



CHIEF EDITOR'S PREFACE

The Anti Money Laundering Division (AMLD), Investigation Bureau, Ministry of Justice, was established on April 21, 1997. It began executing tasks related to financial intelligence unit (FIU) and anti-money laundering (AML) on April 23, 1997. In the past 20-odd years since the establishment of AMLD, the liberalized economy, digitized finance, and technological management have resulted in unmeasurable innovations and progress. On the other hand, such developments have also created tough challenges and impacts: transnational, diversified and technological criminal and money laundering activities have obliterated the borders among countries and industries. This development highlights the importance of international cooperation, cross-disciplinary coordination, and partnership between the public and private sectors.

Taiwan's Money Laundering Control Act came into effect in 1997. In the same year, Taiwan joined the Asia/Pacific Group on Money Laundering (APG). Until now, Taiwan has undergone three rounds mutual evaluations. The first round took place in 2001; the second round in 2007; and the third round in 2018. In the recent third round mutual evaluation, Taiwan was placed under regular follow-up process. This achievement is credited to the selfless and cross-disciplinary coordination and collaboration between the public and private sectors. Noteworthy is that the evaluation team also emphasized in its recommendations the importance of information sharing, collaboration, and coordination among supervisory agencies, law enforcement agencies, FIU, and private reporting entities.

Since the enactment of the Money Laundering Control Act, the AMLD has acted as an FIU approved by the Executive Yuan, and has been committed to consolidate the mechanism of receiving, analyzing and disseminating financial intelligence. We have also been aware that combating crime, preventing money laundering and countering financing of terrorism and proliferation of weapons of mass destruction have never been a one-dimensional work. They

require not only the cooperation and coordination among policy makers, law enforcement agencies, supervisory agencies, reporting entities, and FIU, but also the public's understanding and tolerance. Only with the fulfillment of such requirements can financial intelligence be optimized, serious crimes be uncovered, illegal proceeds be blocked, and AML mechanism be strengthened. The objectives of issuing the AMLD PRESS are to create a platform for integrating knowledge and information related to AML, counter-terrorist financing (CFT), and counter-proliferation; to expand the scope of cross-disciplinary "3P" (public-private partnership) exchange methods; to compile professional opinions on relevant statistics, criminal trends, transaction patterns and prevention work focuses for the reference of relevant competent authorities, institutional partners and the general public. In doing so, we may improve our ability to identify risks, so as to adopt preventive measures commensurate with the risks, appropriately allocate limited resources, and focus on high-risk activities, thereby strengthening the mechanisms of AML, CFT, and counter-proliferation.

Our special thanks are due to AML partners who have continuously supported, guided, critiqued and advised AMLD. The mutual evaluation procedures has created exchange opportunities and a platform for diversified and intensive dialogs between the public and the private sectors. We look forward to continuing to work with our partners in the future and create for Taiwan an environment of safe and transparent money flows and steady financial development in which crimes have nowhere to hide, and thereby making a contribution to the progress, prosperity and stability of Taiwanese society.



Respectfully, AMLD Head



APG ME assessors Michelle Harwood (APG Secretariat, fourth from left) and Mahmoud Karam (Egyptian FIU, fourth from right) conducted on-site evaluation of the AMLD on November 13, 2018

TAIWAN WAS PLACED UNDER REGULAR FOLLOW-UP PROCESS IN THE THIRD ROUND MUTUAL EVALUATION

The APG convened its 22nd Annual Plenary in Canberra, Australia during August 18 – 23, 2019. Chinese Taipei (Taiwan)'s 3rd Mutual Evaluation Report (MER) was unanimously adopted, and Chinese Taipei was eventually placed under regular follow-up process during the Annual Plenary in the forenoon of August 22. Regarding the technical compliance with the Financial Action Task Force 40 Recommendations, Chinese Taipei was rated C (complaint) in 10 Recommendations, LC (largely complaint) in 26 Recommendations, and PC (partially complaint) in 4 Recommendations. Regarding the level of effectiveness, Chinese Taipei was considered to have achieved 7 substantial level of effectiveness (SE) and 4 moderate level of effectiveness (ME) in 11 Immediate Outcomes.

As Taiwan's FIU, Immediate Outcome 6 is the most related effectiveness categories to the AMLD: "Financial Intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations." In terms of the technical compliance, the AMLD is associated with Recommendation 29: "Countries should establish a financial intelligence unit (FIU) that serves as a national centre for the receipt and analysis of: (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis." Regarding the Immediate Outcome 6, the assessment team recognized that AMLD handles a massive amount of STRs and Cash Transaction Reports (CTRs) every year. The analysts are all well-equipped and experienced, and the value-added financial intelligence analysis reports they disseminate can provide supports for competent authorities. The AMLD can also make good use of the channel of the Egmont Group for supporting law enforcement agencies to overcome difficulties in international cooperation. For these reasons, Taiwan has a substantial level for effectiveness for Immediate Outcome 6. In addition, AMLD can accept financial intelligence related to suspicious ML, TF and other specified unlawful activity, and can produce value-added financial intelligence reports to be disseminated to competent authorities for further reference, thus realizing the core function for an FIU as specified in Recommendation 29. For these reasons, Recommendation 29 was rated largely complaint. However, AMLD also discovered its weaknesses during this evaluation process, and will be committed to continual improvement by reviewing its deficiencies and improving its action plans, while continuing to work with relevant domestic authorities and agencies on AML, CFT and counter-proliferation. (For the full Chinese Taipei Mutual Evaluation Report, see: <http://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-chinese-taipei-2019.html>)

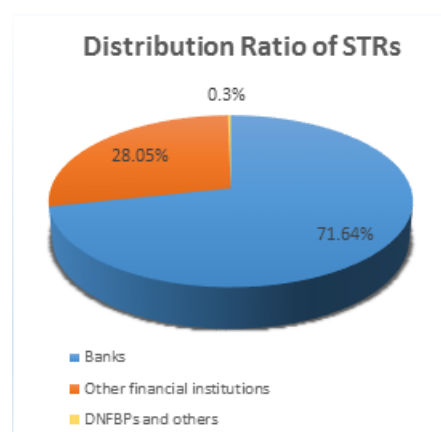
AMLD STATISTICS

.STR statistics: The total number of STR from January 1, 2019 to September 30, 2019 stood at 19,556.

STRs received by the AMID: 2018.1.1~2018.9.30: 27,400 / 2019.1.1~2019.9.30: 19,556					
Reporting Entities	2018 1.1~9.30	2019 1.1~9.30	Reporting institution	2018 1.1~9.30	2019 1.1~9.30
Domestic banks	19,767	13,970	Securities investment trust enterprises	68	24
Foreign bank branches	13	13	Securities finance enterprises	9	2
Trust and investment enterprises	0	0	Securities investment consulting enterprises	1	0
Credit cooperatives	952	601	Centralized securities depository enterprises	13	15
Credit departments of farmers' associations	818	551	Futures merchants	31	43
Credit departments of fishermen's associations	31	35	Designated non-financial businesses or professions (DNFBPs)	65	55
Chunghwa Post	3532	2915	Mainland banks	5	27
Bills finance companies	5	0	Electronic payment service providers and electronic stored value card issuers	29	91
Credit card companies	18	16	Foreign currency exchange counters	81	2
Insurance companies	1429	898	Innovative experimentation service providers	0	2
Securities firms	533	295	Financial leasing	0	1

Note: STR statistics is verified with reporting entities on a half-yearly basis. The numbers in this table include some unverified numbers, and may therefore be liable to slight discrepancies when compared with the final statistics of the AMLD's annual report.

STRs Reported by DNFBPs		
Category of DNFBP	2018.1.1~9.30	2019.1.1~9.30
Certified Public Accountants	40	25
Bookkeepers	2	0
Jewelry retailers	2	2
Land administration agents	11	9
Attorneys	2	0
Notaries	4	18
Real estate brokers	1	1
Company service providers	3	0
Total	65	55



. Statistics of International Cross-border Transportation Reports (ICTRs)

ICTRs received by the AMLD		
Custom/Period	2018 1.1~9.30	2019 1.1~9.30
Taipei	29,601	23,899
Keelung	84	81
Kaohsiung	6,645	6,113
Taichung	414	392

Reminder from AMLD - threshold for exemption from customs declarations:

1. For New Taiwan Dollars, below NT\$100,000
2. For China's currency, below CNY 20,000
3. For foreign currencies (incl. HKD and MOP) and negotiable securities: below US\$10,000 or equivalents
4. For gold: below US\$20,000 or equivalents
5. For diamond, precious stones and platinum: below NT \$500,000 or equivalents

. Statistics of Currency Transaction Reports (CTRs)

CTRs received by the AMLD		
Reporting institution	2018 1.1~9.30	2019 1.1~9.30
Domestic banks	1,906,945	1,818,510
Foreign banks	10,898	8,229
Credit cooperative associations	101,225	94,410
Credit departments of farmers' and fishermen's associations	207,066	197,600
Chunghwa Post	228,061	204,078
Insurance companies	5,515	4,553
Jewelry businesses	56	74
Others	4	3
Total	2,459,770	2,327,457

Reminder from AMLD :

Financial institutions which dispatch security service firms to collect cash exceeding NT \$500,000 on their behalf shall also make CTRs according to the laws, or submit account information for future reference and be thus exempt from CTR in accordance with Article 14 of the Regulations Governing Anti-Money Laundering of Financial Institutions.

. Statistics of international intelligence exchange

Intelligence exchanges (Period: 2019.1.1~9.30)		
Matter	Cases	Report
Foreign entities requests	49	198
Chinese Taipei requests	37	270
Foreign entities provided	68	163
Chinese Taipei provided	12	33
other matters	0	194
Total	166	858

International intelligence exchange is conducted via the security network of the Egmont Group. Recognizing the importance of international cooperation in AML and CFT, FIUs in countries around the world convened in the Egmont Palace in Brussels, Belgium on June 9, 1995, and resolved to establish a non-official network known as the Egmont Group of Financial Intelligence Units. It serves as a platform for intelligence exchange between FIUs in countries around the world, in order to facilitate the international cooperation in AML/CFT and assist with each country ' s development of AML/CFT mechanism.

EVENT HIGHLIGHTS

▶ Seminar on Criminal Money Flow and Anomalous Transaction Patterns

AML, the Banking Bureau of the Financial Supervisory Commission, and the Taiwan Financial Services Roundtable co-organized the Seminar on Criminal Money Flow and Anomalous Transaction Patterns on May 24 this year (2019). A total of 140 AML specialists from 63 financial institutions attended the event. The seminar focused on the eight crime types of very high ML risk to which Taiwan is vulnerable, and analyzed criminal money flow and anomalous transaction patterns, hoping in doing so to improve and elevate financial institutions' capability of suspicious transaction pattern identification and effectiveness of their reporting mechanisms.

▶ Participating in the annual meeting of the Egmont Group

The plenary and committee meeting of the Egmont Group for the current year were held in the World Forum (The Hague, Netherlands) during June 30–July 5, 2019. A total of 497 delegates attended the event. During the Asia Pacific regional sessions, held in the afternoon of July 2 and the morning of July 3, 2019, delegates from AML presented on the operating mechanisms, effects, and challenges of the investigation task force composed of personnel from Taiwan's prosecutors agencies, judicial police agencies, and FIU, for other countries' reference. It also reported to the members in this region on the progress of sponsoring Vietnam FIU's application for Egmont membership.

▶ Participating in the 22nd APG Annual Meeting

The 22nd APG Annual Meeting were held in Hotel Realm, Canberra, Australia, during August 18–23, 2019. The Financial Supervisory Commission, delegate of Chinese Taipei, presented on the ML/TF risks in virtual currency and the international cooperation of supervisory agencies in the technical seminar held on August 18. In the General Meeting from day 3 to day 6, the mutual evaluations review of China, Hong Kong, Pakistan, the Solomon Islands, Philippines, and Chinese Taipei were completed. During the General Meeting, the FATF also proposed its Terrorist Financing Risk Assessment Guidance, while delegates from Malaysia shared the experience of its AML/CFT framework. A total of 46 jurisdictions, 13 international organizations, and approx. 520 delegates attended the Annual Meeting.

▶ Signing memorandum of understanding on international cooperation

The AML and the Superintendency of Banks Through the Special Verification Intendancy (IVE) of the Republic of Guatemala have completed the signing of Agreement Concerning Cooperation in the Exchange of Information Related to Money or Other Assets Laundering, Associated Predicate Offences and Terrorism Financing in The Hague, Netherlands on July 3, 2019. In Canberra, Australia on August 20 of the same year, AML signed the Memorandum of Understanding Concerning Cooperation in the Exchange of Financial Intelligence Related to Money Laundering, Associated Predicate Offences and Terrorism Financing with the FIUs of East Timor, Tonga, and Papua New Guinea. We believe that the agreement/MOU will be of great help to the collaborative combating of transnational ML crimes, serious crimes, and TF activities in the future.

LAW UPDATES

- ▶ **Regulations Governing Anti-Money Laundering and Countering Terrorism Financing of Financial Technology Innovative Experimentation**: The Regulation took effect on May 15, 2019, and are applicable as stipulated following the approval by the FSC on January 31, 2019 of two innovative experiments in small-amount cross-border remittance of immigrant workers performed by non-financial businesses. The Regulations regulate the scope, methods and procedures related to the confirmation of customers' identity, monitoring of transactions, retention of records, internal control and internal auditing, and STR concerning cross-border remittance innovative experimentation applicants.
- ▶ **The Management, Utilization, and Taxation of Repatriated Offshore Funds Act**: This Act took effect on August 15, 2019. Its sub-acts, including the Ministry of Finance's Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds, the MOEA's Regulations Governing the Investment of Repatriated Offshore Funds, and the FSC's Regulations Governing the Financial Investment, Management, and Utilization of Repatriated Offshore Funds, were also promulgated and enacted on the same day. The Act stipulates that an offshore fund intended for a preferred tax rate to be repatriated must be deposited into a segregated account used for substantial investments and financial investments for 5 years. Applications shall be accepted by the Ministry of Finance and reviewed in consultation with the account-handling banks. Review categories include matters related to AML and CFT.

RECENT ACTIVITIES

- ▶ The Bankers Association of the Republic of China organized the 2019 regulatory compliance forum on AML Practical Case Analysis on November 6 2019, aiming to enhance financial institutions' compliance and AML/CFT capacity. In the forum, financial service providers shared their AML/CFT practical approaches and STR experience, while law enforcement agencies including the Investigation Bureau and AMLD were also invited to share information of criminal cases and patterns to improve the effectiveness of detecting and preventing ML and TF.
- ▶ The AMLD organized a communication meeting for financial institution operational AML/CFT specialists on November 14, 2019, which aimed to facilitate intensive exchanges among AML and CFT stakeholders. The supervisory agency FSC, compliance officers from financial institutions, and AML specialists from self-regulatory bodies were invited to attend the event to exchange and discuss relevant issues, thus advancing the partnership between the public and private sectors.
- ▶ The Taiwan Securities Association organized the Forum and Seminar on AML/CFT Compliance for Securities Firms on November 29, 2019. The Financial Examination Bureau under the FSC was invited to share information of common weaknesses in securities firms' AML and CFT operations and inspection cases. AMLD was also invited to share the FIU's feedback related to securities firms' STRs, in order to improve the securities firms' STR quality.

APPENDIX : LATEST TRENDS IN RECENT INTERNATIONAL POLICIES AND GUIDANCES ON VIRTUAL ASSET/CURRENCY

► International Virtual Currency-Related Supervisory Information

The U.S. Securities and Exchange Commission (SEC), U.S. Commodity Futures Trading Commission (CFTC), and Financial Crimes Enforcement Network (FinCEN) may, when a virtual currency service is within the scope of their supervision, supervise the service provider. For instance, the SEC made a stipulation in July 2017 that currency issuance or chip sales based on distributed ledger and blockchain technologies shall be subject to federal regulations of securities. In addition, the Advancing Innovation to Assist Law Enforcement Act was passed in the U.S. House of Representatives on September 19, 2019. This Act requires FinCEN to study innovative technology and use technologies such as AI, digital identity, and blockchain to improve the performance of FinCEN's data analysis as well as law enforcement.

The Financial Conduct Authority (FCA, UK) issued Guidance on Cryptoassets on January 23, 2019. It assists the market in participating in and understanding the scope of digital asset-related supervision, and points out that cryptoassets can be viewed as specific investment or financial tools under state supervision, to which current regulations are applicable according to the service providers' business categories.

The virtual currency market is viral in Japan, and is effectively supervised by the Financial Services Agency (FSA, Japan). In April 2017, Japan's Payment Services Act took effect, which defines virtual currencies such as Bitcoin as a new payment method. It also takes further steps to regulate relevant supervisory measures on crypto-currency exchange and initial coin offering (ICO), and requires relevant platform service providers to register and take measures to protect consumers.

China has banned virtual currency-related exchanges since September 2017, and refuses to recognize virtual currencies as fiat currency or any kind of payment tool. Citizens may hold virtual currencies but may not legally exchange them into fiat currency. The government, on the other hand, has shifted its focus to the development of blockchain technology.

In January 2019, the Parliament of Singapore passed the Payment Services Act, bringing Virtual Currency dealing or exchange services under the regulation of the Monetary Authority of Singapore (MAS). The MAS is also in charge of reviewing and approving certification of virtual currency service providers, and has the power to obtain relevant information from service providers and conduct on-site inspections.

In Taiwan, currently, "virtual currency platform or transaction" is included in the categories under money laundering control in accordance with Article 5 of the Money Laundering Control Act, with the Financial Supervisory Commission (FSC) acting as the central competent authority. However, the FSC acts as the competent authority for the AML purpose; the competent authorities in charge of industrial governance, operation and management, and consumer protection remain undetermined.

► **The FATF finalised the Interpretive Note to Recommendation 15 and Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers**

In October 2018, the FATF amended Recommendation 15 and the glossary: Virtual Asset (VA) and Virtual Asset Service Providers (VASPs). In June 2019, the FATF further finalised the Interpretive Note to Recommendation 15, which points out that, in order to prevent money laundering, counter terrorist financing, and establish a fair environment of competition for the virtual asset system, countries are required to evaluate and mitigate the ML/TF risks brought by virtual assets and related service providers. Furthermore, states shall formulate relevant supervisory policies in which VASP-related industries are required to obtain permission from state supervisory agencies. Should the VASPs neglect to perform relevant AML/CFT duties, the states shall impose effective and deterrent sanctions or coercive measures. The report also points out that the states must require VASPs to assess and mitigate ML/TF risks. VASPs must comprehensively perform relevant preventive duties as recommended by the FATF, including customer due diligence, record keeping, STR reporting, and screening of targeted financial sanctions.

The FATF believes that the abuse of virtual currencies by criminals and terrorists has become a tough and urgent issue, and calls on all countries to take immediate measures. From now on, assessments will specifically look at how well countries have implemented these measures. Countries that have already undergone their mutual evaluation must report back during their follow-up process on the actions they have taken in this area. Also, as continual dialog with the private sector is conducive to immediate response to emergent risks, the FATF will closely monitor the developments and will continue to actively engage with the private sector to clarify the FATF's requirements as they work to comply with them.

The FATF also finalised the Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers in June 2019 to assist countries and VASPs in understanding and complying with AML/CFT obligations. For details, please see: <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/guidance-rba-virtual-asset.html>.

In October 2019, the FATF meeting further mentioned that emerging assets including stablecoins (e.g., Facebook's Libra) and related global networks and platforms will have an impact on the virtual currency ecosystem and contain implicit ML and TF risks. Stablecoins and their service providers must therefore be subject to the regulation of FATF standards, as virtual assets and virtual asset service providers or as traditional financial assets and their service providers.

► **Patterns for reference in FinCEN's Advisory on Illicit Activity Involving Convertible Virtual Currency**

FinCEN issued its Advisory on Illicit Activity Involving Convertible Virtual Currency on May 9, 2019. The Advisory not only discloses virtual currency-related risks and shares information of virtual currency abuse cases, but also points out that unregistered virtual currency service providers are abused or fail to police those who exploit their platforms for the purpose of criminal activities. FinCEN has provided a list of Red Flag Indicators of which the virtual currency service providers might be abused by criminals:

▶ **Darknet Marketplaces**

- 1、 A customer conducts transactions with CVC addresses that have been linked to darknet marketplaces or other illicit activity.
- 2、 A customer's CVC address appears on public forums associated with illegal activity.
- 3、 A customer's transactions are initiated from IP addresses associated with Tor.
- 4、 Blockchain analytics indicate that the wallet transferring CVC to the exchange has a suspicious source or sources of funds, such as a darknet marketplace.
- 5、 A transaction makes use of mixing and tumbling services, suggesting an intent to obscure the flow of illicit funds between known wallet addresses and darknet marketplaces.

▶ **Unregistered or Illicitly Operating P2P Exchangers**

- 6、 A customer receives multiple cash deposits or wires from disparate jurisdictions, branches of a financial institution, or persons and shortly thereafter uses such funds to acquire virtual currency.
- 7、 A customer receives a series of deposits from disparate sources that, in aggregate, amount to nearly identical aggregate funds transfers to a known virtual currency exchange platform within a short period of time.
- 8、 Customer's phone number or email address is connected to a known CVC P2P exchange platform advertising exchange services.

▶ **Darknet Marketplaces**

- 9、 A customer transfers or receives funds, including through traditional banking systems, to or from an unregistered foreign CVC exchange or other MSB with no relation to where the customer lives or conducts business.
- 10、 A customer utilizes a CVC exchanger or foreign-located MSB in a high-risk jurisdiction lacking, or known to have inadequate AML/CFT regulations for CVC entities, including inadequate KYC or customer due diligence measures.
- 11、 A customer directs large numbers of CVC transactions to CVC entities in jurisdictions with reputations for being tax havens.
- 12、 A customer that has not identified itself to the exchange, or registered with FinCEN, as a money transmitter appears to be using the liquidity provided by the exchange to execute large numbers of offsetting transactions, which may indicate that the customer is acting as an unregistered MSB.

▶ **Unregistered or Illicitly Operating CVC Kiosks**

- 13、 A customer operates multiple CVC kiosks in locations that have a relatively high incidence of criminal activity.
- 14、 Large numbers of transactions from different customers sent to and from the same CVC wallet address but not operating as a known CVC exchange.

▶ **Illicit Activity Leveraging CVC Kiosks**

- 15、 Structuring of transactions just beneath the CTR threshold or the CVC kiosk daily limit to the same wallet address either by using multiple machines (i.e., smurfing) or multiple identities tied to the same phone number.

► Other Potentially Illicit Activity

- 16、 A customer conducts transactions with CVC addresses that have been linked to extortion, ransomware, sanctioned CVC addresses, or other illicit activity.
- 17、 A customer's transactions are initiated from non-trusted IP addresses, IP addresses from sanctioned jurisdictions, or IP addresses previously flagged as suspicious.
- 18、 Use of virtual private network (VPN) services or Tor to access CVC exchange accounts.
- 19、 A customer initiates multiple rapid trades between multiple virtual currencies with no related purpose, which may be indicative of attempts to break the chain of custody on the respective blockchains or further obfuscate the transaction.
- 20、 A customer provides identification or account credentials (e.g., non-standard password, IP address, or flash cookies) shared by another account.
- 21、 A customer conducts transactions or rapidly executes multiple conversions between various types of different CVCs below relevant due diligence, recordkeeping, or reporting thresholds and then transfers the value off of the exchange.
- 22、 Discrepancies arise between IP addresses associated with the customer ' s profile and the IP addresses from which transactions are being initiated.
- 23、 A customer significantly older than the average age of platform users opens an account and engages in large numbers of transactions, suggesting their potential role as a CVC money mule or a victim of elder financial exploitation.
- 24、 A customer shows limited knowledge of CVC despite engagement in CVC transactions or activity, which may indicate a victim of a scam.
- 25、 A customer declines requests for “ know your customer ” documents or inquiries regarding sources of funds.
- 26、 A customer purchases large amounts of CVC not substantiated by available wealth or consistent with his or her historical financial profile, which may indicate money laundering, a money mule, or a victim of a scam.
- 27、 A common wallet address is shared between accounts identified as belonging to two different customers.
- 28、 Deposits into an account or CVC address significantly higher than ordinary with an unknown source of funds, followed by conversion to currency of legal tender, which may indicate theft of funds.
- 29、 Multiple changes to email address and other contact information for an account or customer which may indicate an account takeover against a customer.
- 30、 Use of language in CVC message fields indicative of the transactions being conducted in support of illicit activity or in the purchase of illicit goods, such as drugs or stolen credit card information.

VIRTUAL CURRENCY-RELATED CASES

► Investment in virtual currencies as a criminal pretext

In 2017, Person A, B, C, D and E, co-established Company X's Taiwan Office in Taichung. They were aware that any person other than a bank may not operate or accept deposits, nor are they allowed to receive and concentrate funds from various individuals and reach agreements or make payments of cash dividends, interest, stock dividends or other forms of remuneration that are significantly disproportionate to the principal, in the name of borrowing, accepting investments, turning investors into shareholders, etc. However, based on the continual criminal intent for fraud and violation of the Banking Act, they have organized public seminars in Mainland China, Kaohsiung, Taichung, etc. In these seminars, they made false claims to various individuals that investment in "RM"(an electronic money issued by Company X) can be indirectly connected to investment in Bitcoin, and guaranteed that RM's value would increase by 0.21–0.35% daily, and make a recovery of 355% of the capital and interest within a year. By multi-level marketing, various individuals were entrapped and have paid these persons in cash or Bitcoin totaling approx. NT\$1.5 billion.

After receiving the money, A, B and C immediately used a portion to purchase Bitcoins, which were then transferred along with the Bitcoins acquired from the investors to the Bitcoin wallet controlled by A, B and others. Later, in 2018, under the pretexts including that investors must undergo real-name authentication before withdrawing principals and bonuses, A and others postponed the agreed payment of principals and interests. Afterwards, they even closed company X's website, thus making investors unable to access investment amounts and remunerations. Upon receiving reports, law enforcing agencies immediately investigated the case. The illegal proceeds of 197.00433775 Bitcoins and 8.3 Ethers in total, which were concealed and transformed by A, B, C and others, were seized. The prosecutor has indicted the persons involved in the case for violation of the Banking Act. The case is currently under trial at the Taiwan Taichung District Court.

► Virtual currencies as a money laundering method or channel

In 2017, Persons A, B, and others was aware that any person other than a bank may not operate or accept deposits, nor are they allowed to receive and concentrate funds from various individuals in the name of borrowing, accepting investments, turning investors into shareholders, etc. However, without permissions from competent authorities, they still publicly made false claims via face-to-face canvassing, investment seminars, or communication software such as Line, that mechanisms of hedge and arbitrage in sports betting guarantee profits varying from 84% to 180%. In addition, they also used multilevel marketing, and offered complimentary holiday trips or organized promotion events in which high-priced prizes including luxury cars and golds were offered. These tricks have successfully entrapped approx. 3,000 individuals, who have paid

investment amount totaling over NT\$6.5 billion.

In order to disguise or conceal the massive illegal proceeds mentioned above, A, B and others not only remitted portions of the illegal proceeds through other members of their criminal organization via underground banking to Mainland China or other countries, thus concealing them, but also purchased Bitcoin or other virtual currencies with other portions of the proceeds, thereby transforming and concealing them. The prosecutor has indicted the persons involved in the case for violation of the Banking Act. The case is still under trial at the Taiwan New Taipei District Court.

► Money laundering using virtual currency

In 2015, Persons A, B and C formed a telecommunications fraud organization. Based on the criminal intent liaison for obtaining other's properties by fraud, A and B represented the organization and made phone calls to many Mainland Chinese individuals including X, Y and Z, to whom they falsely claimed that they were involved in financial criminal cases and were therefore subject to property inspection, etc. Thus entrapped, X, Y, Z and others followed the instructions of A and B and remitted an amount of money to accounts under A and B's disposal. After successfully executing the fraud, A and B immediately transferred the amount to a group account α opened under others' names, and then immediately transferred the amount in group account α , through the intermediary group account β under the control of C, to a dummy debit account opened to purchase Bitcoins. Subsequently, the aforementioned illegal proceeds by fraud were debited to purchase Bitcoins through Bitcoin dealers. This transaction being successful, C immediately transferred the Bitcoins within the dummy account to other Bitcoin e-Wallets owned and managed by C, in order to transform and conceal the illegal proceeds.

Afterwards, C sold the Bitcoins within the e-Wallets. The money earned from this sale was transferred to a designated group account , followed by another transfer to group account . Then, following the instructions from B and C, the amount in was transferred to a designated account. By using cash withdrawal and underground banking to create breaks in the money flow, the members of the fraud ring indirectly transferred the proceeds to other members in Taiwan. The prosecutor has indicted the persons involved in the case for fraud. The case has been convicted.



Anti-Money Laundering Division Copyright
Address : 74, Chung-Hua RD., Hsin-Tien Dist.
New Taipei City 23149, Taiwan, R.O.C.
Tel : +886-2-29189746 ; Fax : +886-2-29131280
E-mail : aml@d.mjib.gov.tw
Website : www.mjib.gov.tw/mlpc