

ALERT

Waldorf Astoria Acquisition by Chinese Investor Raises CFIUS Implications

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The recently announced \$1.95 billion acquisition of Hilton Worldwide Holdings' Waldorf Astoria Hotel in New York by the Anbang Insurance Group (China) is likely being reviewed by the Committee on Foreign Investment in the United States (CFIUS) for national security implications. If allowed to proceed to completion, Anbang's acquisition will be the largest real estate acquisition by a Chinese company in the United States.

CFIUS reviews are confidential by law, but the potential acquisition raises several national security implications that would likely lead to CFIUS interest in reviewing the transaction. While the terms of sale allow Hilton Worldwide to continue to operate the hotel for the next 100 years, they also call for major renovations of the hotel, raising concerns over the potential for Chinese cyberespionage and eavesdropping. This is a particular concern given that the U.S. government has leased a residence for the U.S. ambassador to the United Nations at the Waldorf Astoria for more than 50 years. In addition, each year, the hotel serves as headquarters for U.S. diplomats from Washington, D.C., including the U.S. President, as they attend the United Nations General Assembly.

CFIUS' likely review of the transaction poses a reminder that property transactions in the United States, even those that seem innocuous, can have substantial national security implications. Parties to transactions involving foreign entities must carefully consider any national security issues that may arise as a result of the transaction. Foreign and U.S. businesses are also well-advised to notify and engage with CFIUS well in advance of closing transactions with national security implications.

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Practice Areas

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