

CHAPTER 3. LEGAL SYSTEM AND OPERATIONAL ISSUES

Key Findings and Recommended Actions

Key Findings

Immediate Outcome 6 (Financial intelligence ML/TF)

- 1) Financial intelligence and related information is used extensively to investigate ML, associated predicate offences, potential TF cases and for tracing criminal proceeds. LEAs are well equipped and experienced in using and generating financial intelligence in investigations to uncover complex structures and networks. AMLD adds value in complex financial investigations, particularly those involving international elements. LEAs actively generate and use financial intelligence, drawing on AMLD products and other data.
- 2) For the very few cases that involved elements of TF, AMLD demonstrated experience of providing related financial intelligence, including that obtained through Egmont channels.
- 3) The AMLD receives a large number of STRs and an even greater number of CTRs. AMLD demonstrated quality intelligence products produced by experienced and capable analysts. Despite having a database that scans for priority indicators, AMLD staff analyse each STR received and those CTRs screened as higher risk. In conducting their analysis, AMLD has access to a very wide range of information.
- 4) AMLD produces a reasonable number, range and quality of analysis reports with approximately 15% of STRs becoming analysis reports each year. MJIB is the predominant recipient of AMLD disseminations and, to a lesser extent NPA, Prosecutors and TA. Reflecting its role, AAC makes relatively little use of AMLD financial intelligence. Whilst STRs play a key role in financial investigations, fewer STRs generate new investigations.
- 5) FIU analysis and disseminations support the operational needs of competent authorities to a large extent. This includes AMLD's uses of Egmont Group information to support domestic and transnational investigations and to assist in overcoming difficulties LEAs face in obtaining international cooperation. The FIU cooperates extensively with other competent authorities to exchange information and financial intelligence. AMLD staff performs a wide range of crucial additional functions going beyond receipt, analysis and dissemination of STRs (including outreach, feedback, TFS administration, etc.). Despite high skills and ICT capabilities, with increased staffing the assessment team considers AMLD could achieve greater outputs.

Immediate Outcome 7 (ML investigation and prosecution)

- 1) Chinese Taipei's legal and institutional frameworks demonstrate compliance with the international standards with the exception of a small scope gap in the smuggling of migrants as a predicate offence. The small scope gap does not significantly impact on effectiveness.
- 2) LEAs demonstrated the ability to investigate complex financial crime cases and related financial investigations. Cases presented demonstrate complex financial investigations tracing money trails, lifting the corporate veil, unravelling layers of ownership and money being sent offshore. The role of the prosecutor in driving ML investigations and coordinating authorities according to expertise has been a strength. The MJIB and prosecutors have specialist economic crime units that assist in complex matters.
- 3) Authorities are not investigating and prosecuting ML in line with the overall risk environment and context (when compared to the significant number of profit generating

predicate offences occurring in Chinese Taipei). Of the cases of ML that have been investigated or prosecuted, these broadly align to the risk profile with the exception of drug trafficking and smuggling matters.

- 4) A clear incentive for prosecutors to apply ML charges was lacking until the MLCA was amended in June 2017. ML has been given greater priority since the amendment.
- 5) Authorities note that third party ML constitutes a high risk threat, however there have been very few third party ML investigations and prosecutions until more recently.
- 6) The rate of conviction for ML is low and the penalties applied have not been dissuasive.

Immediate Outcome 8 (Confiscation)

- 1) Chinese Taipei has a good legal framework for seizing and forfeiting criminal proceeds, instrumentalities and property of equivalent value. Chinese Taipei has heavily relied on criminal forfeiture to seize and forfeit criminal assets located in Chinese Taipei as well as the proceeds transferred overseas. Chinese Taipei does not have administrative forfeiture. All forfeiture must be adjudicated by a court order.
- 2) Efforts for forfeiture of criminal proceeds, instrumentalities, and properties of corresponding value have been enhanced by an expressed strategic direction and emphasis on the pursuit of forfeiture of proceeds of crime as a goal.
- 3) Chinese Taipei has appropriately used a variety of tools in identifying, tracing and forfeiting criminal assets. Provisional measures provided under the CPC operate well in practice.
- 4) Chinese Taipei is successful in forfeiting a significant value of assets comparable to the size of its economy. The amount forfeited arising from a range of predicate offenses appears to be consistent with Chinese Taipei's risk profile. Significant assets remain under restraint subject to ongoing actions.
- 5) Asset management at the stage of restraint is reasonably well supported by prosecutors.
- 6) Chinese Taipei has been able to obtain a domestic judicial order against criminal proceeds located offshore for enforcement and registration in a foreign court, which successfully restrained the criminally-linked assets in the foreign jurisdiction. Authorities have been able to seize locally-based funds relating to foreign predicate offences; however, Chinese Taipei is not able to share the proceeds where a final forfeiture order against the seized funds has not been entered.
- 7) MLCA amendments (2017) expanded the controls on declaration and possible seizure and confiscation cross border cash, which reflects the high risk of undeclared or falsely-declared cash smuggling of criminal proceeds to/from neighbouring jurisdictions. An increase in operational responses since the amendments was beginning to be demonstrated.

Recommended Actions

Immediate Outcome 6 (Financial intelligence ML/TF)

- a) Despite high performing staff, the AMLD would benefit from an increase in human resources to support: (i) increased strategic analysis outputs; (ii) greater use and analysis of the large amount of information available to the FIU; (iii) increased number of analysis reports to disseminate to LEAs; and (iv) greater support if needed to LEAs in their investigations.
- b) Further increase AMLD support for the operational needs of other LEAs and supervisors in order to: minimize the number of disseminations that do not proceed to full investigations;

support supervisors' market entry and supervisory activities; and allow tax authorities to access a greater range of CTRs to support their administrative and criminal justice activities.

- c) Further integrate interaction between AMLD analysts and MJIB and NPA at the stage of targeting high risk crime types, e.g. drug trafficking, smuggling and third party ML networks.
- d) Extend authorities' online access to include information such as foreign exchange transactions data and cross border wire transfer information from the Central Bank.
- e) AMLD is encouraged to focus strategic intelligence products on high-risk foreign proceeds and regional and domestic high risk crime trends.

Immediate Outcome 7 (ML investigation and prosecution)

- a) LEAs should increase the use of the ML offence including through enhancement of the quality of briefs of evidence, consideration of ML at an early stage of predicate offence investigations and prioritisation of third party ML across a wider range of offences and particularly the high risk crime types.
- b) Reconsider the penalty for ML, on the basis of statistics supplied, the sanctions applied against natural persons were not effective, proportionate or dissuasive.
- c) Prioritise pursuing legal persons and ML based on foreign predicate offences in line with the risk profile.
- d) Prioritise continued outreach and training to the judiciary to ensure an understanding of the complexity and importance of the ML offence and to ensure that sanctions applied are proportionate and dissuasive.

Immediate Outcome 8 (Confiscation)

- a) Chinese Taipei should consider designating AEA as an agency responsible for asset management from the moment of seizure (or earlier) and ensure they are able to manage or convert seized assets into cash, thereby relieving prosecutor's work load and effectively utilising AEA's expertise in asset management.
- b) Chinese Taipei should consider the proportional application of forfeiture by the Customs Administration to non-declared or falsely declared currency or BNI. Proportionality is particularly relevant if such currency or BNI can be proven to be derived from a legitimate source.
- c) Chinese Taipei should consider enacting an in rem forfeiture law, filling in the legal gaps where the existing non-conviction based forfeiture provision under the CPC may not convey the authority to pursue forfeiture.

125. The relevant Immediate Outcomes considered and assessed in this chapter are IO6-8. The recommendations relevant for the assessment of effectiveness under this section are R.3, R.4 and R.29-32.

Immediate Outcome 6 (Financial intelligence ML/TF)

Use of financial intelligence and other information

126. The AMLD is a law enforcement style FIU sitting within the MJIB. FIU staff are trained judicial police officers and undertake their work using such powers. Financial intelligence is

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developed by the FIU and disseminated to judicial police officers and prosecutors spontaneously or as required. Other LEAs and Prosecutors also develop their own financial intelligence in conducting parallel financial investigations alongside predicate offence matters. Financial intelligence is generated and used as a valuable tool in predicate offence and ML investigations by both AMLD and LEAs. It is pertinent to note that as AMLD officers are also MJIB staff, they operate with the same judicial police powers as other key LEAs.

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127. Nevertheless, AMLD has access to a very wide range of financial information directly including STRs, ICTRs, CTRs, Financial Information Services Co (FISC) information, information from the private sector, information held by the Joint Credit Information Centre (JCIC), and the TWSE. It also may access household registration, criminal records, immigration records, vehicle/vessel/aircraft registration, labour insurance, national insurance, status of foreign workers, stolen item information, business registration, information on cases processed by the 165 anti-fraud platform, foundation registrations, taxi driver information, telephone numbers, indictments and court judgments. LEAs also have access to the above information with the exception of STRs, CTRs and ICTRs which they receive on request to AMLD.

128. To support the development of financial intelligence by the AMLD and various LEAs, Chinese Taipei developed an account opening information retrieval system, FISC, in 2001. The FISC provides information on whether a party under investigation has an account (either current or closed) with an FI. Based on MOJ Directions, the following LEAs have access to FISC: Prosecutors' Offices, NPA, Coast Guard Administration, MJIB, AEA and AAC. LEAs can obtain account information and transaction particulars. A new function for checking safety deposit box rentals (in line with findings of risk) was added to the system on 31 March 2018 with clear guidelines as to response times required of the FI.

129. Prosecutors are able to present requests to FIs electronically for account information. Requests may be made for digitized information of personal information on account holders and particulars of transactions that took place during a specified period. FIs are required to provide the requested information within 7 working days through the electronic platform. This new system went online for all prosecutor offices on 1 March 2018. For most other LEAs, information from the private sector is requested via "official letter".

130. LEAs have online access to a wide range of financial and non-financial data in order to develop parallel financial intelligence. Where online access is not available, official letters are widely used between authorities including AMLD to obtain information such as wire transfers and foreign exchange data transactions (including tax authorities, RTC, FSC etc.). One such database is the singular window interface developed by MOJ which is accessible by all MOJ authorities (prosecutors, MJIB, AMLD) and contains financial, administrative and law enforcement information. In addition to the singular window access, MJIB established closed internal systems accessible by MJIB agents (including AMLD). NPA has a similar online query systems available for its police force.

131. Statistics provided by Chinese Taipei as to the number of enquiries made by LEAs for various forms of financial and other information (such as CTRs, JCIC, criminal records, motor vehicle registration, entry and exit records, stolen item information etc.) through the singular window of the MOJ are significant. It is evident from this data that in particular the MJIB, AMLD and Prosecutors seek a wide range of readily available information.

Table 3.1: Inquiries received by JCIC and FISC from 2015 to 2017

JCIC Personal and corporate credit extension	Inquiring Agency	2014	2015	2016	2017	2018
	Courts	1,043	989	1007	925	811
	Prosecutors	105	392	681	925	157
	MJIB	90	436	587	325	111
	AAC	10	48	38	75	29
	AEA	2,215	2688	2541	2307	1,897

	NPA	15,790	17694	32950	39063	30,867
FISC	Courts	304	348	533	505	533
	Prosecutors	7,112	7946	7926	10174	9,359
	MJIB	4,515	4747	4413	6033	6,866
	AAC	1,497	1082	1253	2021	2,340
	AEA	20,567	14,491	23,434	20,517	13,837
	NPA	2,222	2707	4316	9366	10,795
	CGA	38	15	36	15	121
	Total (FISC)	36,255	31,321	41,911	48,631	43,851
Total (FISC + JCIC)		55,508	53,937	75,270	87,791	77,723

Note: Inquiries made by NPA include information related to watch-listed accounts (including queries submitted online and through official letters; unit: number of inquired individuals)

132. LEAs demonstrate good use of financial intelligence in investigations with an enhanced ability to conduct financial analysis in financial investigations. This was demonstrated to a lesser extent by AAC and NPA. Authorities presented the team with many case studies of complex financial investigations that led to the arrest of wider networks and fugitives. The success of these matters was premised on the clearly advanced ability of LEAs to investigate and generate financial intelligence in their own investigations and to a lesser extent, information such as STRs from the FIU.

133. With respect to the AAC, it does not usually investigate complex corruption matters as these are investigated by MJIB. However, the team notes a need for increased cooperation between AAC and AMLD to uphold national efforts to deter corruption offences.

134. As discussed further in IO9, despite the low risk of TF in Chinese Taipei, authorities are well-placed to investigate potential instances of TF. AMLD in particular as the focal point for the Egmont Group plays a key role in financial investigations in TF matters. In relation to any potential TF investigation involving international elements, the AMLD is the competent authority for the receipt and exchange of information. AMLD demonstrated that requests from foreign counterparts were actioned in a timely manner.

Case Example 3.1 - Financial investigation of potential TF in Chinese Taipei

Two Chinese Taipei locals sought to cause explosions on the High Speed Rail in Chinese Taipei by placing two suitcases containing self-made explosives. Whilst the explosions didn't proceed due to faults in their design, the explosives were discovered and reported to authorities. AMLD commenced financial investigations on the two subjects and reached out to FIs urging them to share information concerning these individuals and received STRs from more than 10 FIs. AMLD conducted analysis of the STRs and related information. Analysts discovered that the suspects converted all of their assets into cash prior to the crime, to collate money to go short on the Chinese Taipei Index Futures on the Singapore Exchange on the basis that the explosions would cause unrest and have a negative impact on the market. The suspects were eventually charged with violations of the Futures Trading Act amongst other criminal offences.

STRs received and requested by competent authorities

135. AMLD receives STRs, CTRs and ICTRs relating to ML, predicate offences or TF. Cash transactions exceeding NTD 500,000 are required to be reported to AMLD by FIs, and some DNFBPs. CTRs are processed through for red flag indicators (such indicators change as risk profiles adapt). AMLD staff review and assign cases to analysts when red flags are identified. ICTRs are analysed by AMLD's database to ensure that the data is correct (the CTR database will automatically send a notice to the agency for rectification if it is not correct). The ICTR is then stored in the AMLD database where it is screened against certain red flag indicators for priority

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(including amount, frequency and whether the individual has a criminal record). In these circumstances, cases are selected for further analysis. AMLD demonstrated a number of cases that originated from ICTRs. Financial analysis conducted by AMLD cross-references ICTRs, CTRs and STRs.

136. Once STRs are received and processed through the database for priority and based on risk indicators, the section chief will personally review each STR. High risk STRs are assigned to analysts for further analysis. Once assigned to an analyst, they will access the available databases and seek further information. Such information includes whether the individual has interests as a director or supervisor of a company, household registration, vehicle, taxation, immigration and other information. Most of this information is able to be obtained from the MOJ single window. Overall, approximately 15% of all STRs become analysis reports. Feedback from LEAs indicated that they find the product of AMLD intelligence to be useful however this is not necessarily borne out in the statistics.

Table 3.2: CTRs and ICTRs received by the AMLD from 2014 to 2018

	2014	2015	2016	2017	2018
FIs – CTRs	4,107,745	3,934,706	3,712,684	3,543,775	3,207,222
DNFBPs – CTRs	0	2	1	32	77
Total CTRs	4,107,745	3,934,708	3,712,685	3,543,807	3,207,299
ICTRs	17,781	27,727	33,555	196,822	337,467

Table 3.3: STRs received and processed by the AMLD from 2014 to 2018

	2014	2015	2016	2017	2018	Total
FI	6,890	9,656	13,972	23,605	35,767	89,890
DNFBP	0	0	0	46	102	148
Total	6,890	9,656	13,972	23,651	35,869	90,038
STRs used in analysis reports	938	1,415	2,178	3,873	4,339	12,743
% STR used in analysis reports	13.6%	14.7 %	15.6 %	16.4 %	12.1 %	14.2 %

Table 3.4: Cases disseminated from AMLD to competent authorities

	2014	2015	2016	2017	2018	TOTAL
Cases disseminated spontaneously by AMLD to competent authorities	288	524	619	1,129	1,808	4,368
Cases disseminated on request by AMLD to competent authorities	45	68	84	219	427	843
Total	333	592	703	1,348	2,235	5,211

137. STR filings from DNFBPs are low, which reflects their recent coverage for full AML/CFT measures; however the upswing in numbers of STRs filed by DNFBPs is a positive. The authorities did not explain why the statistic of approximately 15% of all STRs that lead to analysis reports has remained constant over a number of years. AMLD provides feedback to FIs on STRs including those which become financial intelligence reports every 3 months. It is not clear whether the quality of STRs or the feedback given to reporting entities has had an impact on the number of STRs that become analysis reports. AMLD has a dedicated channel for REs to query relevant reporting affairs, and AMLD communicates regularly with FIs who have filed an STR to continue to update them on its progress. As set out in IO4, outreach to reporting entities was significantly enhanced from 2017 in line with the increased priority afforded to AML/CFT and the amendments to the legislative framework. This explains the increase in the filing of STRs in 2018.

138. Whilst financial intelligence is used in investigations in Chinese Taipei, and LEAs appear to make use of AMLD data and to a lesser extent AMLD financial intelligence reports, it was not evident that STRs, by themselves initiate a large number of investigations. Authorities

demonstrated that this was in part due to LEAs capabilities with generating financial intelligence for their own use. Statistics demonstrate that LEAs seek a significant amount of data from AMLD including through the JCIC and FISC to enhance their investigations (see table below). Financial analysis reports sent spontaneously from the AMLD resulted in 2,237 criminal investigations (2014 – 2018).

Operational needs supported by FIU analysis and dissemination

139. Statistics provided by Chinese Taipei show that LEAs rely heavily on data from the AMLD, particularly in relation to CTRs. Statistics show regular inquiries from LEAs.

Table 3.5: Statistics of inquiries received by AMLD for LEAs

	2014		2015		2016		2017		2018	
	CTR	STR	CTR	STR	CTR	STR	CTR	STR	CTR	STR
MJIB	61,092	545	36,040	740	21,413	872	32,402	971	30,717	1,352
CIB, NPA	211	12	324	14	5,507	1,666	6,750	3	8,752	43
AAC	10,051	16	5,317	0	7,505	0	11,171	0	16,667	333
NIA	0	0	0	0	0	0	8	0	0	0
Prosecutor's Office	16,613	107	7,948	734	4,000	584	5,726	125	6,574	793
Courts	22	0	91	0	97	0	37	0	54	0
AEA	475	0	948	0	1,089	0	3,288	0	3,659	0
CGA	0	0	0	0	2	0	1,034	0	75	0
Total	88,464	680	50,668	1,488	39,613	3,122	60,416	1,099	66,498	2,521

140. The below table demonstrates the provision of financial analysis reports by the AMLD to LEAs. Though reports seem to contain relevant, accurate and useful information, for some LEAs a significant portion of reports result in cases being closed (i.e. AAC and NPA).

Table 3.6: Financial intelligence reports spontaneously disseminated by AMLD

Recipient authority and processing	2014	2015	2016	2017	2018	Total
MJIB						
AMLD dissemination reports received	223	379	464	727	964	2,757
Still undergoing processing/investigating	21	62	120	237	535	975
Completed investigation submitted to Prosecutors	125	208	236	352	292	1213
Case Closed	77	109	106	137	137	566
NPA						
AMLD dissemination reports received	37	49	66	110	151	413
Still undergoing processing/investigating	0	1	3	2	14	20
Completed investigation submitted to Prosecutors	7	13	9	5	9	43
Case Closed	30	35	54	103	128	350
AAC						
AMLD dissemination reports received	0	1	0	3	3	7
Still undergoing processing/investigating	0	0	0	1	3	4
Completed investigation submitted to Prosecutors	0	0	0	0	0	0
Case Closed	0	1	0	2	0	3
Prosecutor's Offices						
AMLD dissemination reports received	15	18	21	65	91	210
Still undergoing processing/investigating	0	0	1	12	30	43
Prosecution	12	12	12	36	43	115
Case Closed	3	6	8	17	18	52
Tax authorities						
AMLD dissemination reports received	55	136	156	375	928	1,650
Still undergoing processing	4	3	16	106	670	799

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Penalty	28	76	76	174	142	496
Case Closed	23	57	64	95	116	355
Other administrative departments						
AMLDD dissemination reports received	3	0	1	3	4	11
Still undergoing processing	0	0	0	0	1	1
Reference	1	0	0	0	1	2
Case Closed	2	0	1	3	2	8

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141. In relation to the high number of cases closed relative to disseminations (5048 disseminations vs. 1334 cases closed), it was explained by those agencies that the STRs did not enhance a current investigation but were filed away for future use. Whilst the MJIB also investigates corruption matters, the team sees utility in also sending all corruption related STRs and/or analysis reports to AAC to ensure that information is exchanged in a transparent manner between all parties.

142. Responses were mixed from LEAs as to the utility of disseminated STRs and the number of STRs that turned into investigations. NPA and AAC both noted that very few if any of the disseminations actually commenced an investigation (ML or predicate). They noted the utility of STRs that were provided to them on request during an already active investigation and in this regard the raw data, particularly with respect to CTRs was often considered by LEAs to be of high value. LEAs did not demonstrate regular requesting of information on ICTRs.

143. From April 2018 FIs/DNFBPs were required to include CDD data (that included beneficial ownership information) and transaction data as part of the STR filing. Since that time the quality of the STRs has increased which should add to greater quality of AMLD disseminations to support financial investigations. AMLD regularly uses its powers to obtain additional information from FI/DNFBP for its analysis work.

144. AMLD has 23 staff members all of whom come from within the MJIB. AMLD staff must have at least five years' experience in financial investigations or economic crime. AMLD staff are thus well experienced staff in financial investigations however, the workload and the large amount of information and demands placed on the FIU call for greater resources.

145. AMLD's use of Egmont channels and associated relationships are instrumental in serving operational needs of LEAs. As noted in IO2, the many successes in transnational investigations are credited to AMLD's use of Egmont network. AMLD has made a total of 540 requests to foreign partners between 2015 and June 2018. It has received a total of 551 requests for intelligence from foreign partners during this time.

146. **Strategic analysis** - AMLD does not have a separate strategic analysis division. Analysts conducting financial analysis also conduct strategic analysis alongside their operational intelligence work. Since 2012 the AMLD's strategic analysis has focused on emerging issues such as Union Pay Cards from China, virtual currencies, and vulnerabilities in the OBU sector and company incorporation loopholes. Whilst AMLD has produced some sound strategic analysis reports and held related workshops, it was not clear who was the intended audience of the reports. AMLD advised that most of the strategic analysis work is classified and only kept within government with the exception of some analysis that was published in annual reports. Strategic analysis statistics were not available, but samples of strategic analysis reports demonstrate their quality. AMLD advised that in practice they have conducted strategic analysis on key risk areas, including forged Union Pay cards, virtual currencies, OBU accounts, loopholes in capital auditing mechanisms, and others.

147. It was not clear that all strategic intelligence reports were used by policymakers or by regulators and supervisors to drive risk-based responses to emerging threats and typologies. However, authorities advised that in response to strategic analysis reports, deficiencies in legal frameworks were identified and rectified. The AMLD had not established a separate strategic analysis team with dedicated staff members undertaking such analysis. Having such a capability

would help to drive deeper risk-based actions on behalf of regulators and supervisors, and other LEAs and generate a greater understanding of risk in the private sector.

Case Example 3.2 – STR commences a successful ML prosecution

AMLDD received an STR in January 2015 which indicated that an OBU account of Company A received USD 1.12 million from Company B overseas having been inactive for almost one year. AMLDD conducted an analysis of the STR and concluded that the information might be related to an international business email compromise fraud case. A financial analysis report was disseminated to the MJIB to initiate an investigation.

The investigation found Mr. C was the director of Company A, registered in jurisdiction S, which had no actual business activities. In order to gain personal profit, Mr. C provided the OBU account of Company A to an international fraud group through Mr. L. The international fraud group then used email to deceive Company B overseas. As a result, proceeds of crime was remitted into Company A's OBU account. In order to disguise the proceeds of crime, Mr. C transferred these funds to several personal and legal persons' foreign currency accounts controlled by Mr. C. Some funds were exchanged and transferred to NTD currency accounts. Mr. C instructed a friend of his to withdraw NTD 3 million (approx. USD100,000) in cash from one account. Mr. C and Mr. L were indicted on the charge of violating the Criminal Code and the MLCA in May 2016.

Case Example 3.3: Bribery within Company H

AMLDD disseminated a financial analysis report and gave further assistance to DPO which was already conducting an investigation on the same subject, Mr L, related to complex financial transactions between Mr L and suppliers of Company H including cash remittance, securities transactions and joint investments. AMLDD analysed the flow of funds based on documents obtained from banks, securities brokers and the Central Bank.

Investigators discovered Mr L, as senior vice president of the company, was responsible for corporate resources, procurement and price monitoring of components and supplies. He was found to have been intimidating suppliers to pay secret commissions to remain a supplier and to secure eligible supplier status. The commissions totalled approximately NTD 160 million (USD 54 million) and were distributed between Mr H and Mr L. Assistance was provided by foreign FIUs though the ESW with reports disseminated to LEAs. Mr L confessed and was prosecuted for violations against the Securities and Exchange Act.

148. Statistics of the categories of criminal offences pertaining to financial intelligence reports disseminated by the AMLDD both spontaneously and upon request show that such disseminations largely reflect some categories of high risk offences as set out in the NRA. However the instances of drug trafficking, corruption and bribery and organised crime were low. The instances of intelligence dissemination upon request for tax evasion and gambling were also low given their risk profile in the NRA.

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Table 3.7: AMLD disseminations and breakdown of related criminal offence categories

Categories of offences	2014		2015		2016		2017		2018	
	spontaneously	upon request	spontaneously	upon request	spontaneously	upon request	spontaneously	upon request	spontaneously	upon request
Drug trafficking	3	1	7	0	13	0	30	0	10	10
Fraud	34	6	48	5	73	13	87	25	97	47
Investment fraud	25	10	25	13	47	10	35	30	65	55
Corruption and bribery	9	5	27	4	43	6	24	18	24	38
Tax evasion	56	3	143	3	162	2	220	3	435	2
Insider trading, market manipulation, embezzlement, securities fraud	29	7	65	18	46	17	60	41	51	65
Underground banking	26	8	31	12	33	10	56	17	55	33
Organized crime	0	0	0	0	1	0	2	0	0	1
Smuggling	0	0	0	0	0	0	0	0	0	3
Counterfeiting & piracy of products; trade secrets violations	0	0	1	0	0	0	2	2	1	0
Breach of trust	6	0	12	2	14	4	16	6	11	17
Counterfeiting currency	0	0	0	0	0	1	0	0	1	1
Forgery	1	0	2	0	4	0	8	3	9	3
Violation of futures trading act	8	0	6	1	9	1	14	4	12	8
Usury, loan sharking	1	1	3	0	2	2	9	0	13	1
Criminal conversion	20	0	28	0	22	3	25	9	25	12
Violations of company act	18	0	63	4	80	1	178	26	227	32
Government procurement act violation	1	0	2	0	5	1	6	0	0	1
Murder, grievous bodily injury	1	0	1	0	0	0	0	0	0	0
Robbery	0	0	0	0	1	0	0	0	0	0
Gambling	28	0	36	0	50	0	70	0	48	0
Extortion	1	0	2	0	1	0	0	0	4	0
Terrorism (including TF)	0	0	0	0	0	0	0	0	0	0
Proliferation(including PF)	1	0	0	0	1	0	1	0	8	0
Kidnapping+	1	0	0	0	0	0	0	0	0	0
Theft+	0	0	0	0	0	0	0	0	0	0
Human Trafficking+	0	0	0	0	0	0	0	0	1	0
Professional ML+	0	0	0	0	0	0	0	0	0	0
Sexual exploitation (including Child)+	0	0	0	0	0	0	0	0	1	0
Other	19	7	46	6	66	13	359	35	729	127
Total (N.B. 1 case may involve more than 1 crime type)	288	48	548	68	673	84	1,202	219	1,827	456

149. TF is assessed as low risk in Chinese Taipei and there are very few examples of potential TF. In cases where potential TF has been identified, AMLD has demonstrated its ability to quickly respond to requests for assistance from foreign partners. LEAs have shown strong capacity to conduct financial investigations, generating and making use of financial intelligence.

Cooperation and exchange of information/financial intelligence

150. AMLD cooperates with other competent authorities on a case by case basis when there is an operational need, or through meetings held periodically to evaluate the level of cooperation, coordination and information exchange. AMLD provided the DPO with assistance on complicated funds flow matters 10 times each year on average over the last five years. Competent authorities were not able to provide exact data that captures the level of cooperation among competent authorities. However, LEAs provided many case examples where AMLD assisted complex investigations and it is evident that LEAs are generally independently able to conduct financial intelligence in complex investigations. In some circumstances for example where foreign assistance is required, LEAs call on the AMLD to assist and assistance was provided in a timely manner. It was difficult for the assessment team to measure the exact level of cooperation however this is likely due to the fact that LEAs demonstrated a very high capability of independently conducting investigations.

Case Example 3.4: Olive Oil fraud

In October 2013 a complaint was made that an olive oil company was using impure oil mixed with toxic compounds. Mr K was the responsible person for the company. AMLD investigated the case and discovered that employees of the company had withdrawn over NTD12 million (approx. USD400,000) in cash from a partner company. This indicated to authorities an intent for Mr K to hide illegal proceeds. They also discovered abnormal transactions of large amounts of funds between Mr K and his family. Mr K was sent to prison for 12 years and the company also received a penalty of NT38 million. Related financial accounts, real estate and assets of Mr K were seized.

Case Example 3.5: Transnational telecom scam

DPO investigations of the ML hub of a fraud organization identified a very large number of parties and complexity of transactions. DPO sought AMLD assistance in analysing financial flows. AMLD obtained and analysed account and transaction details and related vouchers from several dozen FIs as well as CTRs and foreign exchange records retrieved from Central Bank. AMLD obtained information from foreign FIUs via the ESW. AMLD disseminated analysis reports with funds flow charts, foreign exchange records, and other relevant documents to the DPO.

151. AMLD implements adequate measures to protect the confidentiality of information exchanged with domestic and with foreign counterparts. Measures include password protection to access the database; secure and sealed enveloped when exchanging information through official letters; and limiting ESW access to the AMLD Head, Deputy Head and one other officer. Accessing information databases online has enhanced the level of information exchanged among all competent authorities and safeguarded the confidentiality of information.

152. Contact points are designated for cooperation among AMLD and other competent authorities including CGA, AAC, NPA, TA, and CA. There are mechanisms for cooperation and coordination between AMLD and competent authorities. For example when competent authorities file requests, the head of AMLD, based on the urgency and complexity of cases, allocates available manpower and assigns designated personnel to participate in taskforce meetings to assist with seizures, or financial investigations into complicated transactions domestically and internationally. AMLD analysts are

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encouraged to further integrate resources with MJIB and NPA in relation to the targeting and investigation of high risk crime types such as drug trafficking, smuggling and targeting third party ML networks.

153. AMLD and other competent authorities, to a great extent, exchange information with foreign counterpart FIU and competent authorities when necessary.

Table 3.8: Intelligence exchanges through the Egmont Secure Web

Year		2014	2015	2016	2017	2018	Total
Request foreign FIU to provide assistance	Case	20	49	34	21	23	147
	Report	70	228	165	87	107	657
Foreign FIU spontaneously provided information	Case	32	33	27	53	99	244
	Report	56	46	46	100	198	446
Totals	Case	52	82	61	74	122	391
	Report	126	274	211	187	305	1,103

Overall conclusion for Immediate Outcome 6

154. Competent authorities, in particular LEAs, investigating prosecutors and the tax authorities regularly develop and use a broad range of financial intelligence and other relevant information to investigate predicate offences, ML and possible TF and to trace criminal proceeds. LEAs - especially MJIB - and investigating prosecutors have very well-developed capabilities to develop intelligence, and make use of FIU-disseminated financial intelligence in investigations. The AMLD accesses a very wide range of data sources (although wire transfer and foreign exchange transaction data is indirectly obtained), including very active international cooperation. AMLD has well-developed analytical capability to produce good quality financial intelligence. The AMLD cooperates well with LEAs in assisting and facilitating investigations and makes good use of information available to it, however, AMLD could enhance cooperation through more interaction with LEAs when investigating proceeds of high threat predicate offences; and further establishing the operational needs of LEAs. AMLD has excellent IT resources and skilled staff, but it suffers to an extent from a lack of human resources that are needed to make it even more effective.

155. **Chinese Taipei has a substantial level for effectiveness for Immediate Outcome 6.**

Immediate Outcome 7 (ML investigation and prosecution)

156. Chinese Taipei's legal and institutional frameworks demonstrate compliance with the international standards with the exception of a small scope gap in the smuggling of migrants as a predicate offence and minor shortcoming with LEA powers. These small scope gaps do not significantly impact on effectiveness. However in order to comply with international standards and considering the risk profile of Chinese Taipei this gap should be addressed.

ML identification and investigation

157. Prior to 2017 the ML offence had some deficiencies as outlined in the 2007 MER. The amendment of MLCA in 2017 to bring the ML offence into compliance reflected only recent policy decisions of government to prioritise pursuing financial crime and ML.

158. All LEAs in Chinese Taipei are empowered to investigate ML. However, the prosecutor is the primary investigative body, and investigations are largely driven and co-ordinated by prosecutors with assistance from LEAs. In practice, when ML is identified by any of the LEAs, the case is often transferred to dedicated units of the MJIB or NPA (CIB) due to their investigative expertise. This includes ML cases relating to corruption. The LEA then brief prosecutors at the District Prosecutor level who are then requested to conduct the investigation to integrate resources.

159. The key role taken by prosecutors in driving ML investigations and in coordinating authorities according to expertise is a strength. The MJIB and prosecutors have specialist economic crime units that assist in complex matters. However, with the evolving nature of the ML offence and an anticipated increase in investigations, the ongoing success of prosecutions will be dependent on prosecutors' offices having sufficient resourcing.

160. Prosecutor's offices include both prosecutor investigators and trial prosecutors. Trial prosecutors appear before the Court, while prosecutor investigators play an investigating role and do not present cases to the court. There are 532 prosecutor investigators across all prosecutors' offices, of which 102 have an expertise in finance and economics. Additionally, there are 22 Supreme Court Prosecutors, 179 at the High Prosecutors Office across five branches, and 1165 at the DPO across 21 branches.

161. LEAs demonstrated the ability to investigate various types of financial crime cases. Cases presented include complex financial crime cases involving tracing money trails, lifting the corporate veil, unravelling layers of ownership, and tracing money sent offshore. In more complex ML cases LEAs draw on other authorities' expertise. Prosecutors noted the utility of using a combined approach to an investigation, using prosecutors and different LEAs, to cover all aspects and perspectives on a case. In some cases, AMLD is bought in to assist in complex financial investigations. In relation to matters at the airports, MJIB police officers are stationed at all airports and work with Customs to deal with any criminal matters that arise. In this regard the team noted good domestic cooperation and coordination in ML investigations which is largely driven by experienced prosecutors.

162. The below table represents the number of ML cases referred from LEAs to prosecutors' offices for investigation. Authorities were not able to provide statistics on the number of ML investigations opened by LEAs (whether they proceeded to referral to prosecutors or not).

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Table 3.9: ML matters referred from LEAs to Prosecutors

Year	NPA	MJIB	AAC	Total
2014	12	29	1	42
2015	26	24	2	52
2016	31	35	3	69
2017	53	31	0	84
2018 (Jan to Jun)	127	20	4	151
Total	249	139	10	398

163. Whilst the authorities demonstrated credible and advanced techniques for ML investigation, the statistics of actual cases investigated is low when considering the large number of predicate offences investigated and the risk profile. Whilst some authorities indicated the low numbers of ML cases was due to previous shortcomings in the ML offence, however these shortcomings were identified in the 2007 MER and only rectified in 2017. One aspect of the identified challenges was that the ML offence previously had a threshold of proceeds of crime generated before ML could be charged. This was the case with respect to criminal fraud and some aspects of corruption involving procurement but not to other predicate offences.

164. Authorities are all able to access many rich sources of financial and other information to assist investigations (see IO6). Sources for ML investigation include information from field agents, predicate offence investigations, general public, AMLD, various government databases and other authorities. AMLD undertakes analysis of STRs that are deemed high-risk by red flags contained in the database and on the basis of analyst’s judgement. Once the financial analysis report is completed it is then sent to LEAs for further investigation. Based on financial intelligence reports provided by AMLD to LEAs from 2014-2018 a total of 2237 criminal cases were opened. Of these cases, 565 are still in processing/under investigation, 859 were transferred to the DPO. Authorities advise that of these, 36 cases related to ML.

Table 3.91: Money Laundering investigations and prosecutions by prosecutors

	Investigation concluded*		Deferred Prosecution		Prosecuted	
	Cases	Participants	Cases	Participants	Cases	Participants
2014	54	150	3	28	15	38
2015	96	231	2	30	35	69
2016	66	244	2	3	13	52
2017	113	242	6	9	63	91
2018 (Jan to Jun)	429	529	3	3	356	398
Total	758	1,396	16	73	482	648

Table 3.92: Money Laundering prosecutions and convictions

Year	Prosecuted		The First Instance Judgement**				The Second Instance Judgement				The Third Instance Judgement			
	Cases	Participants	Cases***	Participants	Convicted persons	Others	Cases	Participants	Convicted persons	Others	Cases	Participants	Convicted persons	Others
2014	15	38	10	18	9	9	7	11	3	8	5	12	9	3
2015	35	69	11	28	9	19	5	15	8	7	2	2	1	1
2016	13	52	12	28	14	14	9	18	3	15	2	3	0	3
2017	63	91	22	24	16	8	11	20	14	6	4	6	2	4
2018	356	398	49	51	46	5	2	9	6	3	4	6	4	2
Total	482	648	104	149	94	55	34	73	34	39	17	29	16	13

Consistency of ML investigations and prosecutions with threats and risk profile, and national AML policies

165. The conclusions reached in IO1 demonstrate that Chinese Taipei generally has a good understanding of its threats and risk profile. The NRA found that Chinese Taipei faces 8 high-risk threats including drug trafficking, fraud, organised crime, corruption and bribery, smuggling, securities crimes, third-party ML, tax crime. LEAs and prosecutors confirmed that the highest priority is afforded to these 8 high risk crime types and that direction had been given to ensure that financial investigations and consideration of ML was applied across the spectrum of these offences. This is still to be borne out in the statistics and as Chinese Taipei begins to more actively pursue ML in line with its risk profile and based on its amended offence.

166. Since 2017 there has been a significant drive from authorities on prioritising ML and related financial flows. However, prior to this there was not a clear incentive for prosecutors to apply ML charges. This was potentially due to many factors, including some limitations under the old MLCA and a weakness in the available sanctions. In light of the fact that the identified high risk crime types carry more significant sentences than that of ML, the very low penalties applied may have acted as a disincentive to prosecutors to undertake complex ML investigations. This may also account for a rather high rate of deferred prosecution in the past.

167. LEAs such as MJIB, NPA, and AAC have all introduced incentive systems for officers who investigate ML cases in line with the high priority afforded to ML by the government. Such initiatives have contributed to the increase in the number of ML investigations during the first half of 2018 as outlined in the table above.

168. From the statistics provided by the authorities, it is not possible to discern the number of ML investigations for each predicate offence. However, the aggregate number shows that the ratio of prosecution to investigation is low (for example there were 1396 participants investigated, of that number 648 were prosecuted and 149 participants received a first instance judgment in the period 2014 - 2018). This is notable when comparing the ratio of prosecution to investigation during the first half of 2018, to that of previous years as outlined in the table above. The number of ML investigations and prosecutions in Chinese Taipei, generally align to the risk profile, however overall the number of ML cases is not commensurate with the scale of ML-related predicate offences in Chinese Taipei.. Amongst 8 high risk crimes identified, the predicate offences leading to ML cases are fraud and drug trafficking, although there is still some way to go for both of these predicate offences.

Case Example 3.6: Fire fighting equipment procurement corruption case

The chief of a certain government agency abused his position to procure fire safety equipment during his tenure and in doing so collected bribes of over NT19.24 million (approx. USD0.64 million) from the winning bidder of the project. The winning bidder profited NT200 million (approx. USD6.66 million) from the project. MJIB investigators sought assistance from the AMLD to investigate the money flows.

AMLD's detailed comparison of the bank account records and CTRs of the Chief and other natural and legal persons connected to the case identified transactions between the chief, his family members and named companies. AMLD identified that accomplices had used multiple companies under their control to bid many times in the project. The project payments were transferred to bank accounts in Chinese Taipei and some offshore. The Chief retired from public office, and his accomplices then transferred more than NT20 million to his account. He then purchased 15 kilograms of gold in cash in Chinese Taipei. When this was discovered, authorities seized the gold, NT4 million in cash, foreign currencies, related accounts and real estate. Accomplices assisted authorities and wired back monies that were sent overseas. The defendants were indicted under the Anti-Corruption Act and the MLCA. They were sentenced to imprisonment of 6 months to 18 years and all assets were confiscated.

169. **Drug Trafficking** - the number of ML prosecutions arising from drug trafficking is low. There were only 5 drug-related ML prosecutions between 2012 and June 2018. The authorities explained that because Chinese Taipei does not produce drugs, most of the money is outbound and most transactions are undertaken in cash, hence the difficulty in tracing money flows. This may also be attributable to the high use of underground remittance services making it difficult for authorities to trace funds and prove criminal conduct. There is insufficient targeting of investigations on third party ML and laundering foreign proceeds, both of which are priority crime types.

170. **Fraud** - the ratio of ML prosecutions arising from fraud is higher than any other predicate offence, accounting for 40% of all ML prosecutions between 2012 and June 2018. The authorities have been able to pursue complex fraud-related ML cases successfully.

171. **Corruption** - 19 ML prosecutions arising from corruption between 2012 and June 2018. This number may seem relatively low when considering the number of prosecutions for corruption is 1786, however, case samples demonstrate that the corruption cases that have been pursued are highly sensitive, high level and complex ML cases. These demonstrate the strength of investigative skills and expertise. Investigating third party ML and laundering foreign proceeds is not sufficiently targeted in relation to this priority crime type.

172. **Organised crime** - the number of ML prosecutions and organised crime surged during the first half of 2018 (271 cases prosecuted), which is attributable to the legislative amendment to the Organised Crime Prevention Act. Investigating third party ML and laundering foreign proceeds is not sufficiently targeted in relation to this priority crime type.

173. **Tax crimes** - most are detected by the tax authorities who will refer the case to the MJIB to investigate. To date there have only been 2 ML cases arising from tax crimes. This may be because the number of ML prosecutions per predicate only reflects the predicate offence with the highest sentencing. However, when comparing the number of tax crimes, and the significance of the cash-based economy, the lack of ML prosecutions is not in line with the risk profile. Investigating third party ML and laundering foreign proceeds is not sufficiently targeted in relation to this priority crime type.

174. While the assessment team welcomes the increase in the number of ML investigation for 2018, the trend is most pronounced in regard to fraud, organised crime and third-party ML. Authorities

advised that they are prioritising the 8 high risk crime types as set out in the NRA however the results are still to be demonstrated.

Types of ML cases pursued

175. Between 2012 – June 2018 prosecutions took place in 65 self-laundering cases, 409 cases of third party ML and 27 cases of ML based on foreign of predicate offences. Almost all of the cases of third party ML were prosecuted in the year immediately prior to the ME onsite. In 2017 legal persons were investigated in five cases for ML with one case filed for prosecution. In 2018, legal persons were investigated in 22 cases with 12 cases filed for prosecution.

176. The NRA highlights third-party money laundering as one of the eight high-risk threats. However, the NRA discusses elements of this laundering as including underground remittances and subsequent breaches of the Banking Act. Whilst many cases were shown to involve the use of underground banking channels to conduct ML, the NRA also notes that legitimate businesses use underground remittances to transfer funds from China to Chinese Taipei. Authorities also advise that the use of dummy accounts predominately by individuals looking to make money in exchange for allowing accounts to be set up and transacted upon in their names. It was not clear that authorities are actively targeting underground banking related to proceeds of crime rather than legitimate trade. Authorities advised that the spike in third party ML cases in 2018 relates predominately to dummy account cases. In light of the findings of the NRA and the typologies of various third party ML in Chinese Taipei this should remain a focus of authorities.

Box 3.7 - Examples of different types of ML prosecuted in Chinese Taipei

Self-laundering: An individual Mr C was a member of a scam syndicate and converted his and others fraud proceeds into Bitcoins and transferred them in and out of e-wallets repeatedly in order to avoid detection. He laundered NT50 million in one month using forged identity documents to apply for accounts. He then directed the Bitcoins to other members of the scam syndicate. Authorities investigated Mr C and a result of the investigation he was charged with offences against the MLCA. He was ultimately sentenced to 4 years and 6 months imprisonment.

Third party ML: A criminal Mr C established Group Y and claimed Y could provide high profit investments. Investors were recruited via various means. Some customers did in fact receive high value rewards and other perks. Group Y raised more than NT6.5 billion. To avoid detection, investors were required to pay in cash. With the assistance of a third party Mr T the funds were transferred through his accounts. Cash was hidden in other areas and some transferred offshore. In November 2018, both Mr C and Mr T were prosecuted for violations of the Multi-Level Marketing Supervision Act, Banking Act and the MLCA.

ML based on foreign predicate offences: A Japanese national (N) was suspected of embezzling company property in Japan due to the abuse of his power. N then purchased large amounts of expensive watches, jewellery and diamonds before fleeing to Chinese Taipei with his wife. The CIB received a notice from Japanese police requesting a joint investigation to apprehend the suspect and seize related assets. Chinese Taipei police located the suspect and uncovered luxury residences and found the couple were living an extravagant lifestyle. Assets were seized and N is current in the process of being prosecuted for ML in Chinese Taipei.

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Table 3.93: Types of ML crimes prosecuted (number of defendants)

Category	2014	2015	2016	2017- June 2018	Total
Self-laundering	9	25	6	7	47
Third party ML	7	25	6	356	394
Predicate offences in foreign countries	2	5	0	3	10
Total	18	55	12	366	*451

177. The TC annex analysis of Recommendation 3 notes potential legislative challenges with prosecuting ML based on foreign predicate offences. Authorities confirmed that their interpretation of the law allowed them to charge ML based on foreign predicate offences and cases presented to the team demonstrated successful prosecutions (as outlined above). Nevertheless, for the avoidance of any future doubt, the MLCA was amended subsequent to the onsite visit.

178. Authorities face challenges with investigating ML relating to foreign proceeds of crimes and in receiving international cooperation generally (see IO2). Cases presented demonstrate novel and resolute efforts to overcome challenges with receiving international cooperation and authorities' success in this area is notable.

179. Authorities have undertaken numerous training sessions for relevant agencies focused on ML and amendments to the MLCA and the CFT Act. Between 2014 and June 2018 there were a total of 614 sessions with 23,985 participants. Participants included officials from MOJ (including Prosecutors Office), CGA, NPA, NIA, MJIB, AAC and Criminal Department of Judicial Yuan.

Effectiveness, proportionality and dissuasiveness of sanctions

180. Sanctions for ML are not applied effectively and dissuasively. The MLCA provides a maximum penalty of no more than seven years imprisonment and in addition, a fine of not more than NT5 million. The Act provides for a reduction of punishment for offenders who confess during the investigation or trial (Art.16). Despite the maximum period of imprisonment being seven years, the average sentence for first instance judgments was 11.89 months. For second instance judgments, the average sentence was 13 months. For third instance judgments, the average sentence was 11.19 months. During the first half of 2018, 44 out of 51 defendants received sentencing of less than one year (see table below). When taking into account the already high workloads for prosecutors, the incentive to charge ML may not be present.

181. The procedure for calculating an overall sentence in Chinese Taipei is for the judiciary to determine the penalty for the predicate offence and the penalty for the ML offence separately. Judges will then add the two sentences together and then generally determine an overall sentence that lies in between the sum total of the two offences.

182. The conviction rate for ML is also low. Between 2014 – 2018 there were 1396 persons who had concluded investigations for ML. Of these 1396 persons, 648 were prosecuted and of that 94 were convicted at first instance. The reason/s for the low conviction rate was not explained and may be due to the legislative requirements and/or training of judges.

183. Given that the identified high risk crime types carry more significant sentences than that of ML, the very low penalties applied may have acted as a disincentive to prosecutors to proceed with complex ML investigations alongside predicate offence investigations.

184. The Judicial Yuan promulgated sentencing guidelines and a sentencing manual for judges' reference in 2018 in order to ensure the appropriateness of sentencing. Authorities advise that the guidance to the judiciary is resulting in increased sentences for ML, citing one case in 2018 that attracted a penalty of 8 years and six months. In practice, amendments to the MLCA will take time to come through as new offences are charged under the amended legislation.

Table 3.94: Average sentence given for ML

Year	First Instance Court - Average Sentence (months)	Second Instance Court Average Sentence (months)	Third Instance Judgment Average Sentence (months)
2014	4	15	11.22
2015	18.11	19.75	30
2016	12.14	7.67	0
2017	40.87	10.22	9
2018 (Jan-Jun)	3.8	17.33	14
Total	11.89	13	11.19

Other criminal justice measures

185. Chinese Taipei authorities highlighted challenges in prosecuting ML in light of previous legislative deficiencies. Generally, apart from pursuing a prosecution of the predicate offence, it not apparent that authorities actively took further steps to apply other criminal justice measures. As noted in IO8, there were further challenges with freezing and seizing proceeds of crime prior to the legislative amendment in 2016. Amendments to the CPC now allow forfeiture of assets where a criminal has fled, died or due to other reasons where a criminal prosecution is unavailable. Since these amendments however authorities have in some instances embraced the opportunity to apply alternative measures in line with the new regime.

186. Authorities have in some instances taken novel approaches to pursuing matters in order to ensure punishment of offenders and the confiscation of proceeds of crime in very serious matters. One such example of the continued pursuit of offenders over a number of years and the application of new laws as they come into effect is demonstrated below.

Case Example 3.8: Procurement of the Lafayette frigate

This case relates to the purchase of a military frigate from a French company in 1989. At the time, the Chief of the Logistics Section, Ministry of Defence (Mr K) was suspected of receiving a commission from the transaction which was an offence against the Anti-Corruption Act. Authorities prosecuted Mr K along with Mr W who was an arms dealer. Mr K and Mr W were charged under Article 15 of this act which is the offence of “intentionally accepting, transporting, concealing, storing or knowingly purchasing property which is known to be the proceeds of any of the offences listed in Articles 4 through 6...”. Thus, the defendants in this matter were charged with an alternative charge that nevertheless covered much of the conduct of ML. The defendants in this matter transferred proceeds of crime overseas and authorities took action to freeze the proceeds. Approximately 1 billion USD has been frozen across 61 different accounts. Further, once the CPC was amended in 2016 allowing for a wider scope of confiscation and following the death of one of the defendants, Prosecutors returned to Court in this matter to confiscate the criminal proceeds totalling USD900 million. Authorities experienced many challenges in this case, including extremely significant sums of proceeds of crime, international cooperation challenges and limitations to the domestic legislative regime. Despite this, prosecutors were able to take a novel approach to ensuring criminal justice outcomes and the confiscation of proceeds of crime in order to provide restitution to the state and punishment of those involved.

187. Deficiencies in the old MLCA may have posed challenges for authorities to prosecute ML charges and in such instances legislation such as the Securities Exchange Act was used to prosecute for example in matters such as falsifying capital increases and illegal merger transactions.

Overall conclusions on Immediate Outcome 7

188. Chinese Taipei has not prioritised the pursuit of ML until quite recently. The focus on pursuing ML cases dates from amendments to the MLCA in 2017 when the offence was improved. LEAs have very well developed financial investigation and prosecution capacity, however the nature of the ML offence and a lack of policy priority has meant that ML was pursued to a lesser extent. Results of ML prosecutions have not been effective, with low conviction rates and very low sentences applied. Chinese Taipei is not yet able to demonstrate that its level of prosecutions and convictions of ML is in keeping with its threats, risk profile and AML/CFT policies.

189. **Chinese Taipei has a moderate level for effectiveness for Immediate Outcome 7.**

Immediate Outcome 8 (Confiscation)

Confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective

190. Chinese Taipei has a generally effective legal framework for freezing, seizing and forfeiting criminally linked assets. The MLCA contains provisions for criminal forfeiture on conviction and also authorises for restraint and seizure of criminal proceeds in ML cases. The Criminal Code provides also for conviction based confiscation, this was expanded in 2016 as outlined below. Article 38-1 of the Criminal Code expressly permits forfeiture of properties of corresponding value and article 38 of the Criminal Code is a general provision allowing for forfeiture of instrumentalities. The CPC contains provisional measures such as seizing and freezing of assets and also includes some forfeiture provisions. The Narcotics Hazard Prevention Act and the Forest Act provide for specific forfeiture authorities against instrumentalities involved in the offenses governed by these Acts. Amendments to the Criminal Code in 2016 expanded the scope of property subject to forfeiture allowing the seizure and forfeiture of property in a third parties title or possession and forfeiture in cases where a defendant has died, fled or authorities are unable to prosecute.

191. Chinese Taipei does not have administrative forfeiture by LEAs. The Customs Administration (CA) is considered an administrative agency rather than a LEA. The CA has the authority to administratively seize and forfeit assets arising from violations of the Anti-Smuggling Act, including cross-border declaration violations. All forfeiture must be adjudicated by a court order.

192. LEAs and prosecutors place a high priority on forfeiture and seek orders forfeiting property of equivalent value generally as a policy objective. Extensive training has been provided to officers from relevant agencies. Between 2014 and 2017 almost 1000 training sessions were held including over 10,000 officers on forfeiture of criminal proceeds. The number and levels of participation increased year on year within that figure. Sessions included staff from the Criminal Department of the JY, MOJ (incl Prosecutors Office), CGA, Ocean Affairs Council, NPA, NIA, MJIB and AAC.

193. The 2017 MOJ “*Enforcement Guidelines for Pursuit of the Proceeds of Crime by Prosecutorial Authorities*” provides the basis for the HPO platform for information on the pursuit of proceeds of crime. The platform was designed to streamline communication between HPO and other relevant agencies. In addition, in 2017 MOJ published the “*Seizure and Confiscation Case Handbook*”, ensuring that prosecutors and LEAs are able to grasp the revised forfeiture system. Further information concerning seizure and appraisal of assets is placed on the MOJ website to enable prosecutors in the field to handle and manage seized assets. A real time look-up system for items to be auctioned on MOJ’s official website is also available in order to raise awareness of the auctioned assets and enhance transparency of the auction process.

194. The July 2015 revised “MJIB Directions for Investigations of Proceeds of Crime when Conducting Criminal Cases” directs the MJIB to expand pursuit of the proceeds of crime. Other LEAs including NPA, NIA, CGA and AAC include forfeiture of criminal assets in the respective agency’s policy and action plan, placing a clear emphasis and policy objective of pursuing forfeiture of criminal assets.

195. In the context of pursuing criminal assets, LEAs in Chinese Taipei implemented a performance evaluation system known as “incentive measures”. The “incentive measures” are a merit-based system to assess LEA officers’ performance, there is not in fact a direct consequential link between monetary compensation awarded to an officer and the amount of assets seized or forfeited. In evaluating an officer’s performance, many factors will be taken into consideration such as the complexity of the case, the effect of the investigation, whether or not it is a proactive investigation, the length of the investigation, evidence collection, and the presence of ML components. Although this system varies in its operation by each agency where points are given to the officer or whether a promotion or monetary compensation is awarded, it does not raise concerns of the risk of abusing

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LEAs' seizure power. In particular, as stated above, Chinese Taipei does not provide for administrative forfeiture by LEAs, and all forfeiture must be premised on a court order. Furthermore, LEAs' seizure authority without a court order is limited to the three exceptions under CPC Article 133-1 and 133-2.

196. The high value of amounts forfeited reflects a policy to pursue proceeds of crime as well as the capacity of LEAs and prosecutors. A variety of training sessions has been provided to LEAs and prosecutors to support confiscation and forfeiture.

Confiscations of proceeds from foreign and domestic predicates, and proceeds located abroad

i. Proceeds of Crimes, Instrumentalities and Property of Corresponding Value

197. Chinese Taipei authorities heavily rely on criminal forfeiture to seize and forfeit criminal assets located in Chinese Taipei as well as proceeds transferred overseas. Its efforts in forfeiture of criminal proceeds, instrumentalities, and properties of corresponding value have been enhanced by an expressed strategic emphasis on the pursuit of forfeiture of proceeds of crime as a goal.

Table 3.95: Confiscation pronounced by confirmed court rulings

	2014	2015	2016	2017	2018 (1-6)	Total
Cases	5,592	5,029	6,938	16,434	7,986	41,979
Value (USD)	82,838,351	16,153,153	58,300,255	291,137,146	140,553,523	589 million

198. Chinese Taipei provides general provisions as well as specific authority to forfeit instrumentalities. There is statutory authority in Chinese Taipei which permits the conversion of instrumentalities seized into cash during the course of litigation. The statistics in the table below show the converted value from 2014-2018 of non-cash assets seized which included instrumentalities of the crimes. Chinese Taipei was unable however to provide separate statistics on instrumentalities seized and confiscated.

Table 3.96: Converted Value of Non-cash Assets Seized incl. Instrumentalities of Crimes (USD)

Year	2014	2015	2016	2017	2018 (Jan-Jun)	Total value of converted items
Vehicles	197,683	328,706	558,260	1,341,970	555,721	2,982,341
Precious metals & jewellery	52,336	0	7,950	29,774	9,408	99,468
Electronic products	5,233	43,970	194,485	76,091	49,907	369,687
Other	84,728	109,413	121,645	980,102	11,501	1,307,390
Annual total	339,981	482,090	882,340	2,427,938	626,538	4,758,888

199. Article 38-1 of the Criminal Code allows for the forfeiture of property of equivalent value. This provision has been used well in forfeiting properties of corresponding value located domestically and overseas. The following case study demonstrates Chinese Taipei's ability to seize the property of corresponding value as the property seized is not traceable to the criminal offenses, but existed prior to the commission of the accused criminal offense.

Case Example 3.9: Forfeiture of Property of Corresponding Value

In order to obtain raw edible oil at a “competitive” low price, Mr. W, former Chairman of Company W conspired with Mr. C, President of Company C, an oil production Co. to purchase contaminated oil at a low price from Company C. Mr. W then instructed Oil Production Co. C to manufacture the contaminated oil into olive oil and grapeseed oil for Company W, masked as Company W’s products “exclusive” or “golden ratio” blended oil. Mr. W and Mr. C falsely presented to the public that the companies used imported olive oil and grapeseed oil in making the products. As a result, the company gained NT\$150 million in illicit proceeds by selling the contaminated oil. Mr. W was indicted in October 2014 for fraud and convicted by the trial court. The appeal is presently pending. After the CPC was amended, the prosecutor’s office in July 2016 applied to the trial court for an order to seize a piece of land whose existence predated the criminal scheme however was seized on the basis that it was property of corresponding value.

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ii. Provisional Measures

200. Chinese Taipei is able to appropriately use a variety of tools in identifying, tracing, and forfeiting criminal assets. Case studies and other data demonstrate that restraint and seizures are performed in a timely manner. Provisional measures under the CPC appear to operate well in practice.

Table 3.97: Seizures by Prosecutors Offices

Year	Number of cases	Amount NTD	USD equivalent
2013	5,119	1,796,926,204	59,897,540
2014	3,942	12,019,217,540	400,640,585
2015	3,598	1,274,215,530	42,473,851
2016	3,574	2,849,532,465	94,984,416
2017	2,525	5,417,755,292	180,591,843
2018	1,110	831,729,768	27,724,326
Total	19,868	24,189,376,799	806,312,561

201. Prosecutors have the sole responsibility for applying for seizure orders from the court and as such all statistics are attributed to them. However, each case involves multiple LEAs who are involved in investigating the matter. The amounts contained in the above table do not include the seizures made by the CA.

202. Chinese Taipei also provided statistics on seizures based on the various offenses. The below table shows that seizures grounded on specific predicate offense are generally consistent with Chinese Taipei’s risk profile.

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Table 3.98: Seizures - broken down by predicate offence (in USD)

Criminal offense type	2014	2015	2016	2017	2018 (1-6)	Average
Very high risk offences						
Drug Trafficking	1,232,211	1,381,188	779,245	1,007,105	468,634	1,081,863
Corruption and Bribery	1,787,945	335,271	659,966	2,273,569	871,280	1,317,340
Fraud (incl. illegal fund raising)	4,248,279	2,496,422	28,597,152	5,237,655	5,699,803	10,284,291
Smuggling	18,900	0	10	624,162	110,474	167,455
Tax Crimes	2,360,350	1,766,531	25,694,427	3,523,107	12,633,739	10,217,368
Insider trading /market manipulation	17,076,744	8,352,429	637,771	7,666,103	4,899,529	8,585,017
Third Party ML	298,740	2,464,117	1,089,938	49,774	5,966,681	2,193,167
Organised Crime	61,792	67,300	66,080	551,178	62,297	179,699
High risk offences						
Intellectual Property Crime	17,233	0	143,540	512,271	18,616	153,702
Medium risk offences						
Illicit Arms Trafficking	40,617	60,263	1,777	413	75	22,921
Illicit trafficking -stolen & other goods	167	0	0	0	0	37
Environmental Crimes	30,692	116,652	42,940	360,919	346,666	199,526
Kidnapping	200	0	0	0	0	44
Theft	9,291	983	104,743	5,390	46,235	37,031
Forgery of documents, securities, ID	17,700	34,848	401,558	20,258	1,060	105,650
Low risk offences						
Counterfeiting currency	17,700	34,700	401,558	20,258	1,060	105,617
Trafficking in human beings (migrant smuggling)	13,826	37,680	48,612	1,838,111	11,007	433,164
Sexual Exploitation	1,660	13,840	20,316	5,663	4,190	10,149
Robbery	6,623	12,470	2,832	6,366	8,682	8,217
Murder	6,473	0	0	25,877	37	7,197
Extortion	688	14,657	0	3,802	335	4,329
Total (USD millions)	27	17	58	23	31	35

iii. Domestic and Foreign Predicates and Property Moved Overseas

203. Chinese Taipei provided case examples demonstrating that it pursues forfeiture using all of the asset recovery tools at its disposal and in all contexts, including in cases involving domestic and foreign predicate offenses and proceeds which have been moved overseas. A breakdown showing amount of assets seized and forfeited based on domestic and foreign predicates is unavailable. However, Chinese Taipei provided the forfeiture amount based on a court order for each predicate offense from 2013-2018.

204. Chinese Taipei indicated that no legal impediments or other barriers preclude it from sharing forfeited assets with other countries; however, Chinese Taipei has not yet received such a sharing request. As such, asset sharing is untested. Chinese Taipei has successfully repatriated assets from overseas in a few occasions.

Case Example 3.91: Seizure and Forfeiture against Proceeds Transferred Overseas 2018

Two persons orchestrated a fraud scheme where many individuals in Chinese Taipei were promised a variety of benefits in exchange for their monetary donation/contribution. The investigation revealed that the fraud proceeds, totalled approximately USD277 million, and USD9 million transferred overseas including into jurisdiction U.

The Taoyuan District Prosecutor's office applied to the District Court for a restraining order against the assets owned or controlled by the two individuals as well as an entity owned by the two in jurisdiction

U in connection with the fraud schemes. The District Court granted the order. Taoyuan DPO sent an MLA request through MOJ to Jurisdiction U seeking enforcement of the District Court's order against the assets in jurisdiction U in the effort to preserve the availability of the assets for forfeiture. Jurisdiction U executed the MLA request and restrained the assets belonging to the individuals and the entity in question on behalf of Chinese Taipei.

205. Article 40 of the Criminal Code authorizes forfeiture of criminal assets without a conviction in the cases where a defendant has died fled, or due to other reasons where a criminal prosecution is unavailable.

206. Although there is no indication in the statutory language that an *in rem* forfeiture action can be brought under this article, in practice Chinese Taipei has used Article 40 to forfeit funds in an account solely premised on the fact that the funds in that account were criminal proceeds, without any criminal charge or prosecution.

Case Example 3.92: Forfeiture of funds in the absence of a criminal charge or prosecution

A hacker with an unknown identity and location, hacked into a bank account held at a bank in Chinese Taipei, and instructed a victim in a foreign jurisdiction to wire money into the account in Chinese Taipei. The account holder in Chinese Taipei appeared to be unaware of the criminal activities related to the account. Using Article 40 of the Criminal Code and Article 18 of MLCA, authorities seized and subsequently forfeited the funds fraudulently obtained in the account in Chinese Taipei. Since the criminal perpetrator was unknown, and the account holder in Chinese Taipei was not complicit, a criminal prosecution was not possible. USD 76,000 was forfeited in this case in June 2018.

207. The case study above demonstrates that a forfeiture action pursuant to Article 40 of the Criminal Code can be used as the functional equivalent to an *in rem* NCB proceeding. Chinese Taipei identified and discussed the difficulties and challenges in financial investigations in regards to the OBU accounts and forfeiture for accounts held by nominees. The hacker case referenced in the paragraph above represents one of scenarios how nominee accounts were used. No other similar cases were provided to the team to further demonstrate how well Article 40 has been applied in the use of the nominee accounts situation. Given the fact that Article 40 is under the Criminal Code, the evidentiary standard for any NCB proceedings in CT, presumably, is based on the criminal standard – beyond a reasonable doubt. Authorities were not able to give a clear indication as to the evidentiary standard of proof under Art 40. In some cases it may be very difficult to prove based on the criminal standard that the properties were derived, used, or intended to be used in committing crimes. As such, greater clarity through legislation, regulations or procedures regarding NCB in rem forfeiture would significantly ease these drawbacks and directly target criminal assets regardless of the owner of an account into which criminal proceeds were transferred or deposited.

208. Tax offenses with a fraud component such as an element of misrepresentation will be prosecuted by the prosecutors' offices, and any forfeiture of the fraud proceeds is adjudicated by a court. The statistics for tax offense forfeiture involving fraud has been included into the forfeiture figures by the district prosecutors' office. Tax cases are first decided by the National Taxation Bureau while enforcement is handled by the Administrative Enforcement Agency of MOJ ("AEA"). A small amount of money related to criminal assets has been able to be recovered by AEA using tax procedures where, for various reasons, criminal cases were not able to be brought or had failed.

209. Regarding tax recoveries that are proceeds of crime, the AEA is a specialised agency which works to recover major fines (including tax and other administrative fines and court orders) and manages associated assets. The team noted the considerable success of the AEA, but available

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statistics mean that the team cannot discern which values have been recovered by the AEA that are proceeds of crime as distinct from tax fines or other recoveries. Some credit, if not in full, nevertheless, should be given to the efforts made by AEA's tax recovery.

Table 3.99: Amounts recovered by AEA via the Tax System (NTD)

Year/NTD	Amount recovered	Tax owed	Fines
2014	11,061,626,603	9,462,557,978	1,599,068,625
2015	10,521,115,466	9,120,579,986	1,400,535,480
2016	10,827,129,248	9,169,948,059	1,657,181,189
2017	10,091,469,683	8,738,088,821	1,353,380,862
2018 (Jan-Oct)	8,322,907,075	7,218,663,215	1,104,243,860
Total	50,824,248,075	43,709,838,059	7,114,410,016
USD equivalent	USD 1.7 billion	USD 1.46 billion	USD 237 million

iv. Asset Management

210. Management of seized assets is largely undertaken by prosecutors. Management of assets has been significantly eased by “mandatory” conversion provisions (Art141 CPC). Guidance for prosecutors to manage the seized assets is provided by a handbook. Prosecutors have an asset tracking and management case system which records details of all seized items with other information including the offence committed, category, delivery date of the case and a code for tracking. All seized assets are deposited into a warehouse. Procedures (Auction and destruction processes of seized/confiscated items by DPOs) are in place destruction of contraband items.

211. Several provisions under the CPC provide the authority to convert the seized assets into cash. In general, the conversion can occur based on a prosecutor’s discretion or a defendant’s consent. In the circumstances that a property owner does not agree to the conversion, the property owner has the right to appeal to a district court. In addition, a stakeholder may take back the seized assets upon the provision of a guarantee or security which has an equivalent value to the seized assets.

212. AEA appears to have the ability to manage large and complex assets; however, AEA does not have a role in asset management until a forfeiture judgment has been entered and it needs to be enforced against the seized assets. In order to better utilise the AEA, the DPO has been conducting auctions with the AEA to gather greater awareness. Between January 2017 – June 2019 the DPO sought assistance from the AEA in 42 cases with the equivalent of approximately USD1.4 million being realised at joint auctions. From January 2014 - June 2018, the DPO received the equivalent of approximately USD4.76 million in proceeds of crime assets realised at auction. There is the potential for the AEA to take a greater role in asset management on behalf of Execution Prosecutors in order to ease the burden on them to manage all proceeds of crime assets, given their expertise in this area.

Confiscation of falsely or undeclared cross-border transaction of currency/BNI

213. Cash or goods smuggling has been identified as a high risk, with inflows and outflows of proceeds of crime from neighbouring countries. Some steps including legislative measures have been taken to target cross-border movement of cash. Chinese Taipei has a significant cash-based economy.

214. Chinese Taipei has a legal framework in place for the declaration and identification of cross border movements of funds and BNI. A written declaration system is in existence for all travellers carrying cash over 100,000 NTD (about USD 3,333), \$10,000 USD or its equivalent in foreign currency, and the equivalent of \$10,000 USD in BNIs. Prior to the amendments of MLCA on June 28,

2017, no requirement for declaration of domestic currency, and only foreign currency was subject to the declaration requirement.

215. The requirement to make a declaration is included on arrival cards. Travellers with declaration responsibility will exit through a separate path from the travellers without declaration responsibility. Substantial signage was observed at the major international airport (Taoyuan Airport) putting travellers on notice of the declaration requirements.

216. Customs send the declaration reports to AMLD monthly. If a false or non-declaration occurs, a report of the instance will be sent immediately to AMLD. As discussed in IO6, ICTRs are scanned through a database for red flag indicators and analysed in AMLD investigations.

217. Screening is undertaken to detect cash smuggling. CA and CGA stated that all luggage was x-rayed at land and sea checkpoints. Security risk profiling is conducted on travellers, with selected passengers undergoing thorough physical checks and x-rays. Intelligence received from domestic and international partners feeds into CA's targeted screening of high risk travellers.

Table 3.991: Total number of violations of cross-border movement declarations (USD)

Estimated values	2014	2015	2016	2017	2018 (1-6)	Total
Cross-border declaration reports	19,750	30,345	33,470	196,682	157,401	437,648
Cross-border declaration violations	100	128	103	123	79	533 violations
Value of undeclared /misdeclared (USD)	11,660,304	12,627,748	8,360,403	5,894,171	1,993,078	USD 40.5 million
Value of confiscated cash for undeclared /misdeclared (USD)	1,147,187	1,537,938	2,574,790	2,693,094	1,516,187	USD 9.5 million Confiscated

* The 2017 amendment to the MLCA expanded the obligation to declare to a wider range of assets including gold, diamonds, precious stones and platinum. However, authorities advise even after this amendment, declarations relating to this group of assets were not appraised and therefore aren't included in the above statistics.

218. Since 2015 Chinese Taipei authorities have seized goods and other items valued at over USD155 million in violations of the Customs Anti-Smuggling Act. This resulted in USD137 million from these detections.

219. The CA's powers and processes to seize and forfeit detected cash appear to be adequate after the MLCA's amendment on June 28, 2017. Several case studies further demonstrate that CA has detected and seized both undeclared cash and gold including through x-ray inspections at relevant entry and exit points. Investigative measures and agency coordination by ALMD and LEAs following detection are well pursued.

Proportionality of sanctions for a failure to disclose or a false declaration

220. Where there is a false or non-declaration of currency or BNI that exceeds the threshold, the amount over the threshold will be seized and forfeited pursuant to Article 12 of MLCA and Article 36 of the Administrative Penalty Act (APA). If there are indications that the currency was likely derived from an illicit source based on CA's initial investigation and other information, the carrier and the currency or BNI will be referred to LEAs for further investigation. In this case, the whole amount of the currency or BNI discovered may be seized at the discretion of customs. The case then proceeds through the usual course of a criminal investigation and ultimately decided by a competent court as to the forfeiture and penalties. In the event the carrier argues that the funds seized are legitimate

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(despite not declaring or falsely declaring) the CA will still seize the amount exceeding the declaration threshold. The traveller has 30 days to bring a claim to a Review Committee under the MOF challenging CA's seizure. If not challenged within 30 days, CA's forfeiture decree of the seized currency or BNI becomes final. The Review Committee under MOF, once it receives a claim filed by the traveller, will examine both facts and law to determine whether CA's seizure is legal. If the Review Committee affirms CA's seizure, the traveller has two months to further challenge the ruling to an administrative court under the Judicial Yuan. The administrative court will review both facts and law in regards to the seizure. Although rare, the traveller does have an opportunity to have a further appeal to the Supreme Administrative Court within 20 days after the ruling by the administrative court. Neither the Review Committee under MOF nor the administrative court under the Judicial Yuan will look into the source of the money seized nor do they have the authority to alter the amount seized by CA. The Administrative Court's decision is final, and not appealable to a District Court.

221. As such, there is in fact no difference in forfeiture applied to non-declared or falsely-declared cash derived from illicit criminal proceeds or from legal sources such as immigrant workers' legitimate earnings. The assessment team notes the significant number of immigrant workers in Chinese Taipei. In cases where the source of the falsely-declared or non-declared currency or BNI is legitimate, full forfeiture of the amount above the declaration threshold appears disproportionate, in circumstances where there is evidence that the seized money is legitimate. In this respect, the team notes that forfeiture following a failure to disclose or a false declaration of carriage of currency or BNI is not applied proportionately.

Consistency of confiscation results with ML/TF risks & national AML/CFT policies and priorities.

222. Chinese Taipei considers its high risk domestic ML predicates to be drug trafficking, fraud, smuggling, tax crimes, organized crime, securities crime, corruption and bribery, and third-party ML. See IO1. From 2014- June, 2018, approximately USD323 million, 55% of the assets seized and forfeited relate to these key threats, indicating consistency with Chinese Taipei's assessment of its risks.

223. Chinese Taipei is successful in forfeiting a significant value of assets comparable to the size of its economy, and the amount forfeited arising from the predicate offenses appears to be consistent with Chinese Taipei's risk profile. This is demonstrated by the forfeiture statistics in the following table broken down by offenses.

Table 3.992: Confiscations pronounced by confirmed court rulings (USD equivalent)

Criminal offense type	2014	2015	2016	2017	2018 (Jan-Jun)	Average
Drug Trafficking	3,864,507	2,034,628	2,346,706	1,547,372	1,429,049	2,493,836
Corruption and Bribery	49,521,662	4,718,214	7,114,507	5,496,750	2,735,289	15,463,649
Fraud (incl illegal fundraising)	263,112	79,033	28,678,248	74,421,804	47,879,216	33,626,981
Smuggling	1,327	5,478	132,626	4,284,272	626,371	1,122,239
Tax crimes	419	0	36,272	629,710	1,641,370	512,838
Insider trading, securities market manipulation	16,879,296	293,270	4,584,441	50,619,648	1,010,770	16,308,317
Third Party ML	7,210,868	2,291,807	0	21,146	392,141	2,203,547
Organized crime	0	0	0	0	5,037	1,119
High						
IPR Crime	2,928	23,484	111,565	723,160	669,240	340,084
Medium						
Illicit arms trafficking	994,569	29,963	23,854	428,840	272,291	388,782

Criminal offense type	2014	2015	2016	2017	2018 (Jan-Jun)	Average
Illicit trafficking in stolen and other goods	4,007	167	87,895	139,701	34,407	59,150
Environmental crime	64,298	1,404	155,690	4,506,809	726,325	1,212,117
Kidnapping	0	0	0	40,167	0	8,926
Theft	457	687	738,918	10,344,719	1,954,634	2,897,648
Forgery of documents, securities, ID documents, or passports	17	29,247	280,254	10,020,985	3,224,738	3,012,276
Low						
Counterfeiting currencies	27	29,247	280,254	10,020,985	3,224,760	3,012,283
Trafficking in human beings (migrant smuggling)	17,102	16,457	21,731	441,737	81,818	128,632
Sexual Exploitation	203,485	157,053	211,169	1,095,300	500,939	481,766
Robbery	1,900	2,097	36,618	429,867	156,178	139,258
Murder	4,140	283	0	7,777	1,100	2,956
Extortion	950	17	24,100	359,667	348,813	163,011
Total	79 million	9.7 million	44 million	175 million	67 million	83 million

Overall conclusion on Immediate Outcome 8

224. Chinese Taipei pursues confiscation as a policy objective. It has restrained and confiscated significant amounts across a range of crime areas in keeping with the risk profile. LEAs have well developed asset tracing capacity and routinely pursue financial investigations to identify assets for the purpose of recovery. Cash is seized at the border and the authorities have, to a certain extent, proactively targeted high-risk ports of entry. However, forfeiture for breaches of the cross border declaration system is not applied proportionately in all cases.

225. **Chinese Taipei has a substantial level for effectiveness for Immediate Outcome 8.**