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ANTI-MONEY LAUNDERING  
ANNUAL REPORT,2006

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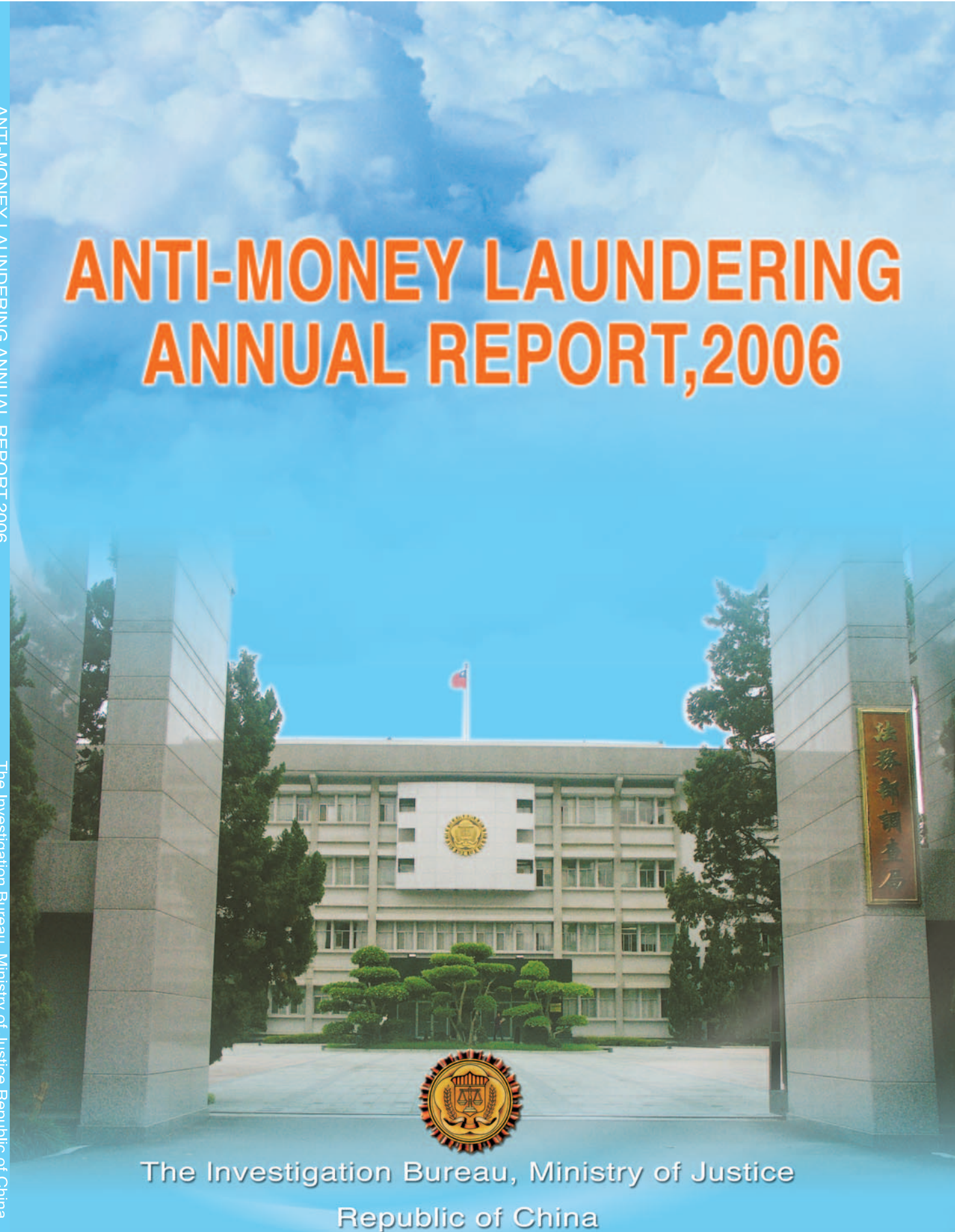


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ANTI-MONEY LAUNDERING ANNUAL REPORT,2006

The Investigation Bureau, Ministry of Justice Republic of China

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Anti-Money Laundering Annual Report, 2006



# Introduction

It has been over 10 years since Taiwan enacted the Money Laundering Control Act (MLCA) on October 23, 1996, after the approval from the Legislative Yuan and orders from the President. During this period, the anti-money laundering system in Taiwan has been strengthened with support from the competent agencies, financial institutions and general public. The focus in the future is to bring the anti-money laundering system in Taiwan in line with international standards as well as to prevent money laundering behaviours by criminals.

Asia/Pacific Group on Money Laundering (APG) arrived in Taiwan in late January 2007 for a two-week visit to embark on its second-round evaluations of robustness of the legal framework and effectiveness of anti-money laundering measures in Taiwan. In order to prepare for these evaluations by synchronizing the legal regulations and measures of anti-money laundering in Taiwan with international norms, the Ministry of Justice started in June 2005 to invite all the relevant government agencies and organize a total of meetings to coordinate efforts. The Money Laundering Prevention Center (MLPC) of the Investigation Bureau (MJIB) acts as the secretariat for the evaluations. As the result of APG's evaluations determines Taiwan's reputation in anti-money laundering activities in the international community, all the relevant government agencies made their best efforts. Also, the Ministry of Justice held a total of four meetings to discuss the amendments of the MLCA between April and August of 2006. A draft amendment of the MLCA shall be submitted to the Executive Yuan for review. The enactment of this amendment will be another milestone for Taiwan's efforts in anti-money laundering.

In order to further comply with Recommendation 32 of the 40 Recommendations issued by Financial Action Task Force on Money

Laundering (FATF) amended in 2003, this annual report provides statistics regarding the number of prosecuted cases, figures of Currency Transaction Reports (CTRs) and Suspicious Activities Reports (SARs). Meanwhile, to enrich the contents of this annual report, gain an understanding of the global trends in anti-money laundering and provide insights to the mechanism and practices of anti-money laundering in Taiwan, we cordially invited Prosecutor Chu Li-Hou at the Taiwan Banciao District Prosecutors' Office to compile a special report "Suggestions for Preliminary Investigations of Major Financial Crimes with Anti-Money Laundering Measures".

Colleagues at the MLPC also compiled and translated some reports "Insights and Interpretations of Practices in Taiwan in 2006", "CTRs and Money Laundering Crimes in the United States" and "New Payment Methods" for the reference of domestic academics and practitioners.

**Director, MJIB**

A handwritten signature in black ink that reads "Cheng-Maw Yeh". The signature is written in a cursive, flowing style.

May 2007



# Editor's Comments

## I Purpose

According to the 32nd Recommendation (of the 40 Recommendations revised in 2003) by FATF, countries should ensure that their competent authorities can review the effectiveness of their systems to combat money laundering and terrorist financing systems by maintaining comprehensive statistics on matters relevant to the effectiveness and efficiency of such systems. This should include statistics on the STR received and disseminated; on money laundering and terrorist financing investigations, prosecutions and convictions; on property frozen, seized and confiscated; and on mutual legal assistance or other international requests for co-operation.

This annual report gathered all the data on anti-money laundering from domestic financial institutions and judicial authorities for statistical analysis. Insights and interpretations regarding practices in Taiwan were collected. Chu Li-Hou, Prosecutor of the Taiwan Panchao District Prosecutors' Office was invited to compile a special report as a reference for academics and practitioners within and without Taiwan.

## II Contents

### **(I) The Annual Report consists of the following six parts:**

1. Organization Introduction
2. Annual Achievements (including statistical data and charts)
3. Cases
4. Major Events in 2006
  - (1) "Suggestions for Preliminary Investigations of Major Financial Crimes with Anti-Money Laundering Measures"
  - (2) Insights and Interpretations of Practices in Taiwan in 2006
5. Reports on Overseas Anti-Money Laundering Efforts

- (1) FATF's New Payment Technologies
- (2) CTRs and Money Laundering Crimes in the United States

#### 6. Annual Events

- (2) The Annual Report is based on data related to the MLPC's work on anti-money laundering, cases prosecuted by district prosecutors' offices regarding the violation of the Money Laundering Control Act (including delayed prosecutions and petitions for summary judgment) and judgment data provided by Judicial Yuan, of all which are collected and analyzed in the report.

### III. Notes

- (1) The years quoted in this Annual Report are based on the ROC calendar; however, years quoted in overseas reports and data refer to years of Christ.

The numbers of SARs, CTS and ICTRs are based on the number of reports.

The prosecutions by district prosecutors' offices and judgments at all levels of courts are based on the number of cases. The value of money is denominated in NTD.

Special cases are noted in corresponding figures (tables).

- (2) The percentages referred to herein are rounded off. The round-off may create slight differences between integers and decimals.

**IV. This Annual Report was compiled and printed in haste. Should you spot any errors or would like to make suggestions, we welcome your precious comments.**



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# Part 1

## Organization Structure



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The lucrative proceeds and wealth originated from serious crimes make it possible for organized crime syndicates to infiltrate government agencies of all levels, legitimate businesses, financial institutions and different parts of the society. United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotic Substance concluded in Vienna in 1988 stipulates state parties to constitute laws to penalize money laundering associated with drug trafficking. In 1996, 40 Recommendations brought forward by FATF requires that predicate offences for money laundering should extend to cover other serious offences. In response to the global trend to curb the detriments caused by money laundering, the Taiwanese government drafted the MLCA, which was passed by the Legislative Yuan on October 23, 1996 and took effect on April 23, 1997 upon the presidential promulgation. After over five years of implementations, the government drafted an amendment to tackle with the practical problems encountered. The drafted amendment was passed by the Legislative Yuan on January 13, 2003 and put into force on August 6, 2003 upon the presidential promulgation.

In order to prevent criminals from using financial institutions as a vehicle for money laundering and to detect major crimes and money-laundering offenses at the point of transactions, anti-money laundering legislations around the world all require financial institutions to file SARs. It is the same with Article 8 of the MLCA. FIU is responsible for receiving and analyzing SARs. In accordance with the authorization specified in Article 8 of the MLCA, the Investigation Bureau, Ministry of Justice, acts as the FIU in Taiwan. The MLPC was created on April 23, 1997, in accordance with the Executive Yuan's approved Organizational Ordinance for the Establishment of MLPC of the Investigation Bureau, Ministry of Justice.

The ideal structure that MLPC intends to build up is to have 5 sections and 42 employees. It currently has 3 sections and 26 employees. Please refer to Figures 1.A and 1.B for the MLPC's organizational structure, mandate and workflows. Its budget allocated for 2006 was NTD2.11 million.

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

1. Strategic research of anti-money laundering;
2. Dealing of SARs and CTRs filed by financial institutions;
3. Collection, analysis, processing and utilization of information related to money laundering;
4. Assistance to other domestic agencies in the investigations of money laundering cases and coordination/liaison in regard of the MLCA;
5. Liaison, planning, coordination and implementations of information exchange, personnel training and cooperation to investigate money laundering cases with foreign counterparties;
6. Filing, collation and consolidation of data relevant to money laundering;



©FATF

In the summit conference held by G-7 in Paris in 1989, it was acknowledged that money laundering activities were threatening the banking systems and financial institutions. The FATF was thus established to cope with the relevant issues.

The FATF has the responsibility of understanding the latest techniques and trends in money laundering. It makes sure that such developments have been incorporated into the anti-money laundering standards and measures, domestic and overseas. In order to construct an anti-money laundering architecture that can be commonly applied and to prevent criminals to use the financial systems as a vehicle, the FATF formulated 40 Recommendations in 1990. 40 Recommendations was amended in 1996 and 2003, to keep up with the times and cope with the newest money- laundering threats. Also, 9 Special Recommendations was defined in 2001 (amended in 2004) to combat terrorist financing.

The FATF's member countries (including member countries of international



organizations formed by FATF member countries) ensure the effective implementations of their own recommendations through self-assessment and mutual evaluations.

Currently, the FATF has 33 member countries (31 countries and territories and 2 international organizations), 2 observers (China and South Korea) and 3 associate members.

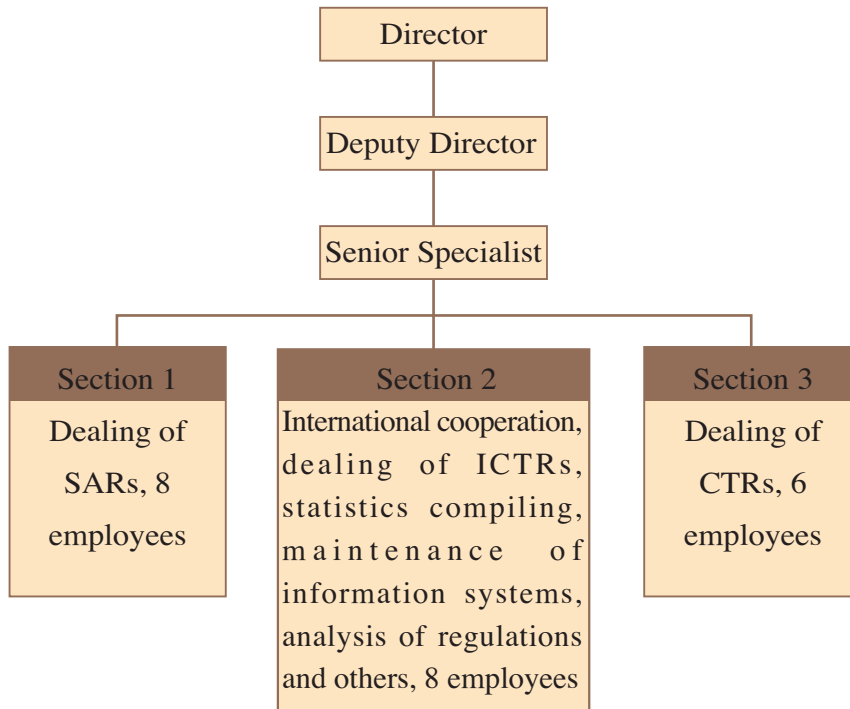
### ◎ **Financial Intelligence Unit (FIU)**

According to the FATF's Recommendation 13, 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, directly by law or regulation, to report promptly its suspicions to the financial intelligence unit (FIU). Recommendation 26 states that countries should establish a FIU that serves as a national centre for the receiving (and, as permitted, requesting), analysis and dissemination of STR and other information regarding potential money laundering or terrorist financing. The FIU should have access, directly or indirectly, on a timely basis to the financial, administrative and law enforcement information that it requires to properly undertake its functions, including the analysis of STR. Egmont Group, an international organization established by FIUs of different countries, defines FIU as a national center for the receiving (and, as permitted, requesting) and analyzing and disseminating to the relevant competent authorities the following disclosed financial information:

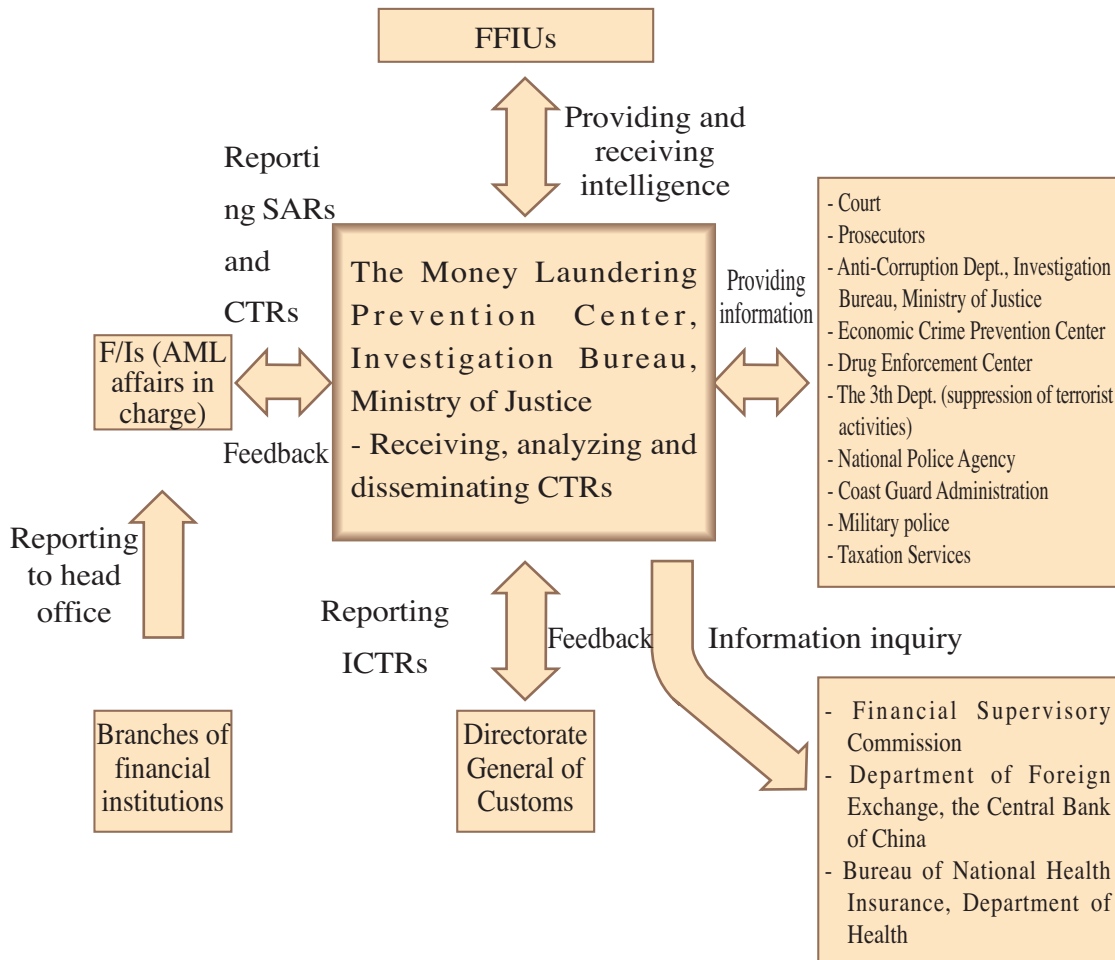
- (i) Suspicious crimes and assets; or
- (ii) Anti-money laundering information defined by national laws

Article 8-1 of the MLCA stipulates that financial institutions should confirm the identities of customers and keep records of certificates and documents for any transactions that they suspects funds are the proceeds of a criminal activity, and file reports to the designated authorities. In accordance with the authorization specified in Article 8 of the MLCA, the Investigation Bureau, Ministry of Justice (MJIB), acts as the designated authorities in Taiwan. Therefore, MJIB is the FIC in Taiwan.

**Figure 1.A: Organization chart of the MLPC**

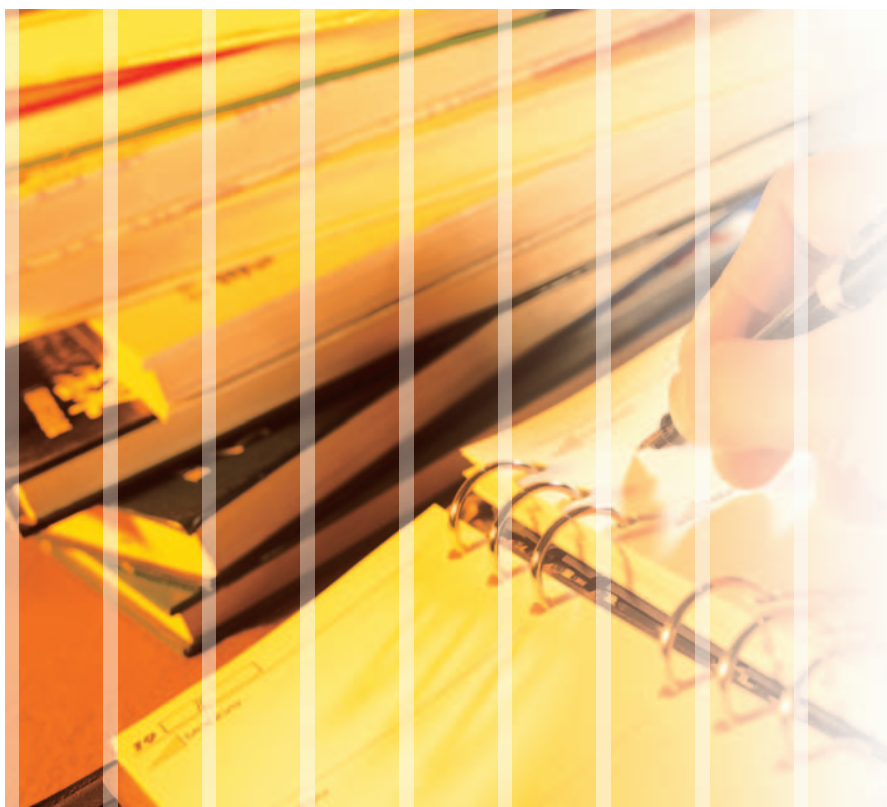


**Figure 1.B: Workflows at the MLPC**



## Part 2

# Annual Achievements



- I. Strategy Research
- II. Dealing of SARs from Financial Institutions
- III. Filings of CTRs
- IV. Receipt of International Currency Transportation Reports (ICTRs)
- V. Statistics of Money Laundering Case Prosecutions
- VI. Training Programs and Public Awareness
- VII. Support in Case Investigations and Mutual Legal Assistance Agreements in Criminal Justice

2006

## I. Strategy Research

### 1. Research and analysis of laws

In line with the elimination of occupational offenses from the Criminal Code (amended on February 2, 2005 and effective on July 1, 2006), the so-called major crimes stated in Article 3 of the MLCA in relation to occupational frauds in Article 340 and occupational usury in Article 345 of the Criminal Code were removed on May 30, 2006. Occupational money-laundering originally stated in Article 9-3 of the MLCA was also removed. The amendments took effect on July 1 of the same year.

In order to prepare for the mutual evaluations conducted by Asia/Pacific Group on Money Laundering (APG) in Taiwan in January 2007, to follow 40 Recommendations amended by the FATF in 2003 and 9 Special Recommendations formulated by the FATF in 2001 to combat terrorist financing and to keep up with the international demands and practical requirements, the Ministry of Justice organized a total of four meetings between April and August, 2006, to coordinate efforts in drafting the amendment to the MLCA. The drafted amendment will be submitted to the Executive Yuan for reviews. The key amended articles are as follows:

1. To follow the suggestion from the FATF to all the countries and to avoid any major loopholes in the anti-money laundering measures, it is intended to incorporate ordinary fraud stated in Article 339 and usury stated in Article 344 of the Criminal Code into Article 3-1-5 of the MLCA as major crimes. (Amendment to Article 3)
2. The financial institutions as defined by the MLCA should also include Agricultural Bank of Taiwan and trust companies, following the establishment of Financial Supervisory Commission, the publishing of Agricultural Finance Law and the appointment of the Ministry of Finance. In order to reflect the current structure of the competent authorities governing the financial sector, Financial Supervisory Commission and Council of Agriculture, Executive Yuan should be included in the competent authorities governing financial institutions stated in the MLCA.



- (Amendment to Article 5)
3. In order to facilitate the governance of jewelry shops or other organizations that may be used for money laundering, it is suggested that the competent authorities defined in Article 5-2 have the rights devise anti-money laundering measures for the specific businesses they govern. (Amendment to Article 6)
  4. It is intended to make amendments stating that the competent authorities in the MLCA shall be appointed by the Executive Yuan, in order to clearly position the MLPC as the FIU in Taiwan, much in the same way the Executive Yuan defines the scope of operations of the Investigation Bureau according to Article 2 of Organizational Ordinance of the Investigation Bureau, Ministry of Justice. It is also intended to make amendments to Article 7 and Article 8 stating that the competent authorities that govern specific businesses, rather than the Ministry of Finance, define the scope of CTRs and SARs filings. (Amendment to Article 8 and Article 8)
  5. It is intended to make additions in the MLCA to facilitate international cooperation in freezing, seizing and confiscating assets based on a mutual-benefit principle, in order to respond the trends of mutual assistance in the international judicial community because money laundering is an international activity. These additions in the MLCA are a good will from the Taiwanese government to take part in the international efforts to combat money laundering. (Amendment to Article 9-4, Article 14-3 and Article 15-2)
  6. In order to strike a balance between the reasonable respect for asset ownership and the facilitation of money laundering investigations, it is intended to add the Fifth paragraph to Article 9. The addition will state that if it is necessary to extend the freeze of assets, prosecutors should submit specific reasons to the court before the expiration of the freeze period to request for an extension of six months or less. There can only be two extensions at most. Amendment to Article 9)
  7. In order to comply with the FATF's recommendations, it is intended to make additions in the MLCA that travelers are required to declare to the customs when they enter or leave Taiwan with a certain amount of cash or marketable

securities. Any amount of foreign currencies that are not declared or any amount that exceeds the declared amount shall be confiscated. Any marketable securities that are not declared as required or falsely declared shall be confiscated and a fine will be imposed. (Amendment to Article 10)

8. In order to observe the regulations of Computer Data Protection Act and to practice the principle of mutual assistance in the international judicial community, it is intended to make additions in the MLCA that the received filings, data or investigation results can be shared with foreign governments, institutions or international organizations should they request so on a mutual benefit ground. (Amendment to Article 16)



©APG

The APG, established in 1997, aims to assist its member countries to observe the international standards of anti-money laundering and anti-terrorist financing, in particular the FATF's 40 Recommendations and 9 Special Recommendations to combat terrorist financing. These recommendations include criminalization of money laundering of crime proceeds and financing of terrorist activities, confiscation of crime proceeds, mutual legal assistance and extradition, and precautionary measures targeting at financial institutions, designated non-financial businesses and professions. The APG also assist its member countries to deploy the coordination mechanism to investigate and deal with SARs, and build up the capabilities to effectively investigate and prosecute money laundering and terrorist financing activities.

Currently, the APG has 32 members. The APG is an Associate Member of FATF. The R.O.C., in the name of Chinese Taipei, was one of the founding members of the APG. Therefore, the R.O.C. is able to participate in the FATF's events as a member of the APG.

The APG visits Taiwan for its second-round evaluations. According to Article 26.7 of Assessment Methodology, the APG's assessment standards, information

held by the FIU should be securely protected and disseminated in accordance with law. However, the MLCA does not stipulate regulations regarding how to use the data filed by financial institutions. Such data concerns the privacy of individuals' assets and should be dealt with care. After the MLCA started to require the reporting of CTRs on August 6, 2003, the MLPC submit to the Ministry of Justice the MJIB Management Essentials for CTR Files and Data to define a reasonable scope for the use of relevant data. However, the MJIB Management Essentials are only applicable to CTRs. There are no similar guidelines for the MLPC to deal with SARs, ITCRs and intelligence exchange with the international judicial community on a mutual benefit basis. This shortcoming makes it difficult to comply with the requirements set forth by Assessment Methodology. Therefore, the MLPC comes up with the 15 Guidelines for the MLPC Operations by referring to the FATA's Recommendations and the primary and secondary functions of FIUs listed in "Financial Intelligence Unit: an Overall" published by the International Monetary Fund. These Guidelines took effect once approved by the Ministry of Justice (note) and serves as the operational guidelines for the MLPC as the FIU in Taiwan. Below is a summary of the key contents:

1. These Guidelines are based on the MLCA to fight money laundering, investigate major crimes, and make reasonable use of files and data. (Guideline No. 1).
2. Filings (by financial institutions), reporting (of inbound and outbound ITCRs by travelers at the customs), file data, FIUs and international disseminations are defined. (Guideline No. 2)
3. Records should be kept at least ten years since the date of receipt or filing. (Guideline No. 3)
4. The methods to handle files and data associated with inquiries, filings or reports are defined for courts, prosecutors' offices and government agencies that may exercise the power as judicial police and the MLPC. (Guideline No. 4)
5. The MLPC provides the check methods after the receipt of files and data. (Guideline No. 5)
6. After the receipt of filings or reports, the MLPC should start investigations if it suspects any criminal offences and has the jurisdiction over the cases. If the

- cases fall out of the jurisdiction of the MLPC, the MLPC shall disseminate the cases to courts, prosecutors' offices, or other judicial police institutions. If administrative penalties should be imposed, such cases should be forwarded to the government agencies that have the jurisdiction.(Guideline No. 6)
7. The procedures to request data from overseas through the MLPC are defined for courts, prosecutors' offices, government agencies that may exercise the power as judicial police and any MJIB units. The procedures for the MLPC to actively or passively provide information to overseas are also defined. (Guideline No. 7)
  8. When disseminating SARs, the MLPC shall not provide any data concerning the personnel of the reporting financial institutions. (Guideline No. 8)
  9. The MLPC should provide feedbacks to the financial institutions that file SARs.(Guideline No. 9)
  10. The procedures for the MLPC to proceed when it discovers the violations of the MLCA by financial institutions as described in Articles 7 and 8 of the MLCA. Guideline No. 10)
  11. The MLPC may provide assistance to the on-the-job training in anti-money laundering organized by government agencies or financial institutions in accordance with Article 6-2 of the MLCA. (Guideline No. 11)
  12. The MLPC should regularly hold on-the-job training for anti-money laundering activities (Guideline No. 12)
  13. The MLPC may take research measures as it sees fit.(Guideline No. 13)
  14. The MLPC shall submit an annual report for its receiving, analyzing and disseminating of file data and international disseminations.(Guideline No. 14)
  15. The MLPC should provide assistance to courts, prosecutors' offices, government agencies that may exercise the power as judicial police and any MJIB units in their investigations. (Guideline No. 15)

## **2. Research Initiatives**

In January 2006, the MLPC invited Lee Miao-Shen (Associate Dean, College of Law, National Taiwan University), Huang Rong-Jian (Professor at Department

of Law, National Taiwan University), Liu Jin-Yi (Associate Professor, Graduate Institute of National Development, National Taiwan University). Cai Cai-Zhen (Judge at the Supreme Court), Chen Wen-Chin (Deputy Director of Department of Prosecutorial Affairs, Ministry of Justice), Chen Rei-Ren (Prosecutor, Investigation Task Force for Criminal Profiteering Crimes, Taiwan High Prosecutors Office), Zhou Zen-Chuan (Chief Judge, the Taiwan Taipei District Court) and representatives from the Criminal Department of Judicial Yuan and the Criminal Investigation Bureau to participate in a seminar to discuss whether the intelligence exchange between investigators in Taiwan and overseas is compliant with Article 9 of the Computer Data Protection Act. According to Article 9, the disseminations and utilizations by government agencies of personal data across countries should observe all the relevant laws and regulations.



Seminar on Practical Issues of the MLCA in 2006

From Left: Professor Huang Rong-Jian, Lee Miao-Shen (Associate Dean, College of Law, National Taiwan University) and Liu Jin-Yi (Associate Professor, Graduate Institute of National Development, National Taiwan University)



All the attendees believe that Article 9 offers no regulations regarding the exchange of intelligence on a mutual benefit basis with the international judicial community. Therefore, it is necessary to make amendments. So the Ministry of Justice submits a report for the review of the Executive Yuan to request the addition of Article 16-2 to the MLCA. According to the addition, unless otherwise stipulated in treaties or agreements, the provision of filings, reports and investigation results to foreign governments, institutions or international organizations upon their requests and on a mutual-benefit basis should be based on the regulations of Article 7, Article 8 and Article 10 of the MLCA. This is to meet with the regulations of the Computer Data Protection Act and to play a role in the international judicial community on a mutual-assistance basis.

In December 2006, the MLPC invited Prof. Dr. Hans-Heiner Kuhne from Trier University in Germany to make a speech on "Critique on the Possibilities of Turning International Norms of Anti-Corruption and Anti-Money Laundering into Domestic Laws (Die internationalen Regelungen über die Bekämpfung von Korruption und Geldwäsche. Kritik und Möglichkeiten der Umsetzung).

Prof. Dr. Hans-Heiner Kühne believes that the anti-money laundering system in Germany to fight organized crimes and international terrorism was not a success. Rather, it has been widely used to track down tax evaders. Such a consequence is rather shocking from the perspectives of a country governed by laws. It may be due to wrong images attached to the fighting strategies. Although the extensive, nearly cross-the-board monitoring of capitalist transactions is compliant with international treaties, such monitoring cannot lead to any intervention to the protection of personal rights. Citizens will become subjects completely controlled by the state if the fighting of major crimes is used as an excuse. Therefore, it is obvious that the current measures leave room for improvements, but not by continuing with the suppression by keeping the screw caps tight.



Prof. Dr. Hans-Heiner Kuhne 's Speech in 2006

(Left: Prof. Dr. Hans-Heiner Kuhne;

Right: Assistant Professor, Wu Jun-Yi, National University of Kaoshiung)

2006

## II. Dealing of SARs form Financial Institutions

### 1. Filings of SARs

In 2006, there were a total of 1,281 SARs filed by various types of financial institutions. The number was 1,034 for 2005 , and was 749 for 2004. The statistics is shown in Table 2.01. Financial institutions reported 1,542<sup>1</sup> flagged accounts (note) and 31 counterfeited accounts.

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

Reporting entity	No. of filings
Domestic banks	958
Foreign banks	74
Credit unions	12
Farmers' & fishermen's credit associations	13
Securities brokers	1
Insurers	50
Postal service engaged in money transfers	8
Securities investment enterprises	1
Securities depository enterprises	162
Futures brokers	2
Total	1,281

### 2. Statistics of SARs analysis & dissemination

A total of 1,599 SARs were analyzed and disseminated, including the aforesaid 1,281 SARs and the 318 SARs from 2005 that still needed to be analyzed.

After analyses and investigations, a total of 270 cases were disseminated to the investigation offices of the MJIB, 208 cases to the police agency and other competent agencies, 880 cases closed and filed to FIU Database as nothing

<sup>1</sup> According to Jin Guang Yin (1) Tze No. 0941000095 on February 1, 2005 by Financial Supervisory Commission, Executive Yuan, flagged accounts refer to those accounts that the police agencies or investigation offices request financial institutions to flag out in order to investigate phone fraud and intimidation cases. This is how the warning and reporting mechanism works. For the flagged accounts, the use of ATM cards, account transfers over the phone, on the Internet and other means of electronic payments are terminated.

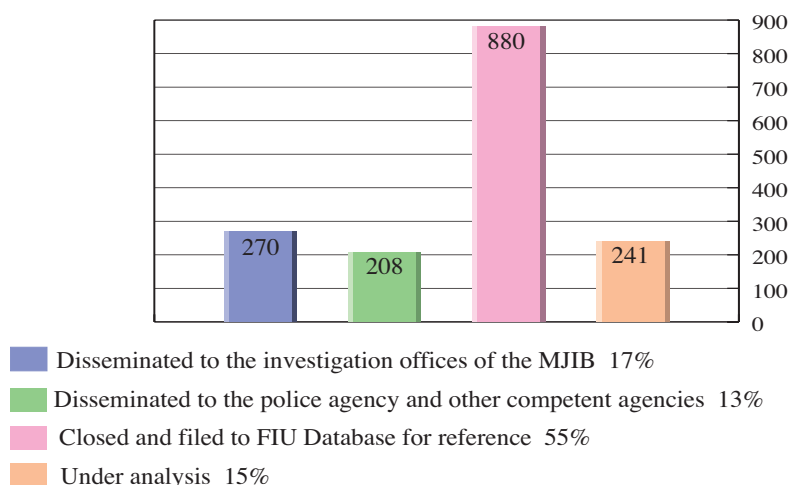
According to Paragraph 1, Article 3 of the Regulations Governing Bank Handling of Accounts with Suspicious or Unusual Transactions (Jin Guang Yin Amendment (1) Tze No. 09510002670 on July 6, 2006 by Financial Supervisor Commission, flagged accounts refer to those deposit accounts that courts, prosecutors or judicial police agencies inform banks to flag out to facilitate the investigation of criminal cases.

suspicious was found. The remaining 241 cases are still under analysis. Please see Table 2.02 and Figure 2.A.

**Table 2.02: Breakdown of SARs dissemination**

Status	No. of Cases
Disseminated to the investigation offices of the MJIB	270
Disseminated to the police agency and other competent agencies	208
Closed and filed to FIU Database for reference	880
Under analysis	241

**Figure 2.A: SARs analysis & dissemination**



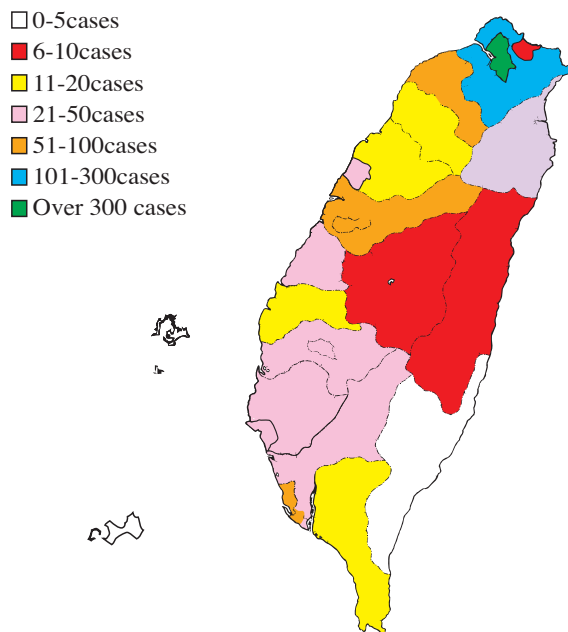
### 3. Distribution of SARs by region

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

**Table 2.03: Distribution of SARs by region**

Region	No. of cases	Region	No. of cases
Taipei City	464	Yunlin County	18
Taipei County	234	Chiayi City	36
Keelung City	7	Chiayi County	22
Yilan County	8	Tainan City	22
Taoyuan County	80	Tainan County	34
Hsinchu City	26	Kaohsiung City	78
Hsinchu County	13	Kaohsiung County	44
Miaoli County	13	Pingtung County	12
Taichung City	68	Hualien County	7
Taichung County	60	Taitung County	3
Changhua County	23	Penhu County	2
Nantou County	7	Kinmen County	0
Total			1,281

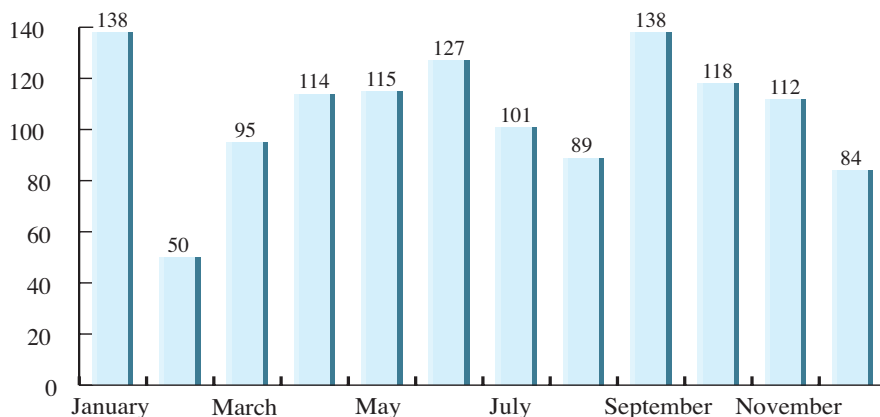
**Figure 2.B: Distribution of SARs by region**



**4.Distribution of SARs by month**

The monthly filings of SARs by financial institutions in 2006 were as follows: 138 in January, 50 in February, 95 in March, 114 in April, 115 in May, 127 in June, 101 in July, 89 in August, 138 in September, 118 in October, 112 in November and 84 in December. The annual sum stood at 1,281 cases. Please refer to Figure 2C.

**Table 2.C: Distribution of SARs by month**



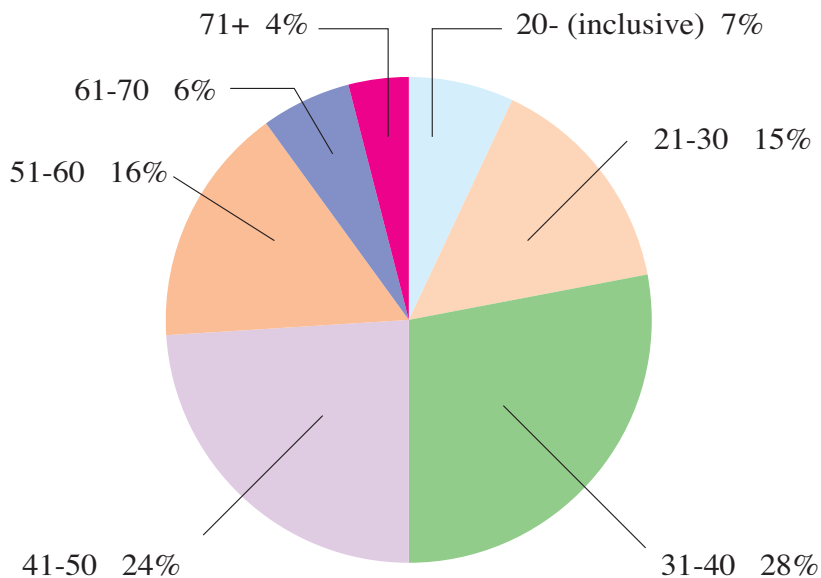
## 5. Subjects of SARs by age

The age distribution of the subjects of SARs was as follows: 83 cases below 20 of age (and inclusive), 188 from 21 to 30, 322 from 31 to 40, 280 from 41 to 50, 183 from 51 to 60, 65 from 61 to 70, 47 from the age of 71 and above. There were also 112 legal persons and 1 person without specific information. In total, there were 1,281 persons. Please refer to Table 2.04 and Figure 2.D.

**Table 2.04: Subjects of SARs by age**

Age group	No. of People
20- (inclusive)	83
21-30	188
31-40	322
41-50	280
51-60	183
61-70	65
71+	47

**Figure 2.D: Subjects of SARs by age**





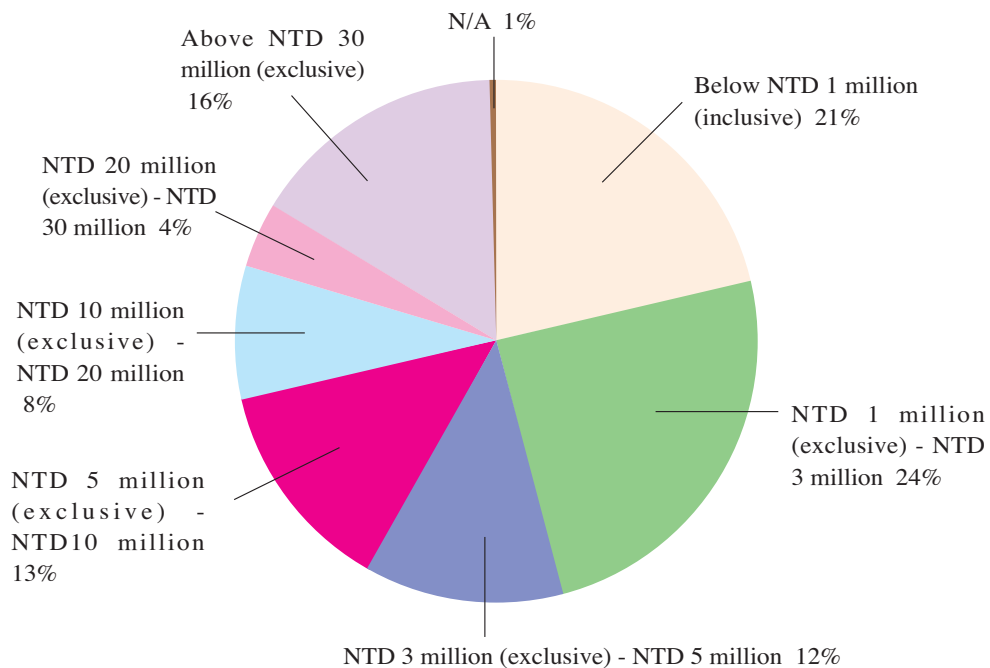
### 6.Value of SARs by dollar sign

Statistics and analysis of SARs by value are shown in Table 2.05 and Figure 2.E.

**Table 2.05: Value of SARs by dollar sign**

S u m	No. of Cases
Below NTD 1 million (inclusive)	275
NTD 1 million (exclusive) -NTD 3 million	310
NTD 3 million (exclusive) -NTD 5 million	160
NTD 5 million (exclusive)- NTD 10 million	166
NTD 10 million (exclusive) - NTD 20 million	104
NTD 20 million (exclusive) - NTD 30 million	48
Above NTD 30 million (exclusive)	200
N/A	18
<b>Total</b>	<b>1,281</b>

**Figure 2.E: Value of SARs by dollar sign**



### III. Filings of CTRs from Financial Institutions

Article 7 of the MLCA was amended on February 26, 2003, in reference to the stipulations of the US Bank Secrecy Act that financial institutions shall "report to the designated authority" for any transactions exceeding a certain amount, in addition to the confirmation of client identities and recordkeeping of the transaction documents, in order to facilitate the tracking of flows of suspicious funds. According to the authorization regulations stipulated in Article of the MLCA, "tractions of currency above a certain amount" refer to any single transaction (either payment or receipt of money) or conversion of currencies of over NTD 1 million (including equivalent value in any foreign currency). In accounting, any voucher for cash payments or receipts is deemed as cash transaction.

#### 1. Filings of CTRs

A total of 1,065,879 CTRs were filed by financial institutions in Taiwan in 2006. (The figure was 1,028,834 for 2005, 1,008,762 for 2004.) Please refer to Table 2.06.

**Table 2.06: No. of CTRs filed by financial institutions**

Reporting entity	No. of cases
Domestic bank	867,395
Foreign banks	6,628
Trust & investment companies	3,064
Credit unions	49,831
Farmers' credit associations	73,229
Fishermen's credit associations	112
Postal service engaged in money transfers	65,049
Other financial institutions	571
Total	1,065,879

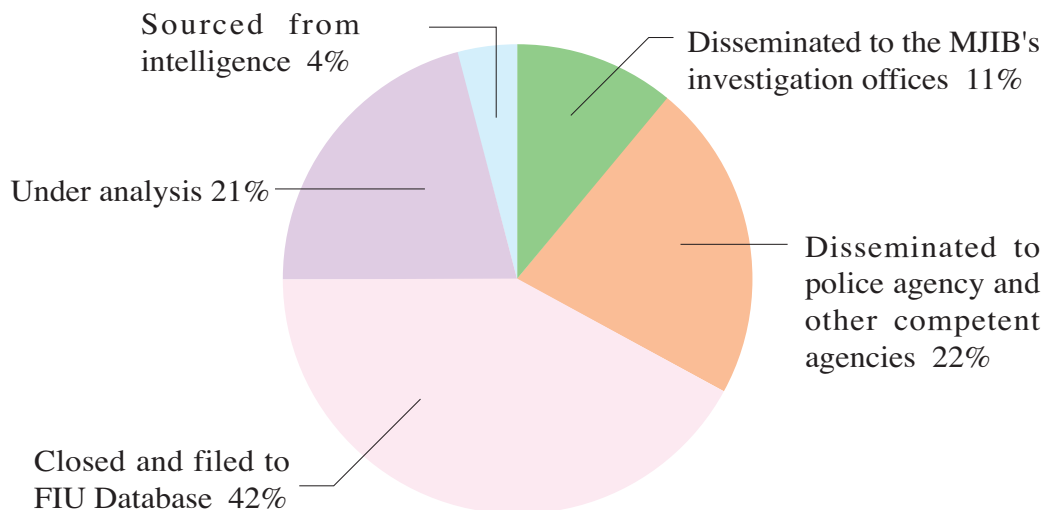
**2.MLPC's policy in dealing with CTRs**

Including the 1 case disseminated to the courts, 11 cases to the prosecutors' offices, 2 cases to judicial police agencies and 6 cases to the MJIB's investigation units, the MPLC handled a total of 270 cases in 2006. These 270 cases include 172 cases screened out from the CTRs filed and a backlog of 98 cases from 2005. After analyses and investigations, a total of 30 cases were disseminated to the investigation offices of the MJIB, 62 cases to the police agency and other competent agencies, 119 cases closed and filed to FIU Database as nothing suspicious was found. The remaining 59 cases are still under analysis. In addition, there were 11 cases sourced from other intelligence. Please see Table 2.07 and Figure 2.F.

**Table 2.07: MLPC policy in dealing with CTRs**

Status	No. of cases disseminated
Disseminated to the MJIB's investigation offices	30
Disseminated to police and other competent agencies	62
Closed and filed to FIU Database	119
Under analysis	59
Sourced from intelligence	11

**Figure 2.F: MLPC policy in dealing with CTRs**



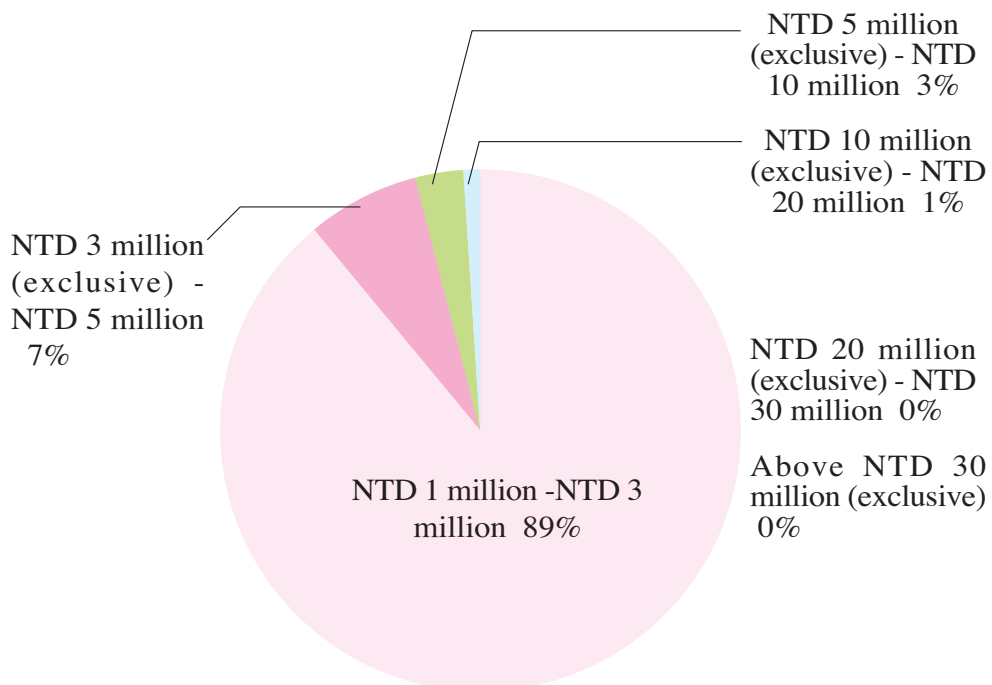
### 3.CTRs filings by value

The analysis of CTRs filed by financial institutions is shown in Table 2.08 and Figure 2.G.

**Table 2.08: CTR filings by value**

Sum	No. of CTRs
NTD 1 million - NTD 3 million	946,540
NTD 3 million (exclusive) - NTD 5 million	72,708
NTD 5 million (exclusive) - NTD 10 million	31,728
NTD 10 million (exclusive) - NTD 20 million	8,412
NTD 20 million (exclusive) - NTD 30 million	1,940
Above NTD 30 million (exclusive)	4,551
<b>Total</b>	<b>1,065,879</b>

**Figure 2.G: CTRs by value**



#### **IV. Receipt of International Currency Transportation Reports (ICTRs)**

According to Recommendation IX of the FATF, "countries should have measures in place to detect the physical cross-border transportation of currency and bearer negotiable instruments, including a declaration system or other disclosure obligation." The purpose of this recommendation is to urge all the countries to put together a system to monitor the transportation of cash and bearer negotiable instruments.

Article 11 of the Foreign Exchange Control Act stipulates that "passengers or crew members of transportation vehicles carrying foreign currencies inbound or outbound shall declare to the customs; relevant regulations shall be specified by the Central Bank of China.

Paragraph 3, Article 24 of the same Act regulates that foreign currencies carried inbound or outbound by passengers without declaration/registration in accordance with Article 11 shall be confiscated; for false declaration, the exceeding part of the declared amount shall be confiscated."

According to the administrative order of the Ministry of Finance, any passengers or crew members of transportation vehicles carrying foreign currencies inbound or outbound with the value equivalent to USD 10,000 shall declare/register to customs. In order to implement the Special Recommendations of the FATF on countering terrorism financing, the MJIB, after reporting to and being ratified by the Ministry of Finance, stipulated that in accordance with Subparagraph 8, Paragraph 1, Article 9 of Customs Law, the MLPC shall be the designated agency in receiving ICTRs (reporting threshold regulated at currencies equivalent to NTD 1.5 million for each travel). Since July 1, 2006, all the registrations are forwarded to the MLPC .

In 2006, a total of 2,632 cases were reported to the MLPC by customs. Refer to Tables 2.09 to 2.15 and Figures 2.H., 2.I., 2.J. and 2.K. for details of customs of arrivals and departures, inbound and outbound cases, locations of arrivals and departures, age groups and nationalities of the passengers who carry cash, distribution of ICTR filings by month, by value and subsequent dealing of the

ICTRs.

### 1. Inbound and outbound ICTRs by customs

**Table 2.09: Inbound and outbound ICTRs by customs**

Customs office	No. of ICTRs
Taipei Customs	2,464
Kaoshiung Customs	168
Keelung Customs	0
Total	2,632

### 2. Inbound and outbound ICTRs

**Table 2:10: Inbound and outbound ICTRs**

Inbound & outbound	No. of ICTRs
Inbound	1,510
Outbound	1,122
Total	2,632

### 3. Inbound and outbound by ICTRs by destination

**Table 2.11: Inbound and outbound by ICTRs by destination**

Departures	No. of ICTRs	Departures	No. of ICTRs	Departures	No. of ICTRs
Hong Kong	1,229	Vietnam	17	Malawi	4
Korea	59	Philippines	35	Germany	8
Japan	326	Indonesia	37	Demark	2
Thailand	234	Netherlands	1	UK	2
Macao	281	Egypt	1	Greece	1
Singapore	105	Australia	10	South Africa	4
Malaysia	53	Myanmar	9	Spain	3
China	44	Italy	3	Austria	9
France	1	US	69	Canada	37
India	1	Saudi Arabia	1	Cambodia	2
Brazil	3	The Republic of Guinea-Bissau	1	Not applicable	40

2006

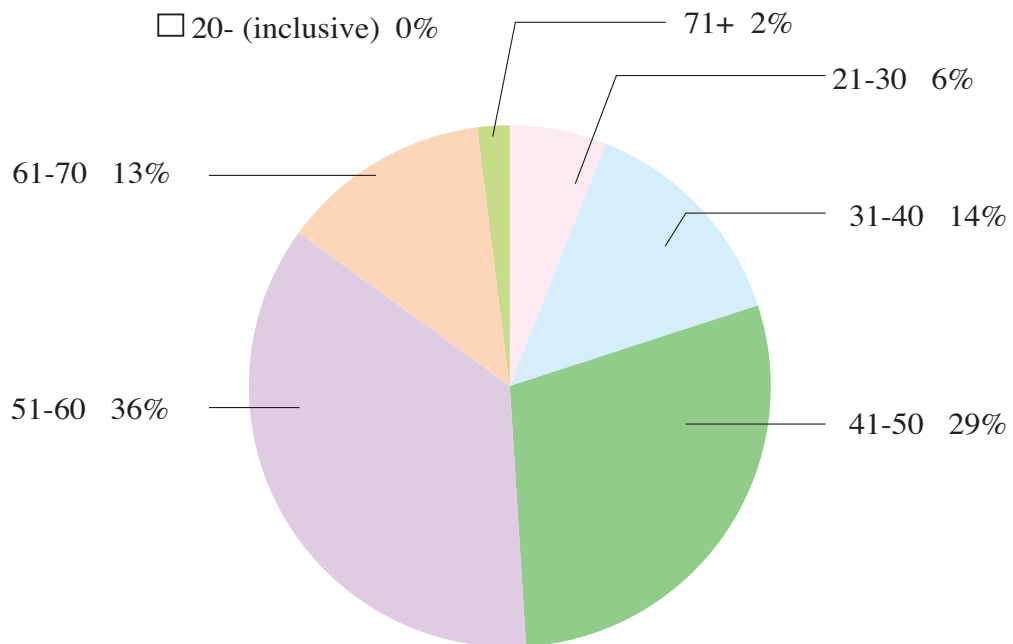


#### 4. Inbound and outbound ICTRs by age group of the filers

**Table 2.12: Inbound and outbound ICTRs by age group of the filers**

Age group	No. of People
20- (inclusive)	9
21-30	150
31-40	377
41-50	772
51-60	946
61-70	330
71+	48
Total	2,632

**Figure 2.H: Inbound and outbound ICTRs by age group of the filers**



## 5. Inbound and outbound ICTRs by nationality of the filers

**Table 2.13: Inbound and outbound ICTRs by nationality of the filers**

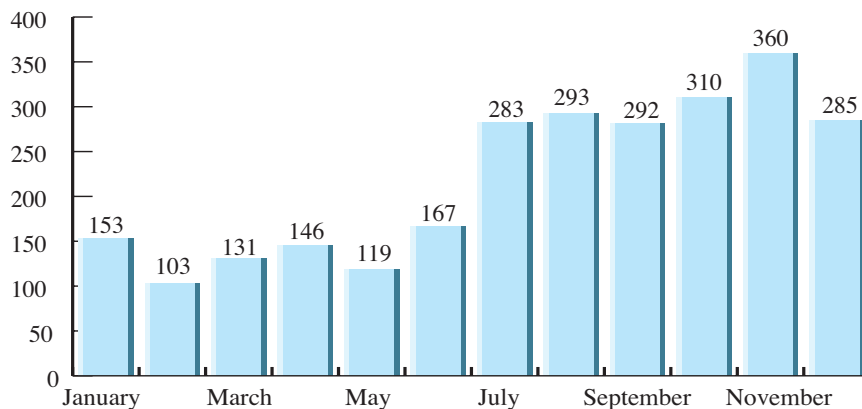
Nationality	No. of ICTRs	Nationality	No. of ICTRs	Nationality	No. of ICTRs
ROC	1,948	UK	1	Philippines	2
China	252	US	48	Singapore	17
Japan	115	Nigeria	2	Afghanistan	1
Malaysia	54	South Africa	4	Tanzania	1
Hong Kong	24	Portugal	1	Costa Rico	1
Indonesia	25	Australia	12	Libya	1
Thailand	10	Korea	7	Macao	3
Egypt	11	Germany	8	Italy	4
Mauritius	4	Iraq	1	Vietnam	4
Brunei	1	Austria	8	Bulgaria	1
Canada	44	Netherlands	1	Not applicable	16

## 6. Inbound and outbound ICTRs by month

The monthly distribution of the inbound and outbound ICTRs in 2006 is as follows: 153 in January, 103 in February, 131 in March, 146 in April, 119 in May, 167 in June, 283 in July, 293 in August, 292 in September, 310 in October, 360 in November and 285 in December. The annual sum stood at 2,632 filings.

Monthly distribution of ICTRs is shown in Figure 2.1.

**Figure 2.1: Distribution of inbound and outbound ICTRs by month**



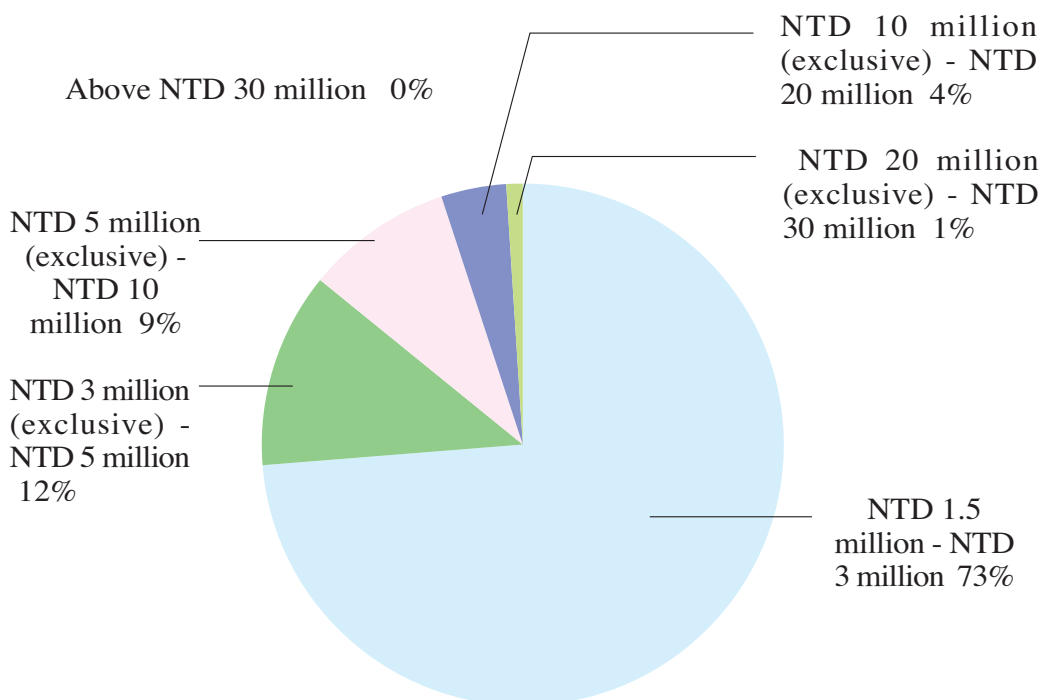
### 7. Inbound and outbound ICTRs by valu

In 2006, the total value of the ICTRs forwarded by customs to the MLPC amounted to NTD 7,673,564,262, as shown in Table 2.14 and Figure 2.J. The total value of the 1,510 inbound ICTRs filed reached NTD 4,289,584,747; the total value of the 1,122 outbound ICTRs filed reached NTD 3,383,979,515.

**Table 2.14: Inbound and outbound ICTRs by value**

Sum	No. of ICTRs
NTD 1.5 million -NTD 3 million	1,930
NTD 3 million (exclusive) -NTD 5 million	314
NTD 5 million (exclusive) -NTD 10 million	242
NTD 10 million (exclusive) -NTD 20 million	118
NTD 20 million (exclusive) -NTD 30 million	20
Above NTD 30 million	8
<b>Total</b>	<b>2,632</b>

**圖2.J:Figure 2.J: Inbound and outbound ICTRs by value**



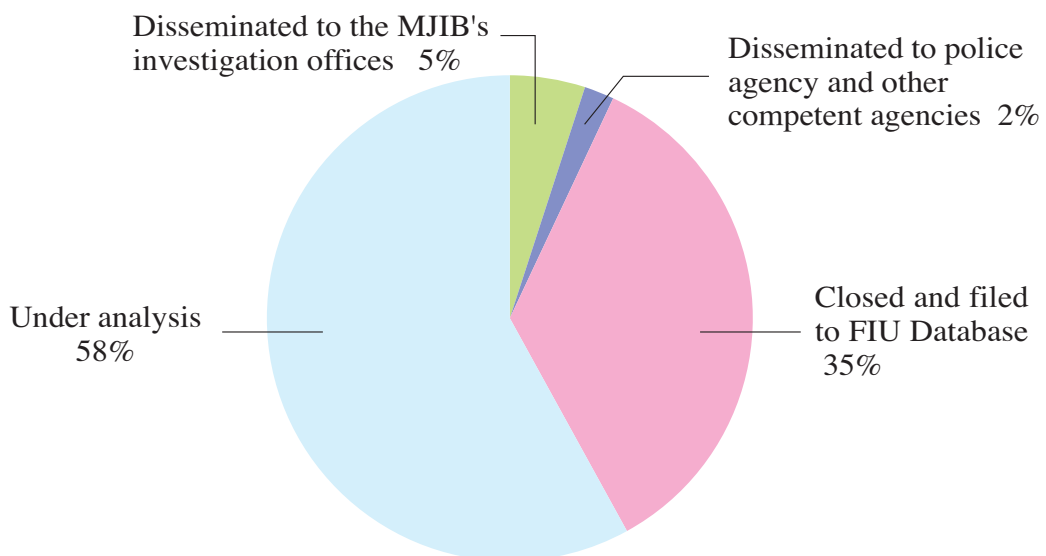
## 8. MLPC policy in dealing with ICTRs

There were a total of 2,632 ICTRs filed in 2006. The MLPC dealt with a total of 59 cases in 2006 by screening out 29 from the ICTRs filed and analyzing the backlog of 30 cases from 2005. After analyses and investigations, a total of 3 cases were disseminated to the investigation offices of the MJIB, 1 case to the police agency and other competent agencies, 20 cases closed and filed to FIU Database as nothing suspicious was found. The remaining 35 cases are still under analysis. Please see Table 2.15 and Figure 2.J.

**Table 2.15: Dealing of ICTR Filings**

Status	No. of cases
Disseminated to the MJIB's investigation offices	3
Disseminated to police and other competent agencies	1
Closed and filed to FIU Database	20
Under analysis	35

**Figure 2.K: Dealing of ICTR Filings**



## V. Statistics of Money Laundering Case Prosecutions

Through the access to Indictment Search Database supplied by the Ministry of Justice, the MJIB has successfully extracted data of the cases prosecuted under the MLCA by district prosecutors' offices, as well as the cases of delayed prosecutions and petitions for summary judgments. These data, including the types of crimes, amount of proceeds, typologies and methods of money laundering and profiles of defendants, have been analyzed in order to establish the trends in money laundering offences in Taiwan over the recent years.

### 1. Types of money laundering cases

In 2006, a total of 689 cases were prosecuted by district prosecutors' offices under the MLCA (including those of delayed prosecutions and petitions for summary judgments). The figure was 1,168 in 2005 and 809 in 2004.

The criminal proceeds of money laundering crimes are only applicable to properties or property interest obtained from "serious offences" referred to in Article 3 of the MLCA, which generally involves in 5 categories of criminal activities, i.e. corruption, economic crimes, narcotic crimes, criminal cases and other crimes. Please refer to Table 2.16 for types of money laundering cases, offences and prosecutors' office/investigators in Charge.

**Table 2.16: Types of Money Laundering Cases, Offences and Prosecutors' Office/Investigators in Charge**

Type of offences		Forwarded to prosecutors/ investigators	Investigation Bureau	Prosecutors' Office	Policy Agency	Total
General criminal cases	Intimidation		0	0	1	1
	Fraud		0	1	48	49
	Extortion		0	0	1	1
General criminal cases Subtotal			0	1	50	51
Narcotic crimes	Trafficking 1 <sup>st</sup> grade drugs		0	0	1	1
Narcotic crimes Subtotal			0	0	1	1
Corruption	Illegal benefits through jobbery		1	0	0	1
	Kickbacks		1	0	0	1
	Fraud through jobbery		2	0	0	2
	Malfeasance and bribery		5	0	0	5
	Bribery through jobbery		2	0	0	2
Corruption Subtotal			11	0	0	11
Economic crimes	Insider trading		2	0	0	2
	Share price manipulation		4	0	0	4
	Breach of trust, under the Insurance Law		1	0	0	1
	Habitual usury		0	0	7	7
	Habitual fraud		11	15	580	606
	Business misappropriation		1	0	0	1
	Default in delivery		1	0	0	1
	Article 125 of the Banking Law		3	0	0	3
Breach of trust under the Banking Law		0	1	0	1	
Economic crimes Subtotal			23	16	587	626
Total			34	17	638	689

## 2. Money laundering proceeds

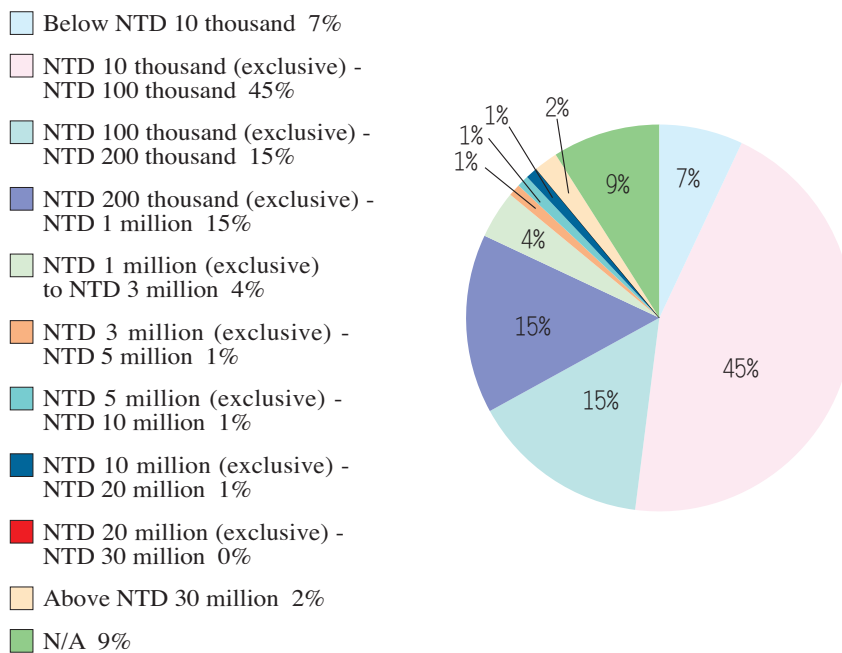
In 2006, the total amount of money laundering proceeds amounted to NTD 5,110,747,140 from the cases prosecuted by district prosecutors' offices (including the cases of delayed prosecutions and petitions for summary judgments) under the MLCA. However, the proceeds in most cases fell below NTD 100,000. Prior to April, 2005, the amount of each transfer to undesignated accounts via ATMs was limited to NTD 100,000. Thus, each transfer of the proceeds from crimes or money laundering via ATMs was mostly under NTD 100,000.



**Table 2.17: Money laundering proceeds**

Sum	No. of Cases
Below NTD 10 thousand	50
NTD 10 thousand (exclusive) - NTD 100 thousand	309
NTD 100 thousand (exclusive) - NTD 200 thousand	104
NTD 200 thousand (exclusive) - NTD 1 million	100
NTD 1 million (exclusive) to NTD 3 million	30
NTD 3 million (exclusive) - NTD 5 million	6
NTD 5 million (exclusive) - NTD 10 million	9
NTD 10 million (exclusive) - NTD 20 million	4
NTD 20 million (exclusive) - NTD 30 million	2
Above NTD 30 million	13
N/A	62
<b>Total</b>	<b>689</b>

**Figure 2.L.: Money laundering proceeds**



### 3. Money laundering through various financial institutions

In 2006, there were a total of 689 money laundering cases prosecuted by the district prosecutors\* offices in accordance with the MLCA (including the cases of delayed prosecutions and petitions for summary judgments). Among these 689 cases, 686 of them channeled the proceeds through various financial institutions as referred by Paragraph 1, Article 5 of the MLCA. Table 2.19 shows the means of money laundering by offenders.

**Table 2.18: Money laundering through various financial institutions**

Type of financial institutions	No. of Cases
Banks	465
Postal service engaged in money transfers	213
Credit unions	4
Farmers' & fishermen's credit associations	2
Securities companies	2
Total	686

**Table 2.19: Means of money laundering by criminals**

Money laundering methods	No. of Cases
Dummy accounts	674
Remittance abroad	3
Accounts of relatives	5
Checks	1
Post office vouchers	1
Repayments of debts	1
Bearer certificates of deposits	1
Total	686

#### 4. Money laundering through non-financial institutions

Money laundering through channels other than financial institutions is referred by Paragraph 1, Article 5 of the MLCA. There were 2 cases through Underground Banking System (UBS) and 1 case via the purchase of real estates.

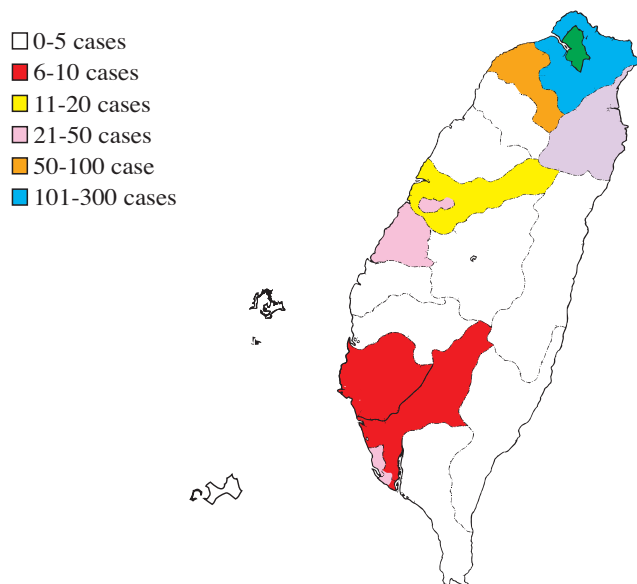
#### 5. Money laundering cases by region

In 2006, a total of 668 money laundering cases occurred in Taiwan. Table 2.20 and Figure 2.M. shows the regional distribution of these cases. In addition, there was 1 case in Switzerland.

**Table 2.20: Distribution of money laundering cases by region**

Region.	No. of Cases.	Region.	No. of Cases.
Taipei City	163	Yunlin County	5
Taipei County	248	Chiayi City	2
Keelung City	14	Chiayi County	4
Yilan County	2	Tainan City	6
Taoyuan County	82	Tainan County	8
Hsinchu City	9	Kaoshiung City	24
Hsinchu County	5	Kaohsiung County	9
Miaoli County	2	Pingtung County	5
Taichung City	22	Hualien County	5
Taichung County	16	Taitung County	0
Changhua County	26	Penhu County	0
Nantou County	1	Kinmen County	0
Total			688

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



**6. Money laundering cases prosecuted by district prosecutors' offices .**

**Table 2.21: Money laundering cases prosecuted by district prosecutors' offices**

District prosecutors' office	Economic crimes	Corruption	Narcotic crimes	General criminal cases	Total
Shilin	128	0	0	3	131
Taichung	26	0	0	1	27
Taipei	36	4	0	3	43
Taitung	1	0	0	1	2
Tainan	7	0	0	0	6
Yilan	0	0	0	3	3
Banciao	263	1	0	8	272
Hualien	30	1	0	3	34
Kinmen	1	0	0		1
Pingtung	3	0	0	1	4
Miaoli	2	0	0		2
Taoyuan	70	2	0	20	92
Kaoshiung	15	2	1	1	19
Keelung	14	0	0	1	15
Yunlin	2	0	0		2
Hsinchu	6	0	0	1	7
Chiayi	3	0	0	1	4
Changhua	19	1	0	4	24
<b>Total</b>	<b>626</b>	<b>11</b>	<b>1</b>	<b>51</b>	<b>689</b>

### 7. Defendants prosecuted for money laundering offenses

In 2006, a total of 147 males and 44 females were charged as principal offenders with Paragraph 1, Article 9 of the MLCA. A total of 391 males and 87 females were charged as accessories with the same paragraph. Meanwhile, a total of 100 males and 46 females were charged as principal offenders with Paragraph 2, Article 9 of the MLCA. A total of 57 males and 12 females were charged as accessories with the same paragraph. Also, a total of 85 males and 13 females were charged as principal offenders with Paragraph 3, Article 9 of the MLCA. A total of 8 males and 3 females were charged as accessories with the same paragraph. To sum up, a total of 993 individuals (including males and females) were prosecuted in accordance with the MLCA. A total of 151 males and 18 females (approximately 17% of the offenders) have criminal records.

It is worth noting that offence of habitual money laundering referred in Paragraph 3, Article 9 of the MLCA was removed, after this paragraph was amended on May 30, 2006 and took effect on July 1, 2006. The penalty on legal entities originally specified in Paragraph 4 was transferred to Paragraph 3.

**Table 2.22: Defendants prosecuted for money laundering offenses**

Prosecuted offence	Offence type	Gender	No. of People
Paragraph 1, Article 9	Principal offenders	Male	147
		Female	44
		Subtotal	191
	Accessory	Male	391
		Female	87
		Subtotal	478
Paragraph 2, Article 9	Principal offenders	Male	100
		Female	46
		Subtotal	146
	Accessory	Male	57
		Female	12
		Subtotal	69
Paragraph 3, Article 9	Principal offenders	Male	85
		Female	13
		Subtotal	98
	Accessory	Male	8
		Female	3
		Subtotal	11
Total			993

## VI. Training Programs and Public Awareness

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

To assist personnel of the financial institutions in establishing awareness for the indicators of possible money laundering and in observing the stipulations of the MLCA, the MLPC sent staff to financial institutions as requested for anti-money laundering lectures. Table 2.23 shows the number of lectures and participants.

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

Types of financial institutions		Subtotal	
		No. of lectures	No. of participants
Banks	Domestic banks	68	4,957
	Foreign banks	21	654
Farmers' & fishermen's credit associations		10	1,125
Securities investment & trusts		15	698
Securities brokers		9	727
Taiwan Post Co. Ltd.		40	1,832
Taiwan Insurance Institute		24	1,483
Bills finance corporations		3	295
Association of Real Estate Attorney		5	269
Total		195	12,040



## VII. International Cooperation

According to Recommendation 40 of the FATF, countries should ensure that their competent authorities provide the widest possible range of international cooperation to their foreign counterparts. There should be clear and effective gateways to facilitate the prompt and constructive exchange directly between counterparts, either spontaneously or upon request, of information relating to both money laundering and the underlying predicate offences.

Money laundering is a transnational offense in nature. It requires consensus and concerted efforts from all the governments to effectively combat cross-border money laundering and terrorism financing. The MLPC, serving as the FIU in Taiwan, spares no efforts to play its part in international cooperation to fight money laundering.

In 2006, the MLPC exchanged information for a total of 89 cases in international investigations.

In addition to admissions to the Asia/Pacific Group on Money Laundering (APG), the EGMONT Group and other international organizations as regular members, the MLPC also regularly attends annual meetings and regular workshops held by such international organizations. According to 40 Recommendations of the FATF, international cooperation includes the cooperative agreements with foreign FIUs in anti-money laundering and combating financing terrorism, and the signing of Memorandum of Understanding.



### ©The EGMONT Group

FIUs are an important channel for all the law enforcement agencies around the world to exchange intelligence. With such an advantage, the FIUs all over the world gathered at Egmont Palace in Brussels, Belgium in 1995 to establish an international organization, the EGMONT Group, to discuss the ways of cooperation, in particular the sharing of intelligence,

training and techniques.

According to Interpretative Note to Recommendation 26 of the FATF, Where a country has created an FIU, it should consider applying for membership in the Egmont Group. Countries should have regard to the Egmont Group Statement of Purpose, and its Principles for Information Exchange Between Financial Intelligence Units for Money Laundering Cases. These documents set out important guidance concerning the role and functions of FIUs, and the mechanisms for exchanging information between FIU.

The R.O.C. joined the 6th Annual Meeting in June 1998 in the name of Money Laundering Prevention Center (MLPC), Taiwan. It is the 18th international organization that Taiwan joined. Up to now, the EGMONT Group has 101 member countries, who exchange information via secured networks.

In 2006, the MLPC signed Cooperative Agreements or Memorandum of Understanding concerning the exchange of information related to AML/CFT with counterparts.

Looking forward, the MLPC will continue similar initiatives to enter Cooperative Agreements or Memorandum of Understanding concerning the exchange of information related to AML/CFT with other FIUs.



# Part 3

## Cases



2006

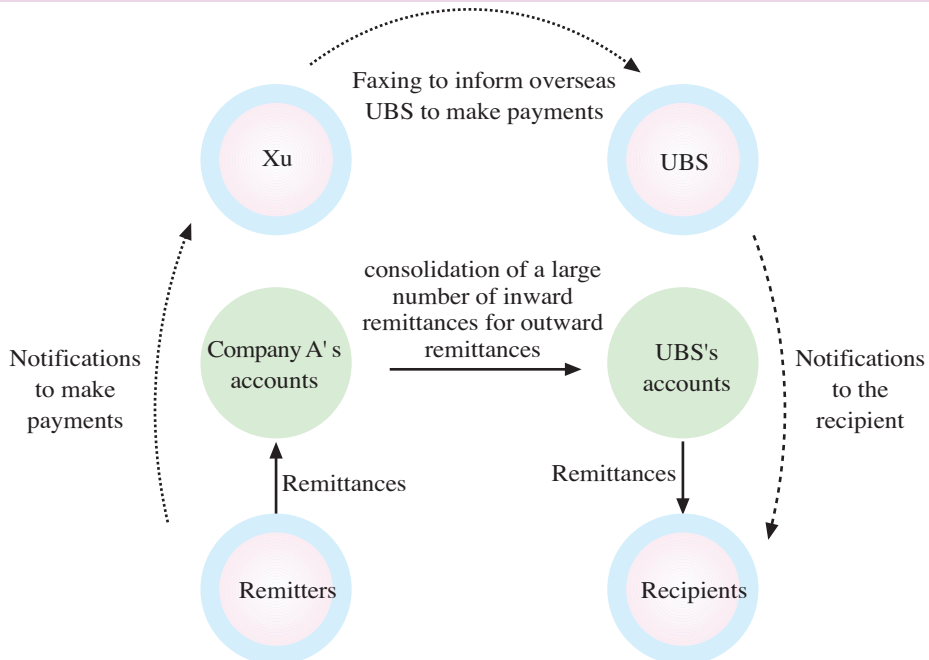
### I. Xu's violation of the Banking Law

MLPC received SARs from a bank in 2004. According to these reports, Company A's account saw a number of inward remittances every day, and subsequently remitted all the money out to Hong Kong and other places.

The investigations by MLPC found that Xu was the principal of Company A. He set up a total of 57 accounts with 9 different financial institutions to receive proceeds of crime from groups engaged in fraudulent behaviors and the gambling industry or legal proceeds from non-specific persons. Xu would fill in instruction for outward remittance or remittance orders by stating the names and other information of the receipts, and fax these instructions or orders to other countries or mainland China. Underground Banking System (UBS) of the recipient countries would then make payments or remittances to the receipts. By March 9, 2006, a total of over NTD 18.3 billion had been wired out in this manner and Xu had gains commissions exceeding NTD 30.47 million.

Cash worth NTD 400 million and checks stating a total of NTD 1.7 billion were searched and seized. The Taiwan Chiayi District Prosecutors' Office lodged a public prosecution in 2006.

**Figure 3.A: Xu's case of violating the Banking Law**



## II. Feng's case of counterfeiting securities

MLPC received SARs from banks in 2004. According to these reports, Feng recently withdraw three big amounts of cash. When inquired for the cash was for, Feng dodged the questions. Also, Feng accounts received inward remittances on a frequent basis. Feng would withdraw cash at different branches after these inward remittances.

The investigations by MLPC found that Feng opened checking accounts after he set up 15 companies. Shortly after, he borrowed money from others by writing large number of checks, but refused to pay back. In total, he had gained over NTD 200 million of illegal gains. This case was forwarded to the Taiwan Taipei District Prosecutors' Office in 2006.

## III. Guo, at al., alleged of fraud

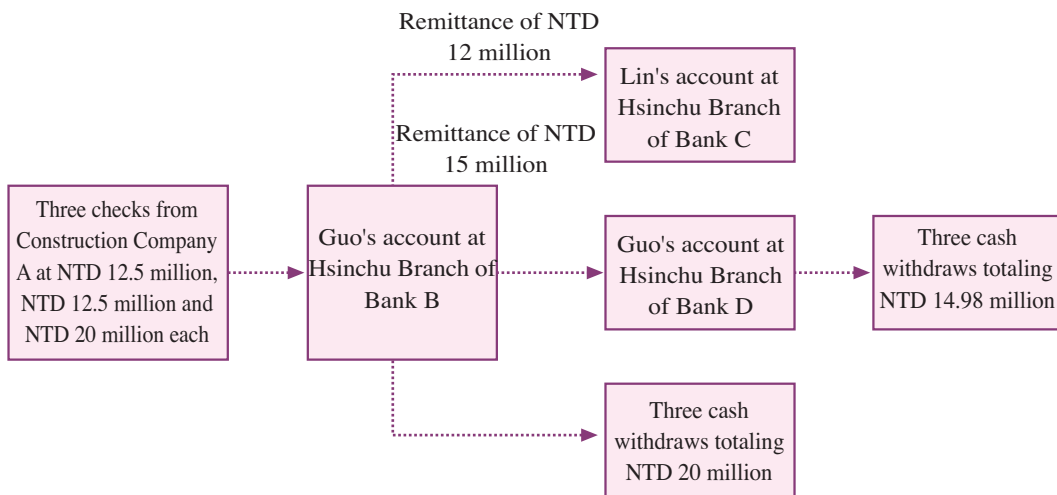
MLPC received SARs in 2006 from Bank A. According to these reports, Guo opened an account on June 27, 2006, deposited three checks and made 2 outward remittances and withdrew cash on the following day. The total amount of the remittances and cash withdrawn was NTD 42 million.

Investigations by MLPC found that Guo, et al., established a group to be engaged in fraudulent behaviours. They falsely claimed to be real estate agents. With for counterfeited land ownership certificates, they defrauded Construction Company A into purchasing a piece of land with NTD 246 million. Construction Company A paid three checks representing NTD 12.5 million, NT\$12.5 million and NTD 25 million, respectively, to Guo, et al, who later deposited these checks into Guo's account at Hsinchu branch of Bank B. Three cash withdraws were then made for a total of NTD 20 million. Another NTD 12 million was wired into Lin's account at Hsinchu branch of Bank C (after Guo, et al., purchased the account with NTD 2,000 from Lin). Yet another NTD 15 million was wired to Guo's account at Department of Business of Bank C. The money wired into Guo's account at Department of Business of Bank C was later withdrawn at three sitting, for a total of NTD 14.98 million.

After MLPC investigated this case and traced the illegal proceeds, the case

was solved. Hsinchu County Field Office and Hsinchu City Police Station arrested Guo., et al. The case was forwarded to the Taiwan Hsinchu District Prosecutors' Office in February 2007. Meanwhile, prosecutors order to freeze the money in the suspects' accounts and instructed the victim to suspend their payments. The cash frozen and suspended payments amounted to a total of NTD146 million.

**Figure 3.B: Guo, at al., alleged of fraud**



#### IV. Yu's violation of the Banking Law

MLPC received reports from Directorate General of Customs, Ministry of Finance in 2004 that Mr. Yu, citizen of the R.O.C. carried a total of 487.45 million in Japanese Yen, USD 93,000 and 3.6 million in Korean Won for his 14 departures out of the country since October 2003. Investigations by MLPC found into the flows of Yu\*s money found that he was engaged in international currency exchanges for domestic companies. This was in violation of Articles 29 and 125 of the Banking Law that non-banks shall not be engaged in exchanges business for domestic and foreign currencies.

Northern Regional Mobile Squad took over the case and continued with investigations. It was found that Yu was commissioned by domestic Under Ground Banking System to carry cash in foreign currencies in person to Hong Kong and gave such cash to Under Ground Banking System in Hong Kong. Yu received

0.1% equivalent to the value of foreign currencies he carried with him as compensations. Meanwhile, this case led to some clues with which another case was solved. In another case, Lin, at al., defrauded domestic banks with false letters of credit by instructing these banks to wire USD 42.8 million to the shell company Lin., at al., set up. They remitted the proceeds back to Taiwan via Yu and Under Ground Banking System he was associated with.

There were no SARs in connection with this case. In 2006, the Taiwan Taipei District Prosecutors' Office already lodged a public prosecution on this case.





# Part 4

## Major Events in 2006



2006

## MAJOR EVENTS

January 4, 2006	"Issues and Prospects of Anti-money Laundering" by Professor Li Ching-Jie was published and distributed to the libraries of colleges and universities, courts, prosecutors' offices and relevant organizations for their reference.
January 18, 2006	A seminar on the practical implications of the MLCA was organized by inviting scholars and experts to discuss whether scam groups and dummy account owners should be charged with money laundering crimes. Another issue of discussions was whether the change of intelligence between crime investigators and prosecutors across countries was compliant with the Computer Data Protection Act.
February 8, 2006	Staff was sent to London, the U.K., to attend the meeting that produced Memorandum of Understanding for the Articles of Association for the Egmont Group of Financial Intelligence Units (Egmont Group).
February 24, 2006	Staff was sent to participate in the international conference call organized by APG Typologies Workshops, Asia/Pacific Group on Anti Money-Laundering (APG).
March 5, 2006	Staff was sent to the Egmont Group to Cairo, Egypt, for working meetings.
March 15, 2006	Staff was sent to the Ministry of Foreign Affairs to participate in an anti-terrorist symposium.
March 16, 2006	Executive Chair of Taiwan CPA sent delegations to discuss the preparations for the Mutual Evaluation of the APG.
March 28, 2006	Director and colleagues visited the Ministry of Justice for the Coordination Meeting for the Mutual Evaluation of the APG.
April 4, 2006	Director visited the Ministry of Justice for the anti-corruption meeting.
April 11, 2006	Minister of Finance, Republic of Marshall Islands, visited Taiwan.
April 12, 2006	Director and colleagues visited the Ministry of Justice to participate in the coordination meeting for the amendment to the MLCA.
April 13, 2006	Staff was sent to Department of Commerce, Ministry of Economics Affairs to participate in the coordination meeting for due diligence of the jewel retail industry and preparations for the Mutual Evaluation of the APG.
April 21, 2006	Director participated in the Economic Crimes Enforcement Meeting.
May 7, 2006	Staff was sent to Australia to participate in the APG's planetary and working group meeting.
May 16, 2006	Staff was sent to visit the Ministry of Justice to participate in the coordination meeting for the amendment to the MLCA.

May 18, 2006	Staff was sent to the Executive Yuan to participate in an anti-terrorist symposium.
May 22, 2006	The chief executive of the Anti Money Laundering Council of the Philippines (AMLAC) teamed up with three of his colleagues to visit Taiwan. Director and colleagues briefed them the anti-money laundering system in Taiwan and discussed the progress of Memorandum of Understanding. The MJIB also accompanied these guests to visit the Ministry of Justice.
May 23, 2006	Director and colleagues accompanied the four guests (led by the chief executive) from the Anti Money Laundering Council of the Philippines (AMLAC) to visit Financial Supervisory Commission.
May 25, 2006	Director and colleagues accompanied the four guests (led by the chief executive) from the Anti Money Laundering Council of the Philippines (AMLAC) to visit Central Bank of China.
June 5, 2006	The Department of International Organizations, Ministry of Foreign Affairs sent staff to the MJIB to discuss preparations for the Annual Meeting and workgroup meetings of the Egmont Group.
June 10, 2006	Director and colleagues visited Cyprus to participate in the Annual Meeting and workgroup meetings of the Egmont Group.
June 14, 2006	Staff was sent to the Ministry of Justice to discuss preparations for the Annual Meeting of the APG.
June 19, 2006	Staff was sent to the Executive Yuan for the task-force meeting on law enforcements.
June 22, 2006	Director and colleagues visited the Ministry of Justice to participate in the coordination meeting for the amendment to the MLCA.
June 26, 2006	Staff was sent to Financial Supervisory Commission for a meeting to discuss identity confirmations of domestic remittances.
June 29, 2006	Staff was sent to the Ministry of Foreign Affairs to the meeting that discussed issues in anti-money laundering, fighting drugs-related crimes and international cooperation.
July 1, 2006	Staff was sent to Manila, the Philippines, for the 9th Annual Meeting of the APG.
May 16, 2006	Staff was sent to visit the Ministry of Justice to participate in the coordination meeting for the amendment to the MLCA.

## MAJOR EVENTS

July 11, 2006	Staff was sent to participate in the central coordination meeting of investigation agencies and government ethics offices. A brief on the newest trends in corruption and money laundering was given in this meeting.
July 14, 2006	Directors and colleagues visited Counter Terror Control Office, Executive Yuan to urge the completion of the legislation of the Anti-Terrorism Act.
July 24, 2006	Head of Vanuatu Financial Intelligence Unit and a police officer accompanied him visited Taiwan. Director and colleagues received these guests and discussed cooperation in case investigations and the signing of Memorandum of Understanding.
July 25, 2006	Staff was sent to accompany the guests from Vanuatu to visit the Taipei District Court to discuss cooperation in case investigations.
July 26, 2006	Director and colleagues accompanied the guests from Vanuatu to visit the Department of Prosecutorial Affairs, Ministry of Justice, to discuss the mutual judicial assistance and the signing of Memorandum of Understanding. Staff was sent to Latin America to lecture to those who received law enforcement training in Taiwan on how to combat money laundering.
July 28, 2006	Staff was sent to accompany the guests from Vanuatu to visit the Department of Prosecutorial Affairs, Ministry of Justice, to discuss issues in cooperation in money-laundering investigations.
August 1, 2006	Director and colleagues visited the Ministry of Justice for the Coordination Meeting for the Mutual Evaluation of the APG.
August 15, 2006	Director and colleagues visited the Ministry of Justice to participate in the coordination meeting for the amendment to the MLCA.
August 24, 2006	Director participated in the Economic Crimes Enforcement Meeting.
September 15, 2006	Staff was sent to the Middle Eastern countries to lecture to those who received training in investigation skills in Taiwan on how to combat money laundering.
September 21, 2006	Director witnessed the signing of Memorandum of Understanding in anti-money laundering by the representatives from Taiwan based in the Philippines and the representatives from the Philippines based in Taiwan. Officers and colleagues from the Ministry of Foreign Affairs, the Ministry of Justice, Overseas Office, Drug Enforcement Center, Foreign Affairs Office and the MLPC were present to witness the event.

October 9, 2006	Staff was sent to Vancouver, Canada, to participate in the member meetings of Financial Action Task Force on Money Laundering (FATF).
October 12, 2006	Director and colleagues visited the Ministry of Justice for the Coordination Meeting for the Mutual Evaluation of the APG.
October 16, 2006	Staff was sent to Washington D.C. to attend the workshops organized by Financial Action Task Force on Money Laundering (FATF) to train assessors.
October 17, 2006	Chief Prosecutor of the Taiwan Taipei District Court, Ching Chi-Ren, and his colleagues visited the MJIB to discuss issues regarding the investigations of money laundering cases.
November 11, 2006	Director and colleagues visited Warsaw, Poland, for a workgroup meeting of the Egmont Group, and discussed with the Polish government the signing of Memorandum of Understanding for exchange of intelligence in money laundering.
November 13, 2006	Staff was sent to Jakarta, Indonesia to participate in the annual APG Typologies Workshop.
November 16, 2006	Staff in charge of international affairs at Taipei Office, Interchange Association of Japan visited the MJIB.
November 17, 2006	Staff was sent to the Taiwan Taipei District Prosecutors' Office to attend a seminar on dummy account problems.
November 27, 2006	Staff was sent to Shanghai, China, to attend to the seminar on typology of money laundering jointly organized by the Financial Action Task Force on Money Laundering (FATF) and Eurasian Group.
November 28, 2006	Director and colleagues visited Korea for the signing of Memorandum of Understanding in anti-money laundering and combating financing terrorism, as well as in change of intelligence.
December 13, 2006	The MLPC invited Prof. Dr. Hans-Heiner Kuhne from Trier University in Germany to make a speech on "Critique on the Possibilities of Turning International Norms of Anti-Corruption and Anti-Money Laundering into Domestic Laws (Die internationalen Regelungen über die Bekämpfung von Korruption und Geldwäsche. Kritik und Möglichkeiten der Umsetzung).
December 18, 2006	Seminars were organized to train field units of the MJIB in anti-money laundering.

## MAJOR EVENTS

December 20, 2006	Shinichi MORIYAMA, Assistant Director, Strategy-Planning & Analysis Division, Organized Crime Department, National Police Agency, and his colleagues visited the MLIB.
December 27, 2006	Director, colleagues and representatives from the Department of International Organizations, Ministry of Foreign Affairs discussed the participation in the international conferences on anti-money laundering.
December 28, 2006	Director and colleagues visited the Ministry of Justice for the Coordination Meeting for the Mutual Evaluation of the APG.

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Address all inquiries to:

Money Laundering Prevention Center, Investigation Bureau, Ministry of Justice  
74 Chung-Hwa Rd., Hsin-Tien City  
Taipei County, Taiwan 231  
R.O.C.

E-Mail:mlpc@mjib.gov.tw

Editor: Wu, Tien-Yun

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