



# MLPC Annual Report, 2005



# Introduction

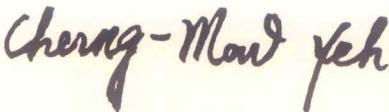
The Asia Pacific Group on Money Laundering (APG) will conduct 2nd round of mutual evaluation of anti-money laundering and countering financing terrorism in the region and make recommendations for the next year (2007). In response to this event, the Money Laundering Prevention Center (MLPC) of the Investigation Bureau (MJIB) acts as the coordinator Authority of Taiwan jurisdiction regarding the prearrangement related to the mutual evaluation and regards it as a priority task in the forthcoming year.

In 2005, there were 1,173 criminal cases with respect to money laundering activities prosecuted by district prosecutor's offices, reached to a record high. It has had a dramatic increase, not only in quantity of money laundering cases but also in money laundering vehicle, namely, by means of Under Ground Banking System (UBS), real assets laying and various channels other than traditional financial sectors referred to in Article five of the Money Laundering Control Act (MLCA). Base on this noteworthy statistics, we should draw special attention to money laundering trend in the future. Taking efficient countermeasure to fight against money laundering activities is the key issues for domestic competent agencies. In terms of the our achievements and number of reports reporting to MLPC, the figures appear that financial institutions are more willing to report Suspicious Activities Reports (SARs) and these disclosures and disseminations do facilitate criminal investigation and prosecution. However, in order to take effective and efficient measure to cope with various types of criminal activities and money laundering methods, MLPC deliberates on how to further encourage non-banking financial institutions to disclose SARs; strengthening Information Technology (IT) and capacity in SARs analysis and investigation; improving the international cooperation among Financial Intelligence Units (FIUs) around the world together with signing Mutual Legal Assistance Agreement or other legal arrangements with foreign governments is what we are foremost focus on. Being the FIU and domestic coordinating authority in the sphere of

anti-money laundering, MLPC will actively collaborate with other domestic competent agencies to escalate our anti-money laundering mechanism.

In order to further comply with Recommendation 32 of the 40 Recommendations issued by Financial Action Task Force on Money Laundering (FATF) amended in 2003, this annual report provides accurately crucial index in regard of number of prosecuted cases in violation of MLCA, figures of SARs and CTRs disclosed by financial institutions over the past year. In addition, for the purpose of unfolding the contents of this annual report, along with comprehensively understanding of the global trends of anti-money laundering and domestic anti-money laundering mechanism as well as viewpoint in practices, we cordially invited Assistant Professor Wu, Jyun-Yi of the Department of Law at the National University of Kaohsiung to compile a special report for academic research: “Proceeds of crime and confiscation (Verfall), which is based on A-E of Article 73 and Article 73 of German Criminal Law” . Special Agents at the MLPC have compiled or translated the following documents: “Key Opinions in practices in 2005 with Interpretation” , “The Basel Committee on Banking Supervision (BCBS)-Customer Identification and Verification” and “Provisional Guidance for CPA Money Laundering Prevention (criminal proceeds and terrorist activities), 2<sup>nd</sup> Edition” from the UK” , which have all been provided to academic and judicial for comment and as references.

Cherng-maw YEH



April 2006



# Editor's Comments

## I Purpose

The FATF promulgated 32 of the 40 Recommendations in the 2003 amendment: "In order to review the actual situation of the funding system to suppress and prevent from money laundering and the financing of terrorist activities, competent authorities in each government shall establish comprehensive and effective statistical systems, which shall include the statistics of SARs disclosures; statistics of investigation, prosecution, judgment of cases related to money laundering and financing of terrorist activities; statistics of frozen, seized and confiscated assets; and statistics of requesting for mutual legal assistance or other international assistance" This annual report gathers all data on anti-money laundering and countering financing terrorism by domestic financial institutions and judicial authorities for assessment and statistics. Important practices and viewpoints in 2004 are also selected with interpretation; Assistant Professor Wu, Jyun-Yi of Department of Law in National University of Kaohsiung was also invited to compile a special research as a reference for domestic and overseas academics and other interested parties.

## II Contents

(I) The Annual Report consists of the following 6 parts:

1. Organizational Introduction.
2. Annual achievement (including statistical figures and data).
3. Sanitized cases.
4. Major Events in 2005

(II) The Annual Report is based on data related to the MLPC's work on anti-money laundering, statistics of prosecuted cases provided by local prosecutor's offices in committing money laundering offenses (including delayed prosecution and petition for summary judgment) and judgment data provided by the Judicial Yuan, all of which are collected and analyzed in the Report.

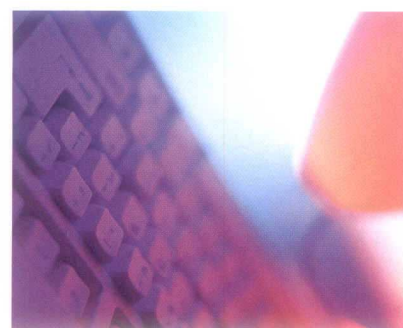
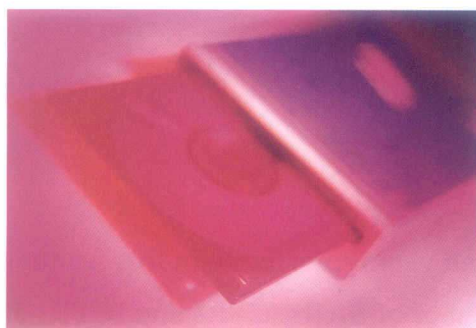
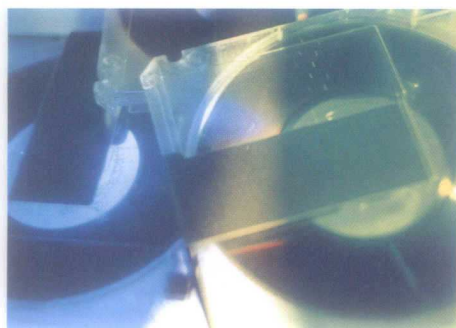


### III Notes

(I) Units of statistics and years referred to in this Annual Report are subject to the ROC calendar. Number of SARs, CTRs and ICTRs are subject to the disclosures. Money laundering cases prosecuted in local prosecutor's offices and sentenced at different levels of courts are subject to the number of cases and the currency unit is NTD. Special cases should be noted in corresponding figures (tables).

(II) The percentage of the figures referred to herein should be rounded.

### IV. We welcome your precious comments.



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# Part 1

## Organizational Structure



Due to the proceeds originated from serious crimes is alarming, it encourages criminals or organized crime syndicates to infiltrate and decay the government integrity, legitimate businesses, financial sectors and social security. The “United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotic Substances” concluded in Vienna in 1988 stipulates member countries to constitute laws in place, to criminalize money laundering activities, while the proceeds derived from drug trafficking. Moreover, 40 Recommendations of FATF require further extension of the scope of predicate offenses to a broad scale, not only apply to narcotics offense but also stretch to other serious offenses. The government perceived the risk of money laundering and drafted the MLCA, which was passed by the Legislative Yuan on Oct 23, 1996, In accordance with the global trend. It was promulgated by presidential promulgation, and took effect on April 23, 1997. In order to meet the practical needs and comply with FATF Recommendations, 5 years after its implementation, government authority submitted an amendment to the Legislative Yuan and ratified on January 13, 2003, promulgated on February 6<sup>th</sup> of the same year by presidential promulgation and subsequently put into force on 6, August, 2003.

In order to hinder financial institutions from being used as vehicles to launder the proceeds of crime and to detect severe crimes, the anti-money laundering legislation from around the world impose the obligation of disclosing SARs, referred to in Article 8 of the MLCA on financial institutions. FIU is subsequently imposed the responsibility for receiving analyzing and disseminating SARs. According to the authorization in Article 8 of the MLCA, the FIU, Taiwan was created within the Investigation Bureau, Ministry of Justice (Hereinafter referred to as the MLPC). MLPC was accordingly created consistent with “Organizational Ordinance for the

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\* Tai-86-Fa- Tze No. 15595 on Apr. 21, 1997 by Executive Yuan.



Establishment of MLPC of the Investigation Bureau, Ministry of Justice” on April 23, 1997, approved by the Executive Yuan\*. It specified MLPC's mandate, manpower resource etc. MLPC has an ideal layout to encompass 5 sections and 42 members. Presently, there are 3 sections and 23 members. Please refer to Figure 1.A and 1.B for the organizational structure, mandate and current operation status of each section. The operation outlay in 2005 was NTD2.3 million.

**Mandate of the MLPC list as follows:**

1. Strategic research of anti-moneylaundering.
2. Receiving SARs and CTRs disclosed by financial institutions.
3. Collection, analysis, arrangement and dissemination of information related to money laundering and terrorist financing.
4. Case Support to domestic law enforcement agencies for purpose of facilitating case investigation and prosecution, as well as acting as coordination and liaison agency in regard of the MLCA
5. Acting as a contact point, coordinator and executor with respect to information exchange and personnel training, interaction, joint investigation with foreign FIUs (FFIUs) and foreign counterpart agencies.
6. FIU database and archive maintenance and renewal

Figure 1.A: Organizational structure of the MLPC

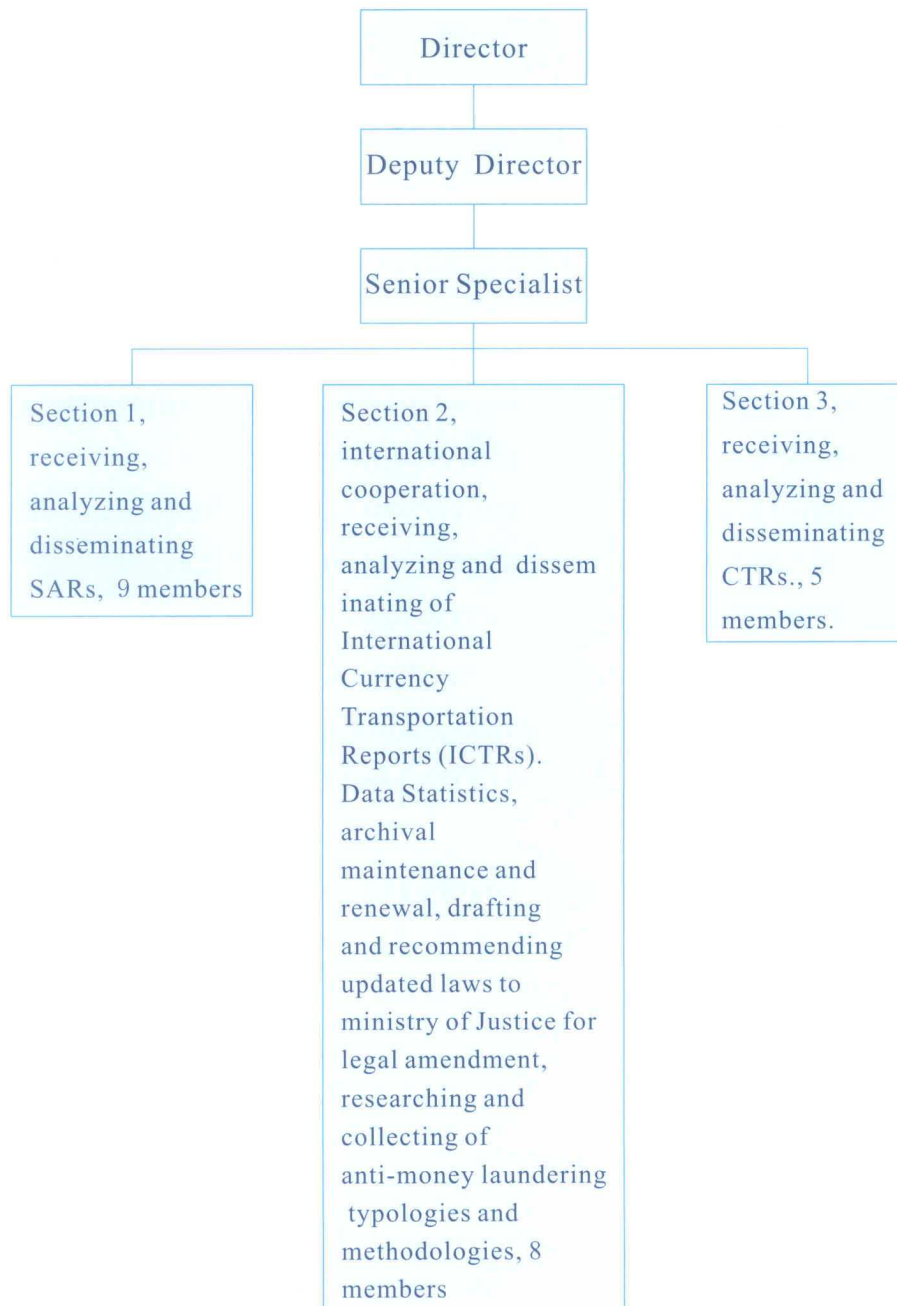
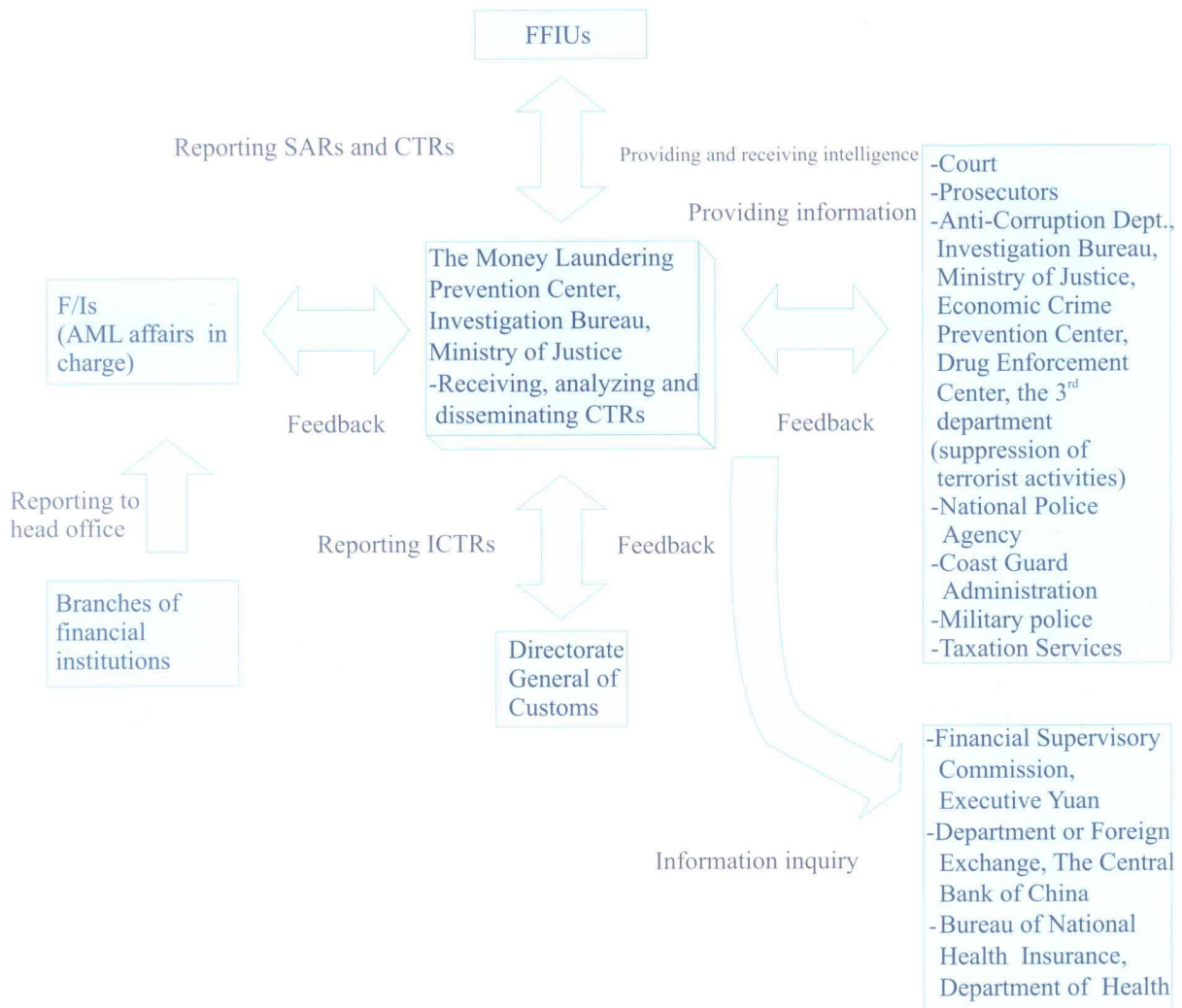


Figure 1.B: Information flow of the MLPC





# Part 2

## Annual achievement

### I.Strategy Research

- 1.Research and analysis of laws
- 2.Interaction with competent authorities
- 3.Academic researches

### II.Disclosures of SARs

- 1.Disclosures status of SARs
- 2.Statistics on SARs analysis & dissemination
- 3.Distribution of SARs by region
- 4.Distribution of SARs by month
- 5.Objects of SARs being disclosed by age
- 6.Statistics on sum of SARs

### III.Disclosures of CTRs

- 1.Disclosures of CTRs
- 2.MLPC policy in dealing with CTRs
- 3.Statistics on CTRs from various F/Is

### IV.Receiving of International Currency Transportation Reports (ICTRs)

- 1.Statistics of ICTRs disclosures distinguished from different Customs
- 2.ICTRs disclosures distinguished from inbound and outbound
- 3.ICTRs disclosures distinguished from starting points/destinations
- 4.ICTRs disclosures distinguished from age span of subjects being reported
- 5.ICTRs disclosures distinguished from subject's nationalities
- 6.ICTRs Disclosures by month
- 7.Annual accumulation of amount of ICTRs disclosures
- 8.Statistics of analysis and dissemination potential cases from MLPC regarding ICTRs disclosures

### V.Statistics of Money Laundering Case Prosecution

- 1.Typologies of money laundering
- 2.Statistics on sum of money laundering proceeds
- 3.Statistics of money laundering through various financial institutions
- 4.Statistics of money laundering through non-financial institutions
- 5.Statistics of money laundering cases by region
- 6.Statistics of money laundering cases by prosecutor's offices of district courts
- 7.Statistics of defendants being prosecuted by money laundering offenses

### VI.Training Programs and Public Awareness

### VII.Supporting Law Enforcement Agencies in Financial Investigation and Mutual Legal Assistance Agreement in Criminal Justice

## I Strategy Research

### (I).Research and analysis of laws

In response to the APG-FATF Style Regional Bodies (FSRBs) project in conducting 2<sup>nd</sup> round of Mutual Evaluation on AML/CFT systems in February 2007, the Ministry of Justice officially prescribed separately in March and October of 2005 to recommend the MLPC to take legislation of Germany, Japan, US and France as well as global criteria like “UNODC Model Money Laundering, Proceeds of Crime and Terrorist Financing Bill 2003” and the 40+9 Recommendations of the FATF into consideration, for the amendment of our legislation. In order to meet current needs, both in principle and practices, MLPC therefore, held two successive workshops, seeking expertise from legal, financial regulatory and law enforcement agencies, so as to reach consensus for the amendment of the MLCA. The main parts of this amendment are as follows:

1. Expand the scope of money laundering severe offenses.  
(Recommendation 1 of FATF)
2. Amend stipulations on confiscation, expropriation and safeguarding of criminal proceeds. (Recommendation 3 of FATF)
3. Enlarge the scope of reporting entities referred to in Article 5 of MLCA to include to a certain portion of businesses of lawyer, accountant, real assets broker and currency exchange.(Recommendation 16 of FATF)
4. Passengers transport Currencies, precious metals and stones, or other negotiable instruments inward or outward exceeding certain amount shall spontaneously declare to Customs. (Special Recommendations 9 of FATF)
5. Specify the functions, mandate of FIU (Recommendation 26 of

FATF)

6. Supplement international mutual legal assistance procedure regarding criminal justice (Recommendation 35-40 of FATF)

Habitual fraud offense has already been abrogated from Criminal Code in February, 2005 and will put into force on July 1<sup>st</sup>, 2006. However, habitual fraud offense is still categorized as one of the serve crimes referred to Subparagraph 5, Paragraph 1, Article 3 of MLCA and acting as one of major type of serve crimes at this stage. In terms of the statistics of case prosecution in 2005, fraud offense dominated a proportion of 90% over money laundering activities. It can be foreseen that if the MLCA fails to be amended to the supplement fraud as a serve offense, the effectiveness of the MLCA will be diminished and it will not comply with 40 Recommendations of FATF.

In order to comply with global criteria of countering financing of terrorism, MLPC advised the Banking Bureau, the Financial Supervisory Commission, Executive Yuan to extend the scope of applications to be accepted in proceedings stipulated in Article 8 of the MLCA 4. \*, amended as the “final beneficiary of the financial transactions are terrorists or terrorist groups provided by foreign governments to the Ministry of Finance through documents.” Into “final beneficiary of the financial transaction or remitter are terrorists or members of terrorist organizations, provided by foreign governments to the Banking Bureau, Financial Supervisory Commission through documents; and/or the funds of transactions

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\* Order Jin Guan Yin (1) Tze No. 0940022159 issued on Nov 4, 2005 by the Banking Bureau, Financial Supervisory Commission, Executive Yuan.



being suspicious or having rational reasons in suspicion with possible connection to terrorist activities, terrorist organizations or financing of terrorism.” which then complies with the standards of international countering terrorist financing.



Apr, 2005, MLCA Amendment Workshop  
(Vice Chairperson Cai, Cai Jhen of the Criminal Department, Judicial Yuan)

## (II). Interaction with competent authorities

The MLPC also convened a workshop with superintendents of banking sectors in charge of anti-money laundering affairs in October, 2005. Attendees suggested that the MLPC developed feedback program with the results of SARs and CTRs, notifying in real time of new types of money laundering methodologies as an alert.

According to Recommendation 25 of the FATF, competent authorities shall, in order to assist financial institutions, designated non-financial business or designated non financial business and professions subject to Article 5, MLCA and countering financing of terrorism to take effective measures, especially when finding and reporting SARs. Corresponding guidelines shall be established and feedback shall be provided. The measures should be specified as follows:

## 1. General feedback:

- (1) Statistics on the number of disclosures with appropriate breakdown.
- (2) Information on current techniques, methods and trends (typologies).
- (3) Sanitized examples of actual money laundering cases. .

## 2. Specific case or case by case feedback:

- (1) Acknowledgement of the receipt of the report.
- (2) Subject to domestic legal principles, if a case is closed or completed, whether because of a concluded prosecution, because the report was found to relate to a legitimate transaction or for other reasons, and if the information is available, then the institution should receive information on that decision or result.

As for general feedback, MLPC regularly makes public the statistics on the performance of its anti-money laundering achievement in detail in annual reports and irregularly published

Money Laundering Case Collection (4 issues) as well as “Q&A on Suspicious Transactions” (to Jan. 2006), which comply with international standards and have been distributed to employees of financial institutions in occasion of providing AML/CFT lessons. They offer the latest domestic and foreign money laundering trends as well as cases on money laundering. The latest cases are added to the money laundering prevention home page at the Bureau's portal website each season for the reference of financial institutions. Corresponding documents are sent to the Banking Association, ROC. As for specific case or case by case feedback, it was given to financial institutions in order to encourage disclosures in time. An encouraged program was raised to invite financial institutions or advise regulatory authorities for encouragement when removing the case to the prosecutor's office.



October 2005, Symposium for superintendents of banking sector in charge of money laundering affairs



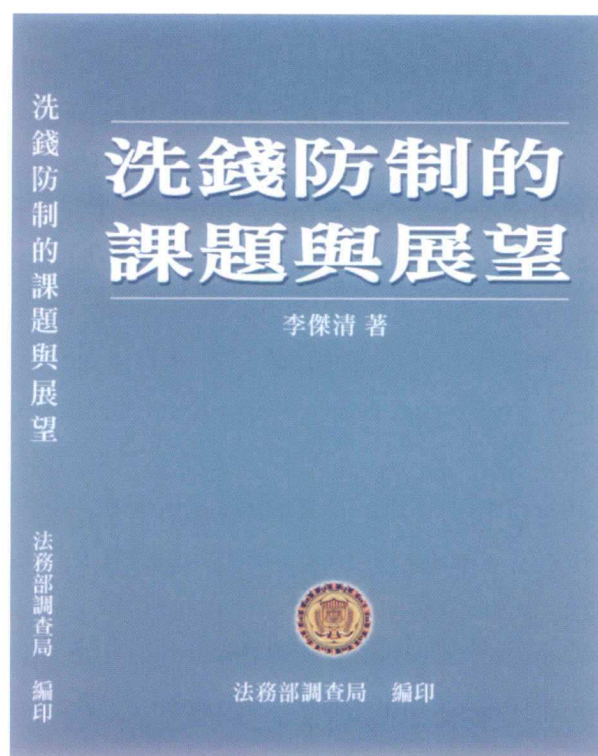
### (III). Academic Research

Although academic research is not the statutory mandate of the MLPC, research in the field does improve the implementation of its core functions and help others with a greater and more comprehensive understanding of the FIU's work.

In order to catch academic circle's attention, comprehend and research with respect to the objectives of the MLPC, we therefore co-hosted academic workshop with The Taiwan Law Review and Law Promotion Service Foundation in relation to MLCA, in September 2004 to improve understanding of the MLCA, both in principle and practices, Sie Li Gong (Dr. of Law, National Taiwan University, Chairperson of Department of Border Police, Central Police University), Li Jie Cing (Dr. of Law, Waseda University, assistant professor of General Education Center, National Taipei University of Technology) and Li Sheng Jie (Dr. iur., Universitaet Regensburg, Germany, assistant professor of Dept. of Law, National Chengchi University) was invited to made reports respectively on the domain of legal liabilities of the cross-strait financial institutions for countering money laundering, protection of legal interests and penalties for money laundering crimes and money laundering's consideration with respect to the nature of criminal law, which were published in Volume 115 of The Taiwan Law Review (Nov. 2004). These received comprehensive feedback from different sphere.

In consideration of the lack of academic theses related to money laundering prevention in the country, the MLPC, knowing that Mr. Li Jie Cing has related research, acquired the property of his research and then published it at the end of 2005 titled: Topics and Prospect of Money Laundering Prevention. The content is focused

on the disputes for the basis of money laundering penalties, abandoned theories, theories on the numbers of crimes, maximum possibility and limit of depriving of illegal proceeds, Mutual Legal Assistance Agreement on criminal justice, necessary measures to strengthen Customer Due Diligence (CDD) and Record keeping policy in financial sectors. The reduction of the use of smurf /structure accounts and extension of the reporting responsibility to lawyers, accountants and other expertise was also deemed necessary. Updated laws that facilitate to the crime enforcement, prosecution; judgment, as well as developing future legislation in accordance with the international trend of money laundering through integration of the principles of criminal and administrative law are expected.



## II Disclosures of SARs

In 2005, there were 1,034 SARs disclosures from various types of financial sectors. The statistics is shown in Table 2.01. Financial institutions reported 4,120 flagged accounts<sup>\*</sup> In addition, according to the procedure of reporting suspicious transactions.

**Table 2.01: Statistics of SARs reported by financial institutions**

Reporting entity	Cases reported
Domestic banks	653
Foreign banks	90
Credit unions	14
Farmers' & fishermen's credit association	17
Securities brokers	2
Insurers	4
Postal service engaged in money transfer	6
Trust investment companies	0
Negotiable instrument finance co-operations	1
Credit card companies	2
Securities investment enterprises	2
Securities finance enterprises	0
Securities investment consulting enterprises	0
Securities depository enterprises	236
Futures brokers	7
Total	1,034

<sup>\*</sup> Doc. Jin Guan Yin (1) Tze No. 0941000095 issued on Feb 1, 2005 by the Bureau of Monetary Affairs, Financial Supervisory Commission, Executive Yuan: "flagged account", refers to accounts listed by law enforcement agencies as suspicious accounts according to the system of warning report in order to curb telephone fraud and extortion cases (provisional terminating the accounts which use debit card, voice transfer, online transfer and other e-payment functions to carry out transactions).



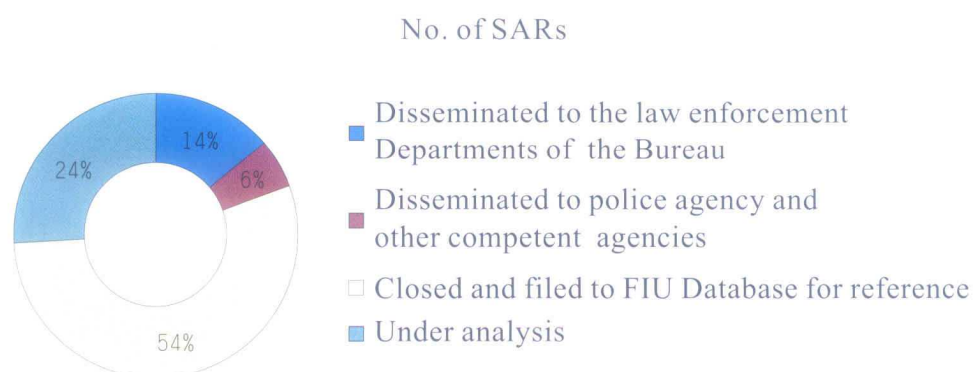
## (II).Statistics on SARs analysis & dissemination

The aforesaid 1,034 SARs, along with 197 SARs pending for analysis, last year, it accumulated 1,231 SARs being handled all together. Through prudential analysis, 170 cases have been disseminated to the law enforcement Departments of the Bureau, 69 cases have been disseminated to police Agency and other competent agencies; the rest of 674 SARs were closed and filed to FIU Database for reference. There are still 318 cases under analysis. See Table 2.02 and Figure 2A.

Table 2.02: Statistics of SARs dissemination

Status	No. of dissemination
Disseminated to the law enforcement Departments of the Bureau	170
Disseminated to police agency and other competent agencies	69
Closed and filed to FIU Database for reference	674
Under analysis	318

Figure 2A: SARs analysis & dissemination



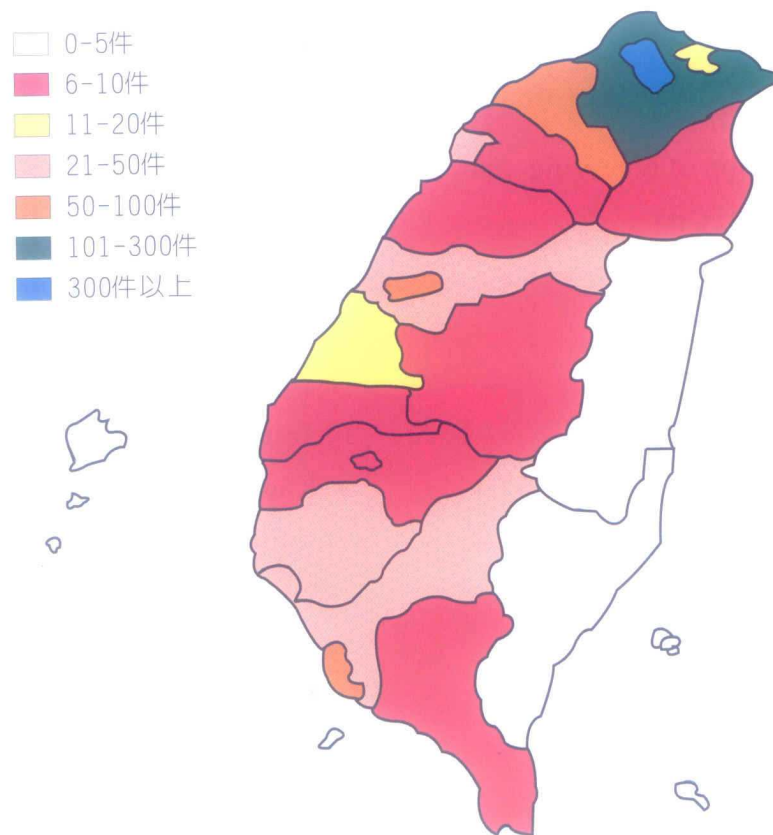
### (III).Distribution of SARs by region

Distribution of SARs is shown in Table 2.03 and Figure 2B.

Table 2.03: Statistics of receiving dissemination of SARs by region

Region of receiving	No. of cases	Region of receiving	No. of cases
Taipei City	421	Yunlin County	9
Taipei County	174	Chiayi City	10
Keelung City	15	Chiayi County	9
Yilan County	7	Tainan City	30
Taoyuan County	69	Tainan County	24
Hsinchu City	24	Kaohsiung City	66
Hsinchu County	10	Kaohsiung County	25
Miaoli County	7	Pingtung County	8
Taichung City	62	Hualien County	3
Taichung County	26	Taitung County	2
Changhua County	16	Penhu County	2
Nantou County	7	Kinmen County	8
Total			1,034

Figure 2B: Figure of receiving dissemination of SARs by region

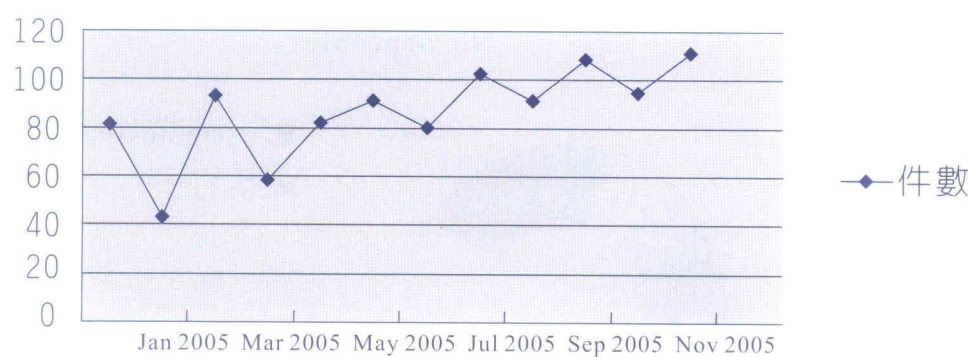


#### (IV).Disclosure of SARs by month

The monthly disclosures of SARs by financial institutions in 2005 lists as follows: 81 in January, 43 in February, 93 in March, 58 in April, 82 in May, 91 in June, 80 in July, 102 in August, 91 in September, 108 in October, 94 in November, 111 in December, altogether 1,034 in the year. refer to Figure 2C.



Table 2C: Disclosure of SARs by month



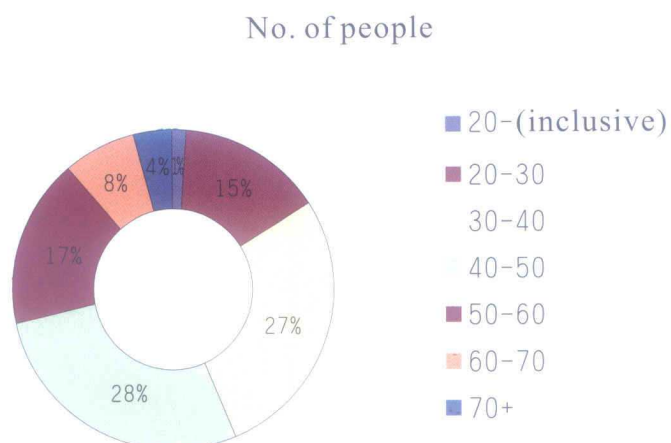
## (V).Subjects of SARs being disclosed by age

SARs, taking account of age of subjects, lists as follows: 6 below: 20 (inclusive), 121 from 21-30, 218 from 31 to 40, 222 from 40-50, 135 from 51 to 60, 60 from 61 to 70, 30 above 71. There were also 239 legal persons and 3 persons without specific information. Total: 1,034 persons. Please see Table 2.04 and Figure 2.D.

Table 2.04: Subjects of SARs disclosed by age

Age span	No.of ICTRs
20-(inclusive)	6
21-30	121
31-40	218
41-50	222
51-60	135
61-70	60
71+	30

Figure 2D: Subjects of SARs disclosed by age



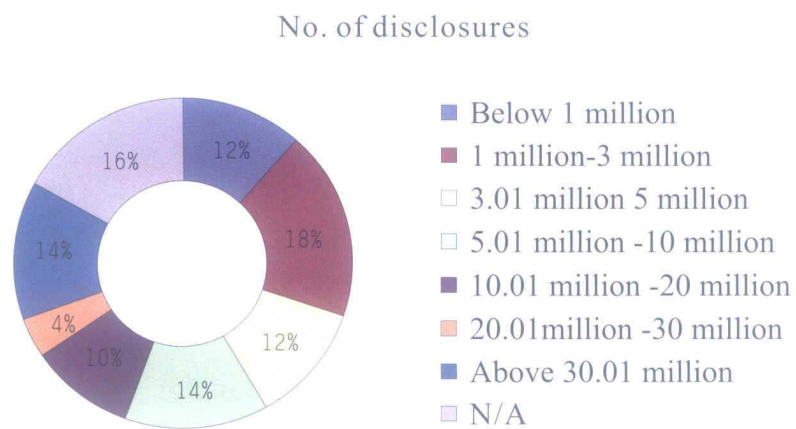
#### (VI) Statistics on sum of SARs

Statistics and analysis on the amount of SARs are shown in Table 2.05 and Figure 2E.

Table 2.05: Statistics on sum of SARs

Sum	Case
Below 1 million (inclusive)	122
1.01 million-3 million	192
3.01 million-5 million	119
5.01 million -10 million	142
10.01 million -20 million	105
20.01 million -30 million	38
Above 30 million	140
N/A	176
Total	1,034

Figure 2E: Statistics and analysis by SARs amounts





### III Disclosure of CTRs

Deliberating of US Bank Secrecy Act as crucial consideration, MLCA amended Article 7 on February 26, 2003, with a supplementive norm for cash transactions above a certain amount. The financial institutions shall be imposed to identify the identity of the clients and to keep such transaction records, to facilitate tracing the money flow of suspicious fund according to the stipulations in “reporting to designated authority” , which took effect on August 6<sup>th</sup> of the same year. The

“transactions of currency above a certain amount” refer to in Article 7 of the MLCA regulates that each transaction of cash withdraw and/or depository exceeding NTD 1million (including equivalent value of foreign currency) will be liable for disclosure. In terms of accounting, all transactions added up in cash or receipts and payment documents shall be included or conversion of currencies.\*

#### (I).Disclosure of CTRs

A total of 1,028,834 CTRs were disclosed from various financial institutions in 2005. Please refer to Table 2.06.

Table 2.06: Statistics of CTRs by various F/Is

Reporting entity	Cases reported
Domestic bank	853,977
Foreign bank	6,330
Trust and investment companies	4,067
Credit union	55,332
Farmers' Credit Association	71,676
Fishermen's Credit Association	103
Postal entities engaged in money transfer	36,975
Other financial organizations	374
Total	1,028,834

\* Administrative Decree Tai Cai Rong (1) Tze No. 0928011641 issued on Nov 18, 2003 by the Ministry of Finance.

## (II).MLPC's policy in dealing with CTRs

In order to prevent the data of CTRs from being abused and to maintain its confidentiality, the Bureau officially reported to the Ministry of Justice for approval according to the “Ordinance of the Investigation Bureau on the Management of Data for CTRs”<sup>\*</sup>. Data of CTRs shall only be utilized for the need of the courts, prosecutor's offices or judicial and police agencies for criminal investigation and prosecution. In case of finding criminal activities or predicate offenses from the disclosure of CTRs, the MLPC shall immediately disseminate the potential cases to other law enforcement Departments of the Bureau, other police agencies or prosecutor's Office for investigation and prosecution.

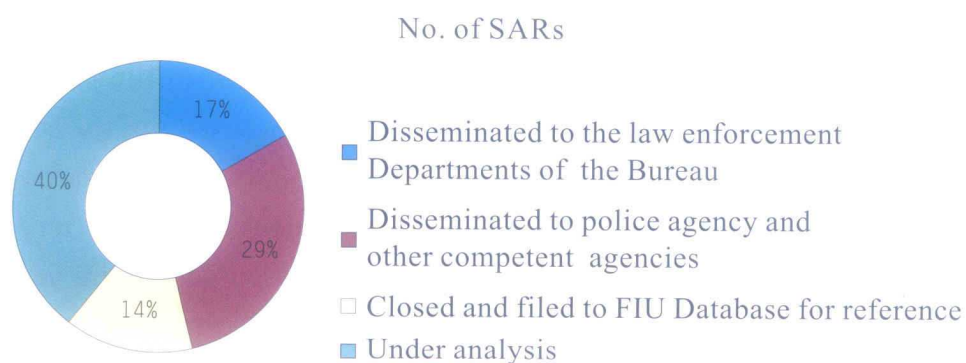
In 2005, in addition to provide support to the courts, prosecutor's offices, other police agencies and law enforcement departments within the Bureau (respectively 2, 9, 2, 21 cases), the MLPC totally initiate 160 potential cases investigation out of millions of CTRs, along with 87 cases left over last year for analysis; totally 247 cases were still ongoing. After prudential analysis, 42 cases were disseminated to the law enforcement departments of the Bureau, 72 cases were disseminated to the police and other competent agencies; after liquidation and filtration, 35 cases were deemed to be unsuspicious and were closed and filed to CTRs Database for reference. There are still 98 potential cases under analysis and investigation. Refer to Table 2.07 and Figure 2F.

<sup>\*</sup> Administrative Decree, Fa Jian Tze No. 0920038378 issued on Dec 1, 2003 and Doc. Fa Jian Tze No. 0940040208 issued on Nov 25, 2005 by the Ministry of Justice for future reference.

Table 2.07: Statistics of dissemination potential cases from CTRs

Status	No. of dissemination
Disseminated to the law enforcement Departments of the Bureau	42
Disseminated to police agency and other competent agencies	72
Closed and filed to FIU Database for reference	35
Under analysis	98

Figure 2.F: Statistics of dissemination potential cases from CTRs



### (III).Statistics on CTRs from various F/Is

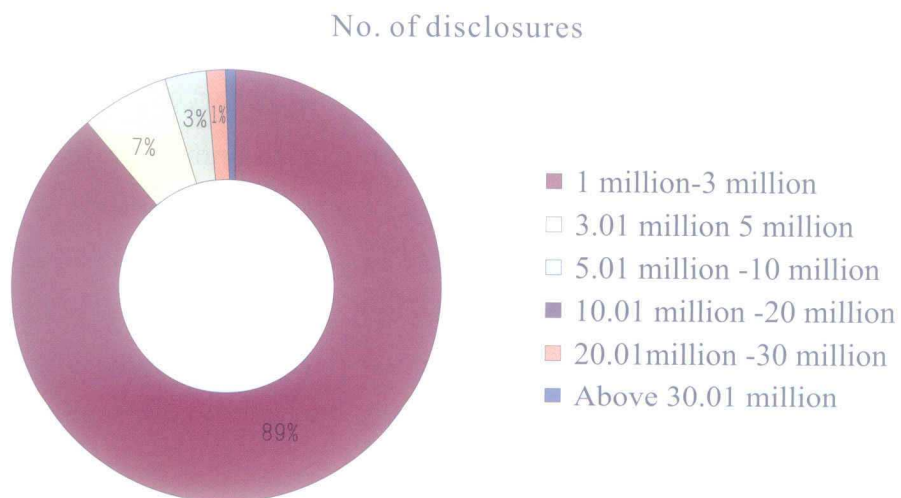
Statistics of the CTRs by various financial institutions are shown in Table 2.08 and Figure2G.



Table 2.08: Statistics on CTRs by amount

Sum	No. of CTRs
1.01 million-3 million	910,239
3.01 million -5 million	71,333
5.01 million -10 million	30,971
10.01 million -20 million	9,206
20.01 million -30 million	2,009
Above 30 million	5,076
Total	1,028,834

Figure 2.G: Statistics of dissemination potential cases from CTRs



## IV Receiving of International Currency Transportation Reports (ICTRs) disclosed Customs Service

Special Recommendation IX of the FATF recommends that

“Countries should take measures in place to detect the physical cross-border transportation of currency, bearer, and negotiable instruments, including a declaration system or other disclosure obligation. Countries should ensure that their competent authorities have the legal authority to stop or restrain Currency, bearer and negotiable instruments that are suspected to be involved in terrorist financing or money laundering, or that are falsely declared or disclosed” . Presently, Article 11 of the Foreign Exchange Control Act stipulates that: “Passengers or crew members of transportation vehicles carrying foreign currencies inbound or outbound shall spontaneously declare/register to Customs; regulations in this matter shall be specified by the Central Bank of China.” Paragraph 3, article 24 of the same Act regulates that:

“Foreign currencies carried inbound or outbound by passengers without declaration /registration in accordance to Article 11 shall be confiscated; for false declaration, the exceeding part of the declared amount shall be confiscated.” According to the administrative order of the Ministry of Finance, any passengers or crew members of transportation vehicles carrying foreign currency inbound or outbound with the value equivalent to USD 10, 000 shall declare/register to Customs<sup>\*</sup> . In order to implement the Special Recommendations of the FATF on countering financing terrorism, the Bureau, after reporting to

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<sup>\*</sup> Doc. Tai Cai Rong (5) Tze No. 0925000075 issued on Mar 21, 2003 by the Ministry of Finance

and being ratified by the Ministry of Finance, stipulated that in accordance to Subparagraph 8, Paragraph 1, Article 9 of Customs Law, the MLPC shall be the designated agency in receiving ICTRs (reporting threshold regulated as currencies equivalent to NTD1.5 million for each travel).<sup>\*</sup>

In 2005, a total of 1,453 cases were reported by Customs. Refer to Tables 2.09 to 2.15 and Figure 2H, 2I, 2J and 2K for details about the entry & exit Customs, entry & exit cases, starting points/destinations, age span and nationalities of ICTRs as well as monthly distribution, statistics by amount of current ICTRs arrangement.

(I). Statistics of ICTRs disclosures distinguished from different Customs

Table 2.09: Statistics of ICTRs disclosures distinguished from different Customs branches

Customs office	No. of ICTRs
Taipei Customs	1,372
Kaohsiung Customs	78
Keelung Customs	3
Total	1,453

<sup>\*</sup> Doc. Tai Cai Rong (5) Tze No. 0920041126 issued on Jul 23, 2003 by the Ministry of Finance



(II). ICTRs disclosures distinguished from inbound and outbound

Table 2.10: Statistics of ICTRs disclosures distinguished from inbound and outbound

Entry/Exit	No. of ICTRs
Outbound	808
Inbound	645
Total	1,453

(III).ICTRs disclosures distinguished from Starting points/destinations

Table 2.11: Statistics of ICTRs disclosures distinguished from Starting points/destinations

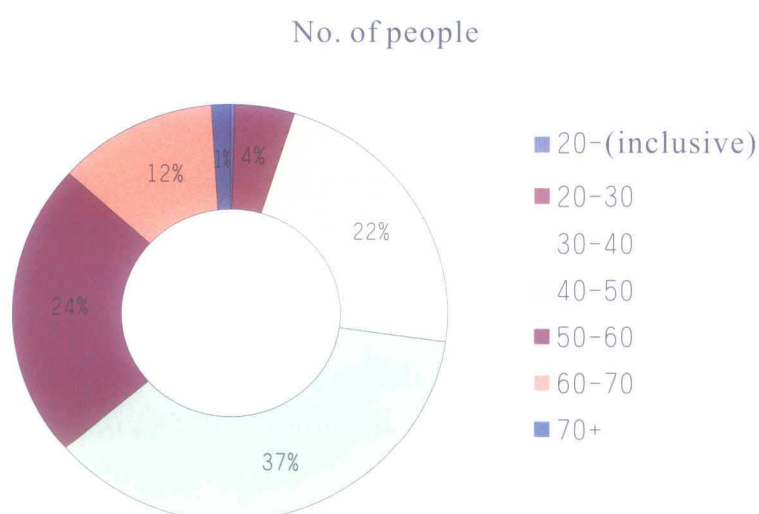
Starting point (Destination)	No. of ICTRs	Starting point (Destination)	No. of ICTRs	Starting point (Destination)	No. of ICTRs
Hong Kong	742	Vietnam	10	Malawi	2
Korea	227	Philippines	9	Germany	1
Japan	147	Indonesia	5	Russia	1
Thailand	103	Netherlands	3	Kenya	1
Macao	76	Egypt	3	Netherlands	1
Singapore	47	Australia	3	South Africa	1
Malaysia	19	Myanmar	4	Spain	1
China	14	Italy	2	Portugal	1
Thailand	14	France	2		
US	12	Canada	2		

(IV). ICTRs disclosures distinguished from Age span of subjects

Table 2.12: Statistics of ICTRs disclosures distinguished from Age span of subjects

Age span	No.of ICTRs
20-(inclusive)	5
21-30	65
31-40	326
41-50	529
51-60	334
61-70	178
71+	16
Total	1,453

Figure 2.H: Statistics of ICTRs disclosures distinguished from Age span of subjects



(V) ICTRs disclosures distinguished from Subject's Nationality

Table 2.13: Statistics of ICTRs disclosures distinguished from Subject's Nationality

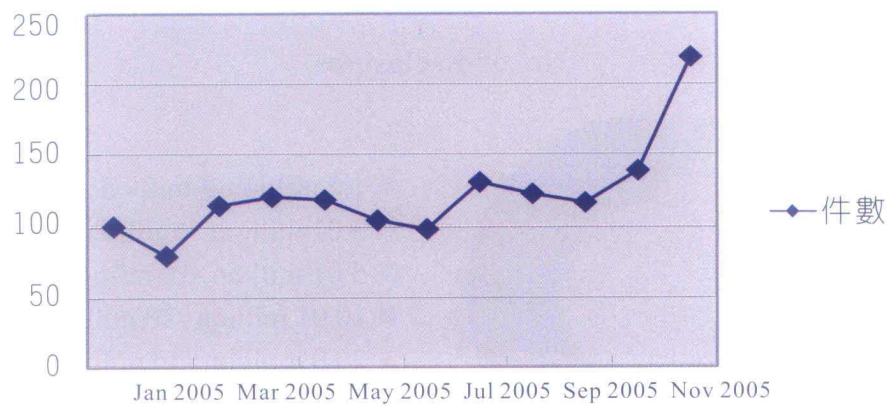
Nationality	No. of ICTRs	Nationality	No. of ICTRs	Nationality	No. of ICTRs
ROC	1,037	UK	12	Philippines	3
China	194	US	11	Singapore	3
Japan	62	Nigeria	8	Lebanon	1
Malaysia	28	South Africa	7	Mauritania	1
HK	24	Portugal	4	India	1
Indonesia	18	Australia	4	Libya	1
Thailand	15	Korea	3	Macao	1
Egypt	12	Norway	3		

(VI). ICTRs disclosures by month

The ICTRs disclosures distinguished from month in 2005 is shown as follows: 100 disclosures in January, 78 disclosures in February, 113 disclosures in March, 120 disclosures in April, 117 disclosures in May, 103 disclosures in June, 98 disclosures in July, 130 disclosures in August, 122 disclosures in September, 116 disclosures in October, 138 disclosures in November, 218 disclosures in December, altogether 1,453 disclosures reported during the year. Monthly distribution of ICTRs is shown in Figure 2 I.



Figure 2 I: ICTRs disclosures by month



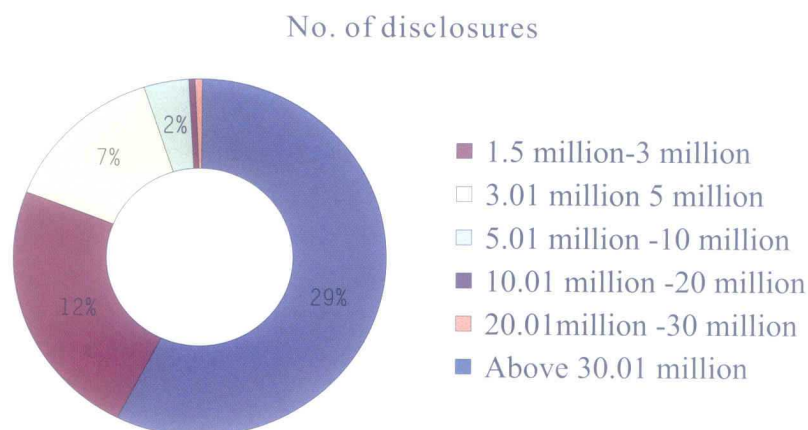
## (VII).Annual accumulation of amount of ICTRs disclosures

In 2005, the total amount of ICTRs disclosed by Customs accumulated to NTD 5,309,980,275 as shown in Table 2.14 and Diagram 2J. In total, 645 disclosures were related to bringing money into the country, totaling NTD 2,634,917,427 and 808 cases were related to taking money abroad, totaling NTD 2,675,062,848.

Table 2.14: Statistics of ICTRs disclosures distinguished from amount

Sum	No. of CTRs
1.5 million-3 million	832
3.01 million -5 million	344
5.01 million -10 million	206
10.01 million -20 million	53
20.01 million -30 million	9
Above 30 million	9
Total	1,453

Figure 2.J: Statistics of ICTRs disclosures distinguished from amount



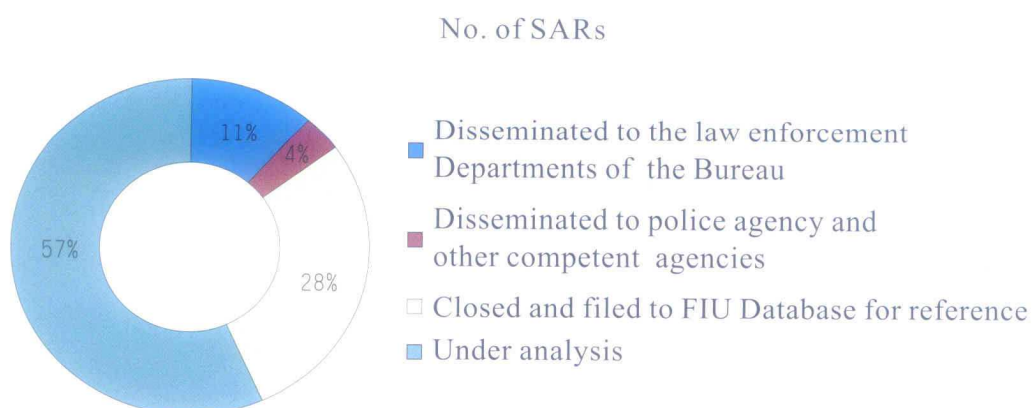
(VIII). Statistics of analysis and dissemination potential cases from MLPC regarding ICTRs disclosures

There were total 1,453 ICTRs disclosures in 2005. The MLPC initiated case analysis and preliminary investigation for 28 disclosures along with 7 disclosures which was left behind last year. In total, 35 disclosures were under analysis. After deliberating analysis and preliminary investigation, 6 disclosures, were disseminated to the law enforcement departments of the Bureau, 2 disclosures were disseminated to the police and other competent agencies; after liquidation and filtration, 15 disclosures were deemed to be unsuspicious and were closed and filed to FIU Database for reference. There are still 30 disclosures under analysis and preliminary investigation. See Table 2.15 and Figure 2J.

Table 2.15: Statistics for ICTRs analysis and dissemination

Status	No. of dissemination
Disseminated to the law enforcement Departments of the Bureau	6
Disseminated to police agency and other competent agencies	2
Closed and filed to FIU Database for reference	15
Under analysis	30

Figure 2.K: Statistics for ICTRs analysis and dissemination





## V Statistics of money laundering cases prosecution

The Bureau, by linking “Indictment Search Database,” supplied by the Ministry of Justice, has successfully extracted data, including typologies and statistics of predicate crimes, amount of proceeds, methodologies, profiles of defendants of cases prosecuted by district prosecutors' offices in connection with committing money laundering offenses (including delayed prosecution and petitioning for summary judgment) so as to easily obtain a general profile of current money laundering trends in Taiwan Jurisdiction.

### (I). Typologies of money laundering

The criminal proceeds of money laundering crimes are only applicable to properties or property interest obtained from “serious offenses” referred to in Article 3 of the MLCA, which generally involves in 5 categories of criminal activities, i.e. corruption, economic crimes, narcotics crimes, criminal cases and other crimes. Refer to Table 2.16 for categories and accused commitments of money laundering.

Table 2.16: Typologies and accused commitments of money laundering

Case removal Agencies Investigation		Prosecutor's	Police	Total	
Categories and accused commitments of M/L	Bureau	Office	Agency		
Normal criminal Cases	Intimidation	1	1	3	5
	Habitual robbery	0	0	1	1
	Fraud	2	3	64	69
	Extortion	0	0	4	4
	Theft	0	1	1	2
Normal criminal Cases	Subtotal	3	5	73	81
Other	Commanding organized criminal groups	0	0	1	1
	Organizing crimes	0	0	1	1
Other	Subtotal	0	0	2	2
Narcotics crimes	Trafficking 1 <sup>st</sup> grade drugs	1	0	0	1
	Trafficking 2 <sup>nd</sup> grade drugs	1	0	0	1
Narcotics crimes	Subtotal	2	0	0	2
Corruption	Misappropriation of private property	1	0	0	1
	Deception of property	2	0	0	2
	Malfeasance and bribery	2	0	0	2
	Conveyance of illegal benefit	1	0	0	1
	Bribery through jobbery	1	0	0	1
	Subtotal	7	0	0	7
Economic	Insider trading	2	1	0	3

Case removal Agencies		Investigation	Prosecutor's	Police	Total
Categories and accused commitments of M/L		Bureau	Office	Agency	
Crimes	Share price manipulation	3	0	0	3
	Irregular transactions	1	0	0	1
	Forgery of securities	2	0	0	2
	Counterfeiting credit cards	2	0	0	2
	Forgery of national currency	1	1	0	2
	Habitual usury	1	0	2	3
	Habitual fraud	10	35	1,012	1,057
	Bidding collusion	1		0	1
	Violation of the Copyright Laws	0		1	1
	Business misappropriation	2		0	2
	Violation of the Bank Act	1	1	1	3
	Default in delivery	0		1	1
Economic Crimes	Subtotal	26	38	1,017	1,081
Total		38	43	1,092	1,173

(II).Statistics on sum of money laundering proceeds

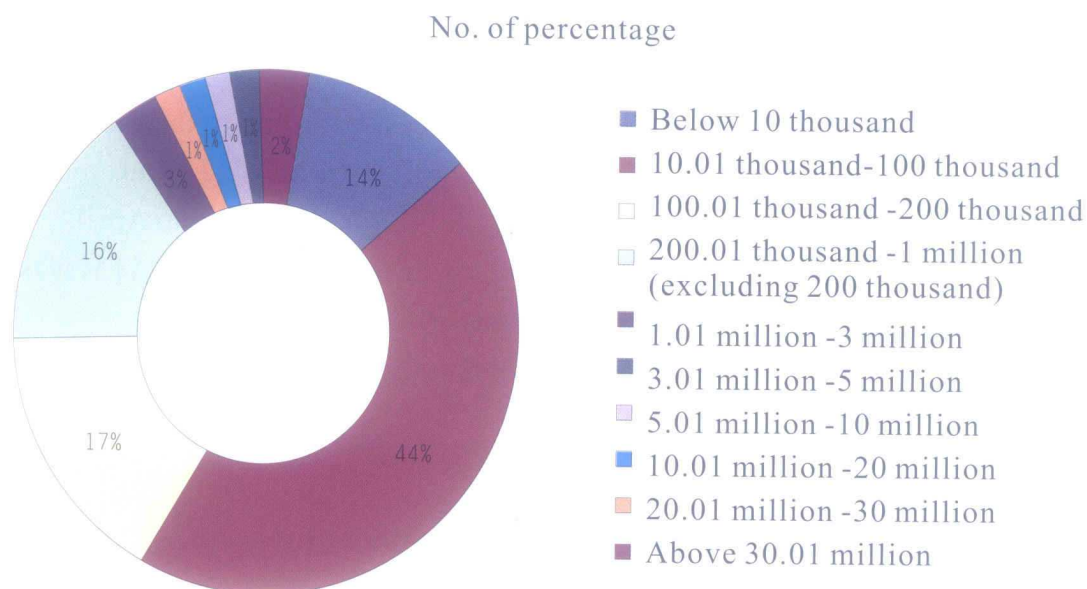
In 2005, total amount of money laundering proceeds prosecuted (including delayed prosecution and petitioning for summary judgment) by district prosecutor's offices according to the MLCA accumulated to NTD 7,709,658,074. Refer to Table 2.17 and Diagram 2L. Most cases fall below NTD100, 000. Prior to April, 2005, the amount of transfer to undesignated accounts via ATM was limited to under NTD 100,000; thus criminals using ATM transference mainly laundered under that amount.

Table 2.17: Statistics on sum of money laundering proceeds

Sum	Cases
Below 10 thousand	161
10.01 thousand-100 thousand	519
100.01 thousand -200 thousand	195
200.01 thousand -1 million (excluding 200 thousand)	193
1.01 million -3 million	39
3.01 million -5 million	8
5.01 million -10 million	11
10.01 million -20 million	13
20.01 million -30 million	8
Above 30.01 million	26
Total	1,173



Figure 2.L: Statistics on sum of money laundering proceeds



(III). Statistics of money laundering through various financial institutions

Money laundering channels through various financial institutions referred to in Paragraph 1, Article 5 of the MLCA are classified as shown in Table 2.18. Corresponding money laundering methods are shown in Table 2.19.

Table 2.18: Statistics of money laundering through various financial institutions

Financial institutions type	Cases
Bank	871
Postal entities engaged in money transfer	287
Credit union	6
Farmers' & fishermen's credit associations	2
Securities companies	2
Total	1,168

Table 2.19: Statistics of means of money laundering by criminals

Money laundering methods	Cases
Accounts	1,135
Others	5
Remittance abroad	15
Transfer to associates	7
Accounts of relatives	6
Total	1,168

(IV).Statistics of money laundering through non-financial institutions

Money laundering through channels other than financial institutions falls under Paragraph 1 of Article 5 in MLCA.

Underground Banking System (UBS) accounted for 2 cases: purchasing real estate accounted for 1 case, purchasing precious metals accounted for 1 case and one by other means.

(V).Statistics of money laundering cases by region

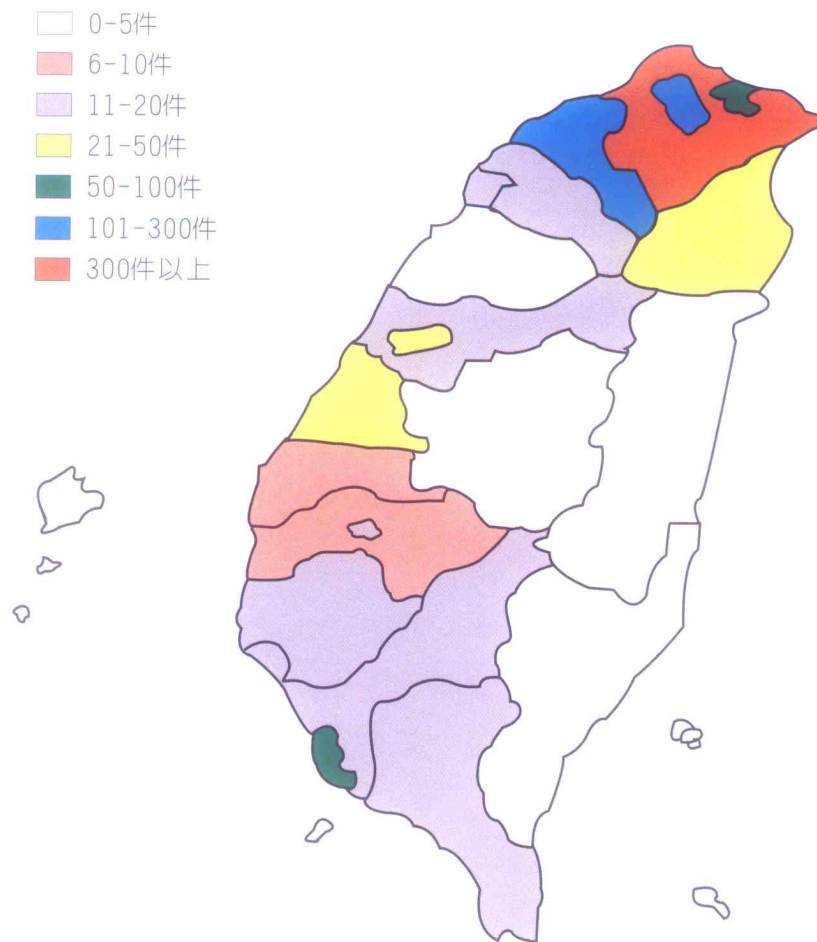
In 2005, 1,168 money laundering cases occurred domestically: the regional distribution is shown in Table 2.20 and Figure 2M.

Some cases occurred abroad: 1 case in Belgium, 1 in China, 1 in Macao and 2 in Hong Kong.

Table 2.20: Distribution of money laundering cases by region

Region of dealing	Cases	Region of dealing	Cases
Taipei City	224	Yunlin County	10
Taipei County	385	Chiayi City	20
Keelung City	53	Chiayi County	6
Yilan County	21	Tainan City	16
Taoyuan County	114	Tainan County	14
Hsinchu City	16	Kaohsiung City	77
Hsinchu County	12	Kaohsiung County	44
Miaoli County	5	Pingtung County	11
Taichung City	50	Hualien County	37
Taichung County	13	Taitung County	2
Changhua County	32	Penhu County	1
Nantou County	5	Kinmen County	0
Total			1,168

Figure 2.M: Distribution of money laundering cases by region





(VI).Statistics of money laundering cases by prosecutor's offices of district courts

Table 2.21: Statistics of money laundering cases by prosecutor's offices of district courts

District prosecutor's office	Economic crimes	Corrupt	Drug	Normal criminal cases	Other	Total
Tulin	148	0	0	3	0	151
Taichung	1	0	0	0	0	1
Taipei	10	0	0	0	0	10
Tainan	16	0	0	0	0	16
Yilan	24	1	0	2	0	27
Banciao	392	1	0	22	0	415
Hualien	33	0	0	4	1	38
Nantou	6	0	0	0	0	6
Pingtung	19	0	0	1	0	20
Miaoli	10	0	0	0	0	10
Taoyuan	102	0	0	11	0	113
Kaohsiung	99	0	0	11	0	110
Keelung	59	0	0	8	0	67
Yunlin	5	2	0	3	0	10
Hsinchu	11	0	0	2	0	13
Chiayi	28	0	0	2	0	30
Changhua	44	2	0	0	0	46
Taichung	21	1	2	3	1	28
Taipei	33	0	0	8	0	41
Taitung	5	0	0	0	0	5
Tainan	13	0	0	2	0	15
Penghu	1	0	0	0	0	1
Total	1,080	7	2	82	2	1,173

(VII). Statistics of defendants being prosecuted by money laundering offenses

Of the defendants prosecuted in 2005 for violation of the MLCA, there were 212 male and 40 female defendants prosecuted for predicate crimes, committing money laundering for personal gain referred to in Article 3 of the MLCA. There were totally 1,143 male and 283 female (totally 1,678) defendants of predicate crimes referred to in Article 3 of the MLCA. Refer to Table 2.22 for reference. For defendants with criminal records, 227 were male and 25 were female; about 15% of the defendants had criminal records. In addition, there were 3 people being prosecuted according to Paragraph 4 of Article 9 of the MLCA.

Table 2.22: Statistics of defendants prosecuted

Accusation of commitment	Gender	Type of predicate offenses	Nº of case	
Money laundering for personal gain	Male	Economic crimes	178	
		Corruption	7	
		Narcotics crimes	1	
		Normal criminal cases	23	
		Other	3	
			Subtotal	212
	Female	Economic crimes	37	
		Corruption	2	
		Narcotics crimes	0	
		Normal criminal cases	1	
Other		0		
		Subtotal	40	
Money laundering for others	Male	Economic crimes	1,066	
		Corruption	11	
		Narcotics crimes	1	
		Normal criminal cases	64	
		Other	1	
			Subtotal	1,143
	Female	Economic crimes	244	
		Corruption	9	
		Drug crimes	0	
		Normal criminal cases	28	
Other		2		
		Subtotal	283	
Total			1,678	

## VI Training programs and public awareness

Providing Training programs for the personnel of reporting entities is a factor in improving the quality of SARs. According to Recommendation 15 of the FATF, financial institutions shall be responsible for implementing training programs in regard of anti-money laundering and countering financing terrorism (AML/CFT), including continued personnel training. In many countries, FIUs participate in this training, which provides the personnel of the reporting entities with requisite information and establishes mutual trust between the personnel of FIUs and the reporting entities.

To assist personnel of the financial institutions in aware of both indicators of possible money laundering and observe the stipulations of MLCA, the MLPC also sent personnel to financial institutions as requested, for AML/CFT lectures, annual statistics by times and participants of the lectures are shown in Table 2.23

Table 2.23: Training programs and public awareness carried out by the MLPC

Name of the financial organizations		Subtotal	
		Times	Persons
Bank	Domestic bank	56	11,114
	Foreign bank	14	344
Farmers' & fishermen's credit association		7	582
Securities investment and trusts		15	583
Securities brokers		18	1,425
Securities and futures development foundations		1	45
Chung-hwa Post Company		2	98
Insurers under development		16	1,087
Negotiable instruments financing corporations		2	210
Total		131	15,488

## VII Supporting Law Enforcement Agencies in Financial Investigation and Mutual Legal Assistance Agreement in criminal justice

In 2005, the MLPC assisted the courts, prosecutor's offices and other police agencies as well as other departments of the Bureau in the financial investigation of 10, 2, 19 cases respectively, in particular the Metropolitan Rapid Transit system (MRT) case which occurred in 2005. The MLPC mobilized over half of its manpower and checked 773 bank accounts in connection with potential money laundering accounts, filtered over 71,500 data within financial institutions

Money laundering is a transnational offense in its nature, in order to effectively combat transnational money laundering activities and countering financing terrorism. It is critical, reaching consensus and enhancing cross border cooperation with FFIUs and counterpart agencies among foreign governments. Acting as domestic FIU, MLPC has spared no effort to fulfill its promise in the fight against money and financing terrorism.

Besides admission in the Asia/Pacific Group on Money Laundering (APG), the EGMONT Group and other international organizations as regular members, the MLPC also regularly attends annual meetings and regular workshops held by the International Organizations; sponsoring countries without M/L mechanism in drafting money laundering legislation; establishing FIU, providing M/L training program; promotes practices concerning stimulation of international cooperation of money laundering to comply with 40 Recommendations of the FATF. In addition, MLPC seeks opportunities in signing cooperative agreements and Memorandums of Understanding related to information exchange concerning money laundering and financing terrorism with FFIUs.



In 2005, the MLPC signed a “Cooperative Agreement/Memorandum of Understanding concerning the exchange of information related to AML/CFT” with La Unidad De Analisis Financiero De La Secretaria De Prevencion De Lavado De Dinero O Bienes De La Republica del Paraguay (Paraguay FIU) and the Financial Institutions Commission, the Republic of Palau (Palau FIU) and an European counterpart agency based on the principles of equity and mutual trust, which laid the foundation for strengthening the function of information exchange in the future.




Director General YEH of the Bureau signing an AML Agreement with vice president Elias Camsek Chin of the republic of Palau



Director General Ye of the Bureau signing AML Agreement with director Yegros of the Paraguay FIU

In 2005, the MLPC had carried out 99 information requests with FFIUs and foreign counterpart agencies, including the US, Canada, the UK, Germany, Spain, Belgium, Switzerland, Sweden, the Netherlands, Finland, Italy, Russia, Latvia, Bulgaria, Rumania, Georgia, Jersey Island, Cyprus, Malta Republic, the Republic of Australia, Hong Kong, Macao, Singapore, Japan, Korea, Indonesia, Thailand, UAE, Lebanon, Palau, Bermuda, the British Virgin Islands, Mexico, Venezuela, Colombia, Brazil, Bolivia, the Bahamas, St. Kitts and Nevis, Paraguay, Peru, Egypt as well as the IMF and other international organizations through the EGMONT Group's Secure Website or existing cooperation channels. For example the case of domestic ○○ company (listed) occurred in 2004, involving illicit money of over NTD1.6 billion transferred to accounts in



foreign banks. With the assistance of FFIUs, through sustained cooperation channels, the capital flow and the relationship between the owner of the account and the suspect in the case was successfully identified and traced. A related date was transferred to the prosecution authority and the case has been successfully prosecuted.

To meet the money laundering trend, international partners will be provided with statistical data on the typologies and methodologies of current money laundering crimes to benefit from Taiwan's experience in anti-money laundering. The MLPC also continues to seek new knowledge on foreign money laundering trends and research updated AML/CFT criteria, provided by experts of international organizations as model for amending AML/CFT legislation.





## Part 3

# Sanitized Cases

I Lu ○○'s misappropriation of property by computer

II Bai ○○'s money laundering case

III Xu ○○'s case of corruption and money laundering

IV Wang ○○'s case of money laundering by business  
misappropriation (misappropriation of school  
capital)

V Chen ○○'s case of business misappropriation

VI Huang ○○'s case of money laundering by  
counterfeiting securities



## I Lyu〇〇's misappropriation of B2 Bank property

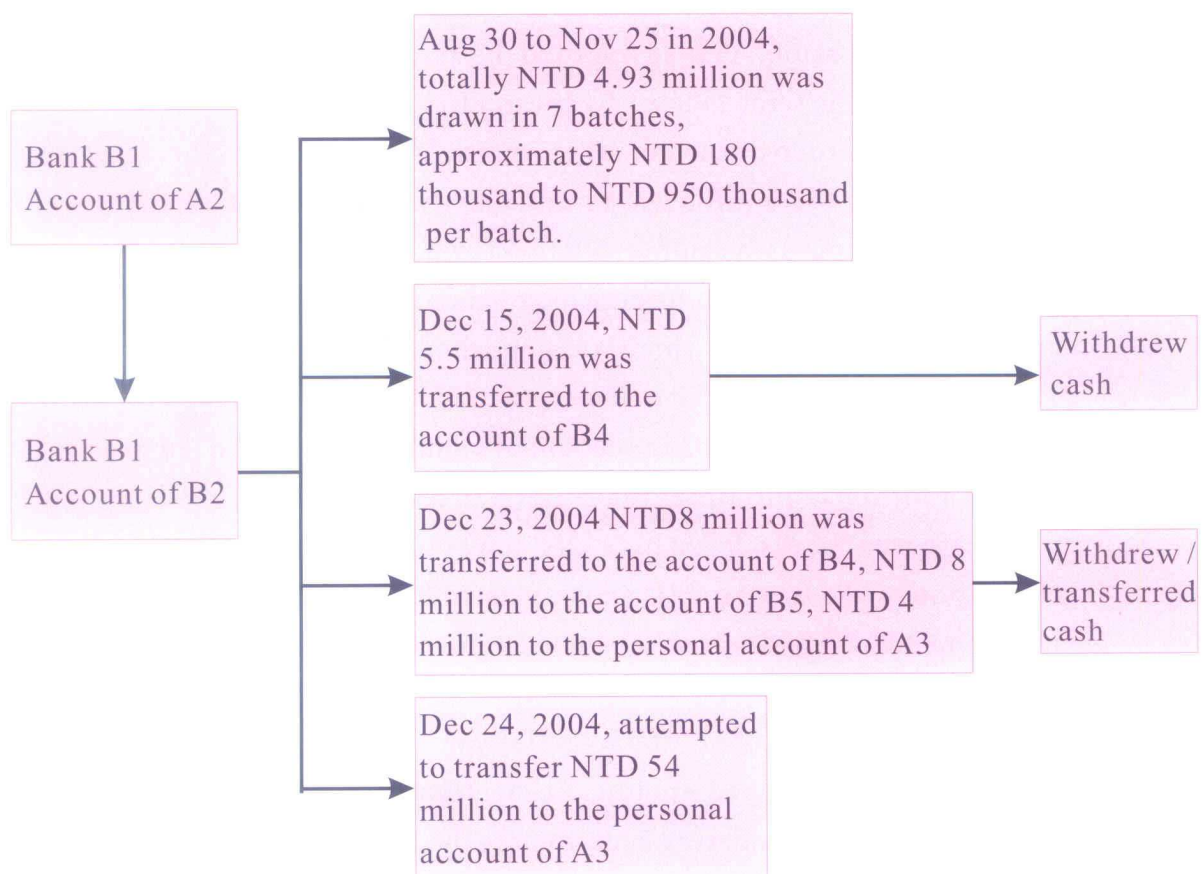
A1 (Lyu〇〇) was a senior bank teller at B1 bank. In August 2004, A1 learned the B2 company account, a client of B1 bank, had been dormant with a balance of only NTD 15. Another client A2 was a Chinese overseas resident in the United States who had a large amount deposited in an account which was seldom used. A1 counterfeited the seal of the principal for the B2's company, altered it without permission and then replaced the deposit book with a new one. Afterwards A1 counterfeited A2's seal and counterfeited 3 withdrawal slips in bank B1, respectively at values of NTD 15,876,321; 35,897,126 and 27,982,147, stamping the faked seal for B3 and misappropriating the transaction seal of another employee to stamp on the aforesaid withdrawal slips. A1 also counterfeited another 3 withdrawal slips respectively at values of NTD 35,439,200; 27,262,547 and 17,053,847, which were also stamped with the transaction seal misappropriated from another employee. At a later time, A1 transferred NTD 79,755,594 from the aforesaid B3 account to the B2 account controlled by A1. The capital was then transferred in succession through unwitting accomplices:

1. Aug 30 to Nov 25 in 2004, a total of NTD 4.93 million was drawn in 7 batches, approximately NTD 180 thousand to NTD 950 thousand per batch.
2. Dec 15, 2004, NTD 5.5 million was transferred to the account of company B4 and was drawn in cash on the same day.
3. Dec 23, 2004, NTD 20 million was transferred in 3 batches: NTD 8 million to the B4 account, another 8 million to the account of B5 and the remaining NTD 4 million to the personal account of A3. All the money was later drawn in cash or transferred.
4. Dec 24, 2004, A1 attempted to transfer NTD 54 million to the personal account of A3. The Money Laundering Prevention Center

of the Investigation Bureau, Ministry of Justice asked the Taiwan Taipei District Prosecutors Office to freeze the account, which prevented this transaction.

Oct 11, 2005, the Taiwan Taipei District Prosecutors Office lodged public prosecution against A1 for the crime of misappropriation of property by computer according to the Criminal Law. This case was disclosed by the financial institutions in real time as possible money laundering, and thus proceeds of over NTD 50 million were frozen.

Figure 3.A: Lyu○○'s misappropriation of property by computer



## II Money laundering by Bai ○○

A1 (Bai○○), the principal of Company B1, collected the data of 4 Taiwan companies that had been closed down in collusion with 5 friends in Belgium and Netherlands and made false data accordingly to form the B2 Group. False information was also given for investment in related industries in Europe and acquisition of 13 Belgian companies with profits at a higher price than the net value after tax. Later on, they faked joint venture agreements between B2 and the 13 Belgian companies and then fabricated the financial report, showing large losses by the 4 companies in the B2 Group to defraud the Belgian Taxation authority. The 13 companies would bear the losses of the Taiwan B2 Group for the purpose of tax evasion. A1 also remitted the surplus for all companies, approximately (the same below) 3.1 billion Belgian Francs to the accounts of the Group opened in other countries in succession for sharing; In total, 446 million was remitted to the account in Bank B3 in Taiwan. This account was authorized to A1, who then transferred over 330 million of the capital to foreign members of the group and received a commission of 37 million, which was deposited to A1's personal account; 915 thousand was transferred to the account of A1's spouse and 483 thousand was transferred to the account of company B1, which led to a loss of 3.1 billion of the aforesaid 13 Belgian companies.

The case was not disclosed by SARs, it was initiated and requested for information by the Belgian FIU and requested for mutual legal assistance via diplomatic channel A1 confessed to laundered proceeds for others and the NTD 37 million of his shares was returned to the Belgian Government in full. May 11, 2005, the Taiwan Taipei District Prosecutor's Office lodged a public prosecution against A1 for committing money laundering according to the MLCA (delayed prosecution).



### III Syu ○○'s case of corruption and money laundering

A1 (Syu ○○) is a prosecutor for the district prosecutor's office. In Feb, 2005, Company B1, for which A2 is the principal, who had a litigation with Company B2 for NTD 43.5 million under a sales contract. A2 attempted to force B2 through filing lawsuit. The criminal plaint originally intended against the principal of Company B2 was transferred to the prosecutor's office where A1 served. A1 was put in charge of the case. After the plaint was lodged, A1 immediately commanded the police to initiate investigation. As of May 24 of the same year, the police applied for a search warrant, but was refused. On the same day, A1 immediately signed a warrant for arrest of the principal of company B2 and commanded the police to arrest B2. A1 ordered the police to seize important documents of B2, including computers without a search warrant. A1 allowed A2 to download computer data from the seized computers. A2 then transferred the house located in Xindian City of Taipei County to A1's father in law designated by A1, at a price totaling NTD 9,831,401 after evaluation, but A1 only paid NTD 6,000,000. A1 obtained illegal profit of NTD 4,441,401 (plus decoration costs).

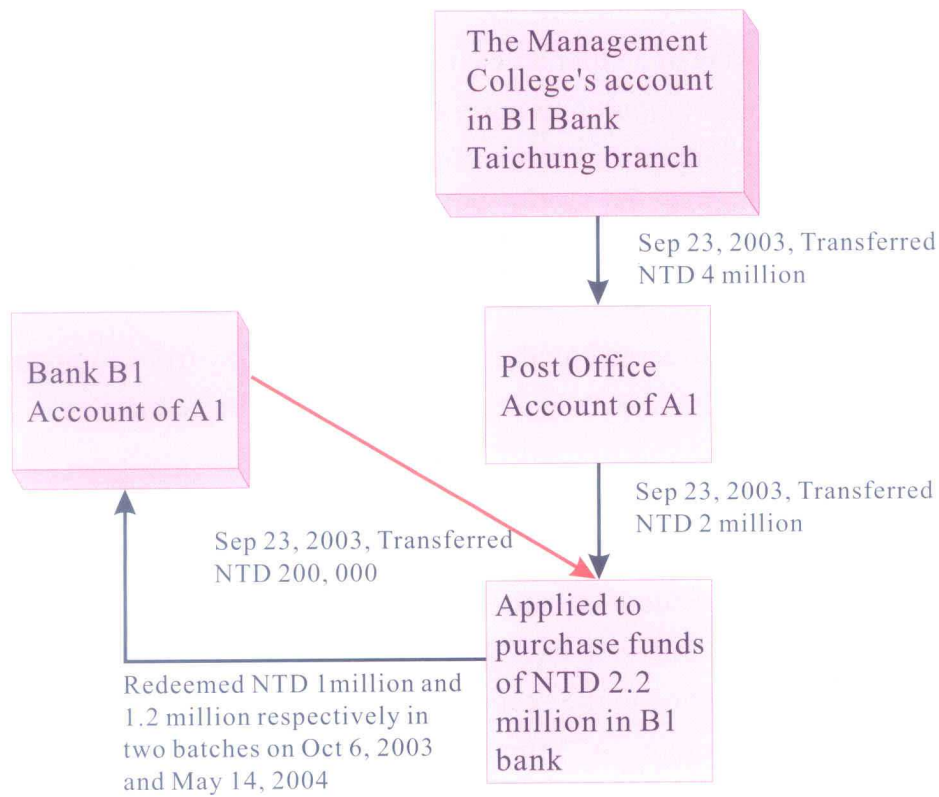
There were no SARs in connection with this case. Oct 26, 2005, the Taiwan Yunlin District Prosecutor's Office lodged a public prosecution against A1 for the crime of breach of duty and receiving illegal benefit according to Subparagraph 5 of Paragraph 1 in the Corruption Penal Act and money laundering according to the MLCA.



#### **IV Wang ○○'s case of money laundering by business misappropriation (misappropriation of school capital)**

A1 (Wang ○○), the president of the Management College, was prosecuted by the Taiwan Changhua District Prosecutor's Office on Aug 23, 2005 for the crime of business misappropriation and perfidy according to Criminal Law and money laundering according to the MLCA for corpus delicti by misappropriation of subsidies from the Ministry of Education and capital of the college. He repaid personal loans and earned profit for the family business with donations to the management college. The financial institutions reported SARs related to this case. The part of misappropriation of the college capital, though fully aware the account of the management college in B1 Bank, Taichung Branch is public money, A1 instructed the Director of accountant Division and cashier of the college to transfer NTD 4 million from the account to his personnel postal account on Sep 23, 2003. He then withdrew NTD 2 million from the aforesaid amount and transferred it together with NTD 200 thousand withdrawn from A1's personal account in Bank B1 to the Trust Department of Bank B1 for purchasing funds. A1 redeemed NTD 1 million and NTD 1.2 million in two batches on Oct 6 2003 and May 14, 2004 respectively.

Figure 3.B: Wang ○○'s case of money laundering by business misappropriation  
(misappropriation of school capital)



## V Chen ○○ business misappropriation

A1 (Chen○○), the president and general manager of B1 (listed) company; A2 is the brother in law of A1. In March 2002, A1 repeatedly assumed the name of 5 companies including SINOFAIR, Hong Kong to order high grade computer memory chips from Company B1. A1 asked company B1 to make false accounting vouchers and make false stock records that company B1 had purchased from companies B2, B3, B4 and B5 high grade computer memory chips and then exported valueless low grade substitutes to the aforesaid companies. In order to quickly obtain capital, A1 then directed company B1 to remit money from company B1's account on the 24th and 25th of the same month in the same year respectively, the status of remittance is as follows:

1. NTD 87,430,266 to the account of company B2, and transferred from this account NTD 32,969,580 to the account of B7.
2. NTD 20,755,800 to the account of B3.
3. NTD 23,668,895 to the account of B4.
4. NTD 20,397,069 to the account of B5.

After the remittance, A2 immediately withdrew the NTD 152,252,030 remitted from B1 in cash with the bankbooks and seals of companies B2, B3, B4 and B5 respectively on the 24th and 25th of the same month in the same year and then transferred the cash to A1.

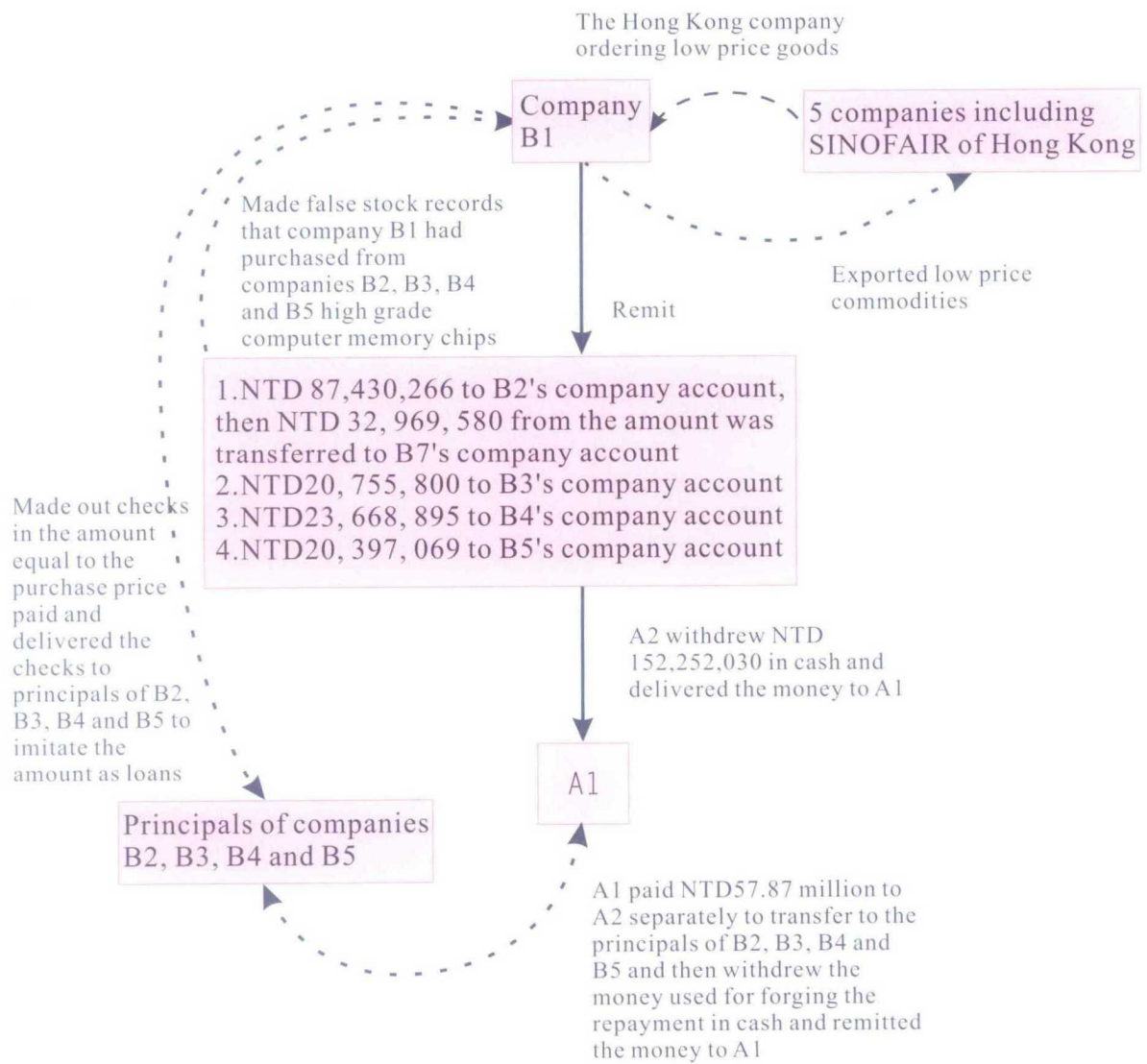
A1 later found out that cash withdrawing had been monitored by the MLPC. To avoid being traced, A1 instructed A2 to make out checks in the amount equal to the purchase price paid by B1 to B2, B3, B4 and B5 to principals of B2, B3, B4 and B5 to imitate the amount as loans to confuse

the investigation by the MLPC. Later, A1 paid NTD 57,870,000 to A2 to remit to the principals of B2, B3, B4 and B5 to imitate false capital flow of returning loans and then withdrew the cash used for imitating the false return of loans and finally remit the amount to A1.

The financial institution reported SARs to MLPC. Dec 19, 2005, the Taiwan Taipei District Prosecutor's Office lodged a public prosecution for the crime of business misappropriation and perfidy according to Criminal Law.



Figure 3.C: Chen ○○ business misappropriation

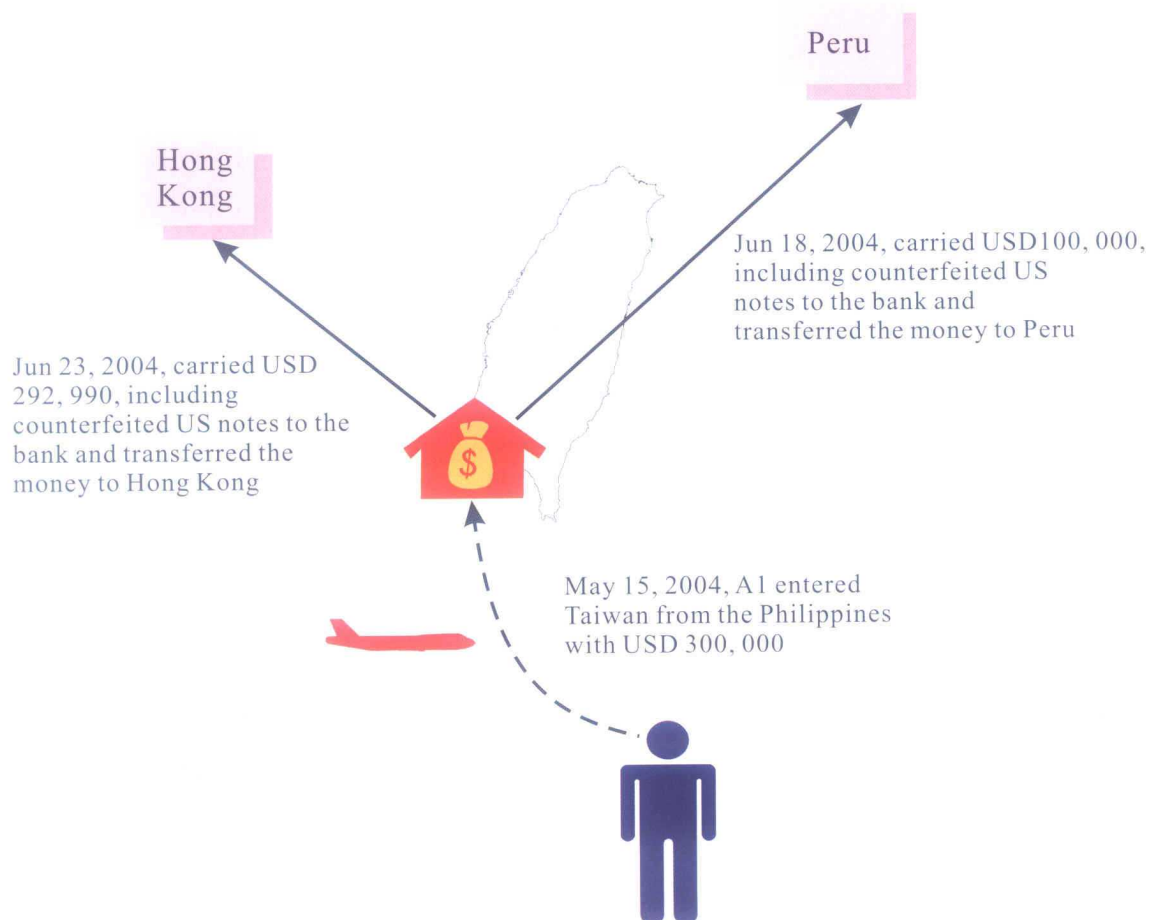


## **VI Huang ○○'s money laundering case by counterfeiting securities**

A1 (Huang○○) entered Taiwan with USD 300 thousand from the Philippines on May 15, 2004. On Jun 18, 2004, A1 carried USD 100 thousand, including counterfeited CB version \$100 notes, to Kaohsiung City and transferred the money at B1 Bank, Kaohsiung Branch to account A2 of a certain bank in Peru. On Jun 23, 2004, A1 carried USD 292, 990, 000, including counterfeited CB version \$100 notes, to B2 Bank, Kaohsiung Branch and transferred this amount of money to account A3 of a certain bank in Hong Kong.

The financial institutions have reported SARs and the Customs also reported ICTRs to MLPC, on Mar 31, 2005. The Taiwan Kaohsiung District Prosecutor's Office lodged a public prosecution for the crime of counterfeiting securities according to Criminal Law and money laundering according to the MLCA.

Figure 3.E: Huang ○○'s money laundering case by counterfeiting securities







## Major Events in 2005

94.01.17	CHOU, Yu Yi was appointed as the Director (Head of FIU) of the MLPC.
94.01.24	Director CHOU and staffs of the MLPC visited the Banking Bureau, Financial Supervisory Commission for consultation cooperative matters regarding financial supervisory compliance.
94.02.02	Director CHOU and staffs of the MLPC negotiated with the Insurance Bureau and Financial Examination Bureau of Financial Supervisory Commission for consultation regarding AML/CFT.
94.03.02	Director General YEH of the MJIB led Director CHOU of the MLPC and case agent to visit Palau and Japan for signing MOU and official visit.
94.03.03	Director General YEH of the MJIB, signed the "Cooperative Agreement Relate Information Exchange concerning Money Laundering and Financing Terrorism".
94.03.10	The MLPC staffs attended the anti-terrorism symposium organized by the C.I.A, hosted by MJIB.
94.03.11	Director CHOU and staffs of the MLPC interviewed Mr. Wu, Nai Ren, Board chairman of the Taiwan Stock Exchange Corporation.
94.03.22	The MLPC organized the "MLCA amendment consulting Workshop" which invited scholars, experts, legislators, judges, prosecutors and representatives from competent authorities.
94.04.01	Director CHOU of the MLPC interviewed Professor Li, Li Jhong of Ming Chuan University.
94.04.02	The MLPC sent personnel to Netherlands Antilles to attend the "EGMONT Group" workgroup meeting.
94.04.07	Director CHOU of the MLPC and staffs present a brief of current AML/CFT mandate and achievement to the Minister of Finance in the

	Marshall Islands.
94.04.11	The Annual Report of MLPC in 2004 was published.
94.04.12	Director CHOU of the MLPC attended symposium for welcoming Minister Shi (Ministry of Justice).
94.04.19	Director CHOU and staffs of the MLPC attended the symposium for welcoming the Envoy Delegation from Central America (System of the Integration of Central America, SICA).
94.04.20	The MLPC sent instructor to the Ethics Class of Government Employee at the Ministry of Justice to give training course related to AML/CFT.
94.04.27	Director CHOU and staffs of the MLPC shared the experience and comments concerning AML/CFT with representatives from the Gre Tai Securities Market.
94.04.28	Director CHOU of the MLPC attended the Economic Crimes Enforcement Meeting of the MJIB.
94.05.01	Director CHOU of the MLPC attended joint meeting with Judicial Committee, legislative Yuan held by MJIB.
94.05.09	The MLPC published additional 3000 “Q&A for Suspicious Transactions related to ML” as a feedback to financial institutions.
94.05.11	Director CHOU of the MLPC interviewed Chairperson Chen, Ying Cin of the Department of Finance & Law, Chung Yuan Christian University.
94.05.25	All staffs of the MLPC participated in the 2-day AML workshop concerning “Money Laundering and Property Confiscation” hosted by the MJIB and organized by the FBI, USA.
94.05.26	The MLPC sent personnel to attend a special Session on prevention of economic crimes held by the Economic Crime Prevention Center, MJIB.
94.06.02	Director CHOU and staffs of the MLPC attended the 1 <sup>st</sup> Coordination Meeting in response to new criteria of the 2 <sup>nd</sup> round of Mutual Evaluation of



	"The Asia/Pacific Group on Money Laundering, APG" in the Ministry of Justice.
94.06.05	The MLPC sent personnel to Singapore for the "United Conference" co-organized by "FATF" and APG.
94.06.10	Director CHOU and staffs of the MLPC demonstrated the current AML legislation and the operation of FIU in Taiwan to the Chief of Executor, Dept. of Justice and the head of the FIU of Fiji and their suite, consulting with the possibility of signing cooperative MOU concerning the exchange of information related to ML.
94.06.17	The English version of the Annual Report of the MLPC in 2004 was published.
94.06.24	The MLPC sent personnel to Washington DC, USA for the "EGMONT GROUP" Plenary and Working Group Meeting
94.06.28	The MLPC sent personnel to attend a 2-day workshop regarding "International Mutual Legal Assistance" held by the Prosecutors Association.
94.06.29	On behalf of MLPC, Director General YEH of the MJIB signed the "Cooperation Agreement Concerning AML/CFT Information Exchange" with Head of FIU, Paraguay In the occasion of EGMONT Plenary in the US.
94.07.09	The MLPC sent personnel to Cairns, Australia to attend the 8 <sup>th</sup> APG Annual Meeting.
94.07.27	Director CHOU and staffs of the MLPC visited the General Affairs Division, the Bankers Association of R.O.C.
94.08.16	Director CHOU and staffs of the MLPC attended the 2 <sup>nd</sup> Coordination Meeting in response of the 2 <sup>nd</sup> round of mutual evaluation of APG held in the Ministry of Justice.

94.08.22	The MLPC sent personnel to attend a meeting on signing Countering Terrorist Financing MOU with Fiji in the Ministry of Justice.
94.08.25	Director CHOU and staffs of the MLPC attended the cross-Ministry coordination meeting for “The Negotiation on How to Prevent Underground Banking System as a Money Laundering Channel” held in the Ministry of Justice. The MLPC sent personnel to attend the “Economic Crime Prevention Meeting”.
94.08.30	Director CHOU of the MLPC made a lecture for the Advanced Course regarding AML to Senior Officers of the National Police Agency.
94.09.27	The MLPC sent personnel to the Coast Guard Administration to give lessons on AML Legislation and practical case report.
94.09.28	Mr. CHOU of the MLPC presence a hearing of the Legislative Yuan.
94.09.30	The MLPC sent personnel to Bulgaria to attend a Working Group Meeting of the EGMONT Group.
94.10.05	The MLPC sent personnel to the Ministry of Justice for a Teleconference by the Steering Group of the APG.
94.10.19	Director CHOU and staffs of the MLPC attended the 3 <sup>rd</sup> coordination meeting of “Measures on the Mutual Evaluation of Taiwan by the APG “in the Ministry of Justice. The MLPC sent personnel to the Department of Government Employee Ethics, Ministry of Justice, to give lessons on the MLCA.
94.10.20	MLPC welcomed for the visit of Federal Administrative General of Intelligence ,Germany and shared experience between two agencies.
94.10.21	The MLPC sent personnel to accompany visitors from the Federal Administrative General of Intelligence, Germany to the Banking Bureau, of the Financial Supervisory Commission for a visit.



94.10.23	The MLPC sent personnel to Fiji to attend a workshop on AML of APG in 2005.
94.10.25	The MLPC held a symposium with Superintendents of financial institutions in charge of AML matters.
94.10.27	The MLPC sent personnel to attend a special lecture on transparent government and corruption prevention held by the Civil Service Development Institute.
94.11.03	The MLPC held a forum regarding amendment of the MLCA. Relevant authorities from different sectors were invited and assembled comments from them. The forum was chaired by Professor Li, Jie Cing.
94.12.01	The MLPC sent personnel to the Ministry of Justice to attend a teleconference by the “Steering Group of The APG.
94.12.13	The MLPC together with deputy Director General Wu made a presentation regarding AML/CFT of Taiwan to newly appointed Representative to Australia.
94.12.22	Director CHOU of the MLPC attended the “Economic Crime Prevention Meeting”.
94.12.29	Director CHOU and staffs of the MLPC attended the 4 <sup>th</sup> Coordination Meeting for the 2 <sup>nd</sup> of Mutual Evaluation of the APG.

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Address all inquiries to:

Money Laundering Prevention Center, Investigation Bureau, Ministry of Justice 74 Chung-Hwa Rd., Hsin-Tien City

Taipei County, Taiwan 231

R.O.C

E-Mail: [mlpc@mjib.gov.tw](mailto:mlpc@mjib.gov.tw)

Editor: Wu, Tien-Yun

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