


Anti-Money Laundering Annual Report, 2008

The image shows a large, multi-story building with a central entrance, flanked by two tall, rectangular pillars. The building has a light-colored facade and a central emblem. A flag is visible on a pole in front of the building. The scene is set against a bright, overcast sky. The text is overlaid on the bottom of the image.

The Investigation Bureau, Ministry of Justice
Republic of China

Foreword

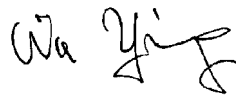
Although serious money laundering offenses repeatedly occurred in previous years, such criminal activities have been effectively curbed through the consolidated anti-money laundering regime established through collaboration between authorities and financial sectors. Legislation, prevention, investigation and prosecution of money laundering in this country still have deficiencies in the face of the evolvement of money laundering techniques which need to be remedied in the future. I sincerely invite all of you, based on your past enthusiasm to continuously support and direct us in promoting the efficiency and effectiveness of anti-money laundering and combating terrorist financing in Taiwan.

This annual report provides statistics on prosecutions of money laundering, receiving/handling Currency Transactions Reports (CTRs) and Suspicious Transaction Reports (STRs) pursuant to the 32nd recommendation of the Financial Action Task Force on Money Laundering (FATF) 40 Recommendations. In the interests of enriching this report's content and in-depth study of the emerging international money laundering trends, we invited Associate Professor Lee, Jie-Ching from the General Education Center, National Taipei University of Technology to write a project research report entitled "Procedural Law for Seizure or Prohibition of Disposition — From the Perspective of Facilitating Damaging Recovery or Confiscation" and assigned the colleagues from the Anti-Money Laundering Division have translated "The Misuse of Corporate Vehicles, Including Trust and Company Providers" and industries. Any

comments or correction of errors regarding this annual report will be highly appreciated.

Investigation Bureau, Ministry of Justice

Director General

A handwritten signature in black ink, appearing to read 'Wang Yi', with a stylized flourish at the end.

July 2009

Editor's Notes

I. Purpose

According to the 32nd Recommendation of the revised 2003 40 FATF Recommendations, countries should ensure that their competent authorities can review the effectiveness of their systems in combating money laundering and terrorist financing by maintaining comprehensive statistics on matters relevant to the effectiveness and efficiency of such systems. This should include statistics on the STRs received and disseminated; on money laundering and terrorist financing investigations, prosecutions and convictions; on property frozen, seized and confiscated; and mutual legal assistance or other international requests for co-operation. Thus this Annual Report gathers all data on anti-money laundering from domestic financial institutions and judicial authorities for statistical analysis.

II. Contents

A. The annual report consists of the following four parts

1. Organization Introduction.
2. Work Overview (including statistical data and charts).
3. Significant Case Studies.
4. Chronicle of events.

B. The Annual Report integrates data related to the AMLD's work on anti-money laundering, cases prosecuted by district prosecutors' offices regarding the violation of the Money Laundering Control Act (including deferred prosecutions and petitions for summary judgment).

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 Common Era dates. The numbers of STRs, CTRs 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. Cash denomination is calculated 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. Notification of errors or suggestions will be appreciated.

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Part I

Organization Introduction



The lucrative proceeds and wealth originated from serious crime make it possible for organized crime syndicates to infiltrate government agencies at all levels, legitimate businesses, financial institutions and different parts of the society. The United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotic Substances concluded in Vienna in 1988 stipulates state parties to constitute laws penalizing money laundering associated with drug trafficking. In 1996, the 40 Recommendations brought forward by Financial Action Task Force (FATF) required that predicate offences for money laundering be extended 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 presidential promulgation. In more than twelve years of implementation and practice, the MLCA underwent amendments in 2003, 2006, 2007, and 2008 respectively to tackle the practical problems encountered.

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 transaction, anti-money laundering legislation around the world requires financial institutions to file suspicious transaction reports (STRs). Article 8 of the MLCA stipulates an identical requirement. The Financial Intelligence Unit (FIU) is responsible for receiving and analyzing STRs. In accordance with the authorization specified in Article 8 of the MLCA, the Investigation Bureau, Ministry of Justice (MJIB), 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. MLPC currently has 26 employees. Please refer to Figures 1.A and 1.B for the MLPC's organizational structure, mandate and workflows. Its budget for 2008 was NTD2,415,000. Pursuant to Subparagraph 7, Article 2 of the Organic Act of the Investigation Bureau, Ministry of Justice passed by the

Legislative Yuan on November 30, 2007 and put into force on December 19, 2007 upon presidential promulgation, MJIB is in charge of “money laundering prevention matters”, and pursuant to Article 3 of the same Act, MJIB was instructed to establish an “Anti-Money Laundering Division” (AMLDD).

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

1. Researching anti-money laundering strategies and providing consultation in the formulation of relevant regulations;
2. Receiving, analyzing, and processing suspicious activity reports (STRs) filed by financial institutions and utilizing related information;
3. Receiving, analyzing and processing currency transaction reports (CTRs) filed by financial institutions and international currency transportation reports (ICTRs) reported by customs on large-sum foreign currency or bearer negotiable instruments carried by travelers or transport service personnel and utilizing related information;
4. Assisting other domestic agencies in the investigations of money laundering cases and coordination/liaison with respect to money laundering prevention operation;
5. Mediation, planning, coordination and implementations of information exchange, personnel training and cooperation in investigating money laundering cases with foreign counterparties;
6. Preparation of an annual report on anti-money laundering work and work manuals, and filing and management of relevant data and information; and
7. Other anti-money laundering related matters.



© FATF

In the summit conference held by G-7 in Paris in 1989, participating countries acknowledged that money laundering activities were threatening the banking systems and financial institutions. It was hence decided that a FATF be 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 established 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 grasp the latest 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 regional organizations formed by FATE member countries) ensure the effective implementations of the aforesaid recommendations through self-assessment and mutual evaluations.

Currently, the FATF has 34 member countries (32 countries and territories and 2 international organizations) , 2 observers (India 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. Pursuant to a letter of the Executive Yuan dated September 13, 2007 (Ref. No. Yuan-Tai-Fa-Zi-0960041060), MJIB is designated the authorities to handle reports or notifications under Articles 7, 8 and 10 of the MLCA. Therefore, MJIB is the FIU in Taiwan.

Figure 1. A : Organization chart of AMLD

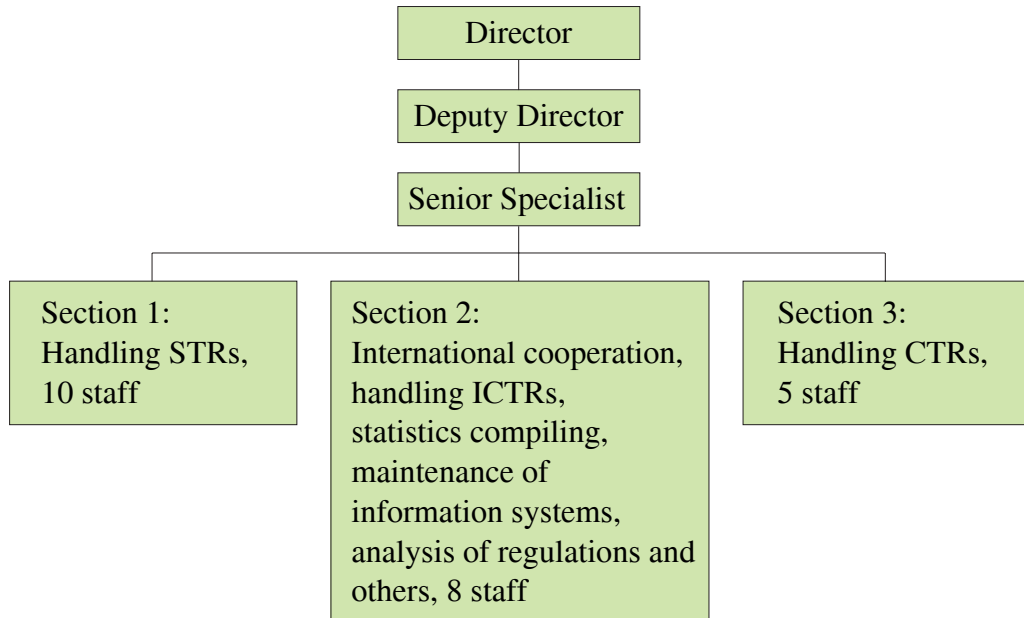
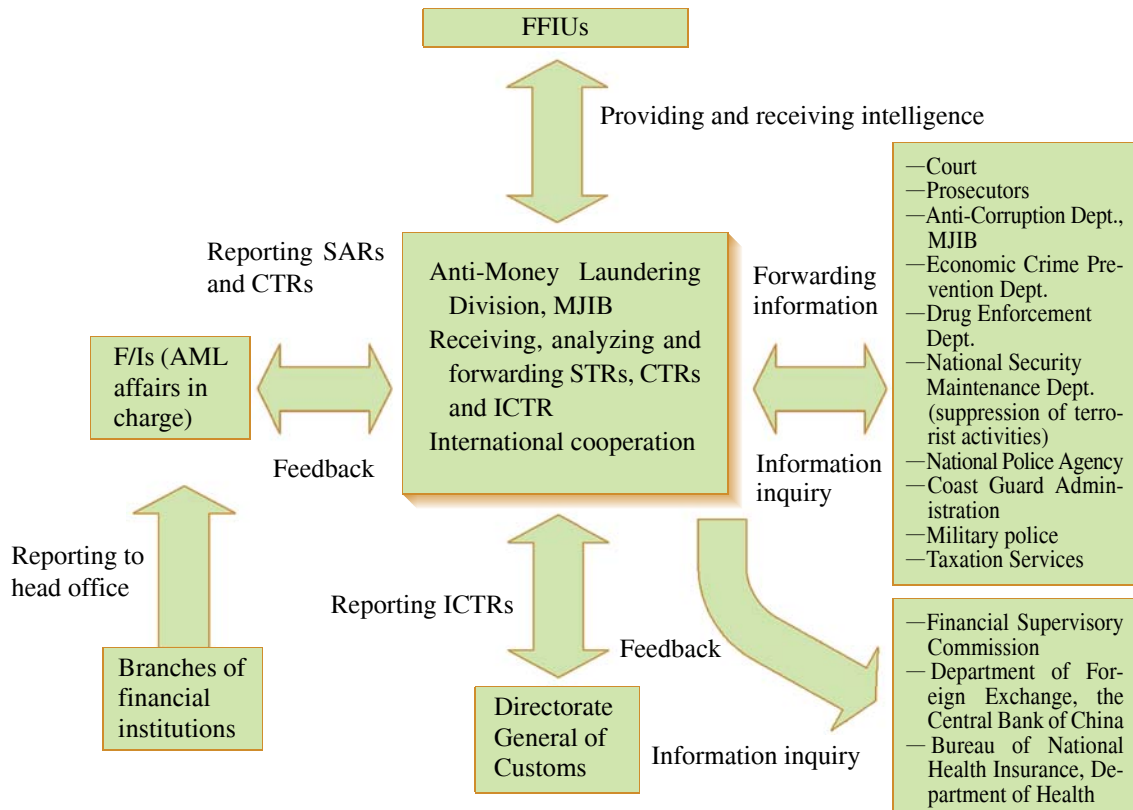
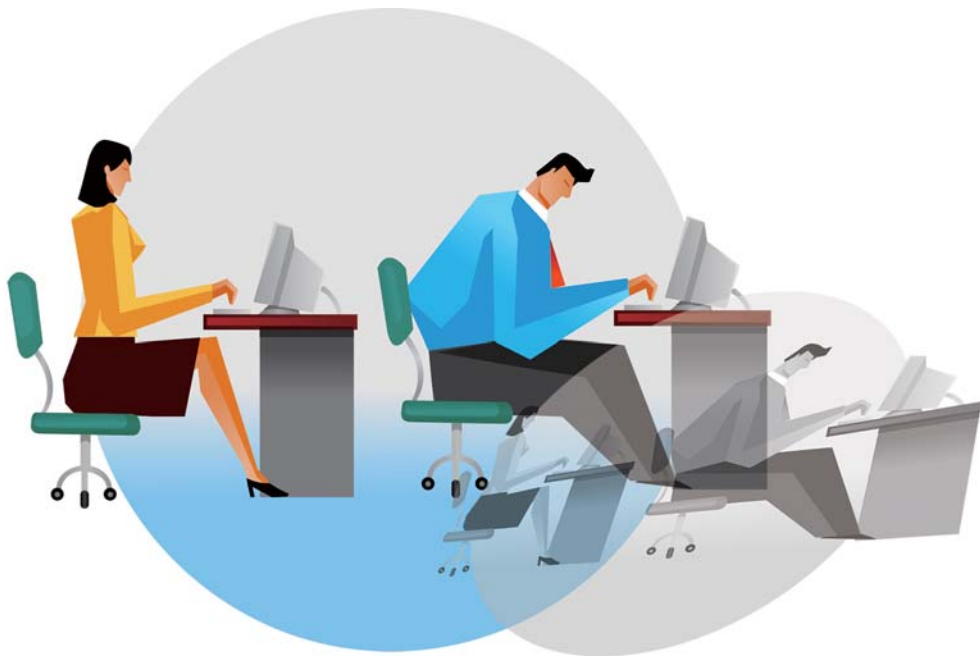


Figure 1. B : Workflows of AMLD



Part II

Work Overview



- I. Strategic Research
- II. Processing of STRs Filed by Financial Institutions
- III. Processing of CTRs Filed by Financial Institutions
- IV. Processing of International Currency Transportation Reports (ICTRs)
- V. Statistics of Prosecuted Money Laundering Case
- VI. Training Programs and Public Awareness
- VII. International Cooperation

I. Strategy Research

A. Amendment of Money Laundering Control Act

According to Subparagraph 8, Paragraph 1, Article 3 of Money Laundering Control Act (MLCA) amended in 2007, “The crimes prescribed in Subparagraph 1, Paragraph 1 of Article 171 of the Securities and Exchange Act in violation of Paragraph 1 or 2 of Article 155, or Subparagraph 2 or Subparagraph 2, Paragraph 1 of Article 157-1, or Subparagraph 8, Paragraph 1 of Article 174 of the same Act” are defined as “serious crimes.” . However said provision does not cover the actors of insider trading specified in Subparagraphs 1, 4 and 5, Paragraph 1 of Article 157-1 of Securities and Exchange Act (SEA). In addition, the acts of a director, supervisor, managerial officer or employee of a company engaging in non-arm’s length transaction that constitutes breach of duties or misappropriation of company assets as provided in Subparagraphs 2 and 3, Paragraph 1 of Article 171 SEA are not included in MLCA, to the effect that crackdowns on economic crime will be considerably undermined. To eliminate any ambiguity in the application of law, Subparagraphs 1, 4 and 5, Paragraph 1 of Article 157-1 and Subparagraphs 2 and 3, Paragraph 1 of Article 171 of SEA are also included to render the law more encompassing and specific.

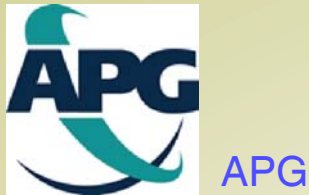
The newly amended Subparagraph 8, Paragraph 1, Article 3 of MLCA provides: “The crimes prescribed in Subparagraph 1, Paragraph 1 of Article 171 of the Securities and Exchange Act in violation of Paragraph 1 or 2 of Article 155, or Paragraph 1 of Article 157-1, Subparagraph 2 or 3, Paragraph 1 of Article 171, or Subparagraph 8, Paragraph 1 of Article 174 of the same Act” , which takes effect on June 11, 2008 under presidential promulgation.

B. Special Topic Research

Seizure and confiscation of property could undermine the economic base of

criminal organizations and take away the economic incentives of engaging or aiding in crime. Confiscated proceeds of crime may be used in promoting the public interest. Thus, stripping criminals of the gains of criminal activities serves multiple purposes. However the prevailing provisions in our Criminal Code on confiscation of gains from criminal activities contain the following limitations: 1. The objects of confiscation are limited to physical objects, excluding items under depository and other claims (e.g. bank accounts); 2. Proceeds of crime that have been transferred to a third person are not subject to confiscation; 3. Unless otherwise provided, if the proceeds of crime cannot be confiscated, no other recourse is provided; 4. If the defendant dies or is in hiding so that he or she cannot be notified of the guilty verdict, his or her family can still hold the illegal gains. Those limitations run counter to the ideal of criminal justice.

These legal deficiencies were also pointed out in the second mutual evaluation report on Taiwan (Chinese Taipei) by the Asia/Pacific Group on Money Laundering (APG) in 2007 which recommends: “Drug dealing by its very nature is intrinsic with the crime of money laundering and the figures indicate that a disproportionately small number of money laundering prosecutions stem from activity associated with narcotics. As previously mentioned in this report, the DEC acknowledges and identifies a need to dedicate resources to address the lack of money laundering and proceeds of crime recovery associated with drug related crime.”



The Asia/Pacific Group on Money Laundering (APG) was founded in 1997 with the mission of facilitating the adoption, implementation, and enforcement of internationally accepted standards against money laundering and the financing of terrorism, in particular the Forty Recommendations and Nine Special Recommendations on Terrorist Financing of the Financial Action Task Force on Money Laundering (FATF), including criminalizing laundering of criminal gain and financing of terrorism, confiscation of criminal gain, mutual legal assistance and extradition, preventive measures targeting financial institutions, specific businesses personnel and professionals. APG also assists member states to establish coordinated domestic systems for reporting and investigating suspicious transaction reports and to develop effective capacities to investigate and prosecute money laundering and the financing of terrorism offenses.

APG currently has 39 member jurisdictions and is an Associate Member of FATF. Taiwan, in the name of Chinese Taipei, is a founding member of APG and able to attend FATF events in the capacity of APG member.

The Ministry of Justice recognizes how the confiscation of proceeds of crime could help to reduce the motivation for committing corruption, narcotic and economic crimes and deems it necessary to mend the loopholes in our legal system as soon as possible. Thus MJIB, under the instruction of the Ministry of Justice, held a discussion meeting on February 14, 2008, inviting scholars including Prof. Lee Chie-ching (associate professor of Technology and Law Center, Na-

tional Taipei University of Technology), Prof. Jing Zong-li (assistant professor of law, Catholic Fu Jen University), a number of prosecutors and representatives of MJIB to jointly discuss the feasible approaches to mending the legal loopholes. The meeting, presided over by Chen Wen-chi, the Deputy Director of Department of Prosecutorial Affairs, Ministry of Justice, concluded on February 20. The conclusions drawn from the discussion and meeting records have been submitted to the Ministry of Justice as reference for formulating measures to deprive criminals of the benefits of crime.

II. Processing of STRs Filed by Financial Institutions

A. Reported STRs

In 2008, there were a total of 1,643 STRs filed by various types of financial institutions. The figure was 1,741 in 2007, and was 1,281 in 2006. The statistics is shown in Table 2.01.

Table 2.01 : Statistics of STRs filed by financial institutions

Reporting entity	No. of filings
Domestic banks	1,053
Foreign banks	87
Credit unions	7
Farmers' & fishermen's credit associations	16
Insurers	15
Postal service engaged in money transfers	347
Securities depository enterprises	108
Credit card companies	1
Securities brokers	8
Futures brokers	1
Total	1,643

B. Processing Statistic of STRs by AMLD

A total of 2,004 STRs, including 1,643 reports filed in 2008 and 361 reports from 2007 were analyzed and forwarded as disseminated in Table 2.02.

Table 2.02 : Breakdown of STRs processed

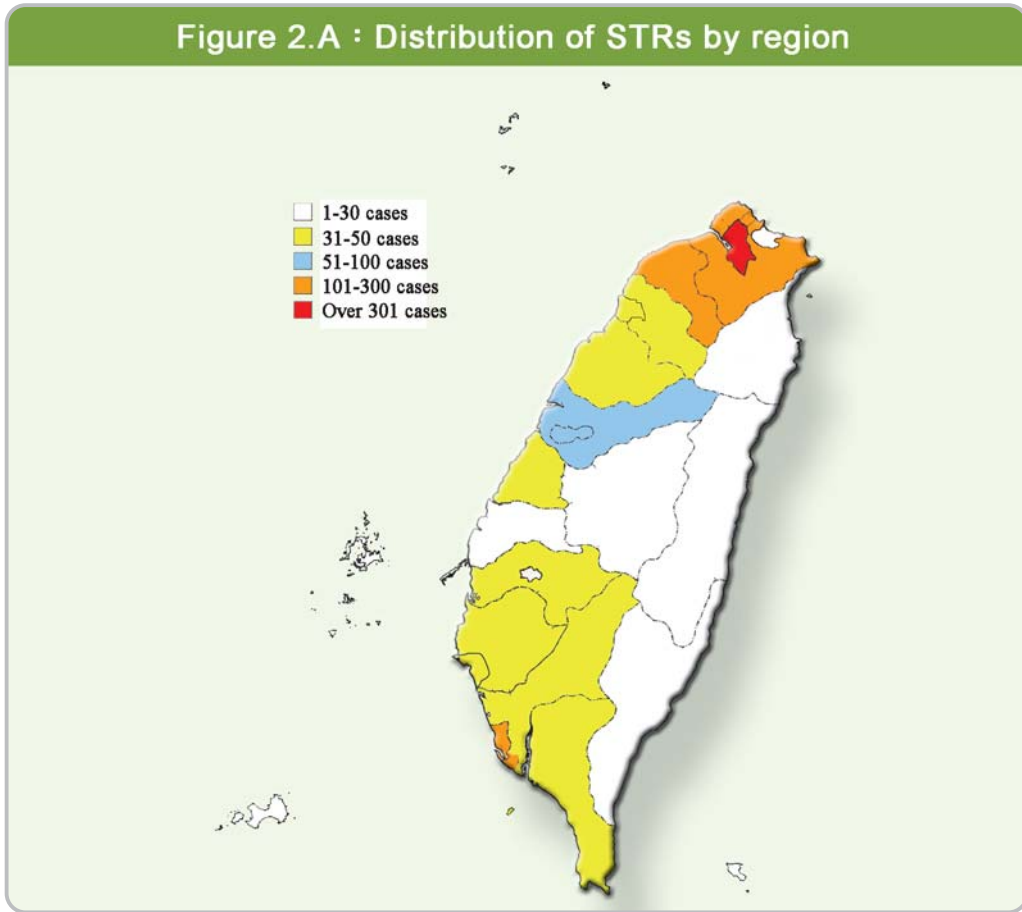
Status	No. of Cases
Disseminated to the investigation offices of the MJIB	253
Disseminated to the police agency and other competent agencies	143
Closed and filed to FIU Database for reference	1,440
Under analysis	168

C. Reported STRs Distribution Statistic by Region

Distribution of STRs by region is shown in Table 2.03 and Figure 2.A.

Table 2.03 : Distribution of STRs by region

Region	No. of cases	Region	No. of cases
Taipei City	566	Chiayi City	20
Taipei County	270	Chiayi County	37
Keelung City	20	Tainan City	32
Yilan County	5	Tainan County	42
Taoyuan County	125	Kaohsiung City	109
Hsinchu City	36	Kaohsiung County	45
Hsinchu County	37	Pingtung County	33
Miaoli County	37	Hualien County	17
Taichung City	74	Taitung County	9
Taichung County	62	Penhu County	0
Changhua County	35	Kinmen County	3
Nantou County	15	Lianjiang County	4
Yunlin County	10		
Total			1,643



D. Reported STRs Distribution Statistic by Month

Table 2.04 : Distribution of STRs by month

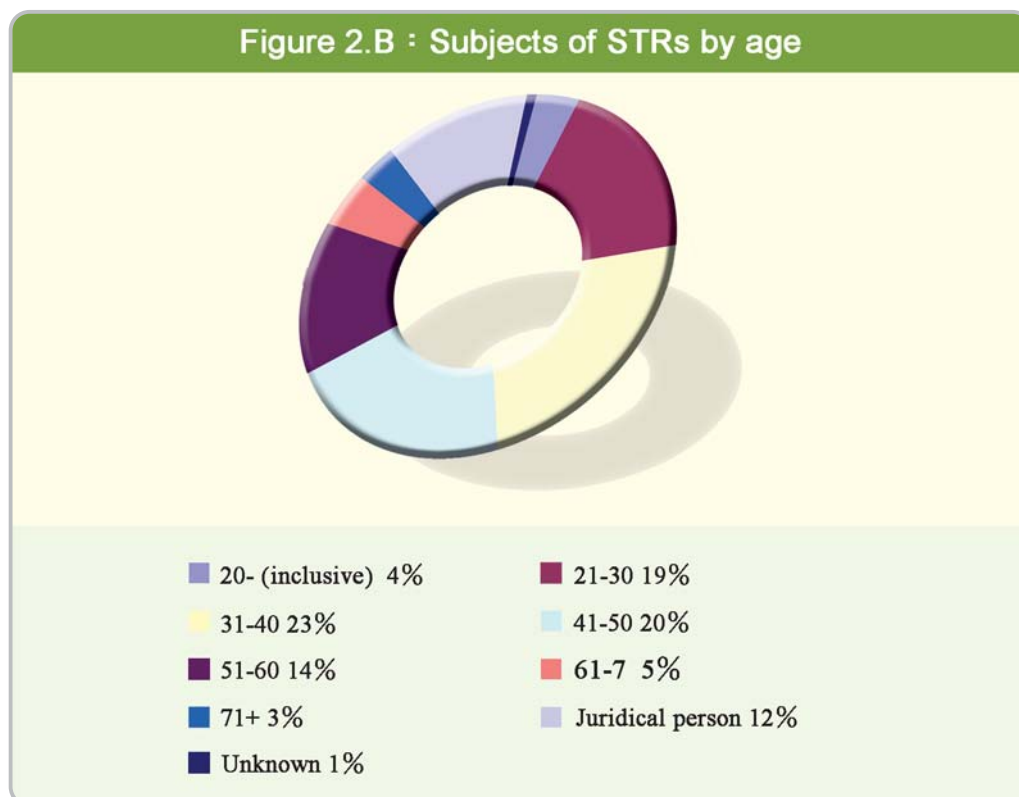
Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Cases	129	86	172	164	145	163	162	121	158	133	92	118

E. Reported STRs Distribution Statistic by Subject Age

The age distribution of the subjects of STRs is depicted in Table 2.05 and Figure 2.B. ◦

Table 2.05 : Subjects of STRs by age

Age group	No. of People
20- (inclusive)	63
21-30	304
31-40	374
41-50	345
51-60	222
61-70	77
71+	49
Juridical person	195
Unknown	14
Total	1,643

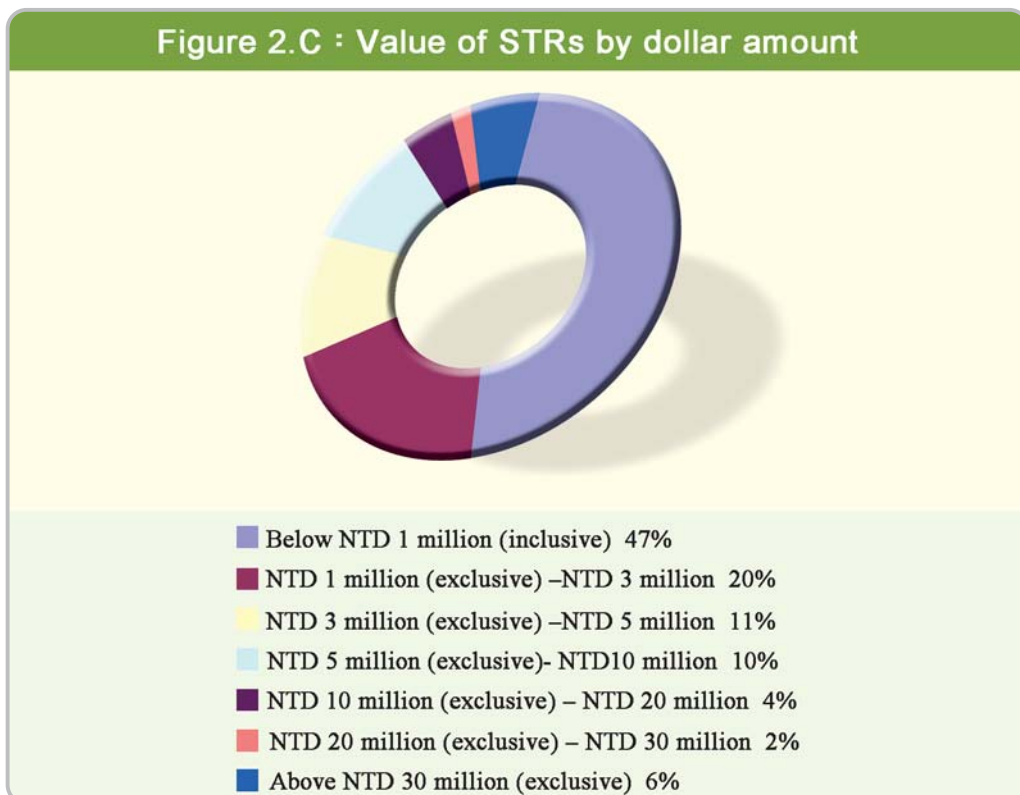


F. Reported STRs Distribution Statistic by Target Value

Statistics and analysis of STRs by value are shown in Table 2.06 and Figure 2.C.

Table 2.06 : Value of STRs by dollar amount

Sum	No. of Cases
Below NTD 1 million (inclusive)	780
NTD 1 million (exclusive) — NTD 3 million	333
NTD 3 million (exclusive) — NTD 5 million	177
NTD 5 million (exclusive)- NTD 10 million	161
NTD 10 million (exclusive) — NTD 20 million	69
NTD 20 million (exclusive) — NTD 30 million	28
Above NTD 30 million (exclusive)	95
Total	1,643



III. Processing of CTRs Filed by 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 an agency designated by the Executive Yuan” 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. The amendment was implemented on August 6, 2003. According to the authorization regulations stipulated in Article 7 of the MLCA, “transactions 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.

A. Reported CTRs

A total of 1,133,014 CTRs were filed by financial institutions in Taiwan in 2008. The figure was 1,190,753 for 2007, and 1,065,879 for 2006. Please refer to Table 2.07.

Table 2.07 : No. of CTRs filed by financial institutions

Reporting entity	No. of cases
Domestic bank	913,644
Foreign banks	5,619
Trust & investment companies	343
Credit unions	47,390
Farmers' / Fishermen's credit associations	75,473
Postal service engaged in money transfers	88,023
Other financial institutions	2,522
Total	1,133,014

B. Processing of CTRs by AMLD

A total of 18,012 CTR inquires were made by MJIB, the courts, prosecutors offices and police agencies in accordance with Guidelines for the Operations of AMLD, Investigation Bureau, Ministry of Justice. The figure was 51,065 in 2007 and 44,733 in 2006.

Table 2.08 : Processing of CTRs

Status	No. of cases
Disseminated to the MJIB 's investigation offices	13
Disseminated to police agency and other competent agencies	23
Closed and filed to FIU Database	75
Under analysis	74
Sourced from intelligence	1

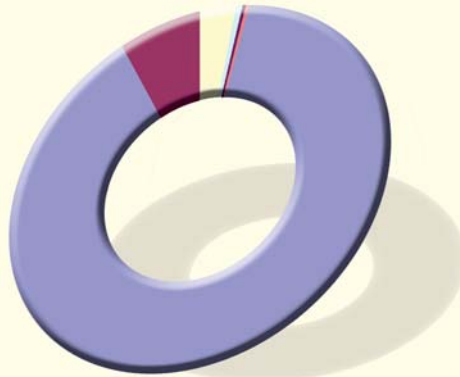
C. Reported CTR Distribution Statistic by Target Value

The analysis of CTRs filed by financial institutions is shown in Table 2.09 and Figure 2.D.

Table 2.09 : CTR filings by value

Sum	No. of CTRs
NTD 1 million — NTD 3 million	1,009,963
NTD 3 million (exclusive) — NTD 5 million	76,894
NTD 5 million (exclusive)- NTD 10 million	33,171
NTD 10 million (exclusive) — NTD 20 million	7,865
NTD 20 million (exclusive) — NTD 30 million	1,493
Above NTD 30 million (exclusive)	3,628
Total	1,133,014

Figure 2.D : CTRs by value



- NTD 1 million –NTD 3 million 89%
- NTD 3 million (exclusive) –NTD 5 million 7%
- NTD 5 million (exclusive)- NTD 10 million 3%
- NTD 10 million (exclusive) – NTD 20 million 1%
- NTD 20 million (exclusive) – NTD 30 million 0%
- Above NTD 30 million (exclusive) 0%

IV. Processing 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.

In 2007, the Paragraph 1, Article 10 of the MLCA (Money Laundering Control Act) has been revised as follows: “All passengers or service crews of transportation carriers should declare to the customs the following articles which they bring along with them upon entry into or exit from the country: 1) Cash of foreign currency over a total value of a certain amount. 2) Portfolio/negotiable securities over a total face value of a certain amount. The certain amount described here-with donates Ten Thousand U.S. Dollars or equivalent foreign exchange. The customs should report to the authority concerned specified by the Executive Yuan after receiving the customs declaration.”

In 2008, a total of 5,801 cases were reported to the AMLD by customs. Refer to Tables 2.10 to 2.11 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.

A. Inbound and Outbound ICTRs Declaration Statistic by Customs

Table 2.10 : Inbound and outbound ICTRs

Inbound & outbound	No. of ICTRs
Inbound	2,696
Outbound	3,105
Total	5,801

B. Inbound and Outbound ICTRs Statistic by Month

Table 2.11 : Distribution of inbound and outbound ICTRs by month

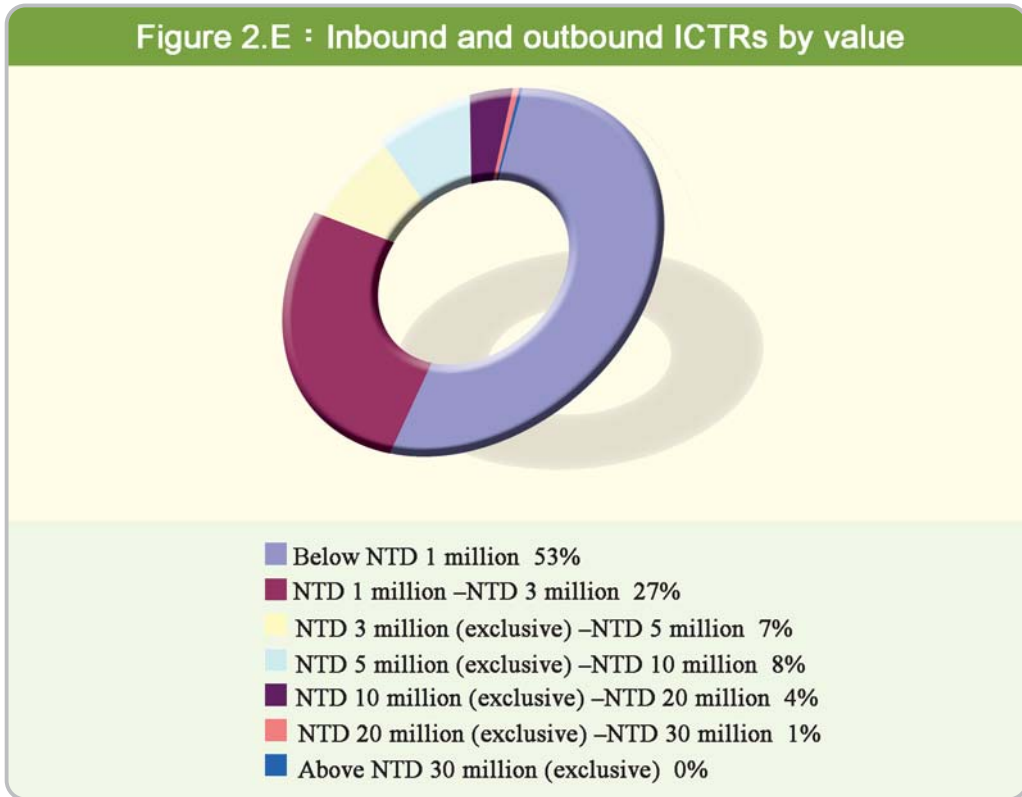
Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Cases	488	385	549	491	447	451	487	399	426	573	506	599

C. Inbound and Outbound ICTRs by Value

In 2008, the total value of the ICTRs disseminated by customs to the AMLD amounted to NTD 13,617,314,922, as shown in Table 2.14 and Figure 2.E. The total value of the 2,696 inbound ICTRs filed reached NTD 6,017,961,335; the total value of the 3,105 outbound ICTRs filed reached NTD 7,599,353,587.

Table 2.12 : Inbound and outbound ICTRs by value

Sum	No. of ICTRs
Below 1 million	3,077
NTD 1 million — NTD 3 million	1,574
NTD 3 million (exclusive) — NTD 5 million	434
NTD 5 million (exclusive) — NTD 10 million	452
NTD 10 million (exclusive) — NTD 20 million	208
NTD 20 million (exclusive) — NTD 30 million	44
Above NTD 30 million (exclusive)	12
Total	5,801



D. Processing Statistic of ICTRs by AMLD

Table 2.13 : Processing of ICTRs

Status	No. of ICTRs
Disseminated to the MJIB’ s investigation offices	4
Disseminated to police agency and other competent agencies	2
Closed and filed to FIU Database	39
Under analysis	27

V. Statistics of Prosecuted Money Laundering Cases

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.

A. Types of Money Laundering Cases

In 2008, a total of 23 cases were prosecuted by district prosecutors offices under the MLCA (including those of deferred prosecutions and petitions for summary judgments). 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 2.14 for types of money laundering cases, offences and prosecutors' office/investigators in charge.

Table 2.14 : Types of money laundering cases, offences and prosecutors' office/investigators in charge

Type of offences	Offence	Investigation Bureau	Prosecutors' Office	Policy Agency	Total
Economic crimes	Insider trading	2	0	0	2
	Underground banking/alternative remittance	1	0	0	1
	Non-arm's length transaction	3	0	1	4
	Fraud	1	0	4	5
	Embezzlement	1	0	1	2
	Illegal fund raising	2	0	1	3
	Breach of trust in violation of Banking Act	0	1	0	1
	Embezzlement in violation of Securities and Exchange Act	1	0	0	1
Economic crimes subtotal		11	1	7	19
Corruption	Misappropriation	0	1	0	1
	Bribery through jobbery	3	0	0	3
Corruption subtotal		3	1	0	4
Total		14	2	7	23

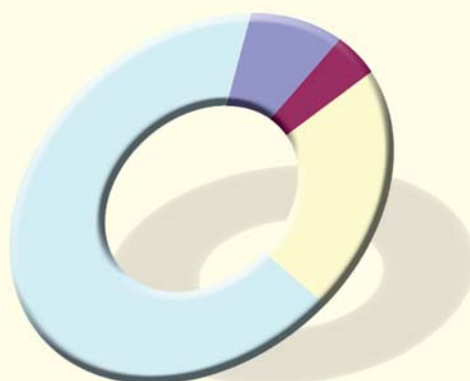
B. Money Laundering

In 2008, the total amount of money laundering proceeds amounted to NTD 3,655,122,418 from the cases prosecuted by district prosecutors' offices (including the cases of delayed prosecutions and petitions for summary judgments) under the MLCA. Please see Table 2.15 and Figure 2.F

Table 2.15 : Money laundering proceeds

Amount	No. of Cases
NTD 1 million (exclusive) — NTD 5 million	2
NTD 5 million (exclusive) — NTD 10 million	1
NTD 10 million (exclusive) — NTD 30 million	5
Above NTD 30 million (exclusive)	15
Total	23

Figure 2.F. : Money laundering proceeds



- NTD 1 million (exclusive) – NTD 5 million 9%
- NTD 5 million (exclusive) – NTD 10 million 4%
- NTD 10 million (exclusive) – NTD 30 million 22%
- Above NTD 30 million (exclusive) 65%

C. Money Laundering through Various Financial Institutions

In 2008, there were a total of 23 money laundering cases prosecuted by the district prosecutors' offices in accordance with the MLCA (including the cases of deferred prosecutions and petitions for summary judgments). Table 2.16 shows the types of financial institutions referred to in Paragraph 1, Article 5 of the MLCA through which the proceeds were channeled. Table 2.17 shows the means of money laundering by offenders.

Table 2.16 : Money laundering through various financial institutions

Type of financial institutions	No. of Cases
Banks	21
Securities brokers	1
Insurance companies	1
Total	23

Table 2.17 : Means of money laundering by criminals

Money laundering methods	No. of Cases
Dummy accounts	14
Remittance abroad	3
Accounts of relatives	4
Repayments of debts	1
Insurance policy	1
Total	23

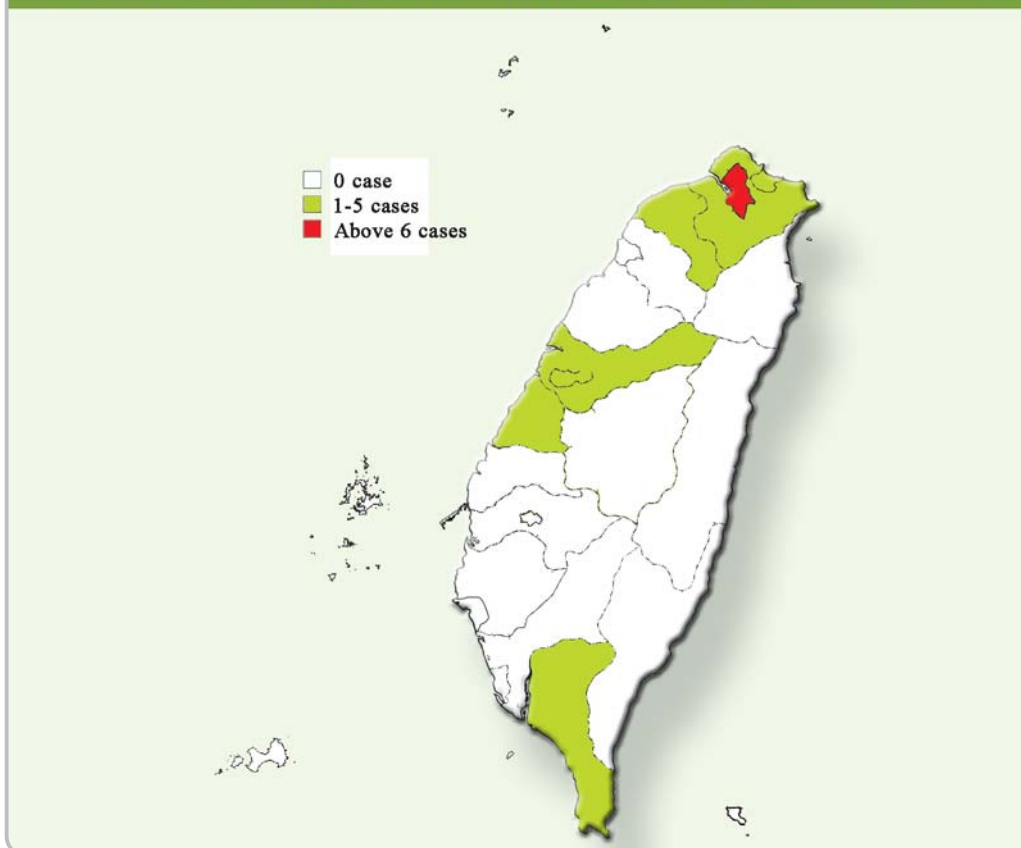
D. Money Laundering Cases by Region

In 2008, there were 23 money laundering cases caught in Taiwan. Table 2.18 and Figure 2.G. shows the regional distribution of these cases.

Table 2.18 : Distribution of money laundering cases by region

Region.	No. of Cases.	Region.	No. of Cases.
Taipei City	12	Yunlin County	0
Taipei County	1	Chiayi City	0
Keelung City	1	Chiayi County	0
Yilan County	0	Tainan City	0
Taoyuan County	2	Tainan County	0
Hsinchu City	0	Kaoshiung City	0
Hsinchu County	0	Kaohsiung County	0
Miaoli County	0	Pingtung County	2
Taichung City	1	Hualien County	0
Taichung County	2	Taitung County	0
Changhua County	2	Penhu County	0
Nantou County	0	Kinmen County	0
Total			23

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



E. Defendants Prosecuted for Money Laundering Offenses

Table 2.19 : Defendants prosecuted for money laundering offenses

Prosecuted offence	Offence type	Gender	No. of People
Paragraph 1, Article 11 of MLCA	Principal offender	Male	56
		Female	15
		Subtotal	71
	Accessory	Male	3
		Female	2
		Subtotal	5
Paragraph 2, Article 11	Principal offender	Male	12
		Female	11
		Subtotal	23
Total			99

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 STRs. 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 enhances 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 AMLD sent staff to financial institutions as requested for anti-money laundering lectures. Table 2.20 shows the number of lectures and participants.

Table 2.20 : Training programs and public awareness campaigns carried out by the AMLD

Types of financial institutions		Subtotal	
		No. of lectures	No. of participants
Banks	Domestic banks	32	2,785
	Foreign banks	5	156
Farmers' & fishermen's credit associations		5	645
Securities investment & trusts		6	269
Securities brokers		18	1,117
Futures brokers		3	190
Chunghwa Post Co. Ltd.		0	0
Taiwan Insurance Institute		19	1,168
Bills finance corporations		2	250
Total		99	6,580

VII. International Cooperation

According to the 40th Recommendation 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 AMLD, serving as the FIU in Taiwan, spares no efforts in playing its part in international cooperation to fight money laundering. In 2008, the AMLD exchanged information on a total of 114 cases in international investigations on ML/FT, of which 38 were cases which other countries asked for our assistance, 37 were cases which we asked other countries for assistance, 18 were cases which we offered intelligence spontaneously to other countries, and 21 cases were questionnaire and other matters.

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



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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 one of the 18 international organizations that Taiwan joined. Up to now, the EGMONT Group has 116 member countries, ~~who exchange~~ information via secured networks.

In 2008, the AMLD signed Cooperative Agreements or Memorandum of Understanding concerning the exchange of information related to AML/CFT with the USA, Aruba, Netherlands and Macedonia as the basis of information exchange. Looking forward, the AMLD will continue similar initiatives to enter Cooperative Agreements or Memorandum of Understanding concerning the exchange of information related to AML/CFT with other FIUs.

In 2008, the AMLD invited Mongolian FIU Director Bazawagchaa Tumur-

bat and Analyst Dulamsuren Tumor as well as the FIU Director of Federation of Saint Kitts Jacqueline and three staff to MJIB to take courses on money laundering prevention on February 19-21, and April 21-23 respectively. The study program was arranged by AMLD and taught by AMLD personnel. The program covered courses on anti-money laundering regulations, suspicious money laundering transactions, filing and analysis of STRs, CRTs and ICRTs, introduction to the Egmont Group and rules on exchange of intelligence, and qualifications and procedure for applying for membership in Egmont Group. Personnel of MJIB Information and Communication Security Division gave lectures on computerized procedure and equipment for receiving reports filed by financial institutions. The AMLD also invited representatives from the Financial Supervisory Commission and the banking industry to give courses on Supervision of Financial Supervision and Procedure for Reporting STRs and CRTs by Banks.

Members of the Mongolian FIU and Federation of Saint Kitts FIU complimented on a number of occasions during their visits to Taiwan's comprehensive money laundering prevention mechanism and well-implemented filing and analysis operations. They also discussed the problems they encountered in actual practice and learned from our experience.



Part III

Significant Case Studies



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I. A Stock Manipulation Case

II. A Banking Act Violation Case

I. A Stock Manipulation Case

AMLD received a bank report on activity suspected of money laundering. The report is summed up as follows: “Bank customer Chen XX withdrew large sum of cash several days in a row during September 2007 and received a number of large-sum remittances in his account on October 5.”

An investigation by the MPLD found that Chen was a major shareholder of a listed company A. He in collaboration with others attempted to manipulate the stock price of Company A by buying the stocks on the market at high or selling them at low. After search and interrogation by MJIB Northern District Mobil Unit in November 2008, the case has been referred to Taiwan Taipei District Prosecutors Office.

II. A Banking Act Violation Case

AMLDD received a bank report on activity suspected of money laundering. The report is summed up as follows: “Bank customer Liu XX brought \$990,000 in cash with him and withdrew \$810,000 from Account B, \$395,750 from Account C and \$1,000,000 from Account D, totaling \$3,195,750 to purchase US \$100,000 and wired the money to Hong Kong in the name of E.” An investigation found that Liu and the holders of accounts B, C, D and E are all relatives, and those accounts are the dummy accounts of Liu. Liu received money from un-specific clients through those accounts to engage in underground remittance between Taiwan and China for them. In a period of three years, Liu has remitted in total more than NT\$3 billion. After search and interrogation by MJIB Southern District Mobil Unit in June 2008, the case has been forwarded to Taiwan Kaohsiung District Prosecutors Office.

Part IV

Chronicle of events



2008/2/14	AMLDD held the first discussion forum on practical and procedural issues concerning legislating confiscation of proceeds of crime.
2008/2/19	Mongolian FIU director and an analyst attended a 3-day money laundering prevention training program at AMLDD.
2008/2/20	AMLDD held the second discussion forum on practical and procedural issues concerning legislating confiscation of proceeds of crime.
2008/2/22	AMLDD sent staff to the Ministry of Justice to attend a meeting on amending the Money Laundering Control Act. AMLDD sent staff to the Ministry of Foreign Affairs to attend a meeting on Taiwan-Vietnam Cooperation, Exchange and Outlook.
2008/2/23	AMLDD sent staff to attend a FATF plenary meeting in Paris, France.
2008/3/4	AMLDD sent staff to the Ministry of Finance to attend a meeting on “Whether to Include the In-town Reception Center of Duty-Free Shop in the MLCA.”
2008/3/10	AMLDD sent staff to attend the working group meeting of Egmont Group in Chile.
2008/3/19	AMLDD sent staff to the Executive Yuan Homeland Security Office to attend the APEC Counter Terrorism Task Force (CTTF) Coordination Meeting.
2008/3/26	AMLDD sent staff to the Executive Yuan to attend a meeting on amending the Money Laundering Control Act.
2008/4/14	AMLDD sent staff to a seminar on asset forfeiture sponsored by the US Drug Enforcement Administration.
2008/4/21	Federation of Saint Kitts FIU Director Jacqueline and three colleagues attended a 3-day money laundering prevention training program at AMLDD.

2008/4/23	AMLDDirector Chou and two personnel went to the Ministry of Justice to attend a meeting on subsequent improvement actions in association with the results of second APG mutual evaluation report.
2008/5/5	AMLDD moved its office.
2008/5/25	AMLDDirector Chou and personnel attended the five-day annual meeting of Egmont Group in Seoul, Korea.
2008/5/27	AMLDD entered a MOU on exchange of intelligence on anti-money laundering and terrorist financing with The Office of Terrorist Finance and Financial Crimes under the US Department of The Treasury and the FIU of Aruba, Netherlands respectively.
2008/6/11	AMLDD sent staff to attend the 2008 FATF plenary meeting in London.
2008/6/18	AMLDD sent staff to Financial Supervisory Commission to attend a discussion forum on amending the Regulations Governing Cash Transaction Reports and Suspicious Transaction Reports by Financial Institutions.
2008/6/19	AMLDD sent staff to the Ministry of Justice to attend a coordination meeting before heading to the 2008 APG annual meeting.
2008/7/7	AMLDD sent staff to attend the five-day APG annual meeting in Bali, Indonesia.
2008/8/5	Director of General Affairs of Japan Interchange Association Taipei Office Oka Motohiko visited AMLDD.
2008/8/28	AMLDD sent staff to Mainland Affairs Council to attend a meeting on cross-strait collaboration in crime fighting.
2008/9/4	AMLDD sent staff to the Department of Prosecutorial Affairs, Ministry of Justice to attend a meeting on “How to cooperate with the Hong Kong police in confiscating the illegal gain from crime in the Lu case.”

CHRONICLE OF EVENTS

2008/10/17	Kyle D. Latimer and David P. Warner from the Office of International Affairs of the US Department of Justice visited.
2008/10/20	AMLDD sent staff to attend the five-day working group meeting of Egmont Group in Toronto, Canada.
2008/10/27	AMLDD sent staff to attend the three-day APG Typologies Workshop in Colombo, Sri Lanka.
2008/10/31	AMLDD entered a MOU on exchange of intelligence on anti-money laundering and terrorist financing with Macedonia FIU.
2008/11/5	AMLDD sent staff to attend the 33rd Taiwan-Japan Economic and Trade Meeting sponsored by the Association of East Asian Relations and Japan Interchange Association at Ambassador Hotel on November 5 and 6.
2008/11/18	AMLDD sent staff to the Kaohsiung Branch Taiwan-High Prosecutors Office to attend a Forum on Seizure and Confiscation of Proceeds of Crime, in which AMLDD staff presented a report on Time Point and Method for Calculating Proceeds of Crime from Insider Trading.
2008/12/3	AMLDD held the financial institution fellowship meeting.
2008/12/22	AMLDD sent staff to Ulan Bator, Mongolia to conduct onsite inspection and provide assistance in Mongolia's application for Egmont Group membership on December 22-25.

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