by dishonest customers. To deal with customers who fail to repay loans, some respectable Hong Kong financial institutions like banks and credit card companies rely on debt collecting agencies. While some of these are legitimate, others are operated by triads employing unscrupulous

means of debt collection (*SCMP* 21 April 1993). For example, a financial investment company was suspected of employing triads to collect a debt from one of its customers. The customer owed the company HK$83,000 and had disappeared. His family was harassed by a group of debt collectors who even threatened to kill the whole family if he did not pay back the debt. Eventually, three debt collectors were arrested. One was found to be a Wo Lee Kwan triad member and the other two belonged to the 14K triad society (*SP* 18 February 1995).

The evidence above shows that triad members are able to provide real protection services to entrepreneurs. The primary beneficiaries are the entrepreneurs who employ triads to settle their business disputes. One may argue that what triads provided to the entrepreneurs was not strictly 'protection' because the entrepreneurs and the triads had no protection contracts before the business disputes: the triad services were simply supplied on an *ad hoc* basis. Since the triads used excessive violence to deal with the crooks and dishonest customers, this was not protection but something else, such as revenge. However, it should be noted that protection cannot be treated in abstract terms but must be analysed in practice (Diego Gambetta, personal communication, 21 May 1996). The triads in the above cases did protect their customers from being cheated, as they were able to recover their stolen money. Thus, the nature of protection cannot be disguised by triads' excessive use of violence or the length of the contracts.

It is also interesting to note that debt collection is not necessarily operated by local triads. It is common for members of different triad societies to join together to run the business. One reason may be that debt collection is not territory based, because debtors are mobile.

Part III

Illegal markets

Chapter 8

Drug dealing

The scene

Prior to the Japanese occupation of Hong Kong (1942–5), opium smoking was not illegal, provided the drug was obtained from official government centres and consumed in the user's home. Since opium consumption was actively promoted by the Hong Kong government for nearly a century (1841– 1945), the local drugs market was dominated by this drug (Traver 1991: 42). In 1946, after the Japanese had surrendered, the British Military Administration banned the consumption of narcotics. As a result, illegal opium divans sprang up in Hong Kong. When the Communist Party gained complete control of mainland China in 1949, Chinese refugees, including members of the Shanghai-based Green Gangs, emigrated to Hong Kong. They brought in heroin, which was in common use in Shanghai (Morgan 1960). This drug, which was cheaper and more convenient than opium, rapidly supplanted opium as the most common drug in Hong Kong (Traver 1991: 49), and heroin divans gradually replaced opium ones.

Before 1974, drug divans were operated quite openly in Hong Kong because they were under the 'protection' of corrupt police officers. In 1974, the Independent Commission Against Corruption was established to eliminate syndicated corruption in the police. As a result, drug divans were forced to close down and all drug dealing went underground. Since the 1980s, street-level drug distribution has been characterised by mobile operations. Most transactions are based on an *ad hoc* arrangement. When drug dealers receive an order, usually by means of a pager, they then decide how to deliver the drug to their customers. The most common tactic is the 'drop' system. Dealers place individual packets at various locations, receiving money from customers who are then told to go to that location to pick up the drugs (HK Police Interview, 2 October 1993).

Vulnerability

According to Moore (1977), the most immediate and important consequence

of legislating against the heroin trade is that every heroin dealer is faced with some possibility of being arrested, convicted, and imprisoned. Moreover, drug dealers are denied official protection: no police or courts will respond to a heroin dealer's complaints about his property being stolen, implied contracts being broken, or his business being embezzled by employees. Furthermore, heroin dealers have problems in enforcing contracts effectively because drug contracts are not enforceable in courts.

Although the operation of drug dealing in Hong Kong is now mobile, street dealers usually conduct drug transactions at certain fixed points in a particular area. They can easily be the targets of harassment, robbery, or extortion by local gangs. In addition, if dealers are not stronger than drug users, they may be overpowered by their customers and their drugs stolen. They may also have problems in collecting payment from their customers. More importantly, street-level drug distribution is a sensitive market: the presence of too many suppliers may result in a collapse in prices because of the cut-throat competition among dealers. Thus, dealers have an incentive to monopolise the market in a particular area by limiting new entrants. This will rely on individual dealers' strength to establish their selling 'rights' in the area.

Gambetta (1993) argues that specialist protection firms may emerge to sell protection to illegal entrepreneurs so that they are able to conduct transactions smoothly in their controlled territories. In Hong Kong, however, street-level drug dealing is largely controlled by triads, and indeed the businesses are often directly operated by local triad bosses. Some possible reasons include: (1) drug dealing is more vulnerable to law enforcers, criminals, customers, and employees than other illegal businesses; (2) drug dealing is more lucrative than other illegal businesses; (3) drug dealing requires a strong territorial basis for its operation and this means that the operators are required to have a group of enforcers to drive away other competitors; (4) drug dealing requires few technical skills and anyone, such as triad members, can enter the market easily; and (5) there are no strong sanctions from triad societies against members who sell drugs (HK Police Interview, 14 February 1995).

A district anti-triad police officer observes that it is very dangerous for ordinary people to sell drugs on the street:

> There is no doubt that drug dealing is the most lucrative business on the street. Nevertheless, it is also the most dangerous one if you are a Yeung Ku [a non-triad member]. Local triads will spot you and beat you up because you run this lucrative business in their territories. In addition, there are many ghosts [police informants] in the trade. Drug dealers will be arrested by us sooner or later.
>
> (HK Police Interview, 19 January 1995)

Consequently, the most important prerequisite for individuals to operate successful street-level drug dealing is to have a real capacity and reputation for using physical violence (though managerial skills, experience, contacts, and capital are also essential). It is because triads have a competitive advantage in coping with the above problems that street-level drug distribution is mainly operated by local triad bosses.

The operation

Street-level drug distribution ranges from individuals selling a few packets to large retailing groups employing a number of lookouts and couriers. In the former case, the dealers, usually drug users themselves, buy a small quantity of heroin from a big dealer and sell it to a circle of friends. Whether they are triad members or not is not important because their business involves only a small number of known customers. By contrast, a larger retailing group is normally run by a local triad boss. Premises are rented to be a packing centre where pure heroin is divided up into packets and adulterants are added. The core members, acting as assistants, accountants, and fighters, are usually the boss's loyal followers or close relatives. Other staff, such as lookouts and packing workers, if they are not his followers, have to be connected in some way to the triad boss. A group of couriers is employed to carry the drugs to the customers. The couriers can be triad members, drug users, people who owe money to the triad, or, increasingly, school children (HK Police Interview, 19 January 1995).

In the early 1990s, there was a large heroin retailing group operating in an old public housing estate. The group was managed by a middle-aged woman known as Elder Sister with a Sun Yee On triad background. Her territory included blocks 48, 49, and 50. All users living in these three blocks purchased heroin from her. Elder Sister was a big dealer, having more than thirty followers, all Sun Yee On members. Every day at about 4.00 p.m. she went to a tea house in the housing estate. Her followers stayed in another tea house nearby to receive her orders. The drugs were sold in the park opposite block 49. This retailing group was able to sell drugs in a relatively open manner because Elder Sister was said to be 'protected' by a Chief Inspector of police. According to a drug user, every day Elder Sister would give information to the police about other smaller drug dealers in the area. The police thus turned a blind eye to her dealing activities. Since Elder Sister belonged to the powerful Sun Yee On triad society, the victimised dealers and users dared not take revenge (*NM* 29 November 1991).

The heroin business itself is extremely vulnerable to thefts. It is very easy to steal drugs from 'drops' and there are strong incentives for users to do so. In addition, heroin is a valuable commodity in the drug-using community. It is tempting for people to rob dealers for 'rip-off' drugs. Furthermore, dealers

usually operate their business in areas where there are many other criminals, and dealers are often known and picked as targets by criminals. Thus, dealers must be able to protect their property. A female street dealer said that when she was doing 'business' on the street, there were six or seven 'lookouts' to protect her. At the beginning, these lookouts were appointed by her boss, but after a certain period she could ask her own friends to do the job. Thus, although she was a girl, ordinary drug users dared not rob her of drugs or delay payment (*NM* 29 November 1991).

Drug dealers have another problem: enforcing contracts effectively. This is because drug contracts are not dealt with in courts, and also because drug agreements are never put down in writing. It is thus not uncommon for a drug dealer to have business disputes with other dealers. For example, a supplier may exploit his customers by demanding a slightly higher contract price, justifying this increase by claiming an unexpected drop in supply of heroin from producer countries. Verification may be both difficult and expensive. Without a triad background to enforce drug contracts, therefore, it is hard for people to run such businesses.

In Hong Kong, for instance, big triad drug dealers usually buy pure heroin from wholesalers, divide it up into packets and add adulterants, and then arrange for triad members to sell the packets to actual users. Under normal circumstances, both parties have a mutual interest in being honest with each other and they try to enforce their contracts effectively. In 1979, however, there was a significant increase in the number of triad gang clashes on the drugs scene. One of the main causes was a drugs shortage that year. Some triad members were cheated by their drug suppliers, who were offering goods with a low heroin content. They came with their gang's strong-arm men to demand compensation because they had paid top-quality prices for low-quality drugs (*SCMP* 18 December 1979).

Drug dealers have to be 'stronger' than their customers. In cases where their customers cheat them or fail to pay back their debt, the dealers may resort to violence. In January 1995, a heroin user was seriously injured in Lei Cheng Uk housing estate. The user always bought heroin from a particular drug dealer but kept delaying the payment of his debt. Eventually, he was seriously injured by the dealer, who was believed to be a member of the Wo On Lok triad society (*SP* 3 January 1995). Thus, without triad protection and back-up it is not easy to successfully run a business in street-level drug dealing.

Drug dealers are increasingly employing teenagers, mostly school children, to carry drugs. The teenagers usually live in the area and are familiar with it. If strangers approach them during their drug transactions, they are able to run away and hide inside the blocks very quickly. Even if children are arrested, the police may find it difficult to charge them with drug trafficking because they are under 16 (*SP* 2 January 1995). In March 1993, the police arrested a group of seventeen people in connection with heroin selling, mainly in Kwai Chung. Of

those arrested, four were aged 15. This large dealing group was run by the members of the Wo Shing Yee triad group, and the youths were used as couriers by the triad under an elaborate scheme. Most youths were recruited in video game arcades and equipped with pagers. They were given instructions either to carry the drugs to designated locations or to serve as guides for customers (*MP* 19 March 1993 & *SCMP* 20 March 1993).

Summary

The above evidence on street-level drug dealing in Hong Kong suggests that drug dealing is largely operated by local triad bosses. The main reason may be that drug dealing is risky but also lucrative. Since operators are extremely vulnerable to law enforcers, robbers, extortionists, customers, and employees, it is difficult for people to run such a business without a strong organisational back-up such as triads. Therefore, triad membership is a sort of 'licence' to operate a drug business. In this situation, the distinction between the protector and the dealer blurs as a triad drug dealer performs both roles at the same time: triad dealers are also their own protectors.

While local triads still dominate the scene, there is an increasing tendency for the structure of retailing groups to be flexible. Managers and core members are still triad members, but a large number of the couriers undertaking the actual transactions may come from any walk of life (e.g. school children). Moreover, it should be emphasised that the Hong Kong drugs market has never been monopolised by a single triad organisation. Instead, the market is divided up into a number of independent triad factions at the district level. However, the businesses are not owned by a triad society but by individual triad bosses, who invest in the business and employ their followers to run it. Triad dealers mainly use their umbrella organisation to facilitate their trade. Therefore, if triad members invest in this illegal industry it is a strictly private business. In addition, triad members are free to seek partners to run illegal businesses.

Chapter 9

Gambling

The scene

Under the existing Gambling Ordinance, the playing of dice, dominoes, mahjong, tin kau tiles, and cards is lawful, provided the game is played socially on private premises and the game is not promoted or conducted by way of trade or business. Such games can also be played in licensed restaurants and registered societies or societies which are exempt from registration. Nevertheless, a fee must not be charged for admission to such premises and the games must not be played against a bank kept by one or more players exclusively of the others. Games like pai kau, fantan, blackjack, and Chinese dice with fish, shrimp, and crab are illegal under the Ordinance.

Before the establishment of the Independent Commission Against Corruption (ICAC) in 1974, various forms of illegal gambling were operated in a semi-open manner. After the link between the police syndicate and triads was broken, illegal gambling operations went underground. To tackle illegal gambling further, the government has made more gambling legal, for example introducing Mark Six (a government-operated numbers game) and providing more outlets and more flexible services (e.g. telephone) for betting on horse racing. Since the 1980s, illegal gambling in Hong Kong has mainly taken two forms: casinos and bookmaking. Although triads have been involved in both, they are no longer dominant in the business and their role is different in the two forms.

Casino gambling

Legal casino gambling requires a great deal of planning, space, personnel, equipment, and financing because it provides a wide array of games of chance including roulette, chuck-a-luck, blackjack, craps, and so on. As casino gambling is prohibited in Hong Kong, underground casinos are normally small in size because they need to 'float' from place to place to avoid police detection. Nevertheless, this does not mean that the operational costs of a casino are low. Even if 'floating', a casino

needs a place to provide a variety of gambling facilities to customers, a large sum of capital stock for reserves, and a group of skilled employees. In addition, operators and staff have to take the risk of being arrested and their capital seized. Security is another major problem: underground casinos are vulnerable to robbery because they are not able to seek official protection and their operations usually involve large amounts of cash. Finally, operators cannot advertise their services in the normal way, and so they need a group of middlemen to bring in new customers.

In brief, the operation of an underground casino requires a large sum of capital, skilled labour, a group of security personnel, and reliable customers. Although triads have some competitive advantages in this business, not all of these assets are necessarily provided by the triads themselves.

Ownership

Before the establishment of the ICAC in 1974, illegal casinos were largely operated by the triad boss of the area who in turn employed triad members to run the casinos (Chang 1989). Since 1974, casinos have seldom operated from a permanent location, instead moving from place to place. Consequently, the triad territory-based operation is rare. Rather, casinos tend to be operated in the form of a joint venture. Since triad members are free to choose their business partners, it is now quite common for members of various triads to join together to run a casino. According to a Hong Kong police officer, nearly all illegal casinos are operated by partnerships:

> No one is stupid enough to run a casino alone nowadays. It is usually a small group of friends from different triad societies banding together to organise the business. They will keep the bigger share and invite their friends as smaller shareholders. Sometimes our colleagues [police officers] break an underground casino and tell the reporter that the casino was run by the triad. In fact, it was run by members of various triad societies and not by an entire triad society. This is a joint venture rather than a [single] society's business.
>
> (HK Police Interview, 22 February 1995)

The officer above points out that a partnership formed by members from various triad societies not only minimises economic risks when the casino is raided by the police, but also maximises business interests, because different shareholders can contribute their own expertise. For instance, while one shareholder takes responsibility for deciding a casino's location, a second can arrange a team of skilled labour, and a third may organise his own members to cover casino security. Non-triad people can be invited to contribute to the pool of capital, although they are seldom directly involved in the actual operation. As a casino requires a reasonable number

of customers, a large group of shareholders can bring in more customers through their connections. The officer above says: 'In brief, once you are in business, whether you are triads or not, you have to follow the rule of running a business. That is to make money'.

The staff

A manager is required to oversee the casino business. The manager is usually one of the largest shareholders, with experience in running a casino. Accountants and cashiers are employed to keep the books and issue the chips to customers. The gambling table is managed by a chief operator who specialises in gambling games. He has an assistant who helps to arrange for wins and losses to be given to or taken from the customer. Some runners are hired to take care of trivial matters. Casinos may have 'stand ins' who will pretend to be the casino owner if the premises is raided by the police (HK Police Interview, 19 January 1995; Chang 1989: 173–6).

Security is normally managed by three groups of people according to their duties. Bouncers (fighters) take the responsibility of ensuring the smooth operation of the casino. They deal with tricksters, troublemakers, or extortionists from other gangs. As they are prepared to use violence, bouncers usually keep weapons in the casino. Doortakers are employed to check the identification of all customers before letting them in. In some top-class casinos each customer has to be screened at three gates. Lookouts are appointed to patrol outside the premises, and to give prior warning of the police or other gang invaders. All security personnel, including bouncers, doortakers, and lookouts, are very likely to be members of the same triad society. Without triad back-up, it is hard for these security personnel to deal with the customers or troublemakers if the latter are triads or come from the underworld (HK Police Interview, 22 February 1995). Asked whether gambling technicians are triad members, the police officer above replied that they need not necessarily be but if they are not then they will find it difficult to earn a living in the casino industry. He explains:

> The underground casino is a complicated working place. It is easy for the staff to have disputes with other people in the field. If they are Lo Chan [non-triad members], they will be in a quite difficult position to negotiate with their counterparts who have a triad background. In order to protect themselves, gambling technicians usually join a triad society as ordinary members, or at least connect with a triad boss, so that they can name some famous figures in the triad community in case of trouble.
>
> (HK Police Interview, 22 February 1995)

Homer (1974: 98) observes that 'if one is going to set up a gambling casino, he needs skilled managers and workers, labour only a large

organisation with previous experience can provide'. In Hong Kong, it is not the triad as a society that provides skilled labour in the gambling industry: rather, many skilled managers and workers become triad members because membership allows them to work in the casino business. In other words, triad membership is a 'licence' to work in the industry.

The operation

Underground casinos can be located in any indoor premises, and can vary from very simple to elaborate. During the 1960s and 1970s, the police often raided wooden hut casinos in squatter areas. Underground casinos could also be in high-class residential areas such as Kowloon Tong and Causeway Bay. In recent years, illegal operators have tended to use registered associations or restaurants as their temporary casinos. In October 1993, luxurious rooms in a high-class restaurant in the Tsimshatsui East tourist area were found to be an underground mahjong casino, organised by members of the Sun Yee On triad society. Most of the gamblers were dance hostesses and their customers in the area (*SP* 15 October 1993).

Since casinos are illegal in Hong Kong, operators cannot advertise their services in public to attract customers. As we have seen, they also cannot operate in a fixed location or to a set schedule. In addition, casino operators are wary about accepting strangers in case they turn out to be undercover agents from the police. When a casino is about to open, therefore, the operator usually informs his old customers or Chuen Haak (middlemen) to bring in new customers. According to a police officer:

> Most Chuen Haak themselves are gamblers. Since they are always in casinos, they know a large group of gamblers. When a casino is about to open, operators will inform Chuen Haak of the date and location of gambling. They then bring their friends into the casino. Operators will not let strangers into the casino without the company of a regular customer or a Chuen Haak.
>
> (HK Police Interview, 22 February 1995)

The middlemen can be tourist guides. For instance, Japanese tourists are sometimes taken to underground casinos by their guides who have connections with the operators. In some cases, dance hostesses in night clubs bring their guests to underground casinos. They are keen to do this because they obtain tips if their guests win the games and casino operators give them commission for introducing new customers (*EM* 17 December 1992). If a casino is located in villages in the New Territories, casino operators may arrange private transport to pick up customers in the urban area. Some casinos may target people in specific occupations. In January 1993,

the police broke a Fan-Tan casino in Tung Choi Street in Shamshuipo, operated by members of the 14K and Fuk Yee Hing triad societies. Most customers were minibus operators and owners of guest houses on that street (*NEP* 6 November 1993). In November 1993, a 'Thai Black Jack' casino was discovered in Shamshuipo and its main customers were found to be the Thai prostitutes in the area (*SP* 3 November 1993).

As illegal casinos are subject to police raids and organised robbery, good security is important. Regardless of the size of a casino, operators will arrange their own bouncers and lookouts. In April 1993, the police broke a casino located on a hillside in Kwun Tong, operated by Sun Yee On triad members. The casino consisted of two twenty-feet containers decked out as a luxurious casino (including air conditioning!). Since there were only two small paths to the casino, and seven or eight lookouts were always on guard, it was difficult for the police to gain access. Eventually, the police made another small path from the back of the hill and from there succeeded in raiding the casino (*NEP* 22 April 1993).

If a casino is in an apartment in an urban area, it is commonly equipped with sophisticated electronic devices to guard the premises. For example, the entrance to each building is monitored by closed-circuit television. If by chance no prior warning is received and the police get into the building, the gamblers quickly disperse to other flats in the same building which also belong to the casino operators. The casino is immediately altered to look like an ordinary flat. In some cases, operators may arrange for two or three flats in the same building block to be equipped with elaborate gambling facilities. Staff and gamblers are informed only at the last minute which flat will be used (*EM* 17 December 1992). The Hong Kong Fight Crime Committee (1986: 11) describes the current operation of illegal casinos as follows:

> Some of the casinos in existence today have adopted elaborate security measures and have several premises available in order to be able to move location. Customers are picked up from various late night restaurants and ballrooms and are transported to the casinos. Registered associations are often used as temporary casinos, as are restaurants. The organisers will often be present but they will have already made arrangements, in the event of a police raid, for low level members of their syndicates to admit to operating the establishments.

To avoid confiscation and to give the impression that the casinos are nothing more than a place where a few friends gather together, the operators are careful to remove surplus cash as soon as it is generated (Fight Crime Committee 1986: 11–12). Betting on credit is now quite common in underground casinos. The vast majority of illegal casinos tend to use chips for gambling. Casino operators and customers normally clear the balance by cheque on the same day. When betting is

on credit, new customers are accompanied by regular customers or a middle man who will take responsibility for their credit. To deal with customers unable to pay back their debts, casino operators may provide loan sharking services or appoint someone to do it for them. In this case, the debt will pass to the loan shark. Thus, triad membership not only enables the operators to evaluate the credit of their customers through their networks, but also helps them in debt collection (HK Police Interview, 12 January 1995).

Since betting in casinos is now largely based on credit, in many cases that appear before the courts the 'table money' amounts to only a few thousand dollars. In May 1993, the police raided an underground casino organised by 14K triad members in a ship-repairing factory in Aberdeen. Thirty-eight people were arrested. Although HK$2 million chips were found, the cash seized was only HK$23,000 (*SP* 21 July 1993). In another raid on a casino in a village in Tuen Mun, the police seized HK$1.5 million in chips but only HK$19,000 cash (*SP* 11 November 1993).

In summary, current casinos are not operated in a permanent location but float from one place to another. This may be one of the main reasons why casino operation is not monopolised by local triads. As casino operators have their own customers, there does not seem to be competition among operators. Since the 1980s, there have been very few reported cases of two triad societies fighting for the control of illegal casinos in an area. Thus, triads are not likely to be employed to drive away other casino operators in the same area. The major advantages for triad operators running illegal casinos is strong back-up for security purposes, the ability to evaluate the credit of their customers, and the capacity to ensure collection of debts.

Bookmaking

Before 1974, street-level illegal businesses were 'licensed' by the police syndicate, and were operated in a semi-open manner. At that time Hong Kong's illegal off-course betting was largely operated by triads. Triads generally provided the organisers with back-up staff at collection and pay-out stations (Royal Hong Kong Police 1974: 23). Since the establishment of the ICAC in 1974, when the link between the police syndicate and triads was broken, street-level collection and pay-out stations have been eliminated. From 1980 onwards, nearly all bookmaking centres have been in flats and betting is mainly by phone. In addition, the Royal Hong Kong Jockey Club has provided a number of outlets and more convenient methods (e.g. telephone) for betting. With the advent of lawful off-course betting, the profit from illegal bookmaking has considerably decreased, but nevertheless this illegal trade still has its own market.

Illegal outlets have several advantages over legal ones. The main attraction for customers is that illegal bookmakers can offer credit: customers can obtain the money on the same day if they win, but can be allowed to delay their payment until

the next race day if they lose. In addition, the overheads of illegal bookmaking operations are considerably less than those of legal gambling establishments, and the illegal businesses do not have to pay government tax. Thus, illegal bookmakers are normally able to give their customers 10 per cent discount. Moreover, many customers find it more convenient to bet using illegal bookmakers as they can place their bets by phone. Finally, customers can place bets anonymously, without fear of their identity being revealed (Fight Crime Committee 1986: 70; HK Police Interview, 19 January 1995).

It is a popular belief that illegal bookmaking is controlled by a single criminal firm with a tightly organised command and control system. Reuter (1983: 44), in his study of illegal bookmaking in New York, finds that bookmakers are not controlled by mafia. Instead, bookmaking enterprises are small, and there is frequent entry into the market by former agents and employees, with no restraint by existing participants. In Hong Kong the bookmaking market consists of a number of small-scale operations. These range from one-man businesses to bookmaking centres which have four or five staff. According to a police officer:

> Bookmaking can be run by one person. He receives bets from a small group of familiar customers. He can pass on bets to other bigger bookmakers if he feels that he is not able to pay out. In order to further minimise risks, he can simply pass on all bets and only receives the commission from other bookmakers. A big bookmaking centre may have four to five staff. One is the organiser. He may have two staff receiving telephone betting. One staff calculates the total amount of bets immediately. The other one takes the responsibility of checking the race tracks.
>
> (HK Police Interview, 22 February 1995)

Although bookmaking centres are usually organised by triad members, this does not mean that a triad background is a necessary requirement to run the business, nor have triad societies monopolised the market. The assets which are essential for running a bookmaking business are not structured in such a way as to permit effective control of bookmakers by triads. Bookmakers are usually small-scale businesses and they can pass on the risks of large bets to ones higher up the scale. Thus, the vast majority are individual entrepreneurs who use a relatively small amount of capital to set up the business. For large bookmaking centres, the organiser may need a capital stock for reserves in case of large wins. However, bookmakers are able to adopt different tactics to reduce the risks, for example betting in legal outlets to bring the price down (HK Police Interview, 12 January 1995).

In addition, bookmakers commonly receive bets by phone. The operation can be run from their homes or any residential flat. This not only reduces operational costs

but also helps to minimise the possibility of police detection and gang extortion (organised extortionists require victims who cannot easily hide, or people with fixed places of business; Schelling 1984: 186–7). In addition, bookmakers entertain only their regular customers, so that there is no direct conflict among bookmakers for customers. This means that triads or other organised gangs are not likely to be invited by individual bookmakers to limit new entrants or generate customers.

Furthermore, betting is often based on credit. Bookmakers and their customers do not need to carry large sums of cash, and payment is often made by cheque. Without large cash sums around, bookmakers are less likely to attract organised robbers. Another advantage of the bookmaking business is that bookmakers can select their customers; they tend to serve only regular or recommended customers. They also have the power to set credit limits according to the financial situation of their customers. Under this arrangement, financial disputes can commonly be avoided, and it is clear that violence is seldom used in the bookmaking business. The following two examples illustrate the basic operation of a bookmaking centre in Hong Kong:

> In January 1993, the police raided an illegal bookmaking centre in a residential flat in Wanchai. Four people were arrested and one of those was believed to be the organiser. Their customers were mainly the operators of shops and restaurants. Betting lists, three mobile phones, telephone recorders, and one radio were seized.
>
> (*MP* 11 January 1993)

> In February 1995, the police smashed another illegal bookmaking centre in a residential flat in Ma On Shan. It was said that the centre was operated by members of 14K and the Big Circle Boys. Their main customers were businessmen. Every customer was given a code number. The betting was through mobile telephone. Six men were arrested. A betting list of $1 million, several mobile phones, recorders, and stationery were seized.
>
> (*SP* 6 February 1995)

The above examples show that the Hong Kong bookmaking centre is operated on a small scale. The organisation may have four to six members in a residential flat, and regular customers. Electronic devices are used for betting. According to a police officer, a large bookmaking centre is normally organised by people with a triad background, but he emphasises that this background is not directly relevant to their involvement in bookmaking. Usually a group of good friends make a pool of capital to set up the business. Moreover, it is rather common that they belong to

different triad societies. The advantage of partnership is that different shareholders each have their own connections and they can bring in their friends as customers (HK Police Interview, 22 February 1995).

Although the triad background of a bookmaker may not directly assist him in running the business, it does have an effect of 'deterrence' of cheating by his customers or other bookmakers. If he has business disputes with his counterparts, his triad background can put him in an advantageous position in bargaining with them. (It should be remembered that a large group of bookmaking customers comes from the underworld.) A triad background can also give a bookmaker a sense of 'security', and is particularly relevant if he needs to employ specialised triad operators (e.g. debt collectors) to settle disputes with his customers. Reuter (1983) notes that a distinctive service provided by Italian–American organised crime to bookmakers is arbitration. Abadinsky (1990: 269) cites an example:

> In 1985, a successful bookmaker in New York stated that he kept a 'wise-guy' on the payroll at a cost of $200 to $300 per week. This was insurance – it prevented other criminals from placing bets and then refusing to pay, using their status as 'made-guys' to protect them. It also kept other criminals from trying to 'shake-down' the bookmaker.

In Hong Kong, it is not common for bookmakers to keep a group of triad members to settle disputes and deal with debt collection. Rather, they tend to buy the service on an *ad hoc* basis. (However, if a person wants to earn a living in the bookmaking business, in the long run it is wise for him to join a triad society or connect with a triad boss for better protection.)

To avoid police detection the bookmaking centres are now taking major precautions, such as utilising various forms of technology to divert telephone lines from one premises to another and using mobile phones to transfer bets from Hong Kong to bookmakers in Macau (Fight Crime Committee 1986: 12). It is speculated that some bigger syndicates may introduce advanced computer systems, including specially designed programs, for recording bets and possible pay-outs. Computers could take on much of the tedious work and, in the long run, might also save the bookmakers money in operational costs (*SCMP* 25 June 1985). If computerised bookmaking becomes extensively used in Hong Kong, triad involvement in bookmaking will be further reduced because protection will become insignificant in the trade.

Summary

The evidence above suggests that although contemporary triads are still dominant in illegal gambling it seems that the market is not operated by local triads controlling particular areas. Rather, the illegal gambling industry is fragmented. The reasons

may include: (1) illegal casinos need to float from one place to another to avoid police detection, and thus the operation does not rely on a triad territory basis for protection against extortionists or fellow competitors; (2) casino operators tend to entertain regular customers and allow new customers only through recommendations, which screens out some potential troublemakers; and (3) betting is usually on credit: operators and customers do not usually carry large sums of cash, so the risk of them being robbed is reduced. Illegal bookmakers have one more advantage: they do not need to deal with their customers face to face because betting is often done by phone.

Casino operators make more use of triad services than do illegal bookmakers. Since casinos must be physically visited by their customers, their operations are vulnerable to police raids and, since some of their clientele may come from the underworld, also to actions of troublemaking customers. Thus, operators have to employ a large number of security personnel, such as bouncers, doortakers, and lookouts to ensure the smooth operation of the business. In addition, casino operators are usually involved in loan sharking services because betting is normally on credit. Without the backup of a powerful organisation it is not easy for operators to deal with debtors. Triads, with their reputation and capacity for violence, are able to enter the protection market. Thus, triad members are not mere extortionists but are able to provide real services to entrepreneurs.

In the Hong Kong gambling industry, triad office-bearers have been found to be directly involved in the operation of casinos. The distinction between the protector and the entrepreneur seems blurred as the operator performs both roles at the same time. It should be noted that if the job of a triad casino operator is simply to use his triad status to protect the business, he can be seen as a protector because he is consuming his own protection services. However, if the triad operator employs his own members or other triad members to protect his business, he can be seen as an entrepreneur because he needs to pay for triad protection.

Although casino technicians are not necessarily triad members, it is wise for them to join or somehow connect to a triad society if they want to earn a living in the gambling industry. In a similar way, a triad background may assist bookmakers in enforcing contracts and deter cheating by customers or other bookmakers. Triad membership can be seen as an informal 'licence' to work in the gambling industry. Both triad casino technicians and bookmakers should be seen not as protectors but as customers of triad protection.

According to Gambetta (1993: 203–4), mafia families in Sicily provided external support for tobacco smugglers in the form of capital pooling. The mafiosi exploited their ability to act as guarantors to raise capital for the smugglers from their families, other mafiosi, their customers, and fellow villagers. It is interesting to find that, in the Hong Kong gambling industry, triad members use their networks to pool resources. It is common for triad members from different societies

to band together to set up casinos or bookmaking centres. Moreover, they also use their triad networks to evaluate the credit they should allow their customers. Thus, triads are able to provide services other than simply protection. It has also been demonstrated that, if triad members invest in an illegal industry, this is strictly private business and they are free to seek business partners. Finally, if bookmakers begin to use more advanced technology to run their businesses, triads will lose more of their competitive advantage in this industry because protection will become insignificant.

Chapter 10

Prostitution

The scene

In Hong Kong, although no specific laws have made prostitution illegal, virtually every activity connected with it is regarded as an offence. These offences include soliciting in a public place for immoral purposes, trafficking in women, harbouring or exercising control over a woman for the purposes of prostitution, causing prostitution, and keeping a vice establishment or permitting or tolerating premises or vessels that one owns or rents to be used for prostitution. Nevertheless, the absence of the act of prostitution itself from this list of offences means that a sexual and financial transaction between, for example, a masseuse and a client in his hotel room discloses no obvious offence (Vagg 1991a).

According to Vagg (1991a), the current commercial sex scene is rather fragmented, but can cater for almost every need. There are unlicensed massage parlours, providing a more intimate service than the licensed variety. There are 'fishball stalls', in which one sits in the dark, on a high-backed bench seat and facing the high back of the seat in front, with one's hostess. More numerous are the 'villas', small hotels which let rooms by the hour. The girls do not stay in the premises but are summoned by phone or pager. Some night clubs allow patrons to 'buy out' a hostess for the evening. Although public brothels do not exist in Hong Kong, there are a number of so-called 'one-woman brothels'. They are actually small residential flats, each with a single female both living and working in them. According to law, at least two females must be working as prostitutes in an apartment before it can be classified as a vice establishment. Thus, lone prostitutes who sell their bodies for sex in the one-woman brothel are technically committing no offence. Finally, one can find in telephone directories advertisements for escort and massage 'callout services', many of which offer to 'massage your fantasies' or 'escort you into a world of pleasure'.

Ownership

As the people providing the finances often use two or three middlemen to hide their

role, it is difficult to prove the ownership of a vice establishment. Even the managers of the establishments may not know who the owners are. And even if these establishments are regularly raided by the police, only the 'front-men' appear in court, with one or two of the prostitutes (Fight Crime Committee 1986: 10). In Hong Kong, vice establishments, such as villas, licensed massage parlours, low-class night clubs and dance halls, music centres, and karaoke lounges with young girls, are basically legal public entertainment services and they are registered as companies, although their premises may provide facilities for prostitutes and their customers to meet each other. Thus, the owner of a vice establishment can be any business entrepreneur who has a connection with triads allowing him to obtain girls and back-up staff for the business. Tang and Lam (1986: 16), in their research on young prostitutes in Hong Kong, discovered that many owners of vice establishments were retired law enforcers or people whose family members were law enforcers.

If the vice establishments are owned by triad members, it is strictly a private business and the profits will not channel up to their societies. To minimise risk, it is common for triad members from different societies to group together to invest in vice establishments (HK Police Interview, 19 January 1995). Although triads are not likely to monopolise the prostitution market, it is clear that they are dominant in three areas of the industry: (1) provision of bouncers; (2) management of callgirl services; and (3) supply of prostitutes. The reason may be that operators in these three areas need to have a reputation and actual capacity for violence.

Bouncers

Most vice establishments are registered as legitimate companies and the operators, at least in theory, commit no offences and can resort to the law if they are victimised by criminals. In reality, however, vice establishments are actively supporting the prostitution business in their premises. To lessen the risk of their illegal practices being uncovered, operators may hesitate to report any trouble to the police. In addition, their customers can come from any walk of life (including the underworld) and their businesses usually involve large sums of cash. Both factors make their businesses vulnerable to dishonest customers, extortionists, and robbers, and thus security is a major consideration.

In Hong Kong it is common for vice establishment owners to buy protection from triads. The protection service can take two forms. The first can be seen as 'insurance'. When a new vice establishment is about to open, the operator contacts the boss of the most influential triad group in the area for protection. The triad boss will answer calls if the establishment is harassed by other gangs. In this case, the operator uses the 'reputation' of the triad boss to deter extortionists. Normally, this kind of protection service is likely

to be bought by the operators of public vice establishments such as villas, licensed massage parlours, pornographic video shops, and karaoke lounges (HK Police Interview, 27 January 1993).

The vice establishments providing more intimate services, such as unlicensed massage parlours, fishball stalls, low-class night clubs, dance halls, and music centres, tend to buy a direct protection service from triads. In this case, operators employ bouncers to stay in their premises to ensure the smooth operation of the business. A large vice establishment may have a floor manager (triad office-bearer) with a group of bouncers (his members). They will intervene if there are disputes between a girl and a customer, or between different groups of customers, or between customers and the establishment. They are ready to deal, with violence if necessary, with dishonest customers or extortionists. If operators themselves are triad members or connected with a particular triad group, they often employ their members to be bouncers. However, if the establishment is located in an area with no connection to his triad, it is common for the owner to employ instead local triad members as bouncers (HK Police Interview, 27 January 1993).

In the one-woman brothel, lone prostitutes are vulnerable to their customers or robbers. Customers can refuse to pay after receiving the service. Robbers can disguise themselves as customers to get into the premises. Thus, it is quite common for the lone prostitute to employ a triad member to protect her. It was reported in 1985 that there were forty one-woman brothels in Yuen Long. The Divisional Commander says: 'Prostitutes of one-woman brothels usually hire tough men to protect them. They are mainly members of triad societies. The bouncers are usually armed and live on the earnings of prostitutes, both of which are crimes.' (*SCMP* 8 July 1985). A police officer said in a private interview:

> In some cases it is not fair for us to charge the bouncer with living off the prostitute in a one-woman brothel. In many cases, the prostitute is the boss and the bouncer is her employee. Nevertheless, under the present law, sometimes we have to do it.
>
> (HK Police Interview, 15 August 1993)

If one-woman brothels are organised by a syndicate, the operator is most likely to arrange for bouncers to 'protect' and 'control' the girls working in the premises.

Management of callgirl services

A callgirl centre can be located in any residential flat in an urban area. The manager keeps a group of prostitutes in the apartment. When villa keepers call for girls, he arranges for his followers to escort the girl to the villa to serve the customer. Before

the establishment of the Independent Commission Against Corruption (ICAC) in 1974, these centres were normally run by triad officials who were connected to the police syndicate. Their back-up staff and escort agents were also members of the same triad group. The main reason for the triad monopoly of callgirl centres at that time may be that most of their girls were forced against their will to work as prostitutes. Consequently, it was tempting for them to run away or go to the police. Without a strong triad back-up, it was difficult for the manager to control these girls. In addition, it was not uncommon for triad prostitution procurement gangs to attempt to kidnap young prostitutes from callgirl centres in order to sell them again. Thus, callgirl centres had to be run by triads to safeguard their girls (HK Police Interview, 2 October 1993).

Since the 1980s, the organisational structure of callgirl centres has become more flexible. The bosses now tend to franchise the operation to their 'horsemen' (escort agents). Every horseman is given a girl. The duty of the horseman is to look for customers for his girl, escort her to the villa to serve the customer, and protect her if she gets trouble from the police, customers, or criminals. His salary is based on commission. In 1992, it was reported that a horseman was given an average of HK$50 per customer. One horseman says that every day he started to work at 2.00 p.m. He had a list of fifty to sixty villas, and he reported to keepers that his prostitute was available. When a new villa opened he would go to introduce himself and leave his business card, in the hope of getting more business for his prostitute (*NM* 7 August 1992). Since the organisation is horseman-orientated, it is known locally as a 'horse stable'.

Although forced prostitution is now not so common, triads are still influential in the field. Compared with other vice establishments which simply provide meeting points or facilities to their customers and prostitutes, callgirl service operators supply prostitutes directly. The operator and horseman can easily be charged with living off prostitutes or other offences. In addition, centre managers usually give loans to the girls (or their 'boyfriends', or their overseas suppliers) and off-set the debt against their future income. It is important that the operator and horseman are more powerful than their prostitutes, otherwise it is hard to ensure that the latter will work according to their contract because it cannot be enforced effectively in a legal way (HK Police Interview, 27 January 1993).

More importantly, prostitutes are vulnerable to customers and robbers. If the operator and horseman have no triad back-up, they may find it difficult to protect their prostitutes. One horseman recalled his experience. His 'horse' once came back in tears to complain that she had been rudely treated by a customer. Her nipples had been bitten. The horseman immediately mobilised a group of fighters to beat the customer up when he left the villa. The horseman said: 'The girl feels that it is worth paying you if you can protect her in

this way'. He also said that when they met the police in the villa, he had to stand up to protect his girl by saying that they came together to visit friends. If the police officer did not trust him and had sufficient evidence, he might have been charged with living off prostitutes (*NM* 7 August 1992).

Supply of prostitutes

Prostitution is normally undertaken by a female who earns money by having sex with anyone who will pay for it. As a number of vice establishments exist in Hong Kong, there is a constant demand for young prostitutes. It would be a lucrative business if somebody could systematically recruit and arrange for girls to work in vice establishments. However, trafficking in women and harbouring or exercising control over a woman for the purposes of prostitution are serious offences. It is also not easy to convince girls to be prostitutes because prostitution is regarded as an immoral occupation. Even if they are forced to be prostitutes in the initial stages, without a strong organisational back-up it is hard to ensure that they would continue to work according to contract. Triads, with their reputation and capacity for violence, thus dominate the business of supplying prostitutes. Recruitment takes several forms, ranging from outright coercion of totally unwilling victims to cajoling of young girls.

In the more brutal cases, victims can be literally snatched off the streets. Victims are quickly raped and in some cases gang-raped. This practice is referred to as 'sealing' or 'stamping' their property. Newly 'stamped' or 'sealed' victims are then 'sold' to pre-arranged buyers (Royal Hong Kong Police 1974: 24–5). In April 1974, the police found that two girls, one aged 13 and the other 14, had been sold to a prostitution ring for HK$5,000 each by three youths belonging to the 14K triad society. The girls met the youths on a public housing estate and were taken to an empty estate building where they were raped. They were kept there for a few days and then taken to Causeway Bay where they were sold to the prostitution ring (*HKS* 15 April 1974).

This kind of outright coercion by triad groups did take place in the 1970s. However, the most common method used at that time was to cajole selected young girls for prostitution. The youths who specialised in this job were known locally as Ku Ye Jai ('professional boyfriends'). According to Chang (1989:183), all professional boyfriends were triad members because, if they had no back-up from their triad brothers, their cajoling projects might not be successful. Even if they could cajole a girl, it would be hard for them to sell her to a vice establishment without triad involvement. In addition, the boyfriends' girls could easily be kidnapped by other gangs if they were not triad members.

When a victim was trapped, she would be 'sealed', i.e. forced to have sex with her 'boyfriend'. At an appropriate time the victim would be confronted with a deliberately devised situation whereby her 'boyfriend' found himself in need of help to

pay off heavy and pressing debts, usually said to be connected with triad-backed gambling or triad loan sharking operations. The young victim would then be cajoled into prostitution to earn money to enable her 'boyfriend' to pay off his debts. When she agreed, she was traded to a callgirl centre. The 'boyfriend' quickly disappeared with his profit, leaving the victim to repay the purchase price to the callgirl centre through their income from prostitution (Royal Hong Kong Police 1974: 25; Chang 1989: 184–5).

Since the 1980s, it has become common for triads to recruit young girls as their members ('Following the Big Brother') and then wait for the opportunity to convince them to become prostitutes. According to a study of young prostitutes in Hong Kong, the majority of the girls in the sample (fifty cases) admitted that before entering into prostitution they had followed a Big Brother or formally joined the triad society. Some of the girls joined the triad when they were only 9–12 years of age. They believed that their Big Brothers would offer them protection and their triad status would earn them respect from their peers. Since many of them now see prostitution as a rational alternative to an education and future employment in manual, clerical, and retail jobs, young Hong Kong girls are now relatively easily recruited by triads to be prostitutes (Tang and Lam 1986).

In the 1990s, the prostitution scene has changed. The flow of overseas prostitutes from the Philippines, Thailand, Malaysia, Singapore, South Korea, Taiwan, and recently China has provided vice establishment operators with more channels through which to obtain girls. Although triads still play a significant role in the recruitment of prostitutes, they are losing their competitive edge in running the business because violence is now relatively seldom used in this area. More non-triad people are being involved in the business. An officer described how the police in Mongkok discovered a couple who specialised in providing an airport pick-up service and food and lodgings for several days for Southeast Asian prostitutes arriving in Hong Kong. They were ordinary people and not triad members. The officer emphasised that anybody could do the job if they had connections with the boss of a recruitment agency which imported overseas prostitutes to Hong Kong, and they were able to provide the necessary services to the visitors at a reasonable price (HK Police Interview, 2 January 1995).

Recently, Mainland Chinese gangs organised by new Chinese immigrants in Hong Kong have also emerged to supply prostitutes. In 1991, it was reported that an organisation run by Hunanese gangsters (from Hunan province) was specialising in supplying under-aged prostitutes in the Western District. They arranged for their younger members to cajole under-aged girls into prostitution (*NM* 18 December 1991). A police source claims that the Mainland Chinese gangs and Hong Kong criminals have actively arranged for girls from China to be taken to Hong Kong, legally or illegally, for prostitution. As Mainland Chinese prostitutes (known locally

as 'Northern Girls') are both cheaper and 'better quality', they have become the mainstream sex workers in Hong Kong (HK Police Interview, 8 March 1995).

Summary

The evidence above suggests that the prostitution market in Hong Kong is rather fragmented and that triads are not able to monopolise the industry. Most vice establishments can be operated by entrepreneurs who are not triad members. If individual triad members invest in vice establishments, this is a private business rather than a society one. It is quite common for members from various triad societies to group together to invest in a vice establishment.

Gambetta (1993) claims that protectors, such as the Sicilian mafiosi, are entrepreneurs trading not in illegal goods and services to the public but instead in protection. In Hong Kong, triad members use their peculiar asset – the triads' reputation and capacity for violence – to provide bouncers to ensure the smooth operation of vice establishments. Thus, triad members are able to provide real services to entrepreneurs. Triad members are also found to operate callgirl services directly and supply prostitutes to vice establishments, perhaps because these two businesses are too vulnerable to law enforcers, extortionists, troublemaking customers, and prostitutes themselves to be run without triad back-up. If the operators are not powerful enough, it is difficult for them to protect their girls from customers and to ensure that the girls work according to their contract. Although the distinction between the protector and the entrepreneur looks blurred because the triad entrepreneur performs these two roles at the same time, the triad entrepreneur should be seen as a protector as he is consuming his own protection services.

As local girls are now more easily recruited and since overseas prostitutes from Southeast Asian countries and China have flooded into the Hong Kong prostitution market, local triads have been losing their competitive advantage in the business of supplying prostitutes. Moreover, other criminal gangs, such as the Mainland Chinese gangs, have emerged to take a share of the cake from triads in this area and that of running callgirl centres.

Part IV

International markets

Chapter 11

Drug trafficking

Owing to its proximity to the Golden Triangle as well as its very advanced communication and transport links with the rest of the world, Hong Kong has long been regarded by Western law enforcement agencies as one of the foremost heroin trafficking centres. It is believed that Hong Kong triads use their extensive international networks to arrange for large amounts of heroin from the Golden Triangle to be moved to Hong Kong, and then have it smuggled into North America, Europe, and Australia through a number of innovative methods. After the drugs successfully arrive in consumer countries, profits are channelled back to Hong Kong for money laundering. As Sen (1991: 247) writes: '[…] it [Hong Kong] is the centre of the "Chinese Mafia" organized crime groups engaged in running the smuggling networks and laundering profits from the illicit trade.' Are Hong Kong triads really able to dominate the heroin trade from the Golden Triangle to Western countries?

The scene

Although the Chinese have been involved in smuggling small quantities of heroin into the USA for a long time, until 1986 the heroin importation and wholesale business was generally dominated by Italian crime groups. The famous 'French Connection' case in the 1960s demonstrated that Italian criminals were actively involved in importing large amounts of heroin from Southwest Asia into the USA via Europe. From 1986 onwards, however, the heroin trade began to move into the hands of Chinese traffickers, and American law enforcement agencies assert that triads, especially those based in Hong Kong, are taking over from the Italian mafia as the biggest supplier of heroin in their country (Chin 1990: 148). According to their estimates, in 1982 heroin from Southeast Asia (Golden Triangle) constituted only 3 per cent of the total available in New York City. The figure increased dramatically to 40 per cent in 1986 and by 1987, 70 per cent of the city's supply came from Southeast Asia. Nationwide, 'China White' represented 40 per cent of the heroin smuggled into the USA (Chin 1990: 147). In 1993, it was reported that 80 per cent of the heroin in New York City had come from Southeast Asia (*Time* 1 February 1993: 40).

The scale of Chinese involvement in drugs in the USA is shown by several well-publicised incidents. In December 1987 three Chinese individuals were arrested in New York after arriving from Bangkok. Their car was found to contain US$1 million and 165 pounds of heroin. In February 1988 a group of six Thais and Hong Kong Chinese were arrested for smuggling heroin worth US$165 million into the USA. The drug was hidden in hollow terracotta figures shipped on a flight from Bangkok. The following month the Drug Enforcement Agency arrested Johnny Kon who was believed to be one of the world's biggest heroin traffickers. It is alleged that between 1984 and 1987 he smuggled heroin worth over US$2 billion at street value into the USA (Booth 1990: 127–8).

Chinese drug traffickers

There is little doubt that triad members, especially those from Hong Kong, are involved in international heroin trafficking. However, triad societies do not dominate the trade. Unlike the operation of street-level drug dealing where triad membership is essential for operators to establish their 'selling rights' in a particular area, there is less of a barrier against entering the international drugs market. Ironically, since those responsible for trafficking the main bulk of drugs are highly organised, have large sums of cash available, have connections in many other parts of the world, and make use of the most ingenious and modern methods, ordinary Hong Kong triad members are not in fact either wealthy or sophisticated enough to supervise these international projects. Most major international heroin traffickers are business entrepreneurs who may, however, use triads or other gangsters to assist them in running their business (HK Police Interview, 14 February 1995).

Gaylord, a criminologist in Hong Kong, claims that such international enterprises could not prosper without widespread complicity. He says: 'The people who run the organizations are members of the business, political and law-enforcement communities – not simply members of a criminal society.' (*Time* 1 February 1993: 40). Main (1991: 151), Chief Superintendent of the Royal Hong Kong Police, observes:

> The popular belief is that all drug trafficking is run by Triads. That is not so. […] Triad membership is neither a prerequisite nor an advantage. It is experience, expertise, contacts and money that count, and once involved there are no Triad boundaries. A Sun Yee On will happily join a 14K member working for a ringleader with no Triad affiliation whatever. The international press tends to emphasise Triad links as sensational news. However, Triad connections in a narcotics syndicate rarely make sense, they defy logic.

If individual triad members do participate in drug trafficking operations, it is strictly private business. There is no evidence to support the contention that a particular triad society, as an entity, is involved in international drug trafficking. In addition, there are no triad boundaries in the trade: it is common for members belonging to various triad societies (local or overseas) to group together to organise heroin trafficking, a grouping based on personal relationships rather than on their common triad membership (HK Police Interview, 14 February 1995). A senior Hong Kong police officer of the Narcotics Bureau explains: 'When men of substance get together to export drugs to the U.S., it's purely a business transaction. They will invest in a consignment, and if the delivery gets to the U.S. successfully, they will divide the profits.' (*Time* 1 February 1993: 40).

Chin (1990: 152) claims that there is no evidence to prove that triads, tongs, and gangs have masterminded the heroin trade in the USA. The Chinese are active only in the importation and wholesaling of heroin, leaving the marketing and retailing activities to non-Chinese dealers. Since their illegal activities are not predatory crimes, they can thrive with or without the assistance of the triad subculture. As a US report explains:

> The ones who are responsible for the importation and the financing are basically the business people – generally, importers and exporters and financiers. […] They make the arrangements for the heroin to go directly from Southeast Asia to the gang, where the gang is then responsible for distribution.
>
> (US Senate 1986: 70–1, quoted in Chin 1990: 152)

According to Chin (1990: 153), major traffickers are mostly independent entrepreneurs who own small businesses such as restaurants, trading companies, or retail stores. Their businesses are 'fronts' for the heroin trade. Most of them start to trade with the intention of doing it only once, but the huge profits are appealing and it is not easy for them to terminate their operations. As they become wealthier, more sophisticated, and better connected with their associates outside the USA, they can group quickly when the criminal opportunity arises and disperse again with similar speed after the criminal conspiracy has been carried out.

Even if Chinese gangs are involved in smuggling heroin from Southeast Asia to the USA, these gangs are not necessarily related to Hong Kong triads. In recent years the Fuk Ching gangs organised by new immigrants from Fujian province in China have emerged as powerful criminal groups in the USA. They are actively involved not only in human smuggling from China to the USA, but also in bringing heroin into New York (Canadian Police Interview, 24 November 1995). In Europe, in the 1980s, the Singapore Chinese gang, better known as Ah Kong, was responsible for smuggling a large amount of heroin from the Golden Triangle

to Amsterdam, and then exporting it to other parts of Europe (Dutch Police Interview, 12 March 1996). Recently, it has been reported that the Big Circle Boys organised by new immigrants from Guangdong province in China have established their power base in Amsterdam and have begun to be involved in heroin trafficking (*Times* 2 April 1994). As Hong Kong triads are so notorious, they often become scapegoats for other ethnic Chinese organised crime gangs.

To elucidate the actual operation of Chinese heroin trafficking, the case of Johnny Kon is detailed. This illustrates the working of one of the largest and most sophisticated trafficking organisations in recent years. Johnny Kon appeared in Washington as a witness before a US Senate Committee investigating Asian organised crime. The full text of his testimony was reproduced in *SCMP* 9 August 1992. The case has been reconstructed on the basis of his testimony and two other reports in *SCMP* (3 & 5 August 1992).

Case study: Johnny Kon

Johnny Kon, a Hong Kong businessman, was said by American prosecutors to be one of the biggest heroin smugglers in the world. Kon is currently serving a 27-year jail sentence in the USA after being arrested by American police in 1988 for running a crime network that stretched from Southeast Asia to South America. He smuggled half a ton of heroin into the USA between 1984 and 1987.

Kon was born in Shanghai. Before becoming involved in criminal activities, he was engaged in various legitimate businesses in Hong Kong. In 1965 he opened a fur business. Soon he moved to Saigon to run many concessions at the US military base there. Before the communists took over Saigon in 1975, he returned to the fur business in Hong Kong and began marketing his products to Europe and America. Much of his income was invested in Hong Kong real estate and he lost up to US$5 million during the property crash in the early 1980s. As a result, he looked for new business opportunities and decided to open a trading company in New York's fur district. He was introduced to John Ruotolo who was a New York police sergeant supplying gun licences to Chinese organised crime figures. Ruotolo later became involved in Kon's heroin business.

In the early 1980s, Kon began to work with members of the Big Circle Boys in Hong Kong. Many of these gangsters were former Red Guards who had fled from China after the Cultural Revolution in 1976. They were very active in violent, military-style, jewellery store robberies in Hong Kong. Kon used his overseas contacts to help them to sell the stolen goods and quickly became a key player in the Big Circle Boys' operations. In 1982 or 1983, he decided to get into the drugs business. He recruited some Big Circle members to work with him, and put them on his fur business payroll to make them look legitimate. In the summer of 1983 he unified various factions of the Big Circle into a gang, known as the Flaming Eagles, for

organising the heroin trade. He became gang leader but acted as a 'behind the scenes' adviser. His gang had its own oaths which were signed by 10–15 other leaders and by a total of about 100 members.

The gang's first heroin shipment took place in November 1983. It contained 5–7 kg of No. 4 heroin bought in Bangkok. The heroin was then shipped to Toronto via Malaysia and Singapore. One of his senior Big Circle followers carried the heroin and was arrested in Toronto. Two months later Kon used a friend to carry the heroin because the latter had experience smuggling furs and jewellery for him. This shipment was about 3 kg, and the courier carried the drugs on flights from Thailand to Japan and from Japan to the USA. He gave the heroin to Ruotolo who delivered it to a Big Circle member in New York. Kon's gang members then sold the heroin to black buyers in New York and Pennsylvania.

Over the years, Kon used various methods to smuggle heroin to the USA including putting it in ice buckets, picture frames, and flower vases. He also used containers filled with T-shirts, furniture, and wine boxes to ship his heroin through various places including Tokyo, Panama, and Miami, on its way to New York. In addition, he was involved in using fishing trawlers to ship 126 kg of heroin and a large number of guns to Hong Kong. When Kon was arrested in 1988, he was wearing a US$2,500 Piaget watch. He owned commercial property in San Francisco, a shopping mall and cinema in New York, and a watch factory in Paraguay. He owned homes in Panama near that of Manuel Antonio Noriega and a house in Short Hills, New Jersey, for his wife and children. He also kept a mistress in Hong Kong. He confessed that his share of the profits from the drugs business totalled over US$10 million.

Kon's international heroin trafficking organisation shows that other Chinese gangs have emerged as major operators to smuggle heroin from the Golden Triangle to Western countries. More importantly, Kon's case demonstrates that international business entrepreneurs play a leading role in heroin trafficking. Kon, for example, did not come from the underworld. Rather, he had extensive business experience in Hong Kong, Southeast Asia, America, and Europe, good managerial skills, and large amounts of capital. This international business background enabled him to use members of the Big Circle Boys and an American police officer to run his multi-million dollar drugs business. Ordinary triad members are not likely to have these resources and skills, and thus they can participate only in low-level drug trafficking. In fact, Kon did not see himself as a criminal. Rather, he viewed himself as an entrepreneur whose primary goal was to make money. At the end of his testimony, Kon says:

> I think it is important for you to know that although we lost half our heroin shipments to law enforcement or stealing that did not discourage us from continuing in the business. It only pushed us to smuggle more drugs to make up the losses.

Thus, it is a mistake to see drug traffickers as pure gangsters. In reality, those who are responsible for smuggling large amounts of heroin to consumer countries are international business entrepreneurs, who treat heroin trafficking simply as a way of making fast money.

Summary

The last decade has seen the international heroin market undergoing a dramatic change as more and more Chinese have been found to be involved in smuggling large quantities of drugs from the Golden Triangle to North America and Australia. The evidence above, however, shows that not all organised heroin importation is undertaken by Hong Kong triads. In reality, other ethnic Chinese from Western countries, Thailand, Malaysia, Singapore, Taiwan, and recently China are also involved in this lucrative business. Although there are few barriers to entering the market, it seems that most major Chinese traffickers come from the business community. They are international business entrepreneurs who have large sums of cash, extensive business contacts in many parts of the world, good managerial skills in international trades, legitimate business cover for their drugs business, and are willing to take risks for huge profits. They may or may not team up with triads or other Chinese gangsters to run their business. If they do, they are often the organisers and only use triads or other gangsters to undertake potentially dangerous work. If individual triad members invest in drug trafficking, it is a strictly private business and they should be seen as illegal entrepreneurs. Their triad membership is not significant in the trade and they are free to seek out partners to run their operation.

Chapter 12

Human smuggling

The scene

After the events in Tiananmen Square in 1989, the US government adopted a liberal approach to granting Chinese immigrants asylum on the grounds that the Chinese were being forced to undergo abortions in China to control population growth. Hundreds of thousands of Chinese saw this as a way to emigrate to the USA, and thus in the last decade the business of international human smuggling has been booming. Sometimes smugglers use cargo ships to smuggle the Chinese to the USA directly. Western Europe is also a target for human smuggling: the smugglers take the Chinese to the former Soviet Union, via Eastern Europe, and then on to Western European countries. Triad societies, especially those in Hong Kong, have been blamed for much of this human smuggling. According to an expert from the International Scientific and Professional Advisory Council of the UN Crime Prevention and Criminal Justice Programme:

> TRIAD gangs have honed their underground network for smuggling emigrants to the West, raking in up to US$3.5 billion a year from the illicit industry. About 50 triad gangs, based mostly in Hong Kong, controlled the traffic in Chinese emigrants, reaching up to 100,000 a year to the United States alone.
>
> (*SCMP* 8 May 1995)

Although some Hong Kong triad members may get involved in smuggling Chinese emigrants to the USA, this does not mean that they are necessarily the main organisers. Other Chinese gangs, such as the Fuk Ching gang in New York and Taiwanese gangs, may play a more significant role in this lucrative business. More importantly, non-triad Hong Kong entrepreneurs also play a major part in organising the operations.

Operations in America

By plane-loads

Since China opened its doors in the late 1970s, many Chinese citizens from the coastal region have hoped to emigrate to the USA to gain better economic opportunities and political freedom. This has been particularly relevant among the Chinese in Fujian and Guangdong provinces because they have extensive connections in the USA. During the 1980s, organised smugglers usually bought foreign passports from small countries in Africa and South America and sold them to the Chinese people who wanted to emigrate. These groups arranged for the people to travel to Central or South America and then smuggled them from there into the USA by sea, air, or land. Smith (1994: 62–3) observes:

> Due to their close proximity to the US – the destination of choice for many Chinese émigrés – Central and South America have emerged as crucial to international human smuggling. Guatemala is believed to be the primary base for at least one Taiwanese criminal gang that has allegedly smuggled more than 20,000 Chinese immigrants into the US over the past ten years. Other countries that are believed to be favoured by smugglers for transshipping Chinese migrants include El Salvador, Panama, Honduras and Belize. Manuel Noriega apparently made Panama one of Central America's most significant smuggling conduits – tens of thousands of Chinese were allegedly smuggled into the US via Panama during the 1980s. Guyana recently uncovered a similar operation that has reportedly smuggled thousands of Chinese into the US.

Panama became a major transit country for Chinese emigrants to the USA mainly because of the fact that when General Noriega was in power, his nephew served as consul in Hong Kong and sold more than 40,000 Panamanian visas or passports. Most buyers were citizens of China purchasing through Hong Kong brokers. In 1990, it was reported that there were 35,000 Chinese staying in Panama waiting for the opportunity to enter the USA (*AM* 8 July 1990). In addition, smuggling syndicates also used fraudulent passports and visas to arrange for their customers to board commercial flights. In these cases, smugglers tended to transport the Chinese emigrants via circuitous routes to evade detection. Thailand, Hong Kong, Singapore, the Netherlands, Bolivia, Belize, Mexico, and the Dominican Republic were some of the countries used as transit points (Chu, J.L. 1994: 23).

In the early 1990s, it is obvious that Hong Kong syndicates arranged for large numbers of Chinese emigrants with bogus travel documents to take commercial flights, via Hong Kong or other countries, and then to enter the USA. In spring

1990, Hong Kong smugglers purchased six blocks of 200 tickets each from a European airline, intending to transit about 1,200 Chinese citizens from Hong Kong to a South American country from where they would be smuggled into the USA. The smugglers chartered a 707 aircraft, and painted it white. After the US Immigration and Naturalisation Service obtained an intelligence report, its agents managed to convince the Hong Kong authorities to reject entry into the Hong Kong airport. Accordingly, the entire smuggling operation was prevented (US Senate 1992: 190).

Hong Kong syndicates are able to run the plane-load smuggling business because Hong Kong is one of the most advanced centres for transport and communications in the world. Hong Kong is also the world centre for counterfeiting documents. However, it should be emphasised that the business is run largely by Hong Kong entrepreneurs, e.g. travel agency operators, who have capital, connections with the 'snake heads' (leaders of smuggling operations) in China, knowledge about travel documents, and organisational skills. Triad members are not likely to be the main organisers of international human smuggling. While Hong Kong syndicates have competitive advantages in the plane-load method of smuggling Chinese emigrants, they play a small role in sea-load smuggling operations.

By sea-loads

In the last few years, a new method of Chinese human smuggling has attracted widespread international media attention. Smuggling syndicates use oceanic boats, mainly Taiwanese fishing trawlers, to smuggle a large number of Chinese emigrants, predominantly from Fujian province, to the USA. Owing to its proximity to Fujian province, Taiwanese waters are often used at the start of the long journey. Smugglers arrange for the Chinese emigrants to take smaller boats from Fuzhow to outside Taiwanese waters, where they are picked up by Taiwanese fishing or cargo ships and then transported, via various countries, to the USA. Sometimes, smuggling syndicates will change to another mother ship in Thailand and then go on from there to the destination. A notable example is that of the *Golden Venture.* In June 1993, the vessel *Golden Venture,* carrying approximately 300 illegal Chinese immigrants, ran aground on a beach near New York City. At least ten Chinese drowned as they plunged into icy waters and attempted to swim to US soil (Chu 1994: 21).

While Taiwanese gangs are the key players in sea-load operations for human smuggling from China to the USA, the Fuk Ching gang in New York City is also a major organisation behind smuggling by this method. This gang was formed in about 1983 by young immigrants from Fujian province, who came to the USA legally and illegally. Initially, it was a small street gang running extortion, gambling, and loan sharking operations. Since many Fujian people in China wanted to emi-

grate to the USA, the Fuk Ching gang used their connections in China to organise a lucrative human smuggling business (*SP* 30 August 1993). In the late 1980s, the gang, usually in cooperation with other Chinese gangs in the USA and with counterfeiting syndicates in Hong Kong and Taiwan, smuggled Chinese emigrants to the USA by air (commercial flights). In the early 1990s, the gang began to use Taiwan, and sometimes Hong Kong, as a base, employing oceanic boats for their smuggling operations (*SP* 30 August 1993). The Fuk Ching gang is able to dominate the Chinese smuggling business because they not only have connections in Fujian province, but also have established a power base in the USA. The fact that they are Fujianese can help them in collecting debts from the Chinese immigrants. By contrast, Hong Kong triads have no competitive advantage in the smuggling by sea-loads business.

Operations in Europe

There is not sufficient evidence to support the assertion that triads are involved in smuggling Chinese citizens from China to Europe. In 1995 the Belgian police launched a major operation against Chinese human smuggling, as a result of which 120 Chinese illegal immigrants were arrested. The police discovered that the whole smuggling business had been run by a Belgian Chinese family. The family head had emigrated to Belgium from Guangdong province twenty years ago. By the time he was arrested he owned twenty Chinese restaurants in Belgium through his family members. In the early 1990s he had used his family networks in Guangdong province, Moscow, Prague, and his restaurant business to arrange for several hundred Chinese citizens to emigrate illegally to Belgium. The Belgian officer in charge of this case emphasised that this was a purely family business and no outsiders were involved (Belgian Police Interview, 21 March 1996).

In the Netherlands, illegal Chinese immigrants largely come from Wenzhow and Ging Tian in Zhejiang province. It is believed that the smuggling business is mainly operated by Zhejiang Chinese in the Netherlands (Dutch Police Interview, 12 March 1996). In Italy, the police have identified three Chinese family-type criminal groups, known as the Tiger Head, Bird of Paradise, and Oriental Alliance of Ging Tian, organised by Zhejiang Chinese. They are believed to have been actively involved in smuggling Chinese citizens from Zhejiang province to Italy (Italian Police Interview, 30 May 1996). In the UK, most Chinese illegal immigrants come from Fuzhow in Fujian province. They enter the UK through Amsterdam. A British police source says that Hong Kong Chinese in London may play the role of employment agency, arranging for illegal immigrants to work in Chinese restaurants, but there is no indication that triads have been involved in Chinese human smuggling or in debt collection (UK Police Interview, 5 March 1996).

Are triads the main organisers?

It is a popular belief that international human smuggling is controlled by a single large organisation which has branches in different countries to allow it to execute the smuggling operations. In reality, this is not the case. Human smuggling, like drug trafficking, is difficult to monopolise. The whole sequence of human smuggling from the source country to the destination country is so extensive that it is not easy for one single organisation to control every step of the operation. It is most likely that the main organisation contracts out specific tasks to smaller smuggling ventures through its international networks. Those who contribute their brains, capital, skills, or labour in the operation will receive appropriate rewards. Thus, although individual triad members may invest in human smuggling, their triad backgrounds are not relevant to the operations. Their investment is a private business and they are free to seek out partners to run the projects.

Summary

In the early 1990s Chinese human smuggling attracted huge international media attention. It is understandable that Western law enforcement officials tended to believe that Hong Kong triads were the main organisation behind the business, and that they were trying to smuggle their members abroad before Hong Kong reverted to Chinese control in July 1997. In reality, however, the business of Chinese human smuggling is organised by different ethnic Chinese gangs. Although Hong Kong syndicates do smuggle large numbers of Chinese to the USA, usually by the plane-load method, they are not necessarily organised by triad members. Anybody who has brains, capital, operational experience in the tourist industry, and connections with smuggling syndicates in China and the USA can run such a business. Hong Kong smuggling syndicates have little competitive advantage in sea-load smuggling, however, and it is likely that the Fuk Ching gang in New York and Taiwanese gangs are the key players here.

Part V

Implications and reflections

Chapter 13

Are triads extortionists, entrepreneurs, or protectors?

Triads in legal markets: extortionists or protectors?

While there is nothing new about the involvement of organised crime groups in legitimate businesses, we usually hear only about how the business community is victimised by such groups through intimidation and extortion. Business operators are forced to pay protection fees to stay in business and avoid punishment. In other words, organised criminals do not supply a real service but are merely parasitic. This view is held not only by the media and law enforcers but also by prominent scholars such as Schelling (1984), who firmly believes that the core business of organised criminals is extortion. Recently, some scholars have shown that organised crime groups are able to provide a variety of services to business operators. For instance, Reuter (1993) argues that in New York, mafia members were 'invited' by rubbish collectors to enable them to monopolise the market by limiting new entrants. Gambetta (1993) suggests that Sicilian mafiosi often intervene to collect debts or delay repayment, and protect ordinary businessmen against thieves and extortionists.

Hong Kong triads have long been accused of engaging in extortion in the sphere of legitimate businesses. The business community is virtually helpless to resist triad demands: they have to pay if they want to stay in business. This research has used various examples to show how triads can be employed by entrepreneurs to protect their businesses against attack by other gangs, to manipulate a market by suppressing competitors, and to recover stolen property or debts. In many cases they enter a legitimate market 'by invitation' rather than on their own initiative. Thus, the business community is not necessarily the victim of triad societies; companies that employ triads to settle their business conflicts are in fact the direct beneficiaries. The victims are those who are forced out of markets by the triads. Consumers may suffer too because they pay a higher price for relatively low-quality goods or services.

Gambetta (1993: 28) explains that the incidence of mafia extortion from legitimate businesses may be exaggerated in that we usually hear only about those occasions

when something goes wrong and blood is spilt. When things go well, the situation does not attract media attention. In many cases, we hear about the times when things go wrong simply because business operators are more likely to talk to the police in such circumstances. In Hong Kong, operators who are most likely to go to the police about triad extortion are those who refuse to pay the triad but want to stay in a protected market. The media is particularly interested in reporting these incidents because they make good stories – poor 'victims' are bullied by cold-blooded triad enforcers using unscrupulous methods. The operators who benefit from triad protection are unlikely to go to the police, and we therefore hear little about this reality from the media.

Although triads are able to provide real services, it is undeniable that they also engage in extortion. The extent to which triads will sell bogus protection (i.e. engage in extortion) depends largely on the overall degree of stability of the protection business. If triads foresee the protection business having a long future, they are more likely to offer better protection to their customers. If their time horizon shortens, they may maximise present over future income either by practising extortion or by charging extortionate prices.

In Hong Kong, triads are more likely to protect large entertainment premises than construction sites and outdoor filming against extortion by other gangs. Triads also assist operators in the businesses of street hawking and minibus services to form cartels by suppressing competitors or by punishing defectors. However, operators in interior decoration, property markets, and the film industry may receive less guarantee from their employed triads of solving their business problems. In the business of loss recovery, a triad collector may succeed in recovering a debt but refuse to give the full sum back to the client. These examples indicate that triads are more likely to provide reliable protection if the 'protection contract' allows them to generate long-term regular income. Apart from any other variables, therefore, time horizon is an important factor in determining whether triad protection will turn into extortion.

Contrary to the popular belief that the business community is a passive victim and unable to resist triad demands, this research claims that business operators may in fact be able to negotiate with triads. Operators will usually employ only the most powerful triad in the area to protect their businesses. They will refuse to pay protection fees if they know that the protector wields little power. Moreover, they are able to bargain with triads about the terms of protection. If their protectors are too greedy or place unreasonable demands, business operators may fight back, for example by going to the police and seeking official protection. If their triad protectors fail to provide real protection services, the operators may terminate the contract. Large entertainment establishments are likely to have greater bargaining power with triads than small entrepreneurs such as street hawkers. Therefore, relation-

ships between the business community and triad societies are dynamic and may vary from case to case.

Although triads do provide real protection services, it should be emphasised that what they offer may be a poor and sometimes costly service. Since they are not subject to any form of external control, they may take to bullying the business they protect. As Reuter (1987a) observes, once they are invited into a legitimate market, racketeers may acquire exploitative powers that deprive the initial client of any benefit from their presence. In Hong Kong, it is not uncommon for a triad member to blackmail his client, claiming financial compensation for the members who were 'injured' in dealing with the problem. In some cases, triads insist on joining the Board or force business operators to employ their brothers. This is a form of payment in kind. Once they are in the business, however, it is very difficult to get rid of them. This is seen particularly in the entertainment industry. The situation will get even worse if triads protect criminals against legitimate operators or if they seek to undermine their rivals' credibility as protectors by attacking the rivals' clients.

Triads in illegal markets: entrepreneurs or protectors?

It is generally believed that the illegal market is monopolised by a mafia-like criminal organisation with a 'Mr Big' at the top directing the members in various criminal activities. This view has been challenged by scholars such as Smith (1978, 1980) and Haller (1990). They claim that the illegal market is composed of a number of small and ephemeral enterprises which emerge to respond to market needs. Therefore, organised criminals are entrepreneurs who provide the goods and services which are proscribed by law. Arlacchi (1986) surmises that the mafia in Italy have become international entrepreneurs because they have been intensively involved in heroin trafficking since the 1970s. According to Gambetta (1993: 227), the Sicilian mafiosi are not entrepreneurs primarily dealing with the supply of illegal goods and services to the public, but in fact specialise in trading the commodity of protection. The mafiosi and illegal dealers are not one and the same. The latter are usually independent economic agents licensed and protected by the former.

Chubb (1996) points out that we can separate the protector and the entrepreneur in theory but not in practice. She explains that Gambetta (1993) primarily considers the day-to-day role of the mafia as an intermediary or guarantor in various kinds of economic transactions, and that his analysis fails to give adequate weight to the direct entrepreneurial investment of the mafia in the construction industry, the refining as well as the transportation of heroin, and the recycling of illicit gains through national and international financial systems into an array of legal economic activities. However, Gambetta (1993) firmly maintains that the mafiosi are not en-

trepreneurs primarily involved in dealing with illegal goods. Rather, they supply first and foremost the organising force behind illegal operators in the underworld. Gambetta explains:

> The mafia has survived well precisely because it never entered specific businesses other than as a protection agency; this made it more flexible in adapting to both the emergence and disappearance of markets. […] For some reason, if one is a violent astute thug with some degree of underworld charisma, one is unlikely to possess other marketable skills. More importantly, mafia don't engage themselves in the business because one cannot be at the same time the referee and one of the players in the game. If one were a player, his refereeing would not be credible. To be a good protector one needs to be seen as not having a vested interest in the business or else one's deliberation would not stick.
>
> (Personal Communication, 12 May 1996)

It has always been said that the Hong Kong illegal market is monopolised by a single triad society with a hierarchical organisation which commands its members with a strict internal control system to produce illegal goods and services. The evidence from drug dealing, illegal gambling, and prostitution has shown that contemporary triads are not likely to be dominant in every aspect of the illegal market. Illegal operations can be headed by non-triad people, although they may buy protection from triads. Moreover, triad participation varies from one business to another, or even within the same business.

Triad involvement in illegal markets is mainly related to their possession of a reputation and actual capacity for violence. Owing to the illegality of the trade, the operators are vulnerable to law enforcers, robbers, extortionists, customers, business partners, or even their own employees. The primary role of triad members is to supply protection to illegal entrepreneurs so that they can run their businesses smoothly in a risky environment. In this sense, triad members are professional protectors.

Individual triad members, however, may team up with genuine entrepreneurs to run the business. It should be emphasised that this may simply be a way for the triad members to be paid; they are not likely to be the actual managers of the day-to-day operation. Instead, their major role is to exploit their organised power to ensure the smooth operation of the business. For instance, the floor manager and bouncers of vice establishments in Hong Kong are often triad members but their main role is for security. Thus, despite being business partners or employees of the enterprises they should still be seen as protectors.

The distinction between the protector and the entrepreneur may be blurred in some particularly risky businesses. As these businesses are very vulnerable to law enforcers or other criminals (but also very lucrative), the entrepreneur may find it

difficult to deter competitors, customers, or employees if he has no strong organisational back-up. In Hong Kong, street-level drug dealing, the management of callgirl services, and recruitment of prostitutes are examples of such businesses. The distinction between the protector and the entrepreneur seems unclear because triad members perform the two roles at the same time. In such cases, the triad entrepreneurs should be seen as protectors because they are spending the 'protection capital' of their organisation. In other words, they are consuming their own protection services.

The boundary between the protector and the entrepreneur may blur further since not every triad member is a professional protector. Some illegal dealers or skilled labourers, such as bookmakers and casino technicians, join the triads as ordinary members to gain better protection. Triad membership is a kind of 'licence' to run these businesses or to work in the illegal industry. In addition, triad societies may internalise their main customers to be their (honorary) members for further mutual benefits. These could be prominent illegal entrepreneurs or wealthy legitimate businessmen, retired or serving law enforcers, or even professionals such as lawyers and accountants. Although they are triad members, most of them are not suppliers of private protection. Such people should be seen as customers because they are under triad protection although they do not need to pay, or pay less. As Gambetta (1993: 160) explains:

> Those who are members of both the mafia and the professional sector – financiers, entrepreneurs, politicians, lawyers, doctors – are not so much producers as consumers of protection: they are internalized customers occupying social positions which allow them to pay handsomely for protection.

Apart from protection, illegal entrepreneurs require other assets which are essential to do business in illegal markets, such as capital, skilled labour, sources of illegal products, evaluation of credit risk, and so on. Haller (1990: 227), for instance, points out that one of the major functions of Cosa Nostra groups is to serve their members' business interests:

> As with legal businessmen in a Rotary club, a major reason to join a Cosa Nostra group is to cultivate business contacts. Those who are beginners hope that more experienced entrepreneurs will throw opportunities their way and perhaps offer attractive partnership opportunities. More successful businessmen will wish to wheel and deal among their equals, make selective investments in the enterprises of younger men, and have access to information that will aid their business decision making. Members may also be aided by other members

who can provide specific services. Bookmakers, who cannot borrow from legitimate lenders when they suffer losses, can gain access to a loan shark. Or, at a more general level, members who encounter problems with law enforcement anticipate that politically influential members will come to their assistance.

Hong Kong triads specialise in using violence to gain profit, and are unlikely to possess the entrepreneurial assets, resources, and skills which are necessary to run illegal enterprises. As a protector in the underworld, however, triad members are in an advantageous position to gain access to these resources through their informal networks and established connections. Thus, in order to make connections to obtain these assets, illegal entrepreneurs tend to team up with triad members (or at least connect to them) to run their business.

If a triad member simply provides information to assist genuine entrepreneurs in gaining access to the above assets, he should not be seen as a protector. However, if he exploits his own status to present these assets to his business partners, he should be regarded as a protector because he guarantees the smooth operation of the business transaction. Gambetta (1993: 160) claims that the Sicilian mafiosi are not good at running businesses. When a mafioso got involved in an independent business, he ran it poorly and it risked bankruptcy unless he could team up with a real entrepreneur. In such cases, partnership may mask protection payments.

If a triad member invests in illegal and legitimate businesses without exploiting his triad reputation, he is simply an ordinary business entrepreneur. In Hong Kong, triad members operate businesses as individuals rather than on behalf of their organisations. Illegal and legitimate businesses held by a triad member are not transferred to his society if he dies. Furthermore, triad members do not need permission from their organisations to enter illegal businesses and are not asked or advised to do so. They freely seek out partners in business ventures among members of their organisation or outsiders.

Chapter 14

International triad movement Emigration or reversion?

After the Joint Declaration signed by the Chinese and British governments in 1984, Western governments were concerned that triad members would emigrate to their countries before Hong Kong reverted to Chinese control on 1 July 1997. This view has a historical basis. After the Communist Party came to power in China in 1949, it took tough measures to combat organised crime. After a few years nearly all organised crime groups which had existed before 1949 had been broken. Since China has this successful record of dealing with organised crime, it was believed that the Chinese government would suppress Hong Kong triads after 1997. In the words of Maguire (1996):

> The Triads have followed the Chinese communities across the world to Australia, Canada, the United States, the United Kingdom and the Netherlands. Although initially confining their activities to the Chinese community and keeping a low profile outside it, they have gradually taken a more prominent role in the world's drug trade, especially the heroin business. Coupled with their growing role in areas such as video and software piracy, they seem set to surpass both the mafia and the Colombian cocaine cartels as the greatest international threat in the field of organised crime. The return of Hong Kong to Beijing will see the Triads facing greater dangers from their most longstanding foe, the Chinese Communists. Inevitably, many Triads will attempt to flee Hong Kong before 1997 and seek refuge among the overseas Chinese communities.

Although the Chinese government guaranteed that Hong Kong's existing system would remain after 1997, some Hong Kong citizens – especially the rich, professionals, and people whose relatives had been persecuted by the Chinese Communist Party – did not trust the government and tried to emigrate before 1997. Triad members may have also thought that it would be safer to obtain foreign citizenship. However, there was no indication that mass triad migration took place (Main 1991; Chu 1994, 1996b). According to police intelligence, to

date (late 1998), their major triad targets have appeared to have no intention of leaving Hong Kong (HK Police Interview, 6 December 1998).

It should be pointed out that emigration is not easy for triad members. The vast majority of junior triad members are poorly educated and many have criminal records. The selection procedures of countries such as the USA, Canada, Australia, and those in Western Europe tend to exclude them. It is expected that most of them will remain in Hong Kong, although it is possible that some triad criminals might use illegal means to gain entry into Western societies and some senior triad members might be able to use their money and influence to emigrate abroad.

More importantly, Hong Kong triads are localised and they are not international illegal entrepreneurs whose wealth and connections may enable them to emigrate to Western countries. Although in the last decade Hong Kong Chinese have been found to be increasingly involved in international organised crime including drug trafficking, human smuggling, and economic organised crime like credit card fraud, counterfeiting, and money laundering, Hong Kong triads are not likely to be the key organisers. In fact, international Chinese organised crime is committed by many different ethnic Chinese groups, including Singapore and Malaysian Chinese, Vietnamese Chinese, Taiwanese Chinese, and, more recently, mainland Chinese. Even if Hong Kong Chinese are involved, in many cases they are not linked to triads. In the operation of international organised crime there are no gang boundaries: any group of people, whether they are triads or not, can team up to organise a business. And it is definitely not the case that Hong Kong triads are directing their overseas triads to undertake criminal activities.

Since international criminal projects usually involve large sums of capital, extensive business connections, and good managerial skills, Hong Kong triads, whose main speciality is the use of violence for profit, have no competitive advantages in running these businesses. This research has used the examples of drug trafficking and human smuggling to show that behind these operations there are always international business entrepreneurs, who may employ triad or other gang members to undertake some risky jobs.

Contrary to the popular view that Hong Kong triads are emigrating to Western countries, in recent years Hong Kong triad members have been found increasingly to be entering the Chinese market. A Hong Kong anti-triad police officer observes:

> In recent years it is a general trend for the Dai Los [Big Brothers] in Hong Kong to go to China to make fast money. In Hong Kong, actually, the market is nearly full up and there is no big money to make. China is different, it is a huge market to explore.
>
> (HK Police Interview, 5 January 1995)

In fact, organised crime has revived in China since the country introduced an

Economic Reform in the late 1970s. The Chinese government has been confronted with a growing number of organised crime problems (Chu 1993). Discussing the emergence of the so-called Russian mafia in the former Soviet Union, Gambetta (1993: 252–3) observes:

> […] feudalism and socialism share certain characteristics. In both types of societies very few people are entitled to own private property, and those who do also hold the monopoly on the use of force. When these societies come to an end, the results with respect to property are identical: there is a dramatic increase in the number of property owners and of transactions involving individuals with property rights. In addition, the monopoly on the use of force is not transferred to the new class of property owners. The consequence is a phenomenal increase in the fear of losing property and of being cheated and, correspondingly, in the demand for trust: trust in other people and trust in whoever has the power to enforce property rights.

China is being transformed from a planned economy to a market economy. It seems that the Chinese government finds it increasingly difficult to clearly define and effectively enforce new property rights. Thus, a potential market for private protection is growing. One indication is that it is now very common for owners of large entertainment establishments in China, such as night clubs, dance halls, bars, and karaoke lounges, to employ a group of ex-soldiers to be security guards. A Chinese police officer says that 'private security is booming everywhere in China and we still don't know how to deal with it' (Chinese Police Interview, 11 February 1995).

It is reported that the Hong Kong Sun Yee On, 14K, Wo Shing Wo, Wo Hop To, Wo On Lok (Shui Fong), Yee Kwan, and Kwong Luen Shing triad societies have established power bases in China, especially in Guangdong province. However, it is not likely that there are organised triad movements to China; more likely individual triad members take the initiative to enter the Chinese market. Triad members may enter China for specific criminal projects. For example, in 1993, a Hong Kong Sun Yee On triad member went to Shenzhen to team up with two mainland Chinese to kidnap a Hong Kong businessman for a ransom of HK$1.5 million (HK Police Interview, 12 January 1995).

Well-organised triad members may establish legitimate companies in China to be their fronts and recruit mainland Chinese gangsters to operate illegal activities. For example, in 1992 it was reported that some gangsters in Zhuhai – a Special Economic Zone bordering Macau – were recruited as 'bouncers' in restaurants and karaoke lounges operated by Macau triad 'businessmen'. These mainland gangsters were used to smuggle drugs and firearms into Macau or to fight for their 'big brothers' if required (*SCMP* 5 October 1992).

Hong Kong triad members are increasingly investing in the entertainment

industry in China, especially in dance halls and karaoke lounges. They use their entertainment establishments as fronts to operate prostitution businesses and underground casinos. It is reported that more than half of the entertainment establishments in Shenzhen are owned by triads, mainly from Hong Kong. It is also said that some Hong Kong triad members collaborate with relatives of prominent Chinese government officials to run entertainment businesses in major cities in China (Chu 1996b).

In addition, Taiwanese criminal gangs such as the United Bamboo gang, Four Sea gang, and Tian Dao Mun have moved into China; these are mainly active in Fujian province. It is also reported that Japanese Yakuza members are found in China. A police source claims that Taiwanese gang members arrange for mainland Chinese to produce amphetamine in China and then smuggle it to Japan, and Hong Kong triads assist Yakuza members in investing in real estate in Shenzhen (HK Police Interview, 12 January 1995). China has a huge market for illegal activities: it is a major transit country for heroin produced in the Golden Triangle and a shelter for criminals; it also has a great demand for stolen cars, good availability of cheap weapons, and a market for illegal emigration. This has created a favourable environment for the growth of local gangs and attracted overseas criminals to flock to the country. It is expected that Hong Kong triad criminals and other overseas Chinese gang members will continue to move into China to team up with local Chinese criminals in illegal as well as legal businesses.

In 1983, Reuter claimed that 'the [American] mafia may be a paper tiger, rationally reaping the returns from its reputation while no longer maintaining the forces that generated the reputation' (Reuter 1983: xi). In 1995, Reuter formally declared the decline of the American mafia, contending that the 'mafia is almost extinguished now as a major actor in the United States' criminal world'. Contrary to the popular view that Hong Kong triads are taking over the Italian mafia in the international underworld, it has been argued in the present research that Hong Kong triads are losing their power as various ethnic Chinese criminal gangs emerge to challenge the triads' leading role. Although it is still too early to say that Hong Kong triads are declining, the word 'triad' as a good brand name in the international underworld seems under threat.

Chapter 15

New directions in the study of triads

Origin

Although Gambetta claims that protection firms, such as the Sicilian mafia, emerge to respond to a high potential demand for private protection, his theory concerns only how demand and supply converge and does not predict in detail how suppliers of protection manage to emerge (Personal Communication, 21 May 1996). The present research demonstrates that Hong Kong triads emerged to protect their job interests in labour markets at the turn of the century and some societies gradually engaged in selling protection to anybody who wanted to buy it. The development of Hong Kong triads can be summarised in four stages: (1) different voluntary societies, such as clan organisations and coolie houses, appeared spontaneously to provide mutual aid for their members who had emigrated to Hong Kong from China; (2) some members who had joined triad societies in China transformed their organisations into triad societies to increase their power to monopolise job opportunities; (3) a process of 'triadisation' forced other trade organisations to become formal triad societies to counter triad pressure; and (4) some triad firms came to sell protection to anybody who wanted it.

That the way the Sicilian mafia and Hong Kong triads emerged was slightly different may be partly due to the fact that Hong Kong triads were an urban product in an immigrant society at its earliest stage. Hong Kong society was predominantly composed of migratory workers, whose primary concern was to secure job opportunities. Consequently, some people who had joined triad societies in China used triad oaths and rituals to bind their members together in order to monopolise their particular trade. In fact, triads are organisations for the powerless. As a journalist puts it:

> Triad membership provides a meaningful existence for life's losers – the poor, the uneducated, the illegal immigrant. The rituals, the blood oaths, the different offices, the protection and comfort of a brotherhood and the violence are powerful attractions for some people born powerless and perhaps beginning life in a vicious environment.
>
> (*SCMP* 29 July 1987)

By contrast, the Sicilian mafia emerged after the abolition of feudalism in 1812. The mafiosi, coming from a pool of disbanded soldiers and bandits, appeared to be autonomous suppliers of private protection. They were employed by whoever could pay them to enforce private property rights in Sicily. Thus, the Sicilian mafia emerged to be a specialist protection firm to meet a high potential demand for private protection (Gambetta 1993: 75–99).

Varese (1994), in his study of the emergence of the Russian mafia, distinguishes two types of suppliers of private protection. First, autonomous suppliers, such as the Sicilian mafia, sell protection to selected customers. Second, internalised suppliers provide protection only for themselves, i.e. they are the only customers of their protection. In Russia, for instance, some commercial enterprises hire a thug or a number of thugs on a permanent basis to perform a variety of tasks, such as making sure partners comply with the terms of an agreement, obtaining credits as due, and punishing non-payers. In early Hong Kong society, triad members came from labour markets. They only protected their own job interests and did not engage in selling protection to others. Thus, they were neither autonomous suppliers nor internalised suppliers: instead they consumed their own protection services.

It is interesting to note that other Chinese criminal gangs, like Hong Kong triads, seem to have grown through a similar process from self-protection to selling protection. For instance, the 14K triad society, formed in Guangdong province in the mid-1940s, was originally a pro-Nationalist organisation. After the Communist Party took over China in 1949, many 14K triad members emigrated to Hong Kong as refugees. The 14K triad society quickly redeveloped in Hong Kong in order to protect its members against exploitation by local triads (see Appendix 3: The 14K). In the late 1970s, the Big Circle Boys, organised by new immigrants from Guangdong province, emerged in Hong Kong. They grouped together originally to protect each other against triad extortion in hawking areas and soon developed to be notorious criminal organisations (see Appendix 5: The Big Circle Boys).

In Taiwan, the United Bamboo gang emerged in the mid-1950s, set up by a group of secondary school boys to protect themselves against other street gangs (Kwong 1987: 43–5). In the United States, the Wah Ching gang was established in the early mid-1960s by young Chinese immigrant students to protect themselves from bullying by local Mexican gangs (Chin 1990: 70). Both of these gangs gradually developed to become powerful criminal organisations. It would be interesting to compare Hong Kong triads with other Chinese criminal gangs in terms of how they grew from self-protection organisations to criminal organisations, to elucidate the conditions which foster the growth of Chinese criminal gangs. This could have significant policy implications, because governments may then be able to alter or avoid such conditions. On the international scene, the Italian

mafia, Hong Kong triads, and Japanese Yakuza are three major international organised crime groups, and further studies on whether they have grown through a similar pattern may be rewarding.

As discussed above, Gambetta's theory does not predict in detail how suppliers of protection manage to emerge. Labelling theory, in contrast, attempts to explain how the state criminalises particular groups so that they become deviant organisations and how these organisations react to imposed labels. As early as 1792, the Qing government had legislated against the Tiandihui. The Hong Kong colonial government criminalised triad societies in 1845, three years after Hong Kong was ceded to be a British colony. While we now have a better understanding of how this legislation forced some Tiandihui units to become politicised at a later stage, we still know little about the impact of the Hong Kong Societies Ordinance on triads.

Thus, labelling theory may be useful for studying the criminalisation of the Tiandihui and Hong Kong triads and the responses of these secret societies to these labels. In addition, radical theory may provide useful insights into why both governments wanted to criminalise Chinese secret societies. While ethnic succession theory and subculture theory are helpful for identifying some unique 'ethnic' and 'cultural' characteristics of organised criminals, they may be less so in explaining the emergence of Chinese criminal organisations. In fact, it would be more interesting to study why different ethnic crime groups adopt a similar set of codes of conduct and rules for their members.

Organisation

Hong Kong triads are neither a centrally structured nor an unorganised entity, but loose cartels consisting of numerous autonomous gangs which adopt a similar organisational structure and rituals to bind their members together. In other words, they are not one single big pyramid with a 'godfather' at the top controlling the whole organisation, but rather many small hierarchical pyramids led by area bosses at district level and connected by a form of cartel. Compared with the Sicilian mafia which adopts a similar organisational structure, however, the organisation of Hong Kong triads is not very stable.

Gambetta (1993) observes that in Sicily there are 105 mafia 'families', mostly in the western part of the island, a number that has not changed substantially over the last hundred years. In Hong Kong, between 1912 and 1939, various triad societies were largely organised under the names of eight big triad cartels: the Wo, T'ung, Tung, Chuen, Shing, Fuk Yee Hing, Yee On, and Luen. Each group had a headquarters and a number of branch societies. After 1957, and especially since 1974, the organisational structure of Hong Kong triads has undergone a dramatic change. Although the existing fifty triad societies (about fifteen of which are believed to be

very active) can be largely categorised into four main triad groups (the Chiu Chow/Hoklo, 14K, Wo, and Luen), the traditional headquarters system has declined. Instead, each society is an independent organisation consisting of numerous autonomous gangs, so they could be seen as fifty triad cartels. Moreover, the traditional six rank has reduced to mainly three ranks, i.e. the 426 Red Pole, 49 Ordinary Member, and Blue Lantern.

The stability of the Sicilian mafia may be partly due to the fact that mafia families have a marked interest in protecting their 'trademark' by controlling the number of members. According to Gambetta, mafia families in Sicily are never very large. He observes:

> The Bontade family in 1981 boasted no fewer than 120 members, but the average appears to be much smaller. Calderone's family, when he was admitted in 1962, had thirty or thirty-five members, Carmelo Colletti's family in Ribera had about fifteen, and Vincenzo Marsala's in Vicari had ten. Other families are smaller still: in Terrasini there were only two men of honor, and according to Buscetta a family may consist of a single man.
>
> (Gambetta 1993: 111–12)

In 1957, in order to control the number of family members, American mafia families decided not to admit any new members until 1976. For instance, Frank Scalice, who sold membership to persons who wanted to have the status of being a member of the mafia, was shot dead in 1957 (Abadinsky 1983: 117).

In Hong Kong, triad societies make no attempt to control the number of members. Triad office-bearers often engage in selling membership for their own financial gain. In addition, today a triad office-bearer may set up his own unit without asking permission from his original organisation. Consequently, the size of societies varies greatly. For instance, while some smaller societies have only 100 members, the Sun Yee On triad society, believed to be the most influential in Hong Kong, may have membership numbers in the thousands.

In 1991, an anti-triad expert suspected that the Sun Yee On might have 40,000 members because he interviewed a member whose membership number was 47,311. Each Sun Yee On member is given a number on formally joining the society (*SCMP,* 19 November 1991). The Sun Yee On currently may have over 60,000 members because the membership number '66,179' has been used (HK Police Interview, 3 March 1999). It should be noted that this calculation depends crucially on how membership numbers are issued. If, for example, the membership number has numerological significance, or the series began many years ago, or the first two digits represent a particular area or group, the 47,311 or 66,179 estimate cannot be treated seriously. The case of the Sun Yee On clearly shows that Hong Kong triads have no

intention of controlling the number of their members. In fact, the above- mentioned officer observed that in the last decade some triads have started to recruit other races as members. For instance, the Sun Yee On, Wo Shing Wo and Fuk Yee Hing have been identified by the police to have recruited locally born Indian and Pakistan youths as junior members, mainly responsible for fighting (Interview, 3 March *1999)*.

Although the main purpose of secret triad rituals is to bind members together, their other important function is to prevent other people pirating triad membership. In contrast to the Sicilian mafia, Hong Kong triads further developed different kinds of formal methods, such as passwords, poems, hand signs, gestures, slang, and jargon, and an elaborate interrogative procedure to identify their members, although they are now largely in disuse. It is interesting to note that informal social circles exist in the triad community. These enable triad bosses from various societies to be acquainted with each other so that they can make sure that they are dealing with their 'brothers' rather than non-triad people.

Gambetta (1993) claims that protection firms compete in toughness with each other to be the most credible protector in the territory. The case of Hong Kong triads suggests that protection firms have different strategies for establishing their reputation. An individual triad society can do it by presenting the strength of its numbers, displaying emblems and banners, or struggling for possession of the 'bamboo' slip in public during the celebration of Chinese festivals. Young triad bosses may show their power by mobilising a large number of people in another triad's territory. Street gang leaders may resort to violence to enhance their 'notoriety' in the area. Thus, violence is only one of the means used to establish the reputation of a protection firm.

The present research argues that the organisation of an individual triad firm, headed by a triad boss with a group of 15–20 core members, is hierarchical because violence is essential for the firm to establish and maintain its territorial right in the area. The relationship between triad firms takes the form of cartels, the firms connecting to each other by their adoption of a similar organisational structure, initiation ceremonies, and rituals and a common name, the triads. However, this research has been unable to provide any in-depth case study to show the inner workings of an individual triad firm and precisely how firms connect to each other in the cartels. This could be done by selecting a particular triad society and studying its internal and external organisation.

In Hong Kong, the Sun Yee On society is thought to be the most organised of the triad societies. It is believed to have a 'Dragon Head' at the top, and most of the cabinet members come from the same family as the Head. By contrast, the 14K is the most fragmented triad society. It has about fifteen sub-groups and there is no central body to coordinate them. Therefore, a comparative study between the Sun Yee On and the 14K may be of help to elucidate the organisation of Hong Kong triads.

Activities

The major concern of this research has been to investigate exactly what contemporary triad members do in legal, illegal, and international markets. It has largely relied on re-interpretation of newspaper and magazine articles, and interviews with anti-triad police officers and other triad-related people, such as victims, social workers, teachers, and journalists. Although seven ex-triad members were interviewed in an attempt to get an insider's point of view, they were not the best sample because they had already left the triad community. The ideal way to conduct further research in this area would be to interview two groups of people: (1) active triad members, especially area triad bosses, because they will be able to supply information about how they organise their activities to meet the market need; (2) those who pay triad members to provide strong-arm services, because they can tell us what benefits they get from triad protection. If researchers are able to obtain a reasonable sample from these two groups, quantitative research methods may be employed to study further the core activities of triad societies in different markets.

This research presents only a general picture about contemporary triad involvement in legal, illegal, and international markets. To gain a more in-depth understanding of the workings of triad protection, one could select a particular area in which to study how different triad firms organise their businesses. For example, Mongkok is an unofficial red-light district in Hong Kong. Although the area harbours several different triad societies, gang fights for territorial rights are rare. It would be interesting to investigate how different triads can maintain their share of the protection industry in this area. By contrast, Tuen Mun, a newly developed town in the New Territories, is dominated by only one triad society – the Sun Yee On. A police officer explains that Tuen Mun is basically a residential area and the market is too small to allow other triad societies to move in (HK Police Interview, 15 August 1993). Thus, Mongkok and Tuen Mun may allow an interesting comparative study to elucidate how triads respond to different kinds of markets. This could also help to indicate whether triad firms are more likely to protect all transactions over a small territory or many sequential exchanges involving a number of dealers in a variety of territories.

Although a considerable part of this book has been devoted to discussion of how triad members provide protection services to legitimate entrepreneurs, the present research has not investigated why and how triads invest in legal markets. It is clear that contemporary triad bosses are keen on using their established power to invest in legitimate businesses. For instance, triad members not only sell protection services to entertainment establishments, but also persuade the establishment owners to employ their members to operate their car jockey services. In addition, Hong Kong triads invest heavily in other aspects of the entertainment industry, such as bars, night clubs, restaurants, dance halls, and the film industry, in both Hong Kong and China. The

popular belief that triads use legitimate businesses to cover their criminal activities and launder illegal capital remains arguable. Thus, triad investment in legitimate business would be an interesting topic for further study.

There have been many sensational reports about triads at schools in Hong Kong. It is said that triad bosses send their young members to penetrate schools to recruit boys for criminal activities and girls to be young prostitutes. In reality, the situation is quite complicated. A Hong Kong teacher in charge of discipline states:

> In some 'bad' secondary schools, especially the pre-vocational training schools, students come from poor academic backgrounds and they are not interested in study at all. They form gangs to fight each other. Some students invite their triad friends to increase their status and power. Once a gang joined a triad society, another gang would join another to counter the pressure. In order to survive, non-triad students are forced to follow a Big Brother for protection.
>
> (Interview, 17 January 1995)

Another secondary school teacher observes:

> Some students like to go to video-game centres or public playgrounds after school. As they are juveniles with school uniform, they become the ideal targets for harassment by street gang members. Young students have to join the triads for protection if they want to visit these places.
>
> (Interview, 10 October 1993)

Although it cannot be denied that triad gang members practise extortion by forcing students to join their gangs, it is also possible that triad membership may be a 'licence' for some young students to go to school or to gain access to public entertainment places. Triads may be able to provide protection for students against bullying by other street gangs. Gambetta's theory of private protection (1993) will be useful in the study of triads at schools in Hong Kong.

There is very little research looking at the role of females in triads. It is generally believed that triad societies are predominantly male organisations and that females are excluded. If triads recruit female members, it is only because they want to turn them into prostitutes. In reality, many girls working in entertainment or vice establishments may be willing to follow a Big Brother formally or informally for protection because they are vulnerable to customers or gangsters in their working environments. In this research, female triad members were seen to play a significant part in the operation of street-level drug dealing and minibus services. Thus, females in triads would be an interesting topic for further research.

The relationship between triads and police is another topic worthy of further study. In the late 1960s and early 1970s, there was much corruption in the Hong Kong police force. At that time, a number of different triad societies coexisted in Hong Kong. This was possible because the societies were 'protected' by Chinese police officers who were in turn backed up by their British supervisors. Once a triad society had gained a 'licence' from the police syndicate, it could monopolise all illegal businesses in the area because the police would eliminate any competitors. Consequently, the whole illegal industry was run by local triads (HK Police Interview, 2 October 1993). Gambetta (1993) claims that in Sicily illegal entrepreneurs are 'licensed' by the mafia. In a similar way triad societies in Hong Kong were 'licensed' by corrupt police officers who used their official power to help their 'protected' triads divide and maintain their territories.

Dealing with triads

Triads existed in Hong Kong even before it was ceded as a British colony in 1842. Triads are still active in Hong Kong and it has been assumed by Western observers that they represent the most serious threat to their societies of all Asian organised crime groups. The present research contends that they are not an omnipotent power but simply a business firm. They are able to persist in Hong Kong and overseas Chinese communities because they have protection to sell and somebody wants to buy it. Most triad societies would disappear if they lost their competitive advantage in the protection market. Therefore, an examination of how to make their protection businesses unprofitable would be worthwhile. According to Fiorentini and Peltzman (1995), the activities of organised crime depend largely on the policymaker's choices. They explain:

> First, the larger is the area of markets in which the transactions are regarded as illegal by the government, the greater are the incentives for the criminal organisations to compete to establish local monopolies over coercion. Second, the heavier is the fiscal and regulatory pressure on the legal markets, the greater are the incentives for legal firms to shift resources to the illegal markets or to undertake transactions which are out of the control of the collective decision-maker. Third, the investment in deterrence activities can have a destabilising effect on the local monopolies held by incumbent criminal organisations, thereby increasing the investments in violence and corruption on the part of all the organisations involved.
>
> (Fiorentini and Peltzman 1995: 26)

Since they have established a reputation and capacity for violence, triad societies mainly provide strong-arm services to businesses vulnerable to law enforcers,

extortionists, criminals, or customers. Attempts to destroy the market power of triad societies should focus on three areas. First, efforts should be made to eliminate the marketplace where triads and their customers meet. Triads will be unable to sell protection if their 'victims' are not available. For instance, triads were able to enter the Hong Kong property market in the early 1990s because developers sold the new flats at their site offices on a 'first come, first served' basis. Triads were employed by estate agencies to drive away other prospective buyers. When developers changed to selling their new flats by the ballot system, triad involvement died down because there was no longer a 'queue' for triad members to jump.

Second, triads' ability to enter the protection industry could be reduced if the authorities were able to supply sufficient official protection in certain markets. For instance, an important factor allowing triads to be involved in wholesale fish markets was that they could gain unauthorised entry into the sorting areas, where they could claim the 'property right' on particular fish lots before the auction began. In 1988, the government introduced a 'permit' system which allows the police to screen applicants for triad links. In addition, security measures in the markets have been improved, for example the short-handled hooks which were used as a weapon by triad members to intimidate legitimate fish buyers have been banned. These new measures have dramatically reduced triad involvement in the markets.

Third, the government could decriminalise some parts of illegal trade so that illegal operators could seek protection from the authorities. When a commodity or a particular transaction is declared illegal, a potential market for private protection is created because illegal dealers cannot seek official protection. Decriminalisation of some illegal trades, therefore, may reduce the demand for private protection. In Hong Kong, triad involvement in illegal gambling has been considerably reduced because the government has made more gambling legal, for example introducing Mark Six (a government-operated numbers game) and providing more outlets and more flexible services (e.g. telephone) for betting on horse racing. By contrast, the Triad Renunciation Scheme may help to decriminalise the status of registered triad members but it is unlikely to result in a significant reduction of the triad protection market.

There is very little research on police strategies for dealing with triads. The Hong Kong police force has a long history of using undercover agents, informants, and surveillance to investigate and crack down on triad societies. Some European police forces are using similar methods to deal with Chinese human smuggling. While all these strategies have proved effective, they also create practical and ethical problems. For example, undercover agents and informants may be at risk of injury or even death. In Western countries, the legal system may not accept evidence gathered through such ways. In addition, these methods may be criticised as violating civil liberty. Thus, further research on police strategies for dealing with triads would be worthwhile.

Appendix 1: Data sources

Documents and published material

The major concern of this research is to investigate the role of triad societies in legal, illegal, and international markets. Since it is difficult for a researcher to gain access to triad circles to collect primary sources of information about their criminal activities, this study relies largely on written material. The main sources have been newspaper and magazine articles from 1960 to 1996 because they contain much factual information about triad activities and they are available to the general public.

It is beyond doubt that the media information relating to Hong Kong triads may be prejudiced. However, this does not mean that the information is not useful in an academic study: it does after all contain many facts. A major problem is how to analyse it in an appropriately cautious way, based on sound theory. Since the media information about Hong Kong triads is illustrative rather than definitive, no attempt has been made in this study to provide any in-depth case studies based on it. Cases or examples are selected only to illustrate in a general way triad involvement in different markets. Before selecting a case to illustrate triad activities, a serious effort was made to crosscheck the information by referring to different media sources. And since media information is always incomplete, police officers and other people involved were consulted to help understand the data and provide supplementary information.

The bulk of Hong Kong's earlier official records, including written police material, was destroyed during the Japanese occupation of 1941–5. Archival records concerning earlier triad societies are sparse. Most of these records are stored in the Hong Kong Public Records Office, scattered throughout an official file known as CO129. Unfortunately, the quantity is small and the content fragmented. As a result, part I, 'The Triads', relied largely on secondary sources. Murray and Qin's book *The Origins of the Tiandihui* (1994) was the major source regarding the origins of triads in China. Morgan's report *Triad Societies in Hong Kong* (1960) was the main source for the discussion of the historical development of triad societies in Hong Kong.

Interview data

Interviews were conducted with three different groups: police officers, ex-triad members, and people involved with triads.

The Hong Kong police force is the major law enforcement agency dealing with triads. Its four headquarters units – including the Organised Crime and Triad Bureau (OCTB), the Criminal Intelligence Bureau (CIB), the Narcotics Bureau (NB), and the Commercial Crime Bureau (CCB), concentrate on different aspects of organised crime investigation. Every district police station also has its own Anti-Triad Unit (ATU) responsible for the investigation of triad activities in its area. In addition, the Hong Kong police has a group of officers trained in the rites, rituals, structure, and general nature of triad societies who have been recognised by the courts as 'triad experts'. As this study deals little with triad involvement in commercial crime, the interviewees were mainly triad experts and serving and retired police officers in the OCTB, CIB, NB, and ATUs.

I conducted interviews with a total of thirty Hong Kong police officers who have dealt with triad criminals. Their ranks varied from Constable to Chief Superintendent. Three interviews with Hong Kong police officers were held in Britain. Twenty-three officers were interviewed during two fieldwork periods in Hong Kong from June to November 1993 and from December 1994 to March 1995. Two group interviews were conducted for two and four officers respectively. The rest of the interviews were held on a one-to-one basis. Repeated interviews were conducted with a Chief Inspector who was the head of the CIB Research Unit and the authoritative triad expert of the Hong Kong police. To update the research with the latest information on Hong Kong triads, four further interviews were conducted from 1997 to 1999 in Hong Kong. Interviews took anything from twenty minutes to four hours. The interview locations were decided by the interviewees, and included their offices, canteens in police stations, restaurants, tea houses, their cars, and their homes.

In addition, two officers from the Chinese Public Security Bureau were interviewed, one in Canton and one in Hong Kong. Six British police officers dealing with triad criminals were interviewed in the UK. They came from London's Chinatown, the London Metropolitan Police Service, and the National Criminal Intelligence Service. Five interviews were conducted in their offices and one at the University of Exeter, and they lasted 45–90 minutes. Repeated interviews were conducted with officers from London's Chinatown. In addition, three European police officers from the Netherlands, Belgium, and Italy, and one Canadian Chinese officer, were interviewed. Therefore, a total of forty-two police officers from Hong Kong, China, the UK, mainland Europe, and Canada were interviewed for this study.

The second group of interviewees were ex-triad members. The first set came from a voluntary organisation set up to help drug users, especially those who had a triad background, to break their drug habit through the Christian faith. With the permis-

sion of the head of the Fellowship, I interviewed seven ex-triad members. At least two of these were known to have been triad office-bearers in the 1970s. All interviews were conducted in the Fellowship office. The interview time was 25–60 minutes. After being assured that their names would not be disclosed and that the material was being collected solely for academic research purposes, five interviewees agreed that I could make a tape recording of the interview. The second set of interviews was arranged by a voluntary organisation which provides rehabilitation services to ex-prisoners. This was actually a seminar rather than an interview. Eleven ex-prisoners with a triad background, together with two social workers, attended a meeting, chaired by myself, to discuss their triad experience. The meeting lasted an hour and a half. Mental note taking was used to record the information revealed at the meeting.

The third group of interviewees were people in some way involved with the triads. The sample included six social workers, four teachers, six businessmen, two civil servants, one film director, and one reporter. All interviewees were Chinese and were selected through personal connections. The interviews were conducted both in Hong Kong and in Europe.

Appendix 2: The formation of the Tiandihui

Fujian province is situated in the southeast part of China and was distant from the Imperial Court in Beijing. Orientated towards the sea and cut off from its neighbours by mountains, Fujian had always been a difficult province to govern. Continuous turmoil, recurrent cycles of rebellion, and closure to the outside characterised its political scene. Zhangzhou, the southernmost of its four coastal prefectures, is an area between Fujian and Guangdong provinces. It was remote from Fuzhow and Guangzhou, the provincial capitals of Fujian and Guangdong, both in physical setting and in regional culture. Its Hokkien and Hakka populations spoke dialects unintelligible to most provincial authorities and residents of both provincial capitals. For centuries, weak and negligent government had prevailed in this remote region (Lamley 1990: 37).

Unlike the rest of Fujian province and most of the rest of China where agriculture was the main economy, the maritime location of Zhangzhou had given rise to a highly commercialised trade as early as the Ming dynasty (1368–1644). The downside of this commercial prosperity, however, was an inflationary cycle that pushed land prices in Zhangzhou to levels not found elsewhere in Fujian. During the earlier Qianlong reign (1736–95), one of the regions hardest hit by this cycle of fast population growth, land scarcity, and high rice prices was Zhangpu county – the hometown of the Tiandihui. The result was a mass out-migration by landless farmers.

Individual sojourners, regardless of whether they were itinerant peddlers or small-scale participants in the long-distance commerce of the day, shared in common an insecure livelihood. As they sought to earn a living in an unfamiliar urban environment, they were socially isolated, with little to rely on but themselves. Consequently, they had the tendency to group together for mutual protection. Despite the activities of various mutual protection organisations, such as pseudo-lineage groups, sworn brotherhoods, and named societies, the real take-off point in secret society development occurred after 1755. During the second third of the Qianlong reign (1736–95), secret societies sprang up like mushrooms. Archival records alone

show that at least 199 secret societies took shape during the ensuing century. In most cases, mutual aid, not politics, constituted their purpose. The Tiandihui, dating from 1761, was thus but one of a host of groups (Murray 1993: 177–8).

By the mid-eighteenth century, population pressure in southeast China had produced significant out-migration to places where people were few and land was plentiful. Sometime before 1761, monks Hung Erh, Li Amin, Zhu Dinguan and their companions left their homes in Zhangpu county of Fujian province to seek their fortunes in Sichuan province. They used their hometown connections to join with monk Ma Jiulong, who specialised in the practice of magic arts and the expulsion of ghosts, to form an unnamed brotherhood of individuals with different surnames.

Eventually, in 1761 or 1762, monk Hung Erh returned to Fujian province and took up residence at the Guanyin (Goddess of Mercy) Temple in his native Gaoxi village. Influenced by a milieu in which secret societies were emerging all over the place, monk Hung Erh recruited fellow residents of Zhangpu county and transformed his company into a society known as the Tiandihui (the Heaven and Earth Society). During the Qianlong period, this first generation of Tiandihui 'brothers' spread the society throughout the remainder of Zhangpu and Pinhe counties in Fujian province and, through their disciples, across the strait to Taiwan. Later, during the Jiaqing era (1796–1820), the Tiandihui spread rapidly through the remainder of southeast China, directly linking its expansion and growth to the migration patterns of individuals from Fujian and Guangdong provinces (Murray 1993: 178).

Contrary to the popular belief that the Tiandihui was originally a political organisation with the mission to 'overthrow the Qing and restore the Ming', the primary aim of the Tiandihui was in fact the mutual protection of their members. The motive behind monk Hung Erh's forming the Tiandihui was financial gain. Before he died, monk Hung Erh imparted the society's secrets to his idle son so that he could earn a living through its further transmission (Murray 1993: 182).

Appendix 3: The 14K

When the Communist Party took over China in 1949, numerous refugees from the southern provinces arrived in Hong Kong. The flood of refugees was so great that the majority of them were forced to set up their homes on any vacant ground available. As a result, many squatter villages were established. The inhabitants of these villages clung together, opening their own shops, restaurants, boarding houses, workshops and so on. They became perfect targets for the local triad societies which moved in to exploit them. Soon, the triads encountered an unexpected snag because the refugees had brought their own consolidated triad group, known as the No. 14, with them.

In about 1945, the Nationalist government of China realised that a final showdown with the Chinese Communist Party was fast approaching. In 1947, in order to mobilise members of secret societies to support the Nationalist Party, a high official of the Nationalist Intelligence Bureau ordered Lt. General Kot Siu Wong of Guangdong province to integrate various secret societies into one single triad association. Kot informed all the secret societies that they would come under the general name of the 'Hung Fat Shan Branch of the Chung Yee Wui'. The society headquarters was set up at No. 14, Po Wah Road, Canton. In Guangdong, thousands of Nationalist troops and civilian personnel were voluntarily conscripted into the society, for non-membership was liable to be construed as sympathy for the Communist cause. Members of the new organisation were apportioned to one of the thirty-six sub-branches under the overall control of the headquarters in Canton. As many hastily recruited members had no idea of the name of the society they had joined, it became a common practice for them to refer to themselves as members of the Sap Sze Ho (No. 14) because of the street number of the Canton headquarters. After the collapse of the Nationalist regime in 1949, thousands of Nationalist troops and civilian refugees flocked to Hong Kong. Many of them were 'No. 14' members and amongst them was Kot Siu Wong himself.

Before he died in 1953, Kot managed to build up eighteen of the former thirty-six sub-branches in Hong Kong. Nevertheless, the sub-leaders could not agree who

was to take his place. Most of them were soon involved in various types of criminal activities and fought with local triad societies for the control of the refugee areas. It was as a result of a series of victorious battles in which they destroyed the influence of a local triad society, the Yuet Tung, in the Shamshuipo area, that the 'No. 14' adopted the suffix 'K'. This was derived from the symbol for 'karat' gold which is harder and stronger than the soft local type of gold. The society is now known worldwide as the 14K. Many of its sub-branches became inactive while others flourished. The remaining sub-groups have now developed into separate triad societies in their own right and become part of the Hong Kong triad community.

[For further details of the formation of the 14K and its activities in Hong Kong, see Morgan (1960: 79–88).]

Appendix 4: Translation of a triad expulsion order

To: Wo Shing Yee [triad society]

We hereby inform you of the matter concerning a '432' office bearer of our society, Ho Fuk Chi, who has offended against the domestic regulations of this family. What he had done before could not be tolerated by our family or our society. Now he has again done something that has provoked public indignation. It is inconvenient to relate all that he did. Our brothers and uncles have now discussed with the Incense Master and Vanguard and it has been decided and agreed that this man should be expelled from the society. It is requested that all brothers and uncles of our Hung family will not receive and harbour this man.

Issued by:

Wong Yun. Incense Master.

of Wo On Lok

Cheung Lin. Vanguard.

(Date) The 6th day of the 3rd moon.

[See Morgan (1960: 264–5).]

Appendix 5: The Big Circle Boys

The origin of these gangs go back to the Cultural Revolution in China. In the 1960s, numerous young school children joined the movement as 'Red Guards'. The Red Guards in Guangdong province were subsequently purged by the People's Liberation Army in 1968–9 and were sent to detention camps in Canton. Between 1969 and 1975, some ex-Red Guards, either after being released from detention or having escaped, came to Hong Kong as illegal immigrants. They numbered only hundreds, with some 20–30 leaders. The detention centres where they were kept were dotted around Canton, roughly in a circle. Hence, they referred to themselves as the 'Big Circle Boys' (Tai Huen Jais) (HK Police Interview, 12 January 1995).

At the beginning, they were not involved in criminal activities in Hong Kong. Some of them earned their living as street hawkers in the newly opened free hawking zones in Kowloon. To avoid having to pay any protection fees to local triads, they grouped together for mutual protection. In 1975, a leader of a small group of the Big Circle Boys in the Mongkok hawking zone denied that they were formed with criminal intentions. He explains: 'We are actually trying to help each other in our day to day life. Of course, should any of us be bullied by other people, we would pool our strength to defend him.' (*HKS* 30 March 1975). He gave an example to show how they organised themselves to resist triad extortion in the hawking area: 'When six triad fighters went up to their stalls, the operators just shouted to the milling crowd that they were Tai-Huen-Tsais [Big Circle Boys]. Within seconds, a dozen young pedestrians stepped up and volunteered to give them a hand.' (*HKS* 30 March 1975).

In 1978, according to the police, the Big Circle Boys were planning to take over the triad territories in Mongkok, Yaumati, Kowloon City, Wan Chai, North Point, and Shaukiwan:

> In one Big Circle action recently, the mainland gang actually put 'soldiers' in the Hawker Permitted Area in Tung Choi Street, Mongkok, to take over stalls. The spaces were grabbed right under the eyes of the 14K and Woo [Wo] group triad members who just watched them wide-

> eyed. Big Circle then offered the spaces at $30,000 for a permanent store and a monthly rental of $1,000 for hawker spaces.
>
> (*SCMP* 5 January 1978)

Perhaps the most shocking to Hong Kong society is when the Big Circle Boys use their Red Guard training and firearms to commit serious armed robberies. In 1977 a senior police officer said:

> The Tai Huen Tsai [Big Circle Boys] are no petty criminals. When they strike they strike big, at targets such as banks or large payrolls. Most of them have been through military training in China and can carefully work out each step of their move, including the timing, the method and means of transportation.
>
> (*HKS* 31 December 1997)

In the late 1970s, there was a dramatic increase in the number of illegal immigrants from China. Some of them, such as those from Hunan province, stayed together because they could not speak local Cantonese and were isolated from the community. This second generation of Big Circle Boys caused considerable alarm because of their recklessness, elusiveness, and propensity to commit robberies (HK Police Interview, 8 March 1995). As they are highly sensitive to non-members, the organisation of various Big Circle Boy factions is much tighter than any triad society in Hong Kong. In addition, they do not respect any existing triad rules and will not hesitate to use violence to settle disputes. Therefore, the Big Circle Boys dealt a blow to local triads during the late 1970s and the early 1980s: many local triads tried not to provoke any Big Circle Boys at that time.

After settling down in Hong Kong, however, individual Big Circle Boys were to be recruited by local triads as fighters. The first triad to take Big Circle Boys into their organisation was the 14K. As more and more Big Circle Boys joined the 14K, they formed a sub-group known as the '14 Big Circle' (14 Tai Huen). Nowadays, nearly all of Hong Kong's triad groups have members from the Big Circle Boys, or new immigrants from China. A senior Hong Kong police officer recalls:

> In the late 1970s the Big Circle Boys were very tough. They [made it] very clear that they were not triads. Local triads were afraid of dealing with them because they would not negotiate and compromise. At that time we thought that triad societies would fade out gradually because the Big Circle Boys had demonstrated that they were able to build up their power without using any triad ritual. It was unexpected to see that individual Big Circle Boys ended up joining local triads.
>
> (HK Police Interview, 8 March 1995)

In the late 1980s, Dutch and Canadian police officers identified the presence of 'Big Circle Boys' in their respective countries. These two groups of Big Circle Boys should not be confused. In 1987, a small group of Hong Kong Big Circle Boys moved to the Netherlands and tried to establish their power in Europe. They had originally come from Canton, the capital of Guangdong province, and they might have been Red Guards during the Cultural Revolution. They emigrated to Hong Kong illegally in the late 1970s and obtained Hong Kong citizenship. They should be seen as first-generation Big Circle Boys and are now middle-aged men (Dutch Police Interview, 12 March 1996). In Canada the so-called Big Circle Boys are new immigrants from Canton, who immigrated legally and illegally in the 1980s. Since 'Big Circle Boys' is well known in the Chinese community, they used this name to describe themselves. They are relatively young and can be seen as the new-generation Big Circle Boys (Canadian Police Interview, 24 November 1995).

Appendix 6: An actress's experience with triads

'When I first entered show business, some senior artists told me that the field was complicated and that there were some 'big brothers' I should beware of. I was quite lucky that I did not cause any trouble during the first few years. I think the reason was that I was only a small fish at the time and I would never reject any film roles. But things have changed drastically since the mid 1980s, when I became popular and I was under the management of a company. Due to my tight working schedule, I became more selective about film roles and it was my manager who turned down film offers for me. Then one day I was shocked to see my manager with black eyes from being beaten. He told me that I had to accept a film offer which he had earlier turned down – or else I would be in big trouble.

I was surprised, because when those people approached my manager, they had no intention of negotiating – they were just out to get what they wanted. Frightened, I said we should report the incident to the police. But my manager stopped me. He said if I reported it to the police, things would be even worse and my life would be in danger. Finally I had to accept the demands and hoped that it would be the first and the last time. But the same thing happened again, only this time it was much worse. I was making a film with a talented director, in which I played the lead. I knew it was a golden opportunity for my career, so I decided not to accept any other roles until I finished that film.

Again, I was told [by a different group of triads] to work in another silly and ridiculous production. I was furious because the contract was signed against my will. So, during that period, the workload was too heavy and I wanted to take a break, so I skipped most of the schedule of that silly film. A few days later, when I was out on location in the New Territories, five men came out of a van and asked the crew where I was. Then they came over, and without saying a word, they began punching and kicking me. I was screaming and crying with pain, but people who witnessed it did not dare to give me a hand until the men fled. Afterwards, I received a phone call from the triads, who told me that they wanted to know when I would go back and finish their film. They also told me that the beating was only a small lesson.

It is very common that they never pay us the fee they promised when the contract was signed. As an example, if the agreed sum was HK$1 million, they would only pay 40 to 60 per cent in the end. It is unfair. It is true there are quite a lot of triads in the film industry, but I believe some of them are still 'obeying the rules of the game'.'

[For the full text, see *SCMP* 19 January 1992.]

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