

# ANTI-MONEY LAUNDERING ANNUAL REPORT, 2010

ANTI-MONEY LAUNDERING ANNUAL REPORT, 2010

The Investigation Bureau, Ministry of Justice, Republic of China



ANTI-MONEY LAUNDERING  
ANNUAL REPORT, 2010



The Investigation Bureau, Ministry of Justice  
Republic of China

# Anti-Money Laundering Annual Report, 2010



The Investigation Bureau, Ministry of Justice  
Republic of China

# Foreword

The new evolving techniques for financial transaction bring great convenience to public with no doubt, but they also make money laundering more rampant and cause the occurrence of interstate crimes. Hence, mutual legal assistance and cooperating with law enforcement agencies from different jurisdictions are becoming irresistible trends to curb criminal activities and money laundering offence. Each Division under the Investigation Bureau therefore keeps in a tight connection with counterparts from other countries to cooperate investigating the related crimes. For instance, the Anti-Money Laundering Division, AMLD, has already signed agreements or cooperative memoranda with 18 countries for money laundering intelligence exchange, together with joining Egmont Group to strengthen intelligence exchange with foreign counterparts through the secured web platform provided by the organization. Last year, after the conclusion of the “Combating Crimes and Mutual Legal Assistance Agreement between the both sides of Taiwan-Strait”, the cooperation network on criminal investigations with Mainland China has become more solid and firmer. However, the practical studies and academic researches on mutual legal assistance including the offence of money laundering in Taiwan are still existing issues awaiting scholars and professionals to further research and study. Besides, there are also several problems need to be clarified after the “Combating Crimes and Mutual Legal Assistance Agreement between the both sides of Taiwan-Strait” being signed. Therefore, the AMLD invited the scholars and professionals to stage the “Money Laundering Control Act and Mutual Legal Assistance Seminar” in November 2010 to analyze and study the relative issues for seeking solutions.

This annual report provides the statistics on prosecutions of money laundering, receiving/handling Currency Transactions Reports (CTRs) and Suspicious

Transaction Reports (STRs) etc according to the requirements of the 32nd recommendation of the FATF 40 Recommendations. Furthermore, for enriching the content of this annual report and study the emerging trends of international money laundering in-depth, we invited Mr. Ma Yue Chung, Associate Professor of Criminology from the National Chung Cheng University, to write a project research report entitled “Can a Legal Person Become the Subject of Committing Money Laundering? — The Impact to the Civil Law Based Countries in Europe Union by the Latest EU Directives”; the AMLD also translated the “Mass-Marketing Fraud: A Threat Assessment” and “Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism” to provide references for practical operations and academic researches. Should you spot any errors or would like to make suggestions; we welcome your precious comments.

Investigation Bureau, Ministry of Justice  
Director General

*Chang, Chi-Ping*

June 2011

# Editor's Notes

## I. Purpose

According to the 32<sup>nd</sup> Recommendation of the revised FATF 40 Recommendations in 2003, 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. Thus this Annual Report gathered all the 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 six parts:

1. Organization Introduction.
2. Work Overview (including statistical information and charts).
3. Significant Case Studies.
4. Chronicle of AMLD Events in 2010.

B. The Annual Report is produced based on data related to 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 years of Christ. 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. The value of money 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. Should you spot any errors or would like to make suggestions; we welcome your precious comments.**

# Contents

Foreword	1
Part I Organization Introduction	9
Part II Work Overview	15
I . Strategic Research on AML/CFT	16
A. Inviting Egmont Group Chairman and Executive Secretary to Visit Taiwan	16
B. Organizing and Hosting “Money Laundering Control and Mutual Legal Assistance” academic seminar	18
II . Processing the STRs Filed by Financial Institutions	20
A. The Statistics of STRs	20
B. The Statistics of STRs Processed by the AMLD	21
C. The Distribution of STRs by Region	21
D. The Statistics of STRs Distribution by Month	22
E. The Distribution of STRs by the Age of Subjects	23
F. The Distribution of STRs by the Suspected Fund Value	24
III. Processing the CTRs Filed by Financial Institutions	25
A. The Statistics of CTRs	25
B. The Statistics of CTRs Processed by the AMLD	26
C. The Distribution of CTRs by the Transaction Fund Value	26
IV. Processing of International Currency and Securities Transportation Reports (ICTRs)	28
A. Inbound and Outbound ICTRs Declaration Statistics by the Customs	28
B. Statistics of ICTRs Filed by Month	29
C. Statistics of ICTRs by Declared Value	29
D. Statistics of ICTRs Processed by AMLD	30

V. Statistics of Prosecuted Money Laundering Cases	31
A. Types of Money Laundering Cases	31
B. Money Laundering	32
C. Statistics of Money Laundering Through Various Types of Financial Institutions	34
D. Money Laundering Cases Distributed by Region	35
E. Defendants Prosecuted for Money Laundering Offenses	36
VI. Training Programs and Public Awareness	37
VII. International Cooperation	38
Part III Significant Case Studies	43
Case Study 1: Mr. Chang Violated the “Securities and Exchange Act”	44
Case Study 2: Mr. Tang Committed the Offence of Business Embezzlement	45
Part IV Chronicle of AMLD Events in 2010	47



# Contents Table

Table 01 : Statistics of STRs Filed by Financial Institutions	20
Table 02 : Breakdown of STRs Disseminated by the AMLD After Analysis	21
Table 03 : Distribution of STRs by Region	21
Table 04 : STRs Distribution by Month	22
Table 05 : The Age Distribution of the Subjects of STRs	23
Table 06 : Suspected Fund of STRs by Dollar Amount	24
Table 07 : No. of CTRs Filed by Financial Institutions	26
Table 08 : Statistics of CTRs Processed by the AMLD	26
Table 09 : The Distribution of reported CTRs by the Transaction Fund Value	27
Table 10 : Statistics of ICTRs by Inbound and Outbound	29
Table 11 : Distribution of ICTRs by Month	29
Table 12 : Statistics of ICTRs by Declared Value	29
Table 13 : Statistics of ICTRs Processed by AMLD	30
Table 14 : Types of Money Laundering Cases, Offences and Prosecutors Office/Investigators in Charge	32
Table 15 : Statistics of Laundered Money	33
Table 16 : Money Laundering Through Various Types of Financial Institutions	34
Table 17 : Methods of Money Laundering by Offenders	34
Table 18 : Distribution of Money Laundering Cases by Region	35
Table 19 : Defendants Prosecuted for Money Laundering Offenses	36
Table 20 : Training Programs and Public Awareness Campaigns Carried out by the AMLD	37

## Contents Figure

Figure A : Organization Chart of AMLD	14
Figure B : SOP of Work in the AMLD	14
Figure C : Distribution Map of STRs	22
Figure D : Subjects of STRs by Age	23
Figure E : Pie Chart of the Suspected Fund of STRs	24
Figure F : Pie Chart of CTRs by the Transaction Fund Value	27
Figure G : Pie Chart of ICTRs by Declared Value	30
Figure H : Pie Chart of Laundered Money	33
Figure I : Distribution Map of Money Laundering Cases by Region	35

# *Part I*

## *Organization Introduction*



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 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 Financial Action Task Force be established to cope with the relevant issues. In 1996, 40 Recommendations brought forward by Financial Action Task Force (FATF) in 1990 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 Money Laundering Control Act ( “MLCA” ), which was passed by the Legislative Yuan on October 23, 1996 and took effect on April 23, 1997 upon presidential decree. In more than fourteen years of implementation and practice, the MLCA underwent amendments in 2003, 2006, 2007, 2008, and 2009 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 transactions, anti-money laundering legislations around the world all require financial institutions to file suspicious transaction reports (STRs). It is the same with Article 8 of the MLCA. The Financial Intelligence Unit (FIU) is responsible for receiving and analyzing STRs. In accordance with the regulation stipulated in Article 8 of the MLCA, the Investigation Bureau, Ministry of Justice (MJIB) was assigned to receive the STRs filed by financial institutions and the Anti-Money Laundering Division (AML D) was established under the MJIB on April 23, 1997 in accordance with the approval of Executive Yuan to act as the FIU in Taiwan. In addition, 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 the same year

upon presidential decree, MJIB is in charge of “money laundering prevention matters”, and pursuant to Article 3 of the same Act, MJIB is instructed to establish the “Anti-Money Laundering Division” (AMLDD) pursuant to Article 7, 8 and 10 of MLCA amended in 2009. The AMLDD was stipulated expressly as a division receiving reports which and submitted by financial institutions. The AMLDD currently has 24 staff members. Please refer to Figures 1.A and 1.B for the AMLDD’s organizational structure, mandate and SOP of work. Its budget allocated for 2010 was NTD\$2,940,000 plus.

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

1. Researching anti-money laundering strategies and providing consultation in the formulation of relevant regulations;
2. Receiving, analyzing, processing and utilizing suspicious activity reports (STRs) filed by financial institutions;
3. Receiving, analyzing, processing and utilizing currency transaction reports (CTRs) filed by financial institutions and international currency and securities transportation reports (ICTRs) forwarded by customs on large-sum foreign currency or bearer negotiable instruments carried by passengers or transport service personnel;
4. Assisting other domestic agencies in the investigations of money laundering cases and coordination/liaison with respect to money laundering prevention operation;
5. Liaison, planning, coordination and implementations of information exchange, personnel training and cooperation in investigating money laundering cases with foreign counterparties;
6. Preparation and publication of annual report on anti-money laundering work and work manuals, and the 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 on money laundering to make sure such developments are being incorporated into the anti-money laundering standards and develop measures to monitor countries implementing the requirements. In order to construct an anti-money laundering regime that can be commonly applied for preventing criminals to use the financial systems as a vehicle to launder money, the FATF formulated 40 Recommendations in 1990. 40 Recommendations had been amended respectively in 1996 and 2003, to keep up with the times and grasp the latest money-laundering threats. Also, 9 Special Recommendations were defined in 2001 and amended in 2004 to combat terrorist financing.

The FATF's member countries (including member countries of FATF style regional organizations) ensure the effective implementations of the aforesaid recommendations through self-assessment and mutual evaluations.

Currently, the FATF has 36 member countries (34 countries and territories and 2 international organizations) and 5 associate members, including.

## ◎ 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 receipt (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 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

Paragraph 1, Article 8 of the MLCA provides: "For any financial transaction suspected of committing a crime prescribed in Article 11 herein, the financial institutions referred to in this Act shall ascertain the identity of the customer and keep the transaction record as evidence, and report the suspect financial transaction to the Investigation Bureau, Ministry of Justice."

Also, Article 7 and 10 of the same Act provide that if any currency transaction exceeding a certain amount of money, or passengers or service crew on board who cross the border as the carrier to carry cash of foreign currency or negotiable securities, the financial institutions or customs shall report or forward subsequently to the MJIB. For dealing with the related matters, the MJIB established AMLD in 1997. Therefore, AMLD is the FIU in Taiwan.

Figure A : Organization Chart of AMLD

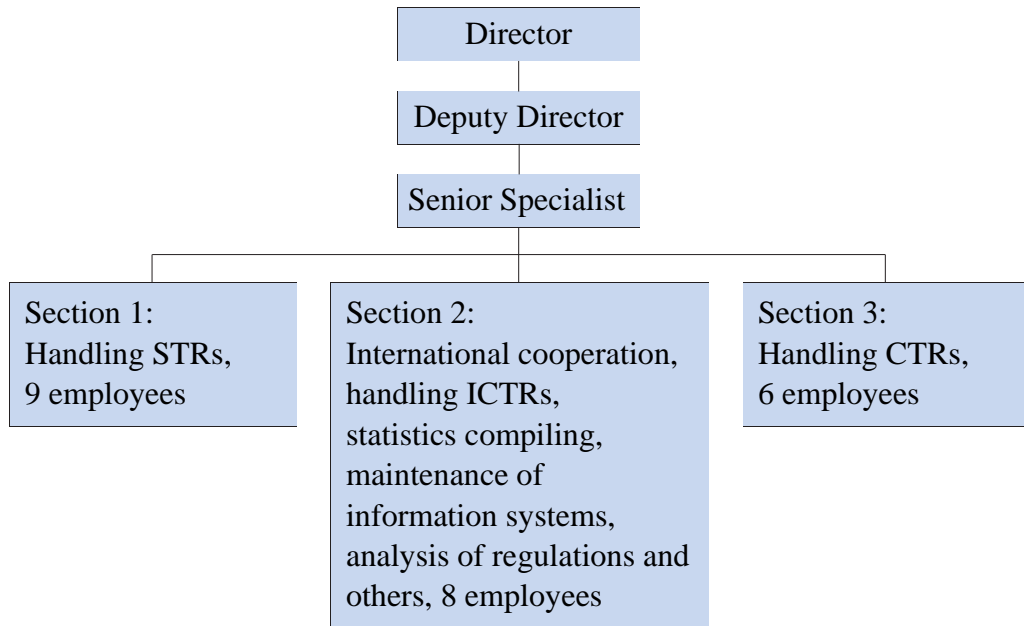
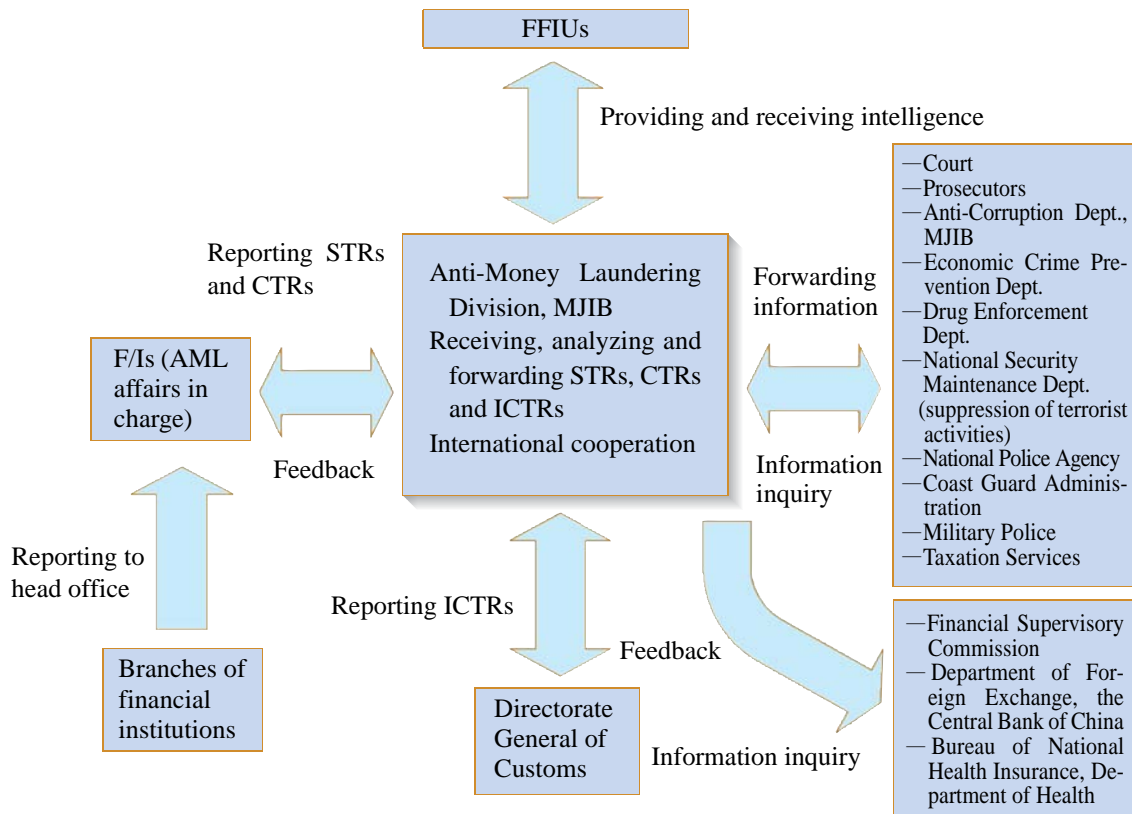


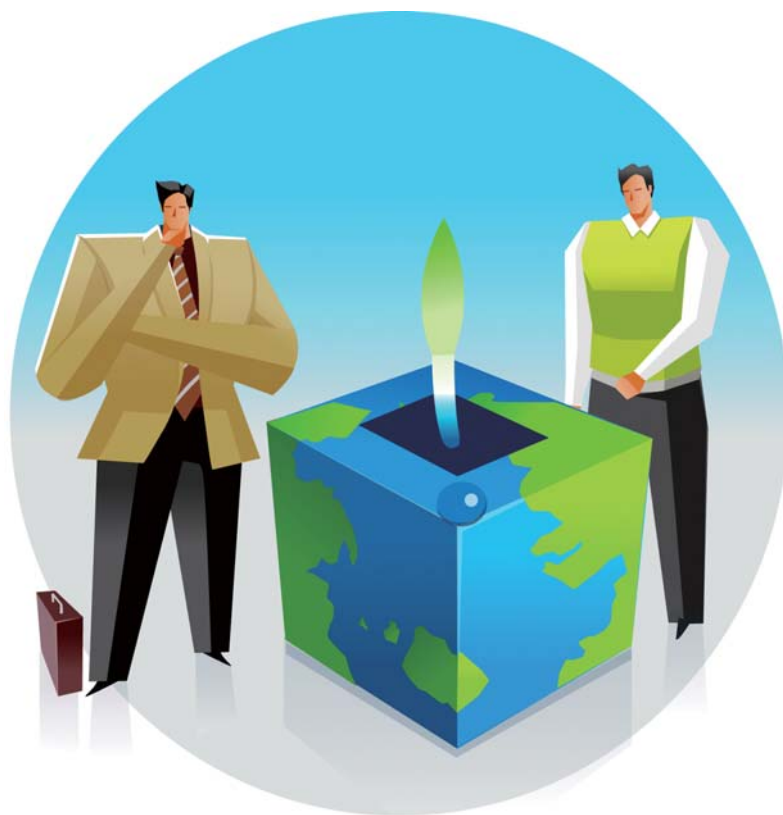
Figure B : SOP of Work in the AMLD





## *Part II*

# *Work Overview*



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

## I. Strategic Research on AML/CFT

### A. Inviting Egmont Group Chairman and Executive Secretary to Visit Taiwan

The Chairman of Egmont Group, Mr. Boudewijn Verhelst, and Executive Secretary, Ms. Bronwyn Somerville, were invited by the AMLD to visit the authorities in Taiwan, including the Ministry of Foreign Affairs (MOFA), Ministry of Justice (MOJ), and Investigation Bureau during their stay from 17 to 19 August, 2010. Mr. Verhelst highly praised the work performance of Taiwan authorities to establish and develop an integrated and consolidated AML/CFT regime, successfully sponsored Mongolian FIU to apply the membership of Egmont Group in 2009, and is actively sponsoring Vietnamese FIU, Cambodian FIU, Brunei FIU and Nepal FIU. As the experiences of being the vice-Chief Prosecutor in Belgium, he was deeply impressed by the MJIB's excellent achievements on drug investigations, analysis on money laundering intelligence to detect criminal cases. Therefore, with high interests on processing criminal investigations, he shared plenty of experiences with the representatives from MJIB.



©EGMONT GROUP

FIUs plays an important channel to exchange intelligence for all the law enforcement agencies around the world. With such an advantage, the FIUs all over the world gathered at Egmont Palace in Brussels, Belgium in 1995 to discuss the ways of cooperation, in particular the sharing of intelligence, training and techniques between counterparts from different countries, and decided to establish the Egmont Group.

According to the requirements of essential criteria of the Recommendation 26 under the Methodology for Assessing Compliance with the FATF 40 Recommendations and the FATF 9 Special Recommendations, where a country has created an FIU, it should consider applying for membership in the Egmont Group and, 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.

Taiwan joined the Egmont Group as a formal member during its 6th Annual Meeting in June 1998 with the nomenclature of Money Laundering Prevention Center (MLPC), Taiwan. MLPC was renamed Anti-Money Laundering Division (AML/D) in 2008. Up to now, the Egmont Group has 120 member countries and the Group has established a secured website to play a platform for members to exchange information.



Mr. Boudewijn Verhelst, Chairman of Egmont Group, called on Mr. Chang, Director General of MJIB

## B. Organizing and Hosting “Money Laundering Control and Mutual Legal Assistance” academic seminar

Among the recent money laundering offence investigations in Taiwan, it's found that the proceeds of the crime were mostly transferred abroad, which caused the difficulties in collecting sufficient evidence and made it harder to return the proceeds to victims and confiscate them. Viewing of the internationalization of money laundering offence, the 36<sup>th</sup> to 40<sup>th</sup> recommendations of the FATF 40 Recommendations therefore suggest each country should establish an effective mutual legal assistance mechanism to rapidly exchange intelligence, seize and confiscate the proceeds of crime related to money laundering offence and its predicate crimes. In order to effectively implement the recommendations, the Article 9, 14 to 16 of the Money Laundering Control Act therefore respectively regulated the freezing, confiscating, sharing the proceeds of crime and the information exchange matters. However, there are still some interferences to apply the recommendations, such as whether or not the information exchanged between FIUs via the Egmont Group platform can be used as sufficient ground of evidence. This remains a dispute during the investigation and judge progress in Taiwan. Besides, although the agreement of cross-strait mutual legal assistance has been signed, how to effectively combat money laundering offence together is also an urgent issue waiting for solutions. Thus, when facing the internationalization of money laundering offence, there is room for improvement either from the viewpoints of law or practical execution, which requiring the practitioners and academics to do further studies.

Cooperating with Taiwan Criminal Law Society and Fu Jen Catholic University, the AMLD organized and hosted the “Money Laundering Control and Mutual Legal Assistance Academic Seminar” on 19th November, 2010. Mr. Lee Je Chin, the Associate Professor from National Taipei University of Technol-

ogy, Mr. Wang Nai Yen, Associate Professor from Aletheia University, Mr. Huang Xiao Liang, Associate Professor from Beijing Normal University, Mr. Tsai Pei Fen , Assistant Professor from Asia University and Mr. Gao Feng Chi, the Prosecutor from the Prosecutorial Affairs Department, Ministry of Justice, respectively delivered presentations as following topics “Review to the Mutual Legal Assistance on Objects in Taiwan — freezing, confiscating and sharing system in the Money Laundering Control Act”, “Review to the Mutual Legal Assistance in Persons— intelligence exchange system in Money Laundering Control Act”, “The Application and Regulation on Mutual Legal Assistance in Mainland China— also commentary on the issues of cross-strait combating money laundering”, “Review to the Cross-strait Mutual Legal Assistance— also commentary on the issues of cross-strait combating money laundering”, and “The Status quo and Future Development of Cross-strait Mutual Legal Assistance— also commentary on the issues of cross-strait combating money laundering”.

The seminar was very successful. The participants exchanged many opinions and practical experiences with each other, and everyone was satisfied with many the contents. The scholars’ researches with were also outstanding which raised constructive opinions to the cross-strait combating crime issues. It’s quite helpful to the amendment of the Money Laundering Control Act in the future and has important meaning to apply the Money Laundering Control Act.

## II. Processing the STRs Filed by Financial Institutions

### A. The Statistics of STRs

In 2010, a total of 4,536 STRs were filed by various types of financial institutions. The figure was 1,845 in 2009, and 1,643 in 2008. The statistics is shown in Table 01 as follows.

Table 01: Statistics of STRs Filed by Financial Institutions

Reporting entity	No. of filings
Domestic banks	4,060
Foreign banks	41
Credit unions	68
Farmers' & fishermen's credit associations	11
Insurers	19
Postal service engaged in money transfers	207
Securities investment enterprises	1
Securities depository enterprises	125
Credit card companies	3
Futures brokers	1
Total	4,536

## B. The Statistics of STRs Processed by the AMLD

A total of 4,989 STRs, including 4,536 reports filed in 2010 and 453 reports in 2009 were analyzed and disseminated as the statistics in Table 02.

Table 02: Breakdown of STRs Disseminated by the AMLD After Analysis

Status	No. of Cases
Forwarded to the investigation offices of the MJIB	355
Forwarded to the police agency and other competent agencies	419
Closed and filed to FIU Database for reference	3,451
Under analysis	764

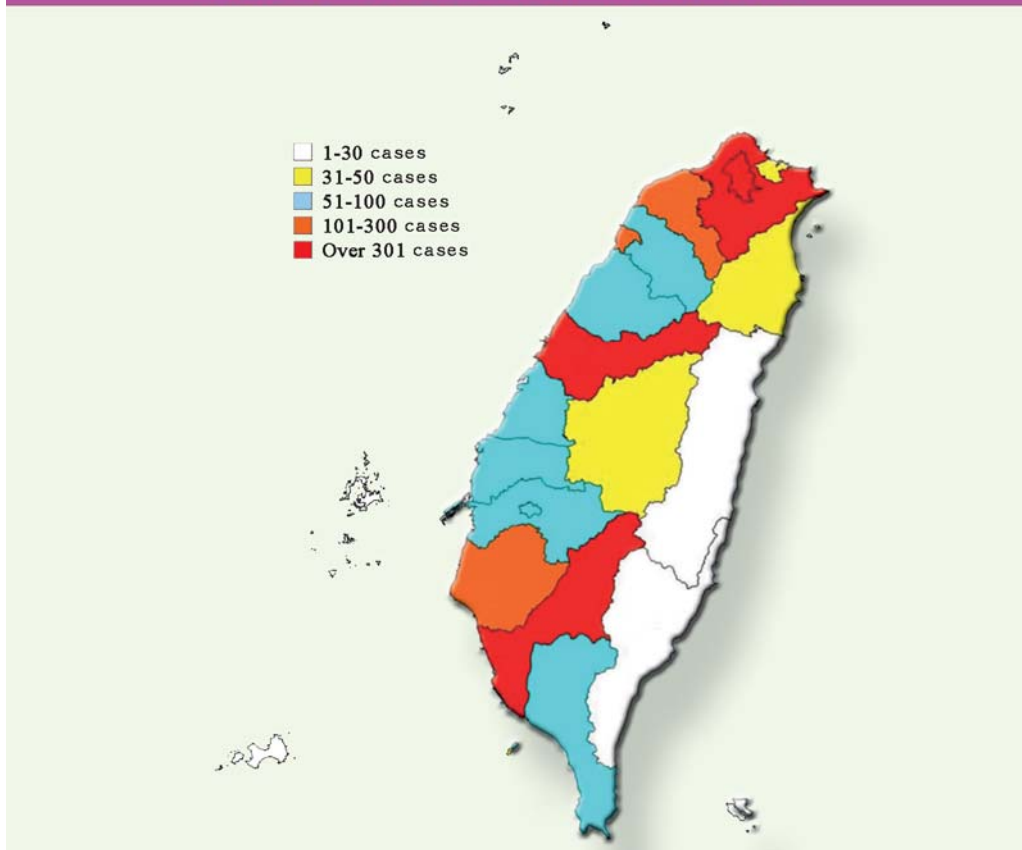
## C. The Distribution of STRs by Region

The distribution of STRs by region is shown in Table 03 and Figure C.

Table 03: Distribution of STRs by Region

Region	No. of STRs	Region	No. of STRs
Taipei City	1,573	Yunlin County	61
New Taipei City	879	Chiayi City	87
Keelung City	47	Chiayi County	85
Yilan County	46	Tainan City	243
Taoyuan County	262	Kaohsiung City	384
Hsinchu City	113	Pingtung County	61
Hsinchu County	55	Hualien County	20
Miaoli County	50	Taitung County	14
Taichung City	419	Penhu County	3
Changhua County	88	Kinmen County	12
Nantou County	33	Lianjiang County	1
Total			4,536

Figure C: Distribution Map of STRs



### D. The Statistics of STRs Distribution by Month

Table 04: STRs Distribution by Month

Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Cases	262	193	361	481	455	349	364	378	353	377	419	544



## E. The Distribution of STRs by the Age of Subject

The age distribution of the subjects of STRs is depicted in Table 05 and Figure D.

Table 05: The Age Distribution of the Subjects of STRs

Age group	No. of People
20- (inclusive)	527
21-30	525
31-40	982
41-50	1,064
51-60	794
61-70	347
71+	246
Others	51
Total	1,845

Figure D: Subjects of STRs by Age



■ 20-(inclusive) 12%	■ 51-60 18%
■ 21-30 12%	■ 61-70 8%
■ 31-40 22%	■ 71+ 5%
■ 41-50 23%	■ Others 2%

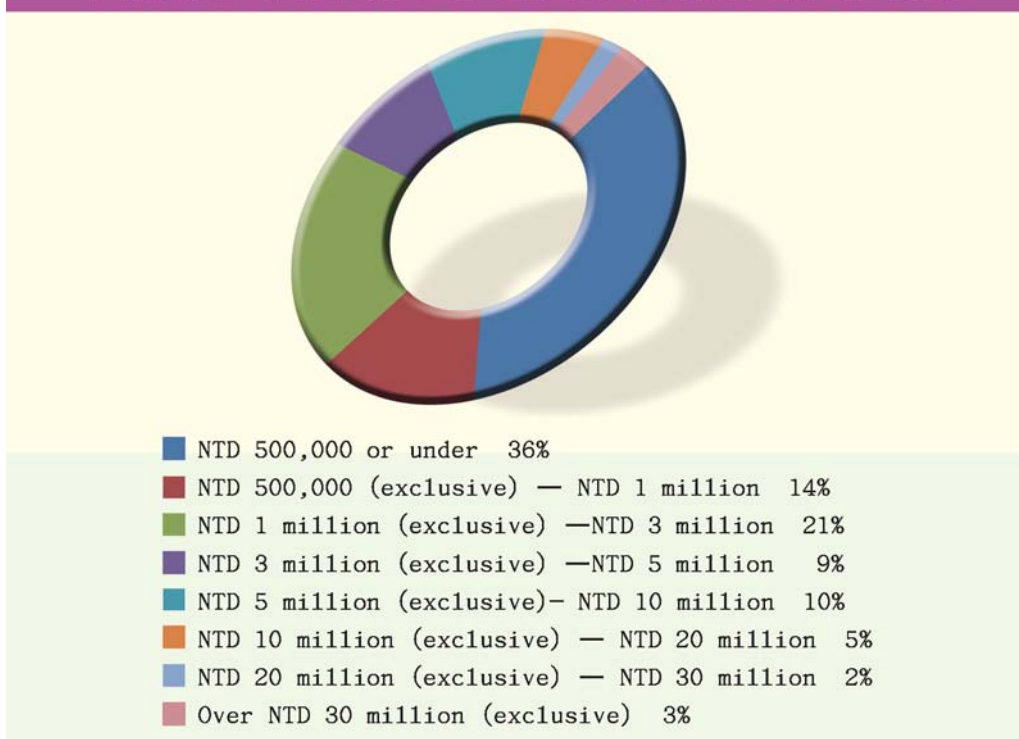
## F. The Distribution of STRs by the Suspected Fund Value

The distribution of reported STRs by the suspected fund is shown in Table 06 and Figure E.

Table 06: Suspected Fund of STRs by Dollar Amount

Sum	No. of Cases
NTD 500,000 or under	1,649
NTD 500,000 (exclusive) –NTD 1 million	641
NTD 1 million (exclusive) –NTD 3 million	941
NTD 3 million (exclusive) –NTD 5 million	404
NTD 5 million (exclusive) –NTD 10 million	440
NTD 10 million (exclusive) –NTD 20 million	237
NTD 20 million (exclusive) –NTD 30 million	86
Over NTD 30 million (exclusive)	138
Total	4,536

Figure E : Pie Chart of the Suspected Fund of STRs



### III. Processing the CTRs Filed by Financial Institutions

In reference to the stipulations of the US Bank Secrecy Act, Article 7 of the MLCA was amended on February 26, 2003 (implemented on August 6 in the same year) which requires financial institutions shall report to the “Investigation Bureau, Ministry of Justice” for any currency transactions exceeding a certain amount, in addition to the confirmation of customer identities and recordkeeping of the transaction in order to facilitate tracking suspicious funds flows by law enforcement agencies. According to the Regulations Governing Cash Transaction Reports (CTR) and Suspicious Transaction Reports (STR) by Financial Institutions, “transactions of currency exceeding a certain amount” shall mean cash receipt or payment in a single transaction (including all transactions recorded on cash deposit or withdrawal vouchers for accounting purpose), or the transaction of currency exchange exceeding NTD\$1,000,000 (including the foreign currency equivalent thereof). In order to complying with the FATF recommendations, the threshold of reporting CTR has been lowered to NTD\$500,000 (or equivalent value in any foreign currency which is approximately equivalent to USD \$15,000) since March 18, 2009.

#### A. The Statistics of CTRs

A total of 3,637,884 CTRs were filed by financial institutions in 2010. The figure was 1,133,014 in 2008, and 2,963,282 in 2009. Please refer to Table 07.

Table 07: No. of CTRs Filed by Financial Institutions

Reporting entity	No. of cases
Domestic bank	2,804,078
Foreign banks	30,506
Trust & investment companies	170,089
Credit unions	295,717
Farmers'/ Fishermen's credit associations	324,284
Postal service engaged in money transfers	13,209
Other financial institutions	1
Total	3,637,884

## B. The Statistics of CTRs Processed by the AMLD

A total of 68,776 CTR inquires were made in 2010 by the MJIB, the courts, prosecutors offices and police agencies in accordance with Guidelines for the Operations of AMLD. The figure was 18,012 in 2008 and 33,455 in 2009.

Table 08: Statistics of CTRs Processed by the AMLD

Status	No. of cases
Forwarded to the MJIB's investigation offices	17
Forwarded to police agency and other competent agencies	5
Closed and filed to FIU Database	88
Under analysis	75

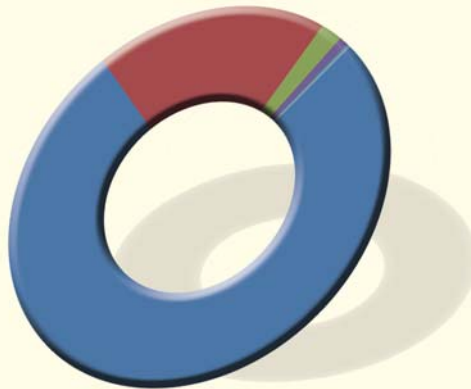
## C. The Distribution of CTRs by the Transaction Fund Value

The distribution of CTRs filed by financial institutions is shown in Table 09 and Figure F.

Table 09: The Distribution of CTRs by the Transaction Fund Value

Amount	No. of CTRs
NTD 500,000 (inclusive) –NTD 1 million	2,805,554
NTD 1 million (exclusive) –NTD 3 million	713,033
NTD 3 million (exclusive) –NTD 5 million	75,162
NTD 5 million (exclusive) –NTD 10 million	31,291
NTD 10 million (exclusive) –NTD 20 million	7,472
NTD 20 million (exclusive) –NTD 30 million	1,666
Over NTD 30 million (exclusive)	3,706
Total	3,637,884

Figure F: Pie Chart of CTRs by the Transaction Fund Value



■ NTD 500,000 (inclusive) – NTD 1 million	77%
■ NTD 500,000 (exclusive) – NTD 1 million	20%
■ NTD 3 million (exclusive) –NTD 5 million	2%
■ NTD 5 million (exclusive)– NTD 10 million	1%
■ NTD 10 million (exclusive) – NTD 20 million	0%
■ NTD 20 million (exclusive) – NTD 30 million	0%
■ Over NTD 30 million (exclusive)	0%

## IV. Processing of International Currency and Securities Transportation Reports (ICTRs)

According to the FATF Special Recommendation IX, “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 establish a system to continually monitor the cross border transportation of cash and bearer negotiable instruments.

Paragraph 1, Article 10 of the MLCA (Money Laundering Control Act) was revised in 2007 as follows: “Cross-Border Passengers or Service Crew on Board of Transport carry the following items shall make declarations to the customs. The customs shall forward subsequently to the Investigation Bureau, Ministry of Justice. 1. Cash of foreign currency with total amount exceeding a certain amount. 2. Negotiable securities with face value exceeding a certain amount.” The certain amount described herewith means that cash in foreign currency bears a total value more than Ten Thousand US Dollars (US\$10,000) or negotiable securities bears a total face value more than Ten Thousand US Dollars (US\$10,000). The customs authorities shall forward the said declarations to the AMLD pursuant to these regulations.

In 2010, a total of 7,655 cases were forwarded to the AMLD by the customs. Referring to Tables 2.10 to 2.11 for the details of inbound and outbound declarations, locations of arrivals and departures, age groups and nationalities of the passengers, distribution of ICTRs filed by month, by value, and subsequent dealing of the ICTRs.

### A. Inbound and Outbound ICTRs Declaration Statistics by the Customs

Table 10: Statistics of ICTRs by Inbound and Outbound

Inbound & outbound	No. of ICTRs
Inbound	2,408
Outbound	5,247
Total	7,655

## B. Statistics of ICTRs Filed by Month

Table 11: Distribution of ICTRs by Month

Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Cases	603	550	731	603	649	645	598	618	683	683	658	634

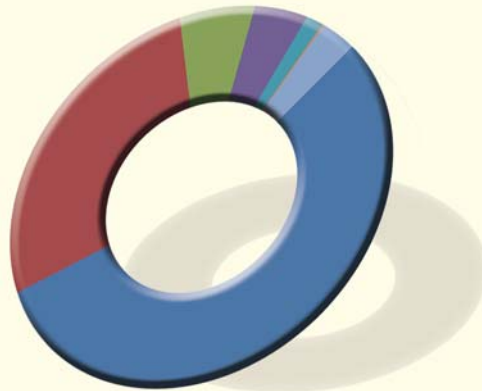
## C. Statistics of ICTRs by Declared Value

In 2010, the statistics of ICTRs forwarded by the customs to the AMLD are shown in Table 12 and Figure G.

Table 12: Statistics of ICTRs by Declared Value

Sum	No. of ICTRs
Under NTD 1 million	4,297
NTD 1 million (exclusive) -NTD 3 million	2,116
NTD 3 million (exclusive) -NTD 5 million	485
NTD 5 million (exclusive) -NTD 10 million	365
NTD 10 million (exclusive) -NTD 20 million	122
NTD 20 million (exclusive) -NTD 30 million	11
Over NTD 30 million (exclusive)	259
Total	7,655

Figure G: Pie Chart of ICTRs by Declared Value



■ Under NTD 1 million	56%
■ NTD 1 million (exclusive) —NTD 3 million	28%
■ NTD 3 million (exclusive) —NTD 5 million	6%
■ NTD 5 million (exclusive) —NTD 10 million	5%
■ NTD 10 million (exclusive) —NTD 20 million	2%
■ NTD 20 million (exclusive) —NTD 30 million	0%
■ Over NTD 30 million (exclusive)	3%

## D. Statistics of ICTRs Processed by AMLD

Table 13: Statistics of ICTRs Processed by AMLD

Status	No. of ICTRs
Forwarded to the MJIB’s investigation offices	2
Closed and filed to FIU Database	53
Under analysis	24



## V. Statistics of Prosecuted Money Laundering Cases

Through accessing to Prosecution Document Database Enquiring System which supplied by the Ministry of Justice, the AMLD has successfully retrieved the cases which were prosecuted under the MLCA by district prosecutors offices, as well as the cases of deferred prosecutions and petitions for summary judgments. The information, including the types of predicate crimes, amount of the proceeds of crime, typologies and methods of money laundering and profiles of defendants, shall be analyzed in order to establish statistics of money laundering offence status quo and the emerging trends of money laundering methods in Taiwan over the recent years.

### A. Types of Money Laundering Cases

In 2010, a total of 17 cases were prosecuted by district prosecutors' offices under the MLCA (including those of deferred prosecutions and petitions for summary judgments). The money laundering offences which are only applicable to the property or property interests obtained from "serious offences" referred to in Article 3 of the MLCA generally involves in 5 categories of criminal activities, i.e. corruption, economic crimes, narcotic crimes, criminal cases and other crimes. Please refer to Table 14 for types of money laundering predicate crimes, offences and agencies in charge of the investigations.

Table 14: Types of Money Laundering Cases, Offences and Prosecutors Office/Investigators in Charge

Type of offences	Offence	Investigation Bureau	Prosecutors' Office	Policy Agency	Total
General Crimes	Fraud	2	1	4	7
	business embezzlement	2	0	0	2
General Crimes Subtotal		4	1	4	9
Economic crimes	Non-arm's length transaction	1	0	0	1
	Nonbank accepting deposits	0	0	1	1
	Underground remittance	0	0	1	1
	Breach of Trust	1	0	0	1
	special embezzlement	1	0	0	1
	Manipulation of Stock Price in market	0	2	0	2
Economic Crimes Subtotal		3	2	2	7
Corruption	Accepting bribery to misconduct	1	0	0	1
Corruption subtotal		1	0	0	1
Total		8	3	6	17

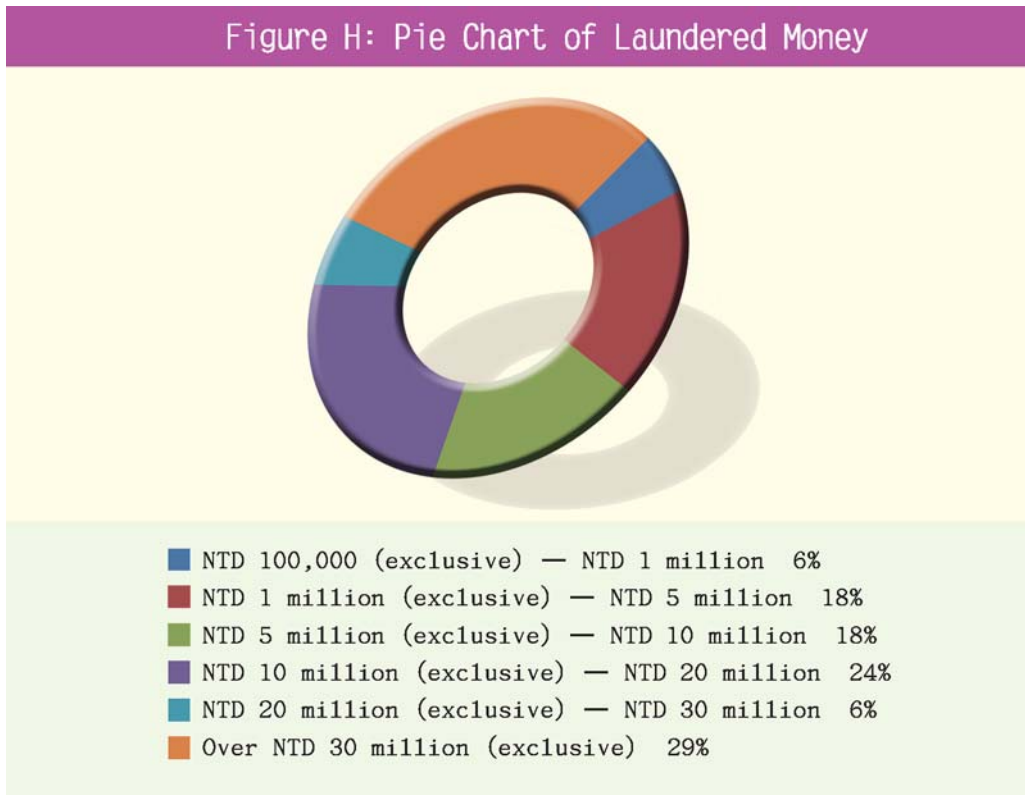
## B. Money Laundering

In 2010, the total amount of laundered money reached NTD \$2,105,275,904 from the prosecuted cases by district prosecutors offices (including the cases of deferred prosecutions and petitions for summary judgments) under the MLCA. Please see Table 15 and Figure H.

Table 15: Statistics of Laundered Money

Amount	No. of Cases
Under NTD 100,000 (inclusive)	1
NTD 100,000 (exclusive) –NTD 1 million	3
NTD 1 million (exclusive) –NTD 5 million	3
NTD 5 million (exclusive) –NTD 10 million	4
NTD 10 million (exclusive) –NTD 20 million	1
NTD 20 million (exclusive) –NTD 30 million	5
Over NTD 30 million (exclusive)	1
Total	17

Figure H: Pie Chart of Laundered Money



### C. Statistics of Money Laundering Through Various Types of Financial Institutions

In 2010, there were a total of 17 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 16 shows the types of financial institutions referred to in Paragraph 1, Article 5 of the MLCA through which the proceeds were channeled/laundered. Table 17 shows the methods of money laundering by offenders.

Table 16: Money Laundering Through Various Types of Financial Institutions

Type of financial institutions	No. of Cases
Bank	13
Others	2
Credit union	1
Securities brokers	1
Total	17

Table 17: Methods of Money Laundering by Offenders

Money laundering methods	No. of cases
Dummy accounts	10
Other securities	2
Remittance abroad	2
Underground remittance	2
Carriage in person	1
Debt discharge	1
Total	17

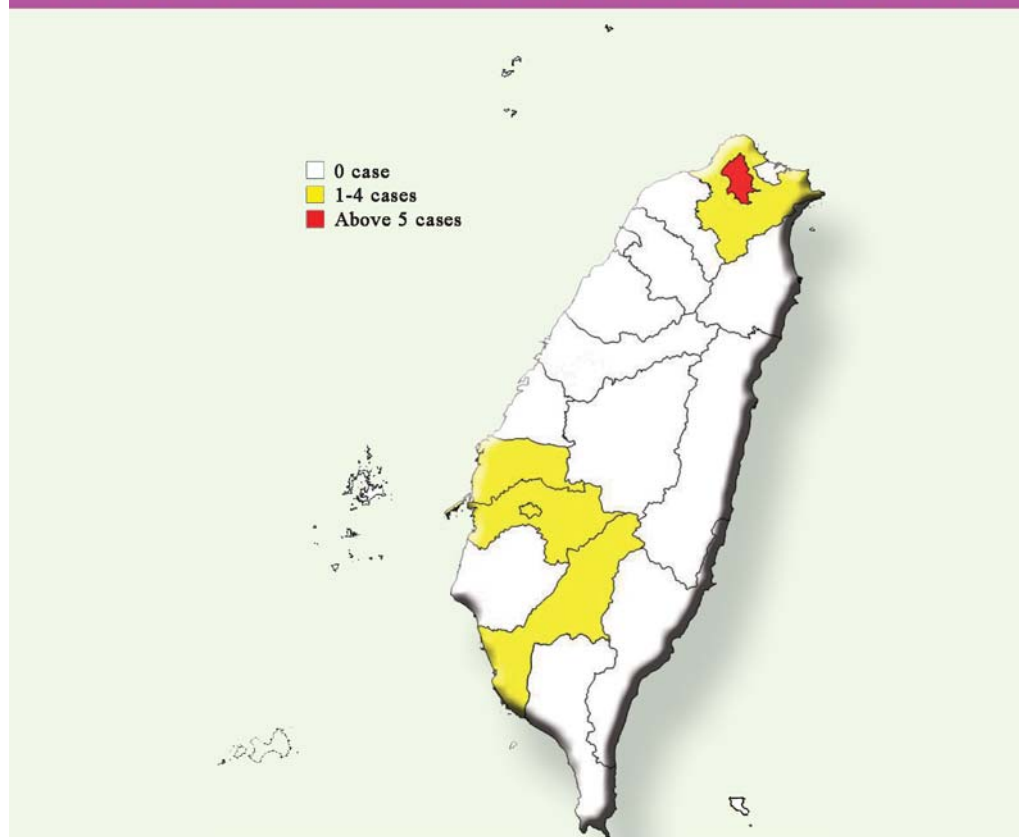
## D. Money Laundering Cases Distributed by Region

In 2010, there were 17 money laundering cases prosecuted in Taiwan. Table 18 and Figure 2.G. shows the regional distribution of these cases.

Table 18: Distribution of Money Laundering cases by Region

Region.	No. of Cases.	Region.	No. of Cases.
Taipei City	7	Chiayi City	2
New Taipei City	3	Chiayi County	2
Yunlin County	1	Kaohsiung City	2
Total			17

Figure I: Distribution Map of Money Laundering Cases by Region



## E. Defendants Prosecuted for Money Laundering Offenses

Table 19: Defendants Prosecuted for Money Laundering Offenses

Prosecuted offence	Offence type	Gender	No. of People
Paragraph 1, Article 11 of MLCA	Principal offender	Male	20
		Female	2
		Subtotal	22
Paragraph 2, Article 11	Principal offender	Male	2
		Female	21
		Subtotal	23
Total			45

## VI. Training Programs and Public Awareness

AML/CFT training for the personnel of reporting entities is an important factor that contributes to the enhancement of STRs reporting quality. According to the FATF Recommendation 15, financial institutions shall be responsible for organizing training programs for employee in regard to anti-money laundering and countering terrorism financing (AML/CFT), including continued on-job training. In many countries, FIUs actively participate in this training programs, 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 to the indicators of possible money laundering and in observing the stipulations of the MLCA, the AMLD sent staff to financial institutions as requested for delivering anti-money laundering lectures. Table 20 shows the number of lectures and participants.

**Table 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	44	3,048
	Foreign banks	12	471
Farmers' & fishermen's credit associations		2	169
Securities investment & trusts		39	2,206
Securities brokers		21	1,464
Futures brokers		3	181
Postal Savings and Remittances		2	155
Insurance companies		28	1,831
Bills finance companies		5	336
Total		156	9,861

## VII. International Cooperation

According to the the FATF Recommendation 40, 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 the 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 in order 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 and terrorism financing. In 2010, the AMLD exchanged information on a total of 49 cases (331 complaints) in international investigations on ML/FT, of which 20 cases (61 complaints) were requested by countries for assistance, 12 cases (34 complaints) were raised to request other countries for assistance, 12 cases (34 complaints) were spontaneously offered to other countries, and 5 cases (186 complaints) were questionnaires and other matters.

In addition to participating in the meetings and activities hosted by the Asia/Pacific Group on Money Laundering (APG), the EGMONT Group and other international organizations as formal members, the AMLD also actively undertakes signing Cooperative Agreements or Memorandum of Understanding with counterparts for further and closer cooperation. The said actions and progress are in compliance with the FATF 40 Recommendations and the purpose of Egmont Group.





©APG

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 (FATF), including criminalizing laundering of criminal gain and financing of terrorism, confiscation of criminal gain, mutual legal assistance and extradition, and 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 40 member jurisdictions and is an Associate Member of FATF. Taiwan, in the name nomenclature of Chinese Taipei, is a founding member of APG and able to attend FATF events in the capacity of APG umbrella.

In 2010, the AMLD signed Memorandum of Understanding concerning the exchange of information related to AML/CFT with Israel FIU (IMPA) 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.



The AMLD signed Memorandum of Understanding concerning the exchange of information related to AML/CFT with Israel FIU

The AMLD invited the Director of Cambodian FIU together with other four colleagues to MJIB to take courses on anti-money laundering and countering terrorism financing from March 29 to 31, 2010. The operation-training program was organized by AMLD and covered courses on anti-money laundering regulations, STRs, CRTs and ICTRs reporting, analyzing and disseminating, introduction to the Egmont Group and regulations on exchange of information, and qualifications and procedures for applying for the membership of Egmont Group which were instructed by personal from the AMLD. Besides, the AMLD arranged the personnel from Information and Communication Security Division, MJIB to give lectures on computerized CTR reporting system and the equipments required for receiving reports filed by financial institutions and invited lecturers from the Financial Supervisory Commission and banking industry to give courses on Supervision of Financial Supervision and Procedure for Reporting STRs and CTRs by banks.

The Cambodian FIU is under the National Bank of Cambodia. During the training, the Cambodian FIU delegates were highly interested in the banking supervision system introduced by the lecturers from financial supervisory authority and the practical experiences shared by representatives from banking industry. They raised many questions concerning the problems they encountered when planning on STRs and CRTs reporting and requiring their financial institutions to comply with the reporting requirements and interacted warmly with the lecturers during the courses. The AMLD personnel also gave detailed introduction to the anti-money laundering regulations, the reporting of STRs, CRTs and ICRTs, and functions and construction of IT system, and intelligence exchange. Delegates from the Cambodian FIU were very impressed by the comprehensive anti-money laundering law and the well-implemented reporting and analyzing operations in Taiwan. They were particularly grateful to learn the function of computerized cross checking system between the suspected money laundering transactions database against relevant criminal and public databases to discover illegal activities and indicated that the operational mechanism of AMLD can be learned by the Cambodian FIU in the future.

Cambodia is also an APG member and is now applying for the the Egmont Group membership to promote exchange of financial intelligence with other countries for cracking down ML/FT activities. Taiwan has abundant experiences in the process of sponsoring FIUs of other countries to join the Egmont Group, and was appointed by the Egmont Group to provide advice to Cambodia on membership application. Thus, the Cambodian FIU Director expressed appreciation to the AMLD for arranging a solid and fruitful training program, and also sought consultation from the AMLD on the following directions which Cambodian FIU should take for meeting the requirements of Egmont Group's membership. Beginning with this relationship, Taiwan and Cambodia shall build an open communication channel and collaborate in the efforts to crack down ML/FT activities in the future.

## *Part III*

# *Significant Case Studies*



Case study 1: Mr. Chang Violated the “Securities and Exchange Act”  
Case study 2: Mr. Tang Committed the Offence of Business Embezzlement

### Case study 1: Mr. Chang Violated the “Securities and Exchange Act”

The AMLD received a STR reported by Bank A in 2010 which described the suspicion as follows “the customer Mr. Chang opened a banking account on 3rd August 2010 in Kaohsiung Branch. Then, a fund of NTD \$1,327,000 was immediately transferred in and NTD \$3,500,000 cash was deposited into the banking account via counter deposit from Hsinchu Branch, and the fund in total of NTD \$4,827,000 was transferred out. The next day, an amount of NTD \$7,712,418 cash was deposited into the banking account via counter deposit from Hsinchu Branch and the fund was transferred out from Kaohsiung Branch on the same day.”

After investigation, the AMLD found out Mr. Chang intended to manipulate the stock trading prices of the listed Company B in market by setting up an internet website and publishing weekly to spread rumors or false information relating to Company B. Starting from June to August in 2010, Mr. Chang manipulated the stock price from NTD\$28 to NTD\$275 per unit, and the illegal profits derived from the crime reached to NTD\$316,135,000.

The case was disseminated to Taipei City Field Division under the MJIB for further investigation and then was referred to Taipei District Prosecutors Office for prosecution. Mr. Chang was accused of violating the provision of Subparagraph 3 to 5, Paragraph 1, Article 155 and Subparagraph 1, Paragraph 1, Article 171 of Securities and Exchange Act together with Paragraph 1, Article 2 and Paragraph 1, Article 11 of Money Laundering Control Act. An amount of NTD \$333,129,756 was seized in the related banking accounts.

## Case study 2: Mr. Tang Committed the Offence of Business Embezzlement

The AMLD received a STR reported by Bank A in 2010, which summarized described the suspicion as follows: “Cemetery Management Company B terminated the certificates of deposit at amount of NTD\$170,000,000, merging the NTD\$30,000,000 under Company C’s account to issue a bank check to Life Insurance Company D as payee.”

After investigation, the AMLD found out according to the provision of the Article 32 of Mortuary Service Administration Act “, Private graveyard or columbarium pagoda operator shall establish a special account to earmark the management fee.” Hence, the Company B is not allowed to divert the special fee for another use. For sponsoring company D to stage capital increased by cash which was required by the Financial Supervisory Commission, Executive Yuan, Mr. Tang, the responsible person of Company B, with the intention for the illegal profit of Company D, unlawfully diverted the special fee of Company B to Company D for the use of staging capital increased Mr. Tang suspected violating the offence of business embezzlement in Article 336 of Criminal Code. This case has been referred to Taipei District Prosecutors Office for prosecution after the further investigated by the Taipei City Field Division of the MJIB.

# *Part IV*

## *Chronicle of AMLD Events in 2010*



07/01/2010	Inviting the Prosecutor Lin Tsong Chi from Taipei District Prosecutors Office staging the “The Seizure of Proceeds derived from Economic Crimes” forum.
01/03/2010	Sending delegates to Mauritius for attending the Egmont Working Group and Committee Spring Meeting.
27/03/2010	Inviting 5 delegates from Cambodian FIU to attend the anti-money laundering and combating terrorism financing training program.
10/05/2010	Sending staff members to attend “Intermediate Level of Professional Certificate on Financial Investigation” training program.
21/06/2010	Sending delegates to the Netherlands for attending the FATA plenary meeting.
28/06/2010	Sending delegates to Columbia for attending the Egmont Group annual meeting.
30/06/2010	Signing the Memorandum of Understanding concerning anti-money laundering and combating terrorism financing with Israel FIU(IMPA).
10/07/2010	Sending Delegates to Singapore for attending the 2010 APG annual meeting.
17/08/2010	The Chairman of Egmont Group, Mr. Boudewijn Uerhelst and Executive Secretary, Ms .Bronwyn Somerville visited Taiwan.
23/08/2010	Sending a delegate to attend the APG special mission group to visit Vietnam for International Cooperation Review Group issues.



26/09/2010	Sending a delegate to attend the APG special mission group to visit Vietnam for International Cooperation Review Group issues.
08/10/2010	Sending colleagues to Moldova to attend the Egmont Working Group and Committee Autumn Meeting.
15/10/2010	Sending colleagues to Paris to attend the FATF plenary meeting.
24/10/2010	Sending colleagues to Bangladesh to attend the “2010 APG Typologies Workshop.”
19/11/2010	Staging the “Money Laundering Control and Mutual Legal Assistance Academic Seminar” with Taiwan Criminal Law Society and Fu Jen Catholic University
07/12/2010	Staging “the 2010 Anti-Money Laundering Seminar” for legal compliance officers from Financial Institutions.

### **Publication Data**

Anti-money laundering annual report. 2010 /  
Investigation Bureau, Ministry of Justice (MJIB)

ISBN 978-986-02-8704-2

1. money laundering
2. Crime prevention

# **ANTI-MONEY LAUNDERING ANNUAL REPORT, 2010**

Copyright© 2011 by Investigation Bureau, Ministry of Justice, ROC  
All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or by any information storage or retrieval system, without the prior written permission of the publisher.

Address all inquiries to:

Anti-Money Laundering Division, Investigation Bureau, Ministry of Justice

74 Chung-Hwa Rd., Hsin-Tien Dist.

New Taipei City, Taiwan 231, R.O.C.

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

Editor: Wu, Tien-Yun

Printed in Taiwan, Republic of China

ISBN 978-986-02-8704-2

GPN 1010002444

List Price: NTD\$150

Republic of 100 year in June publishes