

ANTI-MONEY LAUNDERING ANNUAL REPORT, 2014



**The Investigation Bureau, Ministry of Justice
Republic of China**

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PREFACE

The purpose of complying the international standards of Anti-Money Laundering / Countering Terrorism Financing (AML/CFT) and consolidating the relative domestic mechanisms is not only to prevent the misuse of financial systems to conceal the illicit money by criminals, but also to strengthen the framework and order of financial systems, and for financial institutions to be operated functionally. It can integrate our country into global economic system, and let people safely and conveniently conduct money transfers through financial channels. This is the responsibility and obligation as the member of international community. Taiwan shall not be given exemption from these duties. To this end, we actively participate AML/CFT relative international organizations and events, and introduce new international standards, principles and guides. In addition, competent authorities have been striving to address our current deficiencies for fully complying with the recommendations, promoting our reputation, and assisting the development of our financial sector.

In order to fulfill the Egmont Group member's responsibility and obligation and expand our diplomatic relationships, the delegates of the Anti-Money Laundering Division (AML/D) went to Ha Noi, Vietnam and had lectures together with the French Financial Intelligence Unit (FIU) in the AML/CFT Seminar held by State Bank of Vietnam in September 2014. The outcome of this seminar is not only to build up the capacity of Vietnam FIU, but also to have chances for sharing experiences with agencies from different countries. The AML/D teamed up with Thailand FIU (the Anti-Money Laundering Office, AMLO) to visited Phnom-Penh, Cambodia in December 2014, to assess the operational status of the Cambodia FIU whose Egmont Group membership application was adopted in the Egmont Group Plenary held in Barbados.

With close relationships between public and private sectors, the effectiveness of national AML/CFT mechanisms can be given full play. The AML/D held an AML/CFT seminar for banking sector in December 2014. The managers in

charge of the AML/CFT business from financial institutions and representatives from supervisory authorities were invited to attend the seminar. During the seminar, the participants discussed and communicated the relevant issues of filing suspicious transaction report (STR) and the Asia/ Pacific Group on Money Laundering (APG) third round mutual evaluation in order to prepare for the assessment adequately.

Any comment or correction on this Annual Report is welcome, and please have no hesitation to contact us.

Investigation Bureau, Ministry of Justice

Director General

A handwritten signature in black ink, appearing to read 'Joey Abung', with a stylized, flowing script.

September 2015

Editorial Note

I. Purposes

The 33rd Recommendation of the Financial Action Task Force (FATF) 40 Recommendations amended in February 2012 states “Countries should maintain comprehensive statistics on matters relevant to the effectiveness and efficiency of their AML/CFT (anti-money laundering and combating terrorist financing) systems. This should include statistics on the STRs received and disseminated; on money laundering and terrorist financing cases investigated, prosecuted and convicted; on property frozen, seized and confiscated; and on mutual legal assistance or other international requests for cooperation.” Therefore, this Annual Report, 2014 integrates the statistics and analysis of the annual data regarding AML/CFT performed by the Taiwan domestic financial institutions (FIs), law enforcement agencies, judicial authorities, and other competent authorities.

II. Contents

- A. This Annual Report, 2014 consists of the following four parts:
 - 1. Introduction to the Organization of the Anti-Money Laundering Division (ALMD);
 - 2. Work Overview (including statistical information and charts);
 - 3. Significant Case Studies;
 - 4. The Major Events of the AMLD in 2014.
- B. The statistics and related information of the Annual Report, 2014 are based on the data collected by the AMLD and cases prosecuted by the Taiwan district prosecutors offices for violating the Money Laundering Control Act (including deferred prosecutions and petitions for summary

judgment).

III. Notes

- A. The years quoted in this Annual Report, 2014 (English version) refer to years of Christ. The numbers of Suspicious Transaction Reports (STRs), Currency Transaction Reports (CTRs), and International Currency and Securities Transportation Reports (ICTRs) are based on the numbers of reports. The prosecutions in Taiwan district prosecutors offices and judgments at all levels of courts are based on the number of cases. The value of money is calculated in New Taiwan Dollar (NTD). Special cases are noted in corresponding figures (charts).
- B. The percentages referred to herein are rounded off. The round-off may create slight differences between integers and decimals.

IV. This Annual Report, 2014 was compiled and printed in haste. We welcome your precious comments. Should you spot any errors or would like to make suggestions, please have no hesitation to contact us.



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Part One:

Introduction to the Organization of AMLD



- I. Legal Framework**
- II. Corporate Effectiveness**

The lucrative proceeds and wealth originated from serious crimes make it possible for organized crime syndicates to infiltrate all levels of government agencies, legitimate businesses, Financial Institutes (FIs) and different parts of the society. The United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances concluded in Vienna in 1988 (Vienna Convention) requires state parties to constitute laws to penalize Money Laundering (ML) associated with drug trafficking. In 1989's Summit of G7 in Paris, the leaders of the states recognized the threats exposed to banking system and to FIs, and contributed to the establishment of the Financial Action Task Force (FATF) to set out measures to combat ML. Sequentially, the FATF 40 Recommendations on AML were released in 1990 and amended in 1996 to require the predicate offences of ML should extend to other serious offences besides drug trafficking. Then in 2001, the FATF issued the 8 Special Recommendations on combating terrorist financing (CTF). In 2004, the FATF further strengthened the agreed international standards on AML/CFT – the 40+9 Recommendations. In February 2012, the FATF completed a thorough review of its standards and published the revised FATF Recommendations as “International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation”.

I. Legal Framework

In response to the global trends to curb the detriment caused by ML, the Taiwan's government drafted the Money Laundering Control Act (MLCA), which was passed by the Legislative Yuan on October 23, 1996 and took effect on April 23, 1997 upon presidential decree. During the past years of implementation and practice, the MLCA underwent amendments in 2003, 2006, 2007, 2008, and 2009 respectively to tackle the practical problems encountered for reacting to the requirements of the FATF Recommendations and the practical need in implementation.

In order to prevent criminals from abusing FIs as a vehicle for ML and to detect major crimes and ML at the point of transactions, AML legislations

around the world all require FIs to file suspicious transaction reports (STRs). Taiwan has the similar reporting mechanism provided in Article 8 of the MLCA. Based on the definition in the related international organizations, an authority responsible for receiving and analyzing STRs is called “Financial Intelligence Unit” (FIU). In 1997, in accordance with the MLCA, the Investigation Bureau, Ministry of Justice (MJIB) was assigned by the Executive Yuan to receive STRs filed by FIs, and the Money Laundering Prevention Center (MLPC) was established in the same year to act as the Taiwan’s FIU. In addition, pursuant to Subparagraph 7, Article 2 of the Organic Act of the MJIB passed by the Legislative Yuan on November 30, 2007 and put into practice on December 19 in the same year upon presidential decree, the MJIB is in charge of “ML prevention related matters”. Pursuant to Article 3 of the same Act, the MLPC changed the name to the “Anti-Money Laundering Division” (AMLDD) and kept on the same functions of Taiwan’s FIU. The AMLDD currently has 24 staff members. Please refer to Figures A and B regarding the AMLDD’s organizational structure, mandates and SOP of work. Its budget allocated for 2014 was NTD 1,720,000 plus.

II. Corporate Effectiveness

Pursuant to Article 9 of the Regulations for Department Affairs of Investigation Bureau, Ministry of Justice, which was amended on October 17, 2008, the functions of the AMLDD are as follows:

1. Researching AML strategies and providing consultation in the formulation of relevant regulations;
2. Receiving, analyzing, and processing STRs filed by FIs;
3. Receiving and maintaining currency transaction reports (CTRs) filed by FIs and receiving and processing cross-border transportation of cash and bearer negotiable instruments reports (ICTRs) forwarded by the customs;
4. Assisting other domestic law enforcement partner agencies in matching the AMLDD database for investigating ML cases and coordinating/contacting with respect to ML prevention operation;

5. Liaison, planning, coordination and implementation of information exchange, personnel training and cooperation in investigating ML cases with foreign counterparts;
6. Compilation and publication of Annual Report on AML work and the management of relevant data and information; and
7. Other AML related matters.



FINANCIAL ACTION TASK FORCE
GROUPE D'ACTION FINANCIÈRE

© **FATF (Financial Action Task Force)**

FATF is a policy-maker for AML/CFT. The members of FATF and FATF-style regional bodies (FSRBs) members, ie. Asia-Pacific Group on Money Laundering (APG), conduct self-assessment and mutual evaluations to ensure the technical compliance and the effectiveness of implementation of the AML/CFT international standards. Currently, the FATF has 37 member countries (35 jurisdictions and 2 organizations, the Gulf Cooperation Council and the European Commission) and 8 associate members (FSRBs).

© **FIU (Financial Intelligence Unit)**

According to the amended FATF's Recommendation 20, if a FI suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to TF, it should be required, by law, to report promptly its suspicions to the FIU. Recommendation 29 states that countries should establish an FIU that serves as a national centre for the receipt and analysis of: (a) STRs; and (b) other information relevant to ML, associated predicate offences and TF, and for the dissemination of the results of that analysis. Egmont Group, an international organization organized by FIUs of

different countries, defines FIU as “a central, national agency responsible for receiving, (and as permitted, requesting), analyzing and disseminating to the competent authorities, disclosures of financial information:

- (i) concerning suspected proceeds of crime and potential TF, or
- (ii) required by national legislation or regulation, in order to combat ML/TF”.

Paragraph 1, Article 8 of the MLCA provides: “For any financial transaction suspected of committing a crime prescribed in Article 11 herein, the FIs referred to in this Act shall ascertain the identity of the customer and keep the transaction record, and report the suspicious financial transaction to the MJIB.” Also, Articles 7 and 10 of the same Act provide that if any currency transaction exceeding a certain amount of money, or passengers or service crew on board who cross the border with bulk foreign currency or bearer negotiable securities, the FIs or customs shall report or forward subsequently to the MJIB.

Figure A: The AMLD Organizational Chart

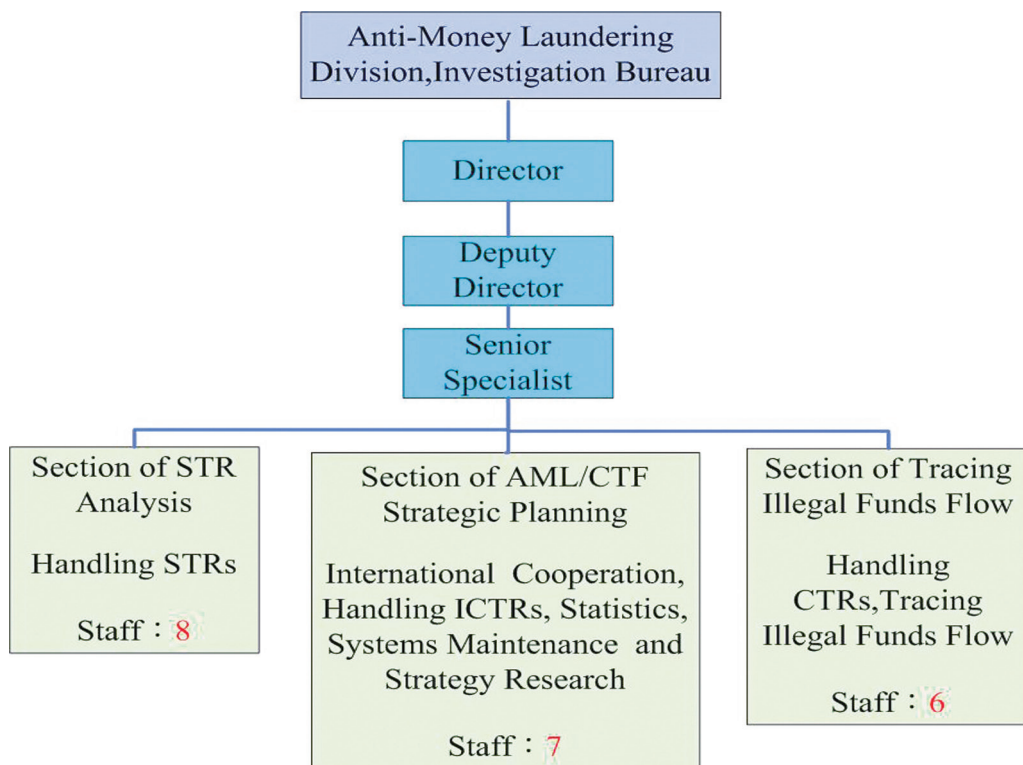
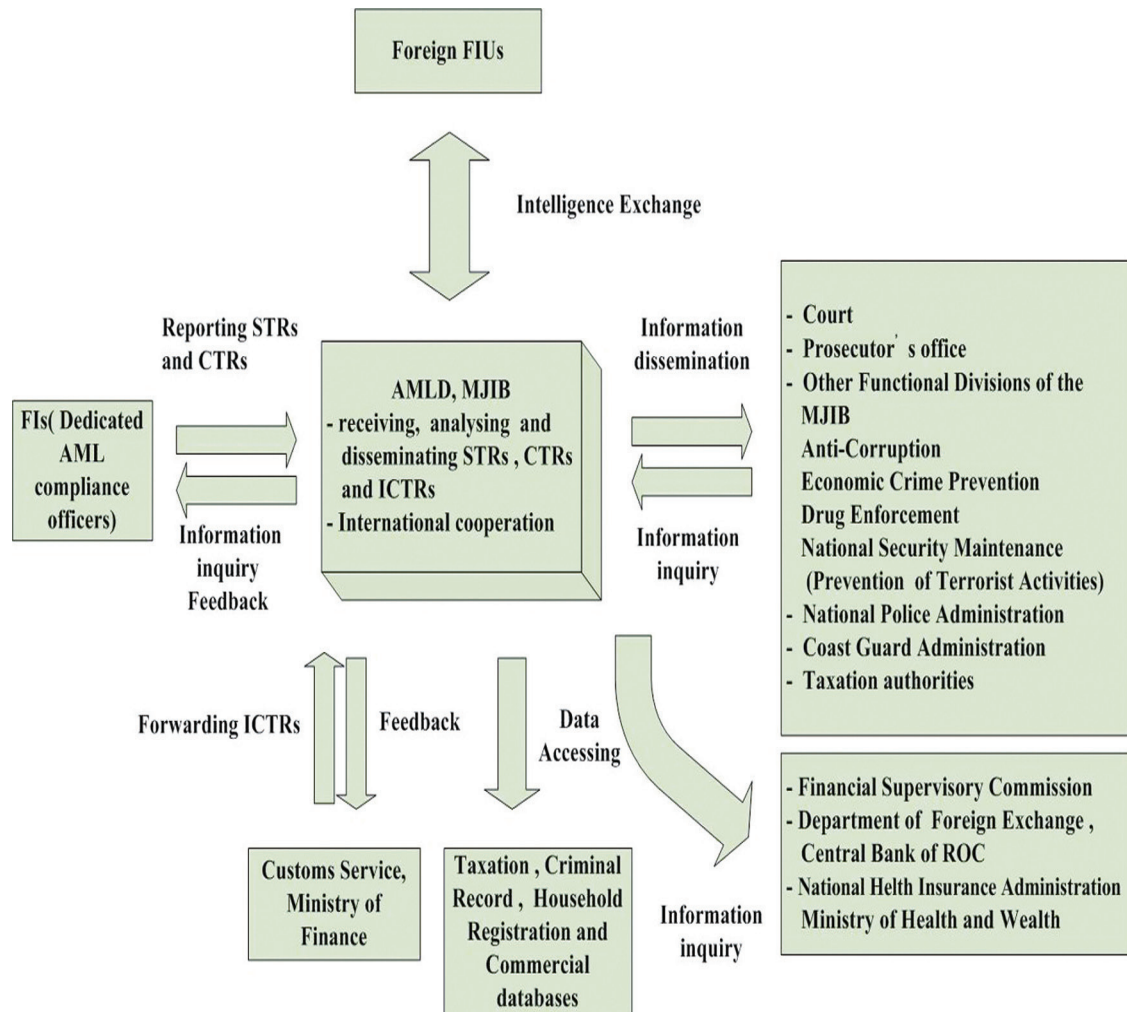


Figure B: The Standard Operating Procedure of the AMLD



Part Two:

Work Overview



- I. Strategy Research on AML/CFT**
- II. Processing the STRs Filed by FIs**
- III. Receiving the CTRs Filed by FIs**
- IV. Processing the International Currency and Securities Transportation Reports (ICTRs) Forwarded by Taiwan Customs**
- V. The Statistics of Prosecuted Cases under the Money Laundering Control Act (MLCA)**
- VI. Promoting Public Awareness and Training**
- VII. International Cooperation**

I. Strategic Research on AML/CFT

A. Addressing Legal Aspect Deficiencies

After the 2nd round Mutual Evaluation (ME) of the Asia/ Pacific Group on Money Laundering (APG) in 2007, competent authorities has been devoted themselves to address deficiencies in AML/CFT mechanisms. Between December 2014 and January 2015, the Financial Supervisory Commission (FSC) promulgated the Directions Governing Anti-Money Laundering and Countering Terrorism Financing of Banking Sector, Directions Governing Anti-Money Laundering and Countering Terrorism Financing of Securities and Futures and Directions Governing Anti-Money Laundering and Countering Terrorism Financing of Insurance Sector. These Directions are binding and contain sanctions and are therefore enforceable means. The APG review team found that our compliance with the Recommendation 5 (Customer Due Diligence) and Recommendation 10 (Record Keeping) of FATF Recommendations amended in 2004 can be considered to be at a level essentially equivalent to LC (Large Compliance) and therefore found Taiwan has made commendable progress since the 2013 APG Annual Meeting. The 2014 APG Annual Meeting adopted to elevate the level to regular ME follow-up procedures. This is indeed the approval to our performance in the progress of AML/CFT regime.



© APG(Asia/ Pacific Group on Money Laundering)

APG was founded in 1997 with the mission of effective implementation, and enforcement of internationally accepted standards against ML/TF, in particular the Forty Recommendations of the FATF. APG also assists member states to establish coordinated domestic systems for reporting and investigating STRs and to develop effective capacities to investigate and prosecute ML/TF offenses. APG currently has 41 member jurisdictions and is an Associate Member of FATF. Taiwan, in the name nomenclature of Chinese Taipei, is a founding member of APG and able to attend FATF events in the capacity of APG umbrella.

B. Inviting the Egmont Group Executive Secretary to Visit Taiwan

The Executive Secretary of the Egmont Group, Mr. Kevin Stephenson, was invited by the AMLD to visit Taiwan between November 17 and 22, 2014. During the visit, Mr. Kevin Stephenson highly praised the performance of Taiwan authorities to actively participate Egmont Group events, assist Training Working Group of the Egmont Group to provide training programs to members, and sponsor Cambodia, Nepal, and Vietnam FIU to join the Egmont Group. In addition, we discussed and exchanged opinions on strengthening our contribution to the Egmont Group.



- Mr. Kevin Stephenson, the Executive Secretary of the Egmont Group, exchanged opinions with Mr. Wang Chung-I, the Director General of the MJIB.



© Egmont Group

Recognizing the benefits inherent in the development of a FIU network, a group of FIUs met at the Egmont-Arenberg Palace in Brussels Belgium in 1995 and decided to found a group for the stimulation of international cooperation. Now known as the Egmont Group of FIUs, these FIUs meet regularly to find ways to cooperate, especially in the areas of information exchanges, training and the sharing of expertise. To date, the Egmont Group has 151 member countries and provides a secured web for facilitating intelligence exchanges among FIUs.

The FIU Taiwan joined the Egmont Group at the 6th Annual Meeting in June 1998 under the title “Anti-Money Laundering Division, Taiwan” (AMLDT, Taiwan). Thus far, a total of 37 FIUs around the world have signed agreements/MOUs with the AMLDT, Taiwan.

C. Participating in the Development of the Electronic Payment Institution Regulations

In order to consolidate the operation and development of electronic payment institutions, provide safe and convenient funds transfer service to customers, the FSC has been assigned to be the supervisory authority of third party payment services by the Executive Yuan, then convened several meetings to develop the Electronic Payment Institution Regulation (Regulation) and related rules. The government agencies, such as the Ministry of Justice (MOJ), the AMLD, the Ministry of Economic Affairs, and the Central Bank, and private sector, including the Bankers Association of the Republic of China, third party payment services, electronic stored value cards issuing institutions, and banks, all have been invited to provide their professional opinions and suggestions.

For preventing the new payment mechanism be misused by the criminals for ML/FT purpose, the supervision and administration chapter of the draft of the Regulation requires electronic payment institutions to implement the ML prevention mechanisms, including establishing the internal business guidelines of anti-money laundering procedures, establishing a user identity verification mechanism, and record keeping, etc. The Regulation was passed by the Legislative Yuan and promulgated on February 4, 2015. The Executive Yuan approved of the Regulation and the regarding regulations becoming effective on May 3, 2015. The competent authorities started to initiate the supporting measures for electronic payment institutions to operate successfully, including designated electronic payment institutions as “other financial institutions designated by the competent authorities of enterprises bearing financial purposes”, described in the Article 5, paragraph 1, subparagraph 18, of the MLCA. It is not only for electronic payment initiations to comply the money laundering prevention mechanisms, but also for them to develop the electronic payment services and provide safety and convenient payment channels.

D. Holding the AML/CFT Seminar for Banking Sector

Taiwan is scheduled to accept the APG 3rd round mutual evaluation in the sec-

ond half of 2018. The mutual evaluation is very important for us to promote the AML/CFT regime and the key factor to develop the national financial systems. FATF Recommendations, adopted in February 2012, and Methodology, adopted in February 2013, are the basis for undertaking assessment of technical compliance and for reviewing the level of effectiveness a country's AML/CFT system. Competent authorities and financial institutions should jointly promote related deficiencies addressing measures for us to more comply with the international standards.

This assessment focuses on the FATF Recommendation 1: "Assessing Risks and Applying a Risk-Based Approach". The Recommendation 1 requires countries to identify and assess the ML/TF risks of the country and apply a risk-based approach to allocating resources and implementing measures to prevent or mitigate ML/TF based on the understanding of their risks. The National Risk Assessment Report is one of the reference for assessment team to evaluate our technical compliance and the level of effectiveness. A sound legal framework and full implementation of financial institutions are two essential parts of a robust national AML/CFT regime. In addition, the financial institutions' cooperation is also essential for us to obtain higher rating in mutual evaluation considering that there are several recommendations related to financial institutions. Therefore, it is very important to develop a common understanding of mutual evaluation for public and private sectors to prepare the mutual evaluation together. Getting higher rating of mutual evaluation not only benefits to the development of our economic and financial system but also to the extension of our diplomatic relationships with other countries.

The AMLD held an AML/CFT Seminar for Banking Sector in December 2014. The core parts of the seminar are the case studies derived from STRs and the brief introduction of APG 3rd mutual evaluation. The Director General of Banking Bureau, FSC, the Director-General of Securities and Futures Bureau, FSC, the Director General of Insurance Bureau, FSC, and the Chairperson of the General Banking Committee of the Bankers Association of the Republic of China and managers who are in charge of the AML/CFT business

from domestic and foreign banks, were invited to attend the seminar. Members of the AMLD made presentations of case studies related to STRs and the introduction of the APG 3rd round mutual evaluation. After the presentation, the participants shared the opinions regarding the topics and other issues. All the participants thought the seminar is a good platform for communication between financial institutions and supervisory authorities. The public sector should consider more liaising with private sector with new information to assist them with identifying risks, understanding the new international trend, and setting up robust risk management and controls. The preparation of mutual evaluation definitely needs the contribution both from public and private sector.



- The managers in charge of the AML/CFT affairs from financial institutions and representatives from supervisory authorities exchanged opinions during the seminar.

II. Processing the STRs Filed by FIs

The revised 20th Recommendation of the FATF 40 Recommendations states “If a financial institution suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to terrorist financing, it should be required, by law, to report promptly its suspicions to the financial intelligence unit (FIU)”. The requirement should be set out in law.

Pursuant to paragraph 1 of Article 8 of the MLCA, any financial transaction suspected of committing money laundering, the financial institutions (FIs) shall ascertain the identity of the customer and keep the transaction record as evidence, and report the suspect financial transaction (STR) to the MJIB. After receiving, the STRs will be filed, screened, analyzed, and disseminated to other functional divisions of MJIB or other competent authorities by the AMLD. In 2014, MJIB received 6,890 STRs. The STRs are compiled statistics and analyzed by FIs, dissemination, region, month, subjects’ age, and value. 92.7% of STRs were filed by domestic FIs, 42.9% of STRs happened in Taipei City, 51.8% of the subjects were distributed between 31 and 60 years old, and 28.5% of the transaction amount was under NTD 500,000. (Please refer to Table 01 to Table 07 and Figure C to E for the statistics and analysis of STRs.)

A. The Statistics of STRs

Table 01: The Statistics of STRs Filed by FIs in 2014

Reporting Entities	No. of Reports
Domestic Banks	6,389
Foreign Banks	22
Credit Cooperative Associations	34
Credit Department of Farmer & Fishermen Associations	15
Securities Brokers	6
Bills Finance Corporation	0
Insurance Companies	41
Postal Service which handles money transactions of deposit, transfer and withdrawal	355
Securities Investment and Trust Enterprises	4
Securities Depository Enterprises	21
Credit Card Companies	3
Total: 6,890	

Table 02: The Statistics of STRs from 2010 to 2014

Years	2010	2011	2012	2013	2014
No. of Reports	4,536	7,514	6,137	6,266	6,890

B. The Results of STRs Processed by the AMLD

Table 03: The Statistics of STRs Disseminated by the AMLD in 2014

Status of STRs	No. of STRs
Disseminated to other functional divisions of the MJIB	643
Disseminated to police agency and other competent agencies	254
Stored in the AMLD database for reference	5,934
Under analysis	55
International Cooperation	3
Other	1
Total: 6,890	

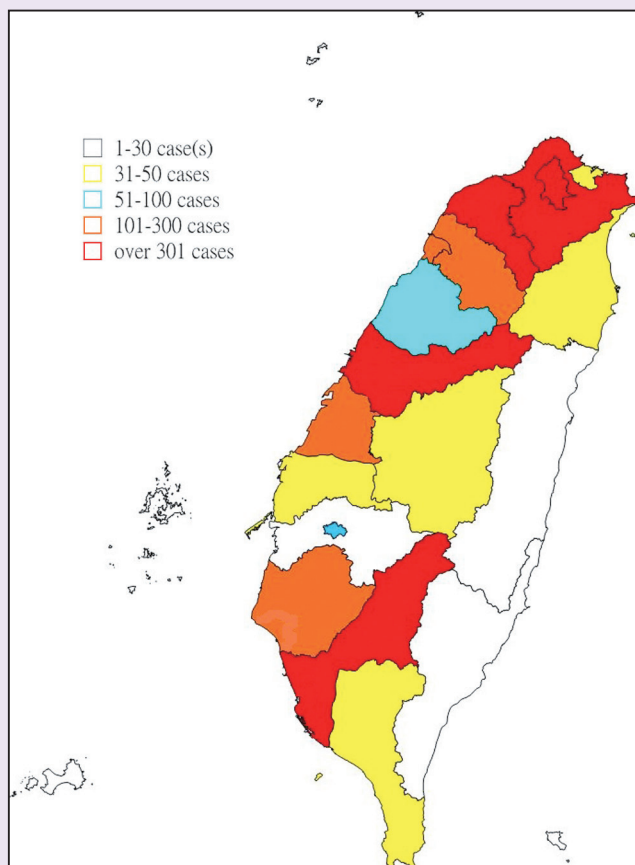
P.S.: the information in this Table was gathered on July 31, 2014

C. The Distribution of STRs by Region

Table 04: The STRs Distribution by Region in 2014

Region	No. of STRs	Region	No. of STRs
Taipei City	2,959	Yunlin County	47
New Taipei City	1,045	Chiayi City	91
Keelung City	49	Chiayi County	17
Yilan County	40	Tainan City	232
Taoyuan County	575	Kaohsiung City	416
Hsinchu City	218	Pintung County	35
Hsinchu County	119	Hualien County	12
Miaoli County	70	Taitung County	6
Taichung City	773	Penghu County	0
Changhua County	144	Kinmen County	4
Nantou County	38	Lienjiang County	0
Total: 6,890			

Figure C: The Map of STRs Distribution by Region in 2014



D. The Distribution of STRs by Month

Table 05: The STRs Distribution by Month in 2014

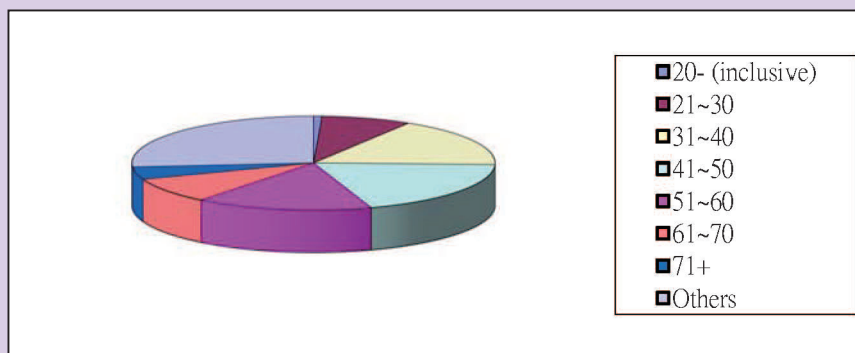
Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	July	Aug.	Sept.	Oct.	Nov.	Dec.
No. Of STRs	593	364	514	563	554	525	583	615	597	655	612	715

E. The STRs Distribution by Subjects' Age

Table 06: The STRs Distribution by Subjects' Age in 2014

Age Group	No. of Persons
20- (inclusive)	51
21~30	555
31~40	1,155
41~50	1,330
51~60	1,083
61~70	604
71+	295
Others ¹	1,817
Total: 6,890	

Figure D: The Pie Chart of STRs by Subjects' Age in 2014



- ☐ 20- (inclusive) 1%
- ☐ 21~30 8%
- ☐ 31~40 17%
- ☐ 41~50 19%
- ☐ 51~60 16%
- ☐ 61~70 9%
- ☐ 71+ 4%
- ☐ Others 26%

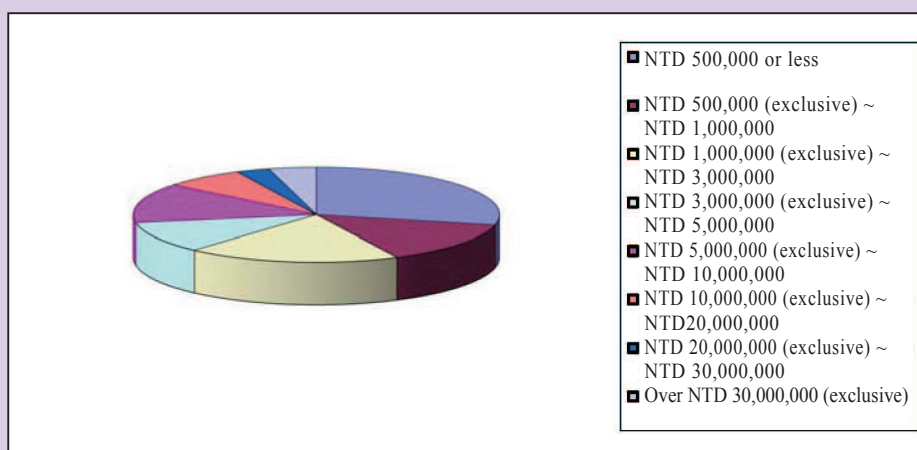
¹ Other: refers to companies and non legal entities.

F. The STRs Distribution by Value

Table 07: The STRs Distribution by Value in 2014

Amounts	No. of Cases
NTD 500,000 or less	1,964
NTD 500,000 (exclusive) ~ NTD 1,000,000	982
NTD 1,000,000 (exclusive) ~ NTD 3,000,000	1,296
NTD 3,000,000 (exclusive) ~ NTD 5,000,000	734
NTD 5,000,000 (exclusive) ~ NTD 10,000,000	934
NTD 10,000,000 (exclusive) ~ NTD 20,000,000	490
NTD 20,000,000 (exclusive) ~ NTD 30,000,000	201
Over NTD 30,000,000 (exclusive)	289
Total: 6,890	

Figure E: The Pie Chart of STRs by Value in 2014



- Less than NTD 500,000 (inclusive) **28.5%**
- NTD 500,000 (exclusive) ~ NTD 1,000,000 **14.3%**
- NTD 1,000,000 (exclusive) ~ NTD 3,000,000 **19.8%**
- NTD 3,000,000 (exclusive) ~ NTD 5,000,000 **10.7%**
- NTD 5,000,000 (exclusive) ~ NTD 10,000,000 **13.5%**
- NTD 10,000,000 (exclusive) ~ NTD 20,000,000 **7.1%**
- NTD 20,000,000 (exclusive) ~ NTD 30,000,000 **2.9%**
- Over NTD 30,000,000 (exclusive) **4.2%**

III. Receiving the CTRs Filed by FIs

Pursuant to Article 7 of the MLCA, any currency transaction exceeding a certain amount of money (CTRs), the FIs shall ascertain the identity of customer and keep the transaction records as evidence, and submit the financial transaction, the customer's identity and the transaction records to MJIB. Pursuant to Article 2 of the "Regulations Governing Cash Transaction Reports (CTR) and Suspicious Transaction Reports (STR) by Financial Institutions", the term "a certain amount" shall mean NTD 500,000 (including the foreign currency equivalent thereof). After receiving, the CTRs will be filed by the AMLD. In addition, according to the Operation Directions of the AMLD (admitted by the MOJ on July 14, 2011), the AMLD assists other Field Stations of MJIB, courts, prosecutors offices, and other law enforcement agencies to access CTRs database. In 2014, MJIB received 4,107,745 CTRs. Around 77.7% of CTRs were filed by domestic FIs, 74.55% of the transaction amount was between NTD 500,000 and NTD 1,000,000. In 2014, the number of accessing is 124,251. (Please refer to Table 08 to Table 11 and Figure F for the statistics of CTRs.)

A. The Statistics of CTRs

Table 08: The Statistics of CTRs Filed by FIs in 2014

Reporting Entities	No. of Cases
Domestic Banks	3,192,726
Foreign Banks	28,721
Credit Cooperative Associations	178,987
Credit Department of Farmers & Fishermen Associations	340,851
Postal Service which handles money transactions of deposit, transfer and withdrawal	355,300
Insurance Companies	11,160
Jewelry Retail Businesses	0
Total: 4,107,745	

Table 09: The Statistics of CTRs from 2010 to 2014

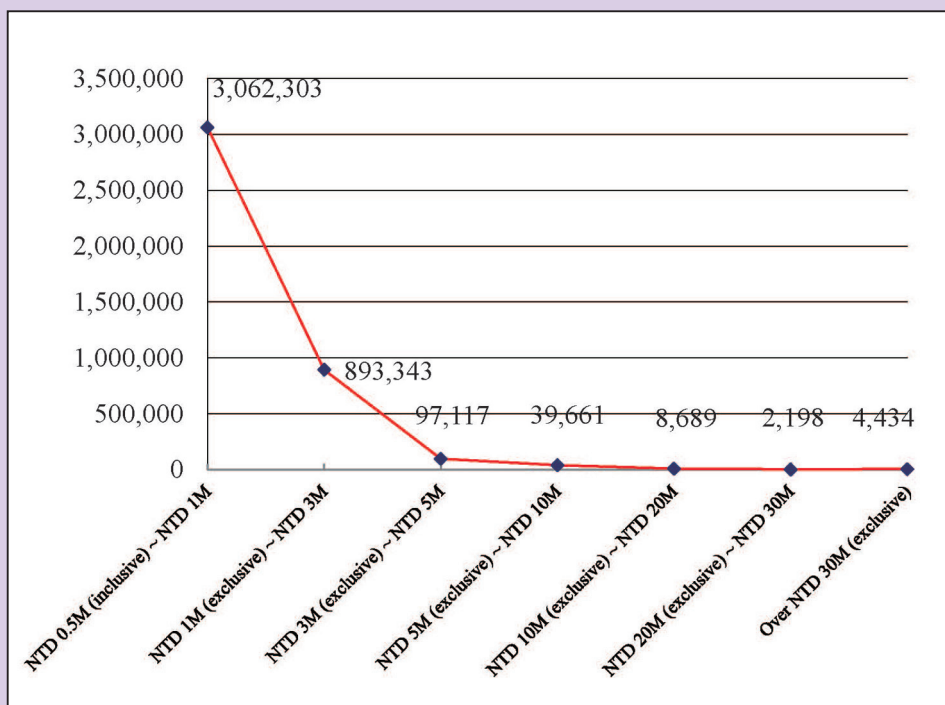
Year	2010	2011	2012	2013	2014
No. of Cases	3,637,884	3,836,757	3,726,585	3,995,726	4,107,745

B. The Distribution of CTRs by Value

Table 10: The CTRs Distribution by Value in 2014

Amounts	No. of Reports
NTD 500,000 (inclusive) ~ NTD 1,000,000	3,062,303
NTD 1,000,000 (exclusive) ~ NTD 3,000,000	893,343
NTD 3,000,000 (exclusive) ~ NTD 5,000,000	97,117
NTD 5,000,000 (exclusive) ~ NTD 10,000,000	39,661
NTD 10,000,000 (exclusive) ~ NTD 20,000,000	8,689
NTD 20,000,000 (exclusive) ~ NTD 30,000,000	2,198
Over NTD 30,000,000 (exclusive)	4,434
Total: 4,107,745	

Figure F: The Line Graph of CTRs by Value in 2014



- ☐ NTD 500,000 (inclusive) ~ NTD 1,000,000 74.55%
- ☐ NTD 1,000,000 (exclusive) ~ NTD 3,000,000 21.75%
- ☐ NTD 3,000,000 (exclusive) ~ NTD 5,000,000 2.36%
- ☐ NTD 5,000,000 (exclusive) ~ NTD 10,000,000 0.97%
- ☐ NTD 10,000,000 (exclusive) ~ NTD 20,000,000 0.21%
- ☐ NTD 20,000,000 (exclusive) ~ NTD 30,000,000 0.05%
- ☐ Over NTD 30,000,000 (exclusive) 0.11%

C. The Statistics of Assisting Law Enforcement Agencies in Accessing CTRs Database

Table 11: The Statistics of Accessing CTRs Database from 2010 to 2014

Year	2010	2011	2012	2013	2014
No. of Reports	68,776	82,085	120,816	126,515	124,251

IV. Processing the International Currency and Securities Transportation Reports (ICTRs) Forwarded by Taiwan Customs

The revised 32th Recommendation of the FATF 40 Recommendations states “Countries should have measures in place to detect the physical cross-border transportation of currency and bearer negotiable instruments, including through a declaration system and/or disclosure system. Countries should ensure that their competent authorities have the legal authority to stop or restrain currency or bearer negotiable instruments that are suspected to be related to terrorist financing, money laundering or predicate offences, or that are falsely declared or disclosed. Countries should ensure that effective, proportionate and dissuasive sanctions are available to deal with persons who make false declaration(s) or disclosure(s). In cases where the currency or bearer negotiable instruments are related to terrorist financing, money laundering or predicate offences, countries should also adopt measures, including legislative ones consistent with Recommendation 4, which would enable the confiscation of such currency or instruments”. These recommendations require that countries should implement measures for the documents that are suspected to be related to terrorist financing, money laundering, or falsely declared or disclosed to supervise cross-border transportation of the currency and bearer negotiable instruments.

Pursuant to paragraph 1 of Article 10 of the MLCA, Passengers or service crew on board who cross the border with the carrier and carry the following items shall make declarations to the Customs. The Customs shall report subsequently to the Investigation Bureau, Ministry of Justice: 1. Cash of foreign currency with total amount exceeding a certain amount; 2. Negotiable securities with face value exceeding a certain amount. Pursuant to Article 4 of the

“Regulations for the Declaration of Carrying Foreign Currencies or Securities by Cross-Border Passengers or Service Crew on Board of Transport and for the Interagency Report by the Customs”, the term “a certain amount” shall mean USD 10,000 or foreign currency with equivalent value. In 2014, the number of the ICTRs reported by customs was 18,781. In terms of the declared value, around 72.9% of the ICTRs were under NTD 1,000,000. (Please refer to Table 12 to Table 15 and Figure G for the statistics and analysis of ICTRs.)

A. The Statistics of ICTRs Declared by the Passengers to Taiwan Customs

Table 12: The Statistics of Inbound and Outbound ICTRs in 2014

Inbound & Outbound	No. of Reports
Inbound	16,459
Outbound	2,322
Total	18,781

Table 13: The Statistics of ICTRs from 2010 to 2014

Year	2010	2011	2012	2013	2014
No. of Reports	7,655	8,378	8,726	14,273	8,781

B. The ICTRs Distribution by Month

Table 14: The ICTRs Distribution by Month in 2014

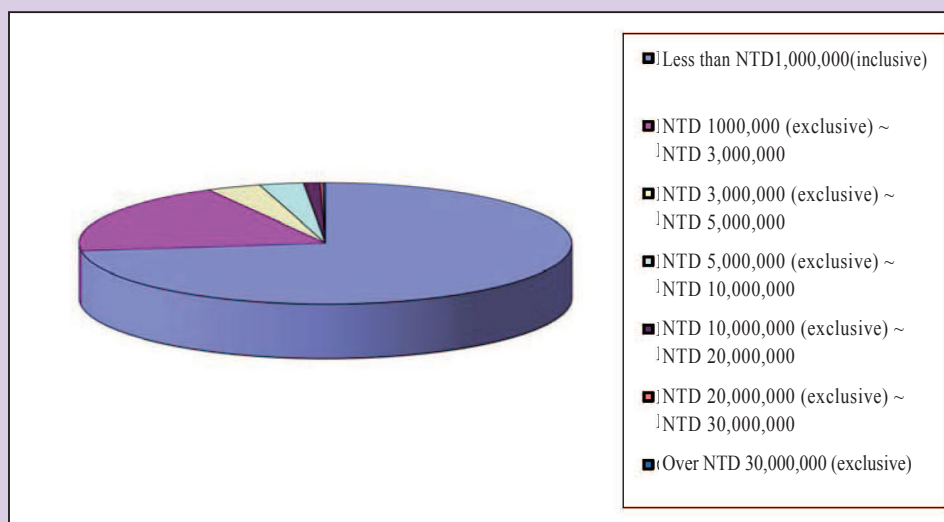
Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
Cases	1,228	1,164	1,427	1,635	1,652	1,453	1,620	1,412	1,564	1,921	1,993	1,712

C. The ICTRs Distribution by Value

Table 15: The ICTRs Distribution by Value in 2014

Amounts	No. of Reports
Less than NTD 1,000,000 (inclusive)	13,694
NTD 1,000,000 (exclusive) ~ NTD3,000,000	3,610
NTD 3,000,000 (exclusive) ~ NTD5,000,000	667
NTD 5,000,000 (exclusive) ~ NTD10,000,000	542
NTD 10,000,000 (exclusive) ~ NTD20,000,000	202
NTD 20,000,000 (exclusive) ~ NTD30,000,000	35
Over NTD 30,000,000 (exclusive)	31
Total: 18,781	

Figure G: The Pie Chart of ICTRs by Value in 2014



- ☐ Less than NTD 1,000,000 (inclusive) 72.9%
- ☐ NTD 1,000,000 (exclusive) ~ NTD 3,000,000 19.2%
- ☐ NTD 3,000,000 (exclusive) ~ NTD 5,000,000 3.5%
- ☐ NTD 5,000,000 (exclusive) ~ NTD 10,000,000 2.9%
- ☐ NTD 10,000,000 (exclusive) ~ NTD 20,000,000 1.1%
- ☐ NTD 20,000,000 (exclusive) ~ NTD 30,000,000 0.2%
- ☐ Over NTD 30,000,000 (exclusive) 0.2%

V. The Statistics of Prosecuted Cases under the Money Laundering Control Act (MLCA)

Through accessing the Prosecution Document Database Enquiring System which is maintained by the MOJ, the AMLD has retrieved 19 cases prosecuted by district prosecutors offices in 2014 under Article 11 of the MLCA, including deferred prosecutions and petitions for summary judgments. The information retrieved included the types of predicate crime, proceeds of crime, typologies of ML, and profiles of defendants. All these information shall be analyzed in order to build the statistics regarding ML overview and trends in Taiwan in 2014. In 2014, there are 19 cases prosecuted under money laundering. A total of laundered money reaches NTD 756,901,128 from the 19 prosecuted cases. (Please refer to Table 16 to Table 21 and Figure H for the statistics and analysis of the prosecuted cases.)

A. The Predicate Offence Types of the ML Cases

Table 16: The Statistics of the Predicate Offence Types of the ML Cases and the Competent Authorities Joined the Investigation in 2014

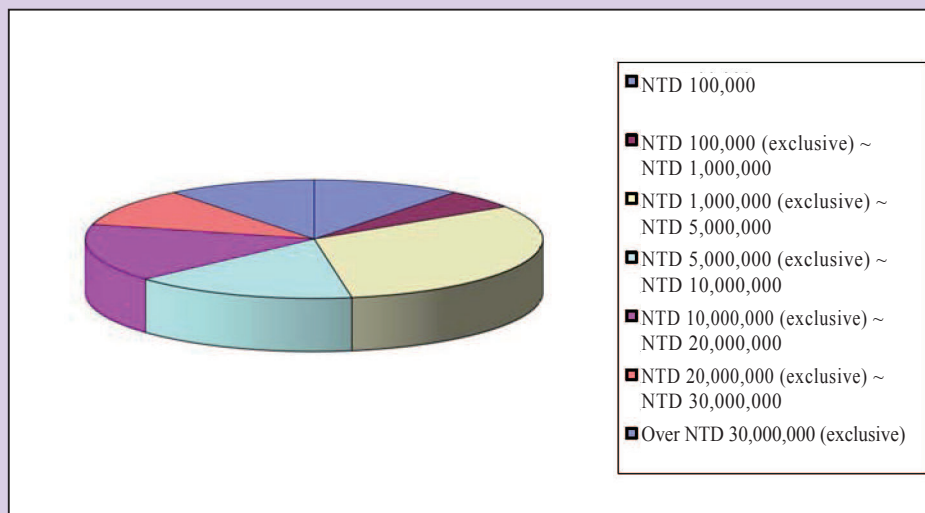
Offence Types	Predicate Offences	MJIB	Prosecutors Offices	National Police Agency	Total
General Criminal Crimes	Receiving Stolen Property	1	0	0	1
Subtotal		1	0	0	1
Economic Crimes	Fraud	0	0	7	7
	Nonbanking Entities Accepting Deposits	2	0	0	2
	Breach of Trust	2	0	1	3
	Fail to Perform Settlement	0	1	0	1
Subtotal		4	1	8	13
Corruption	Accepting Kickbacks	1	0	0	1
	Acquiring valuables or property through undue influence	1	0	0	1
	Taking Bribes	3	0	0	3
Subtotal		5	0	0	5
Total		10	1	8	19

B. The Prosecuted ML Cases Distribution by Value

Table 17: The Prosecuted ML Cases Distribution by ML Value in 2014

Amounts	Cases
NTD 100,000 (exclusive) ~ NTD 1,000,000	2
NTD 1,000,000 (exclusive) ~ NTD 5,000,000	1
NTD 5,000,000 (exclusive) ~ NTD 10,000,000	6
NTD 10,000,000 (exclusive) ~ NTD 20,000,000	3
NTD 20,000,000 (exclusive) ~ NTD 30,000,000	3
Over NTD 30,000,000 (exclusive)	2
Total: 19	

Figure H: The Pie Chart of ML Value in the Prosecuted ML Cases in 2014



- ☐ Less than NTD 100,000 (inclusive) 10.5%
- ☐ NTD 100,000 (exclusive) ~ NTD 1,000,000 5.0%
- ☐ NTD 1,000,000 (exclusive) ~ NTD 5,000,000 31.5%
- ☐ NTD 5,000,000 (exclusive) ~ NTD 10,000,000 16.0%
- ☐ NTD 10,000,000 (exclusive) ~ NTD 20,000,000 16.0%
- ☐ NTD 20,000,000 (exclusive) ~ NTD 30,000,000 10.5%
- ☐ Over NTD 30,000,000 (exclusive) 10.5%

C. The ML Channels and Methods used in the Prosecuted ML Cases

Table 18: The Prosecuted ML Cases Distribution by ML Channels in 2014

Types of FIs	No. of Cases
Banks	16
Other FIs	3
Total: 19	

Table 19: The Prosecuted ML Cases Distribution by ML Methods in 2014

Methods of ML	No. of Cases
Dummy Accounts	15
Changing the Right of the Possession	1
Bank Safe Boxes	1
Purchasing Real Estates	2
Total: 17	

D. The Prosecuted ML Cases Distribution by Region

Table 20: The Prosecuted ML Cases Distribution by Region in 2014

Region	Cases	Region	Cases
Taipei City	5	New Taipei City	1
Taichung City	3	Yunlin County	1
Taoyuan County	3	Keelung City	2
Taitung County	1	Pingtung County	1
Other	2		
Total: 19			

E. The Prosecuted ML Cases Distribution by the Defendants' Gender

Table 21: The Statistics of the Defendants' Gender Prosecuted under the MLCA in 2014

Charges	Defendant Types	Gender	No. of Persons
Paragraph 1, Article 11 of MLCA	ML for a Serious Crime Committed by Defendants Themselves	Male	20
		Female	5
		Subtotal	25
Paragraph 2, Article 11 of MLCA	ML for a Serious Crime Committed by Others	Male	11
		Female	4
		Subtotal	15
Total			40

VI. Promoting Public Awareness and Training

A. Promoting Public Awareness of AML/CFT

Besides routinely promoting the public awareness campaigns of protecting government infrastructure and anti-corruption, AML/CFT as well a vital part, of which are carried out year-round by the field offices of the MJIB nationwide. By taking advantage of local activities and public occasions, the field agents introduce and explain directly and enthusiastically to the people what the AML/CFT is and its related matters. With all these efforts, we firmly believe that the awareness will step by step be deep-rooted in Taiwanese people eventually.



- Agents from the Taipei Field Division, MJIB illustrated what the AML/CFT is and how it works during the Beitou Paddy Festival 2014.



- Agents from the Kaohsiung Field Division, MJIB illustrated what the AML/CFT is and how it works during the Song-Jiang Jhen Battle Array in Neiman 2014.

B. AML/CFT Capacity Building Training

To help the staffs of FIs fully understand the requirements concerning AML/CFT, the indicators of suspicious transactions to improve the quality of filing STRs, the compliance with the MLCA, and media transmission protocols, the AMLD has been providing training programs with lectures and presentations. These programs, upon FIs' requests, cover the topics of AML/CFT international standards, the MLCA reporting obligations of FIs, case studies and the emerging trends in AML/CFT. The AMLD instructors have been sharing professional experiences with the participants from FIs and discussing the pros and cons of the reported STRs. With case studies, the patterns of suspicious transactions which were connected with certain crimes, such as underground

remittance, stock market manipulation, insider trading, and internet gambling, etc. can thus be further understood and learned as lessons to detect and identify suspicious transactions more effectively in the future.

Table 22: The Statistics of Seminars and Participants Carried out by the AMLD in 2014

Types of FIs		Subtotal	
		No. of Seminars	No. of Participants
Banks	Domestic Banks	46	6,724
	Foreign Banks	8	593
	Local Branches of Mainland Chinese Banks	2	60
Credit Department of Farmers & Fishermen Associations		0	0
Securities Investment and Trust Enterprises		4	560
Securities Brokers		13	3,427
Futures Brokers		0	0
Postal Service which handle money transactions of deposit, transfer and withdrawal		6	363
Insurance Companies		24	1,748
Negotiable Instrument Finance Corporations		0	0
Other Types		2	85
Total		105	13,560

VII. International Cooperation

A. International Information Exchange

The revised 40th Recommendation of the FATF 40 Recommendations states “Countries should ensure that their competent authorities can rapidly, constructively and effectively provide the widest range of international cooperation in relation to money laundering, associated predicate offences and terrorist financing. Countries should do so both spontaneously and upon request, and there should be a lawful basis for providing cooperation. Countries should authorize their competent authorities to use the most efficient means to cooperate. Should a competent authority need bilateral or multilateral agreements or arrangements, such as a Memorandum of Understanding (MOU), these should be negotiated and signed in a timely way with the widest range of foreign counterparts.” and “Competent authorities should use clear channels or mechanisms for the effective transmission and execution of requests for information or other types of assistance. Competent authorities should have clear and efficient processes for the prioritization and timely execution of requests, and for safeguarding the information received.”

Table 23: The Statistics of International Information Exchange from 2009 to 2014

Types	Year	2010	2011	2012	2013	2014
Requests from Overseas FIUs	Case	20	76	37	41	32
	No. of Reports	61	171	96	113	89
Requests to Overseas FIUs	Case	12	5	15	16	14
	No. of Reports	50	14	55	61	58
Spontaneous Exchanges	Case	12	7	22	22	41
	No. of Reports	34	48	48	51	80
Questionnaires and Other Matters	Case	5	2	0	0	0
	No. of Reports	186	155	78	100	85
Total	Case	49	90	74	79	87
	No. of Reports	331	388	277	325	312

B. Participating in the Related International Organizations' Activities

The AMLD has been actively participating in several AML/CFT related international organizations for years, including the APG, the Egmont Group of FIUs, and the FATF under the umbrella of the APG. By building tight connections with these organizations, not only does it help the AMLD develop skills and knowledge of AML/CFT, but also help lead the international community to better understand the efforts dedicated to AML/CFT by the Government of the Republic of China (Taiwan).

(1) Asia Pacific Group on Money Laundering (APG)

The AMLD representatives jointed the delegations of the country to participate in the APG Plenary Meeting held in Macao, Mainland China, in July 2014. The AMLD also assigned representatives to participate in the APG Assessor Training in Auckland, New Zealand in January 2014, the APG Pre-Mutual Evaluation and National Risk Assessment Training Workshop in Seoul, Korea, in May 2014, and the Joint FATF/APG Experts' Meeting on Typologies and the APG Technical Seminars in Bangkok, Thailand in November 2014. Beyond that, the AMLD with competent authorities also joined the Donor and Provider Group (DAP Group) on Technical Assistance and Training (TA&T) in the APG, and sponsored AUD 82,500 in 2014 for assisting member jurisdictions in Pacific Islands to attend the meetings and trainings held by the APG.

(2) The Egmont Group of FIUs

The AMLD took the Egmont Group activities as a priority at work and assigned representatives to participate in the Egmont Group Working Group and Committee Meetings Program held in Budapest, Hungary, in January 2014, and the Egmont Group Plenary held in Lima, Peru, in July 2014.

(3) Financial Action Task Force (FATF)

The AMLD assigned representatives to participate in the FATF Plenary in Paris, France in June 2014 and in October 2014 under the umbrella of the APG.

In addition, for complying with the FATF standards, the AMLD closely cooperates with relevant authorities, including the Financial Supervisory Commission, the Ministry of Justices, and the Central Bank to contribute to the policies development, which is required to satisfy the FATF recommendations.

(4)ARIN-AP

Taiwan formally joined the ARIN-AP as a founding member in January 2014. The AMLD assigned representatives to participate in the 1st Annual General Meeting of the ARIN-AP in Jogjakarta, Indonesia in August 2014. With sustainable operation of the ARIN-AP, it will provide more supplementary resources on combating transnational crimes.

C. Concluding Agreements/MOUs with Foreign FIUs

ML is generally regarded as a transnational crime. For the purposes of effectively combating transnational crimes concerning ML, TF, and the proliferation of WMD, countries are required to reach consensus and closely work together. The AMLD plays the role as the FIU of Taiwan and shares related information with a number of foreign FIUs. Exchanging information benefits not only the operational work of the FIUs but also the LEAs to track the transnational movement of the proceeds of crime. Up to now, the AMLD has signed 37 bilateral Memorandum of Understanding (MOU) or Agreements concerning the exchange of information related to AML/CFT. In 2014, the AMLD signed the MOUs respectively with Republic of Malawi, the British Virgin Islands, Canda, Trinidad and Tobago, Sint Maarten, and the agreement with Burkina Faso and Republic of Nicaragua.



- Mr. Wang Chung-I, the Director General of MJIB, signed “Agreement Concerning Cooperation Related to the Prevention of Crimes of Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction” with Mr. Denis Membreño Rivas, the Major General of the Financial Analysis Unit, Republic of Nicaragua.

D. Sponsoring Vietnam and Cambodia FIU to Join EG

Taiwan is the member of the Outreach Working Group (OWG) of the Egmont Group. The main task of the OWG is to facilitate the support and sponsorship of non-Egmont Group member FIUs to join the Egmont Group. Taiwan has successfully sponsored Mongolia FIU become formal member of the Egmont Group in 2009. For the purpose of fulfilling the Egmont Group member’s responsibility and practically participating the international organization events, the delegates of the AMLD went to Ha Noi, Vietnam and had lectures together with the French Financial Intelligence Unit (FIU) in the AML/CFT Seminar held by State Bank of Vietnam to build up the ca-

capacity of Vietnam FIU. In order to support the Cambodia FIU complete the Egmont Group Census, the AMLD teamed up with the Thailand FIU, the Anti-Money Laundering Office (AMLO), to visit Phnom-Penh, Cambodia in December 2014, to assess the operational status of Cambodia FIU. The application of Cambodia for membership was adopted in the 2015 Egmont Group Plenary in Barbados.



● Group photo of staff from Taiwan, France, and Vietnam FIU after the seminar.



- Meeting with Cambodia law enforcement agencies to understand the status of their AML/CFT mechanisms.

E. International Cooperation

The US Immigration and Customs Enforcement (ICE), a department of Homeland Security, Los Angeles Field Office conducted an investigation toward the Latin American drug cartels in November of 2011, and found that a Taiwanese known as Ms. Y has been laundering money from drug trafficking income under the cover of importing, exporting and selling garments in the United States. Other than depositing part of the money in an account in the United States, more than USD 27 million was remitted into several bank accounts located in Taiwan. The AMLD has started to trace the funds flow and conducted intelligence exchange, in response to the request from the American Institute in Taiwan and the US Department of Homeland Security in 2013.

In September 2014, the US Department of Justice requested MOJ to assist in seizing Ms. Y's properties related to money laundering, pursuant to the

Legal Assistance Agreement. Taipei District Prosecutors Office successfully frozen accounts involved in money laundering in Taiwan and seized more than USD 15 million illicit money.

Part Three

Significant Case Studies



I. Detecting Loan Fraud Case

II. Detecting Breaching of Trust Case

III. Detecting Credit Cards Fraud Case

**IV. Facilitating the Enquiry and the Detention of the Offenders
regarding the Food Safety and Sanitation Case**

I. Detecting Loan Fraud Case

A. Disclosure of STRs

In January 2011, the AMLD received an STR from Bank A indicating that the customer Company S which normally recorded few transactions suddenly received two remittance of NTD 50 million each to its account on December 27, 2010 and the two amounts were remitted out on December 28, 2010. On the same day, two remittances of NTD 50 million were received; on the next day, the two amounts were remitted out and another remittance of NTD 50 million was received. On the following day, the amount was remitted out. Company S' account had many large amount of funds coming in and out within a four day period, while its deposit balance remained unchanged. Bank A considered the transactions were suspicious and filed the STR to the AMLD.

B. STR Analysis

After receiving the STR, the AMLD initiated the standard analyzing procedures and found the money came from revolving loans that Company S had applied for with other banks. Since the investigation led to the conclusion that Company S might be involved in fraudulent loans, the AMLD decided to transfer this case to the Economic Crime Prevention Division, MJIB for further investigation.

C. Case Scenario

Company A is a petrochemical manufacturing company. The company has become a listed company in 1991. Company B was one of the subsidiary of Conglomerate A, and responsible for oil products' merchandising and gasoline stations' operating. Mr. C was the beneficial owner of Company A, Mr. H was the chairperson of Company B, and Mr. G was the associate finance officer of Company B. Company B used to be Company A's fourth-tier subsidiary. In 2008, Company B's parent company sold most of its shares in Company B to the investment company that Mr. C incorporated in Hong Kong; as a result,

Company B was separated from Company A, but only as a formality. In reality, it remained under the control of Mr. C. Company B was heavily burdened with debts owing to poor management over the years. Although it had applied to the bank for a line of credit, the bank, to secure the creditor's rights, demanded Company B to complete NTD 450 million capital increase and to improve its financial structure before permitting a loan to be issued.

In December 2010, in order for Mr. C et al. to complete the syndicated loan banks' credit conditions, Company B's Associate Finance Officer Mr. G borrowed NTD 50 million from a private lender, asked for funds of NTD 50 million from Company A Group, and conspired with Company S and P. On December 27, 2010, NTD 100 million was remitted to Company B's account with Bank B. Company S, using the deposit of funds as a guarantee, applied for a NTD 100 million loan from Bank B. After Bank B approved and issued the loan, Mr. G remitted the loan to Company S' account with Bank A, which was then immediately remitted to Company B's accounts with other banks. On December 28, 2010, Mr. G remitted the funds of NTD 100 million, which was borrowed two days early from Bank B by Company S to Company B's account with Bank B. The funds were used as a guarantee by Company S to borrow NTD 100 million again from Bank B. Mr. G used such tactic for Company S to borrow NTD 250 million from Bank B, and for Company P to borrow NTD 200 million from Bank B. He also used the foregoing techniques to retain such loans in Company B's account, purported to be funds for Company S and Company P to purchase Company B's equity in the capital increase.

After Company B completed a falsified capital increase of NTD 450 million, the lending bank mistakenly agreed to sign a contract for Company B to obtain a credit line of NTD 1.8 billion. Between April 2011 and January 2013, Company B applied for the use of the loan in succession. In total, the lending bank approved and allocated about NTD 2.552 billion to Company B. Company S and Company P, conspired with Mr. G to borrow NTD 250 million and NTD 200 million respectively from Bank B and took these funds to purchase Company B's equity in the capital increase. However, Company S and Com-

pany P were unable to pay the loan principal and interest. Company B paid on their behalf to Bank B the processing fees of NTD 4.5 million and an interest of NTD 3.375 million, which was sufficient to harm Company B.

In April 2011, Company B's Certified Public Accountant (CPA), at the time of auditing Company B's annual financial statements, found that the aforementioned NTD 450 million in Company B's account with Bank B were restricted assets; therefore, the CPA demanded Company B to lift the restriction. Mr. G used Company B's shares and cheques as a guarantee to borrow NTD 50 million from private lender Mr. H. On April 27, 2011, Mr. H, in the name of Company S, remitted the NTD 50 million to Company S' account with Bank B to pay back Company S' loan of NTD 50 million and to release Company B's secured loan of NTD 50 million in the account with Bank B. Mr. G soon remitted the NTD 50 million to Mr. H. Again, Mr. H remitted the NTD 50 million, in the name of Company S, to Bank B to repay the loan and to release Company B's secured loan of NTD 50 million in the account with Bank B. In this way, the NTD 50 million was transferred in 9 times for releasing Company B's secured loan of NTD 450 million. For recording the foregoing transactions, Mr. G falsely recorded "Prepaid long-term investment funds for Mr. H" on the account books, pretending that Company B had entrusted its deposit of NTD 450 million to Mr. H for investments. To complete the procedure for releasing the aforementioned secured loan, Mr. G withdrew NTD 4.2 million cash from Company B's account and delivered it to Mr. H as a reward. These unnecessary expenditures resulted in damage to Company B.

In 2011, to fill the funding gap in the above false capital increase, Mr. C and other high-level managers of Conglomerate A discussed and arranged sham transactions to obtain funds from Company B, which were remitted back to Company B on behalf of Mr. H by collusive false traders. In addition, Mr. G made false accounts of "Temporary credit from Mr. H" or "Investment funds recovered from Mr. H", pretending that Company B had recovered investment funds of NTD 260 million from Mr. H. To this end, Company B had to pay more than NTD 200 million to cooperative vendors, which made Company B

—originally short of funds— suffer even greater loss. In 2012, for making up the remaining gap of NTD 140 million, Conglomerate A collected assets of NTD 200 million for Company W that promised to cooperate with to borrow NTD 190 million from Bank C. The loan was remitted to Company S and P as Company W's funds to purchase their shares in Company B. Such monies were remitted to Company B's account and transferred to deposit certificates of NTD 190 million. The deposit certificates expired in two months and were terminated. The funds were remitted back to Company W's account with Bank C to repay Company W's loan of NTD 190 million with Bank C and to release Company A's pledged assets as collateral. For this, Company B had to pay NTD 3.8 million to Company W's chairperson as a reward, and pay, on behalf of Company W, around NTD 1.17 million interest to Bank C for Company W's loan with the said bank. What Mr. C et al. did, not only violated Company A's provisions related to lending funds to others, but also failed to record accurately the foregoing transactions in Company A's financial reports. It also made Company B pay unnecessary interest and thus resulted in damage to Company B.

D. Indictment

Mr. C et al. were indicted on the charges of violating the Banking Act, Business Entity Accounting Act, and Securities and Exchange Act by the Taipei District Prosecutors Office in April 2014.

II. Detecting Breaching of Trust Case

A. Disclosure of STRs

In February 2013, the AMLD received an STR from Bank D indicating that the customer Mr. L's account with Bank D was normally used for securities' settlement. Recently, Mr. L frequently sold foreign currency and withdrew cash immediately, or bought foreign currency and transferred to foreign bank accounts, issued cheques, or withdrew large amount of cash through automatic teller machines. Bank D noticed Mr. L's transaction activity was abnormal and filed the STR to the AMLD.

B. STR Analysis

After receiving the STR, the AMLD initiated the standard analyzing procedures and found that Mr. L might be involved with the alleged company bribery case. The AMLD suspected the financial transaction were very possible involving money laundering for the proceeds of crime derived from the bribery activity, and determined to disseminate the information to the Economic Crime Prevention Division, MJIB for further investigation.

C. Case Scenario

Mr. L is the former Senior Deputy General Manager of the listed Company C, a famous international technology corporation. During August 2006 to December 2011, Mr. L was the chairman of the Committee of Surface Mount Technology (SMT) under Company C. SMT Committee is in charge of making decisions for resource allocation, procurement, maintenance and price keeping of equipment, consumable, and repair piece for SMT. It is alleged that Mr. L and other members of SMT Committee took advantage of their duty in the Committee to collect kickbacks from the suppliers of Company C for a long time.

From July 2009 to December 2011, Mr. L had asked Mr. H to convince the suppliers in Mainland China that they can get benefits, such as obtain the sup-

plier qualification easily, price guarantee or purchase order guarantee, etc., if they pay specific percentage of the procurement value as the commission (aka service fee). Suppliers which promised to give the commission delivered the commission in cash directly to Mr. H or wired the funds into dummy accounts controlled by Mr. H. In order to receive the kickback, Mr. H incorporated shell companies abroad and then opened accounts for these companies in foreign countries or Taiwan. After receiving the kickback from suppliers, Mr. H allocated the funds with arranged rate made by Mr. L, Mr. H, and related members of SMT Committee. During this period of time, the suppliers kicked back to Mr. L et al. with the amount more than NTD 160 million.

D. Indictment

Mr. L, Mr. H and other committee members were indicated on the charges of violating the Securities Exchange Act by the Taipei District Prosecutors Office in May 2014. During the investigation, the Taipei District Prosecutors Office timely seized the funds in Mr. L's and other members' accounts with the amount more than NTD 41 million.

E. International Cooperation

The AMLD received the information through Egmont Secure Website from foreign counterparts regarding the abnormal overseas financial activities of Mr. L and other suspects, and the information was disseminated to the prosecutor's office for further investigation.

III. Detecting Credit Cards Fraud Case

A. Disclosure of STRs

On May 7, 2013, the media reported that the Mill Factory in Chiayi has been in poor performance for many years, and the chairperson, Mr. L, was in debt to banks and loan sharks with large amount of value. For fixing the financing gap, Mr. L stole and sold the public grain stored in Mr. L's Factory entrusted by the Council of Agriculture, Executive Yuan. The Chiayi District Prosecutors Office suspected Mr. L might abscond and requested the court to issue detention order. The Chiayi District Court decided a detention ruling and held incommunicado.

After several days of the news released, Credit Card Company E filed an STR to the AMLD. The STR indicated that a cards holder, Ms. L, bought many precious watches in Watches Company F in Kaohsiung and paid by credit cards with the amount of NTD 10.69 million on May 3, 2013. While buying watches, Ms. L requested the card issuing bank to raise her credit limit. Company E considered Ms. L's transactions suspicious and filed the STR to the AMLD.

B. STR Analysis

After receiving the STR, the AMLD initiated the standard analyzing procedures and found that Ms. L is Mr. L's wife and the chairperson of Company D which is in charge for rice products' merchandising. After purchasing precious watches, Ms. L immediately fled abroad on May 5, 2013. The AMLD considered Ms. L might be involved credit cards fraud and disseminated the information to the Economic Crime Prevention Division, MJIB for further investigation.

C. Case Scenario

Mr. and Mrs. L operated Mill Factory and Company D together. Mrs. L was aware of the poor financial status of Mill Factory and Company D over the

years. On May 3, 2013, Mrs. L bought 7 precious watches in Watches Company F in Kaohsiung and paid by several credit cards with the amount of NTD 10.69 million just before Mr. L's news was released. After two days, Mrs. L fled abroad and didn't pay the bills heretofore.

D. Indictment

In January 2014, Ms. L was indicted for committing the offence of fraud by the Chiayi District Prosecutors Office.

IV. Facilitating the Enquiry and the Detention of the Offenders regarding the Food Safety and Sanitation Case

A. Disclosure of STRs

On September 4, 2014, the media reported that Mr. K, the chairman of an unlicensed oil factory, was alleged to collect the recycled oil and sold them to the oil Company G. Company G blended cooking oil with recycled oil, grease and leather cleaner and branded as cooking oil. The prosecutor of the Pintung District Prosecutors Office interrogated Mr. K and set the bail at NTD 100 thousand. Mr. K stated that he couldn't pay the bail. The prosecutor according to the Code of Criminal Procedure applied for a detention order to the Pingtung District Court. The Court decided to bail the subject with NTD 50 thousand.

In the middle of September 2014, the AMLD received an STR from Bank F indicating that Mr. K withdrew cash with the amount of NTD 860 thousand from his own account on September 3, 2014, the day after the bail. Prior to the above withdrawal, the balance of Mr. K's account was NTD 867,074. The AMLD suspected Mr. K might be trying to disguise and conceal assets for avoiding further seizure and confiscation, and decided to spontaneously disseminate the information to the Prosecutors Office for further investigation.

B. Case Scenario

Since February 2014, Mr. K collected waste oil including animal feed oil, corpse oil, gutter oil, grease, and recycled cooking oil which were derived from uncertain source and not edible or used or affecting human health. Mr. K blended the collected oil with unknown proportion, disguised as lard, and sold them to the oil Company G. Company G then refined the waste oil, mixed it with processed lard, and sold the tainted product as branded oil which con-

form to the national safety standards prescribed by the central competent authorities to its distributors and consumers.

C. Indictment

The AMLD prompt disseminated the information related to Mr. K after analyzing. The Pingtung District Prosecutors Office made an interlocutory appeal to the Pingtung District Court. The panel of judges of the Pingtung District Court justified Mr. K under detention after considering that Mr. K didn't clearly state the source of the recycled oil and the flow of the products, may conspire with co-offenders based on the evidence provided by the prosecutor, may abscond due to his withdrawing cashes, and was alleged to be involved with other cases.

In September 2014, Mr. K was indicted for committing the offence of fraud and violating the Act Governing Food Safety and Sanitation by the Pingtung District Prosecutors Office.

Part Four:

The Major Events of the AMLD in 2014



Date	Major Events
2014/1/21-28	The delegates of the AMLD participated in the APG Pacific Assessors Training and National Risk Assessment Workshop in Auckland, New Zealand.
2014/1/23/26	The delegates of the AMLD participated in the 6th Cross Strait Forum on Criminal Law in Hong Kong, China.
2014/2/12-13	The delegates of the AMLD participated in the Symposium on Practice and Theories of International Judicial Assistance in Criminal Matters held by the MOJ.
2014/2/14-21	The delegates of the AMLD participated in the Egmont Group Working Group and Committee Meetings Program in Budapest, Hungary. The AMLD signed MOUs concerning the exchange of information related to AML/CFT with Malawi, and the British Virgin Islands on February 18.
2014/2/18	The delegates of the AMLD participated in the International Conference on Anti-Money Laundering held by the Association of Certified Anti-Money Laundering Specialists (ACAMS).
2014/2/24	The delegates of the Hong Kong Police Office visited the MJIB and attended working meeting.
2014/3/19	The delegates of the U.S. Immigration and Customs Enforcement (ICE) visited the MJIB and discussed specific case cooperation with the AMLD.

2014/3	<p>The AMLD assisted authorities to seize more than NTD 400 million related to Mr. Tseng alleged of violating the Banking Act which was under investigation by the Taipei Field Division, MJIB.</p> <p>The AMLD assisted authorities to seize more than NTD 90 million related to Mr. Liao alleged of violating the Securities and Exchange Act which was under investigation by the New Taipei Field Division, MJIB.</p>
2014/4/30-5/1	The delegates of the AMLD participated in the International Conference on Regulatory Impact Analysis held by the National Development Council.
2014/5/22	The delegates of the Bundeskriminalamt (BKA), German visited the MJIB and attended working meeting.
2014/5/27-31	The delegates of the AMLD participated in the APG Pre-Mutual Evaluation and National Risk Assessment Training Workshop in Seoul, Korea.
2014/5/30-6/13	The delegates of the AMLD participated in the 22nd Egmont Group Plenary in Lima, Peru. The AMLD signed MOUs or agreements concerning the exchange of information related to AML/CFT with Canada, Burkina Faso, Sint Maarten, and Trinidad and Tobago on June 5.
2014/5	The AMLD assisted authorities to seize more than NTD200 million related to Company L alleged of violating the Banking Act which was under investigation by the Taipei Field Division, MJIB.
2014/6/12	The delegates of the U.S. Federal Bureau of Investigation visited the MJIB and attended working meeting.
2014/6/20-29	The delegates of the AMLD participated in the 3rd Plenary Meeting of FATF-XXV in Paris, France.

2014/7/13-19	The delegates of the AMLD participated in the 17th APG Plenary and Working Group Meeting in Macau, Mainland China.
2014/7/18	The delegates of the Hong Kong, Macau, Taiwan Affairs Office, Ministry of Public Security, Mainland China, visited the MIJB and attended the working meeting.
2014/7/24	Mr. Denis Membreño Rivas, the Major General, and Mr. Aldo Martín Sáenz Ulloa, the Sub Director of the Financial Analysis Unit, Republic of Nicaragua came to Taiwan and signed Agreement Concerning Cooperation Related to the Prevention of Crimes of Money Laundering and Financing of Terrorism and Proliferation of Weapons of Mass Destruction with the MJIB.
2014/8/4	The delegates of the AMLD participated in the Explanation Seminar on Specimen of the Directions Governing Anti-Money Laundering and Combatting the Financing of Terrorism by the Banking Sector held by the Bankers Association of the Republic of China.
2014/8/22	The delegates of the AMLD participated in the constitution meeting of the national level task force for the preparation of the APG 3rd mutual evaluation held by the MOJ.
2014/8/25-26	The delegates of the AMLD participated in the ARIN-AP 1st Annual General Meeting in Jogjakarta, Indonesia.
2014/8/25-29	The delegates of the AMLD participated in the Egmont Group's Strategic Analysis Course in Strasbourg, France.

2014/9	The AMLD disseminated the information of cash withdrawing with large amount from Mr. Kao's account to the Pingtung District Prosecutors Office for further reference. Mr. Kao was alleged of violating the Act Governing Food Safety and Sanitation.
2014/9/28-10/3	The delegates of the AMLD went to Ha Noi, Vietnam and had lectures together with French Financial Intelligence Unit (FIU) in the AML/CFT Seminar held by State Bank of Vietnam.
2014/10/15	The delegates of the AMLD participated in the Practice Forum on AML/CFT for Banking Sector held by the Taiwan Academy of Banking and Finance.
2014/10/18-24	The delegates of the AMLD participated in the 1st Plenary Meeting of FATF-XXVI in Paris, France.
2014/10/27	The delegates of Guang Dong Provincial Public Security Department, Mainland China, visited the MJIB and attended the working meeting.
2014/10	The AMLD disseminated the information of cash withdrawing with large amount from Company T's accounts to the Changhua District Prosecutors Office for further reference. Company T was alleged of involving the oil scandal.
2014/11/13	Mr. Edwin S. Saeger, the Section Chief of AIT Economic Section, visited the AMLD.
2014/11/17-22	The delegates of the AMLD participated in the FATF/APG Joint Experts' Meeting on Typologies and the APG Technical Seminars.

2014/12/2-5	The delegates of the AMLD participated in the 7th Cross Strait Forum on Criminal Law in Macau, Mainland China.
2014/12/8	The AMLD held the AML/CFT Seminar for Banking Sector.
2014/12/9	The delegates of the Ministry of Public Security, Vietnam visited the MJIB.
2014/12/15-19	In order to sponsor Cambodia FIU join the Egmont Group, the AMLD and the Anti-Money Laundering Office (AMLO) (Thai FIU) composed an on-site team to Phnom-Penh, Cambodia to assess the operational status of Cambodia FIU.

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