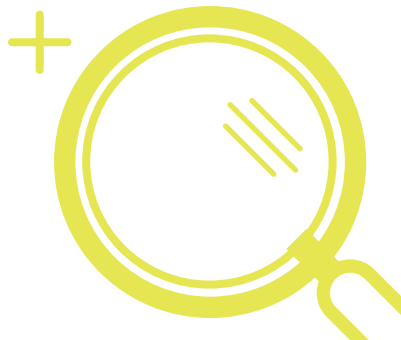


05



**The
First Government Bank
Takeover of a
Private Bank¹**



THE "SOUTHERN KINGPIN" (南霸天)



-Mr. Wang Yu-Yun (王玉雲)

Born into a fishing family in 1925, Mr. Wang Yu-Yun (王玉雲) was destined to walk a more ambitious path in life. After a brief career as a policeman, he was elected Kaohsiung City Counselor in 1958 and Mayor of the Provincial City of Kaohsiung twice, in 1973 and 1977. He was appointed the first mayor of the reorganized Kaohsiung Municipality in 1979 by then-President Jiang Jing-Guo and afterward was made an honorable senior advisor to the Office of the President by Jiang's successor, President Lee Deng-Hui.

¹ 民國 89 年 6 月 14 日，臺北地檢署 89 年度偵字第 9120 號等案件，以違反商業會計法、業務侵占及背信罪起訴被告王玉雲等 6 人，認被告王玉雲身為中興銀行董事長、被告王宣仁身為中興銀行總經理、被告吳碧雲、李東興身為分行經理，違背職務違法貸款給台鳳集團負責人即被告黃宗宏。被告黃宗宏使用台鳳集團及人頭貸款人名義，2 年內違法超貸新台幣 70 餘億元。後致中興銀行被接管，為史上第一家被接管的商業銀行。臺北地方法院以 89 年度訴字第 892 號判決被告王玉雲 7 年 4 月、黃宗宏 9 年、被告王宣仁 7 年、被告吳碧雲 4 年 6 月、被告李東興 3 年 6 月。本件起訴檢察官王文德，公訴檢察官黃立維、張安箴。



TAIWAN TIMES

Photo from
Solomon203, WIKI

Wang was active in business as well as politics. He founded Ronghwa Copper and Iron Industry Ltd. (榮華銅鐵公司) in 1956 and later joined other members of his family in ventures that created First Copper and Iron Co. (第一銅鐵公司), Taiwan Ship Dismantling Co. (臺灣拆船公司), and Ruifa Steel Co. (瑞發鋼鐵公司). Moreover, he listed the latter on Taiwan's OTC market in 1988 after a name change to Ronghwa Wire and Cable Ltd. (榮華電線電纜公司). As Taiwan's "economic miracle" period peaked in the 1990s, Wang pushed expansion of the family business empire even further, founding Huacheng Optoelectric Co. (華成光電公司), Lianming Stainless Steel (聯銘不銹鋼廠), and Zhongxing Commercial Bank (中興銀行), with Wang and his eldest son Wang Zhi-Xiong (王志雄) serving respectively as the bank's president and vice president. Finally, Wang took a controlling stake in the Taiwan Times (臺灣時報), an influential southern-Taiwan-based newspaper.

Wang's multi-decade career spanning politics and business had made him a powerful figure in the south. Supporters and detractors alike came to call him the "Southern Kingpin" (南霸天).

”

The **Best of Taiwan's New Banks-** Chung Shing Commercial Bank



It was Chung Shing Commercial Bank 's building

The Ministry of Finance' s liberalization of bank licensing rules in 1992 led quickly to the creation of 16 new private banking institutions, including Wang' s Chung Shing Commercial Bank (CCB, 中興銀行). Its NT\$203 billion (US\$6.8 billion) in assets instantly made CCB Taiwan' s second largest new bank. Breaking from tradition and reflecting the preferences of its founder, the bank was headquartered in Kaohsiung City rather than in the north. The bank' s acquisition of Tainan 2nd Credit Cooperation (臺南第二信用合作社) in 1998 and of Taichung Credit Cooperation (臺中信用合作社) in 1999 increased total assets by 15% and branch locations by 20, making CCB a 47-branch operation and easily making it the “first among equals” amongst Taiwan' s crop of new banks.



Instead of being closely held, as is common practice for Taiwan banks, CCB shares were widely distributed among a disparate array of individual, corporate, and fund-based shareholders. CCB's founder "Southern Kingpin" held the largest share, albeit just 10%, followed by Taiwan International Securities Corporation (金鼎證券) with 5%. CCB launched its OTC listing in 1995 and transferred to the Taiwan Stock Exchange (TSE) in 1998.

Photos from

China Times - Left

Public Television Service - Right



” TAIWAN'S YOUNGEST BILLIONAIRE

-Mr. Huang Zong-Hong (黃宗宏)

Mr. Huang Zong-Hong (黃宗宏) was born in 1956. His father Mr. Huang Chen-Jing (黃成金) and uncle Mr. Xie Cheng-Yuan (謝成源) became joint owners of Taiwan Pineapple Ltd. (TPL, 台鳳公司), with Xie serving as president. Strong overseas demand for Taiwan canned fruit helped fuel TPL export sales through the 1950s, which reached NT\$140 million (US\$4.7 million) in

1959. This influx of hard currency laid a solid foundation for future growth and fueled the young Huang's ambitions for more.

After earning a business degree from Japan's Waseda University, Huang returned to Taiwan in 1984 to take up the reigns of his family's pineapple business, which had been relaunched

under the name Typhone, Inc. two years earlier. Huang launched Typhone's diversification into a plethora of new business interests, including construction, amusement parks, real estate, finance, automotive sales, and art. Furthermore, Huang plumbed his recently acquired business smarts to manipulate the price of Typhone stock through the dubious practice of "cross holding", driving his company's share price from NT\$40 dollars to NT\$260 in 1998 and transforming Typhone into one of the nation's top-10 listed companies by value (NT\$152 billion or US\$51 billion). In the process, Huang rose from relative obscurity to become, according to Forbes, Taiwan's youngest billionaire at age 37 in 1998.

The water floats the boat may also sink the boat. An empire based on money game soon proved to be a fantasy.



Taiwan Pineapple Ltd. previous sife

The Centenarian —Typhone Inc. (台鳳公司)

”

The Taiwan Pineapple Company (臺灣鳳梨株式會社, founded in 1913) and the Kaohsiung branch of Tokyo Can Manufacturing Company (founded in 1922) merged in 1935 as the Taiwan Contract Pineapple Company (台灣合同鳳梨株式會社) in hopes of consolidating Taiwan's struggling pineapple trade. The firm was renamed Da Feng Xin Nong (大鳳興農株式會社) in 1945 and was nationalized two years afterward under the state-run Taiwan Provincial Agriculture and Forest, Ltd. (TPAF, 台灣農林公司). TPAF's pineapple subsidiary was spun off in 1955 and managed independently as the Taiwan Pineapple Ltd. (台鳳公司) until it was purchased by the aforementioned Mr. Huang senior and his brother Xie.

Taiwan's postwar pineapple boom peaked in the 1970s, when pineapples were being grown on 17,000ha of farmland and 4.1 million boxes of canned pineapples were being exported each year, adding NT\$12.9 billion (US\$430 million) annually in economic value. TPL alone employed nearly 20,000 people and managed 6 canning plants running 24/7/365. Moreover, 30% of TPL's canning lines were automated – not common in contemporary Taiwan's low-wage, labor-driven economy.



A.D. 1960s Taiwan Pineapple Company
Photos from Liberty Times



A.D. 1960s Taiwan Pineapple Company

Photos from

Liberty Times - Right
Apple Daily - Left

Competition from lower-cost producers had by the 1990s knocked the domestic pineapple industry from its charmed position as a ‘cash cow’ . At this point TPL / Typhone President Huang (the younger) boldly upended his company’ s business model with a new focus on developing and selling real estate in order to monetize Typhone’ s impressive inventory of idle pineapple fields. In addition, new divisions were set up to import and distribute beef and to manage speculative investments in high-tech firms, amusement parks, and the arts. Typhone even acquired Volkswagen (Germany)’ s Taiwan franchise in 1999. The company gave every appearance of being more than ready not only to survive but to prosper in Taiwan’ s post-pineapple age.

However, revelations of stock manipulation and illegal loans by Typhone and its president tanked the company’ s stock and made it a “full-cash delivery” stock. This century-old business, which had gleamed so brilliantly through much of the 20th century, disintegrated in a whirlwind of opportunistic greed and mismanagement at the dawn of the 21st .

THE LOAN ”



Wang Yu-Yun and his sons



Photos from

Liberty Times - Left
Apple Daily News - Right

When CCB set up its Tianmu Branch in 1997, Branch Manager Mrs. Wu Bi-Yun (吳碧雲) was naturally hungry to build the business. CCB Supervisor Mr. Hu Jin-Ming (胡錦明) introduced Wu to Typhone President Huang, who need a source of funds to manipulate the value of his company's stocks. The two instantly clicked. Between April 1997 and October 1998 and using Typhone stock and land as collateral, CCB's Tianmu Branch successively loaned a total of NT\$5.47 billion (US\$182 million) to Typhone, various Typhone affiliates, Huang, and members of Huang's family,.

Article 33-3 of Taiwan's Bank Law and related MOF regulations limit the amount that a bank may loan to a company and its affiliated persons and business entities to 40% of that bank's approved value in the immediately preceding year. As 40% of CCB's net value in 1998 was NT\$6.62 billion (US\$220 million), CCB had clearly lent significantly more than was legally permitted.

With Typhone stock in freefall, Huang desperately needed additional funds to prop up his company's stock in hopes of winning back investor confidence. Caught between the proverbial rock and a hard place, CCB, with billions in loans already on the line, decided to throw good money after bad in hopes of saving face and recouping at least some of its loan value. Starting in December 1998, the "Southern Kingpin" himself directed his General Manager Mr. Wang Xuan-Ren (王宣仁) to order CCB's Tianmu and Luzhou Branches to quickly approve and execute new and unsecured loans to Huang. In addition, Huang used nominal (temporary) accounts to make the new loans in order to bypass loan limits. By April 2000, these new nominal account loans had risen to over NT\$7.04 billion (US\$234.6 million).

THE BREAKOUT ”

In March 2000, soon after the national Presidential Election, a letter sent to the Ministry of Finance accused CCB General Manager Wang of making multiple, extremely high value loans out from the bank's nominal accounts. Then-Finance Minister Qiu Zheng-Xiong (邱正雄) directed an investigation by the Financial Examination Bureau, which quickly uncovered a suspicious loan of NT\$350 million (US\$12 million) made by CCB's Tianmu Branch and later found a similarly suspicious loan executed by the bank's Luzhou Branch.



Mr. Wang Xuan-Ren

On April 25th, the Ministry of Finance directed the Central Deposit Insurance Corporation (CDIC) to station officers at CCB to assist with the ongoing investigation. The following day, on April 26th, CCB's board of directors singled out the general managers of the two implicated branches for punishment. CCB's General Manager Wang resigned immediately. At a press conference on April 27th, CCB President Wang publicly announced that his bank had made only two loans of



NT\$800 million (US\$270,000) without the consent of the board. Furthermore, he continued, the just-resigned Luzhou Branch General Manager Wang was solely aware of, and thus responsible for, their approval.

However, the Southern Kingpin' s explanation fell flat in the court of public opinion and depositors withdrew NT\$17 billion (US\$600 million) from CCB accounts in a 3-day period. On April 28th, the CDIC announced that they had so far found NT\$80 billion (US\$270 million) in non-performing loans at CCB.

Photos from

Apple Daily - Left
Public Television Service - Right

中華民國九十五年六月一日 星期四 聯合報 焦點 A2

A black and white portrait of a middle-aged man with a receding hairline, wearing a light-colored, possibly white, button-down shirt. He is looking directly at the camera with a neutral expression. The background is dark and out of focus.

▲資深會計師事務所負責人賴泰四被控從中國銀行五鬼搬運牟利。圖為他在去年八月受經濟部委託舉辦「2005年公司治理實務研討會」的講者。

◆中興銀前董事長王王吉昨晚談論空案時嘆口氣說，「現在人微言輕，那有人受理我？」
記者劉學聖／攝影

台鳳調錢 中興銀延後關金庫

[illegible]

A lower-profile criminal investigation paralleled the ongoing financial investigation. The Taipei City Office of the Investigation Bureau of the Ministry of Justice (MJIB) discovered that Typhone and Huang had received unsecured CCB loans through more than 100 discrete nominal accounts. On April 29th, the public prosecutor issued six search warrants to raid suspects' residences and offices, and confiscated evidence related to the loans. The prosecutor further subpoenaed CCB employees and other suspects.

The evidence and testimonies supported that Typhone's President Huang had conspired with CCB's President Wang and three senior executives, including General Manager Wang, Tianmu Branch Manager Wu, and Luzhou Branch Manager Lee Dong-Xing (李東興) to make the illegal loans, most of which were later written off as non-performing. Moreover, some of the loans had

been made without even so much as a formal application.

Making matters even worse, Typhone Financial Manager Mr. Chen Ming-Yi (陳明義) warned Huang that he would need to deposit NT\$600 million (US\$20 million) into the company' s CCB account by March 20th to keep Typhone' s checks from bouncing. Huang made an urgent trip to Kaohsiung City to ask the “Southern Kingpin” to assist in resolving his problem. Wang, already in over his head, had little choice but to agree, and, on March 20, ordered CCB General Manager Wang to make NT\$350 million (\$US12 million) available immediately. Wang consulted with CCB managing directors and other branch managers. However, over their objections, Huang and Wang directed Tianmu Branch Manager Wu to transfer the entire amount into Huang' s nominal accounts. At 6:00 that evening, with the loan application procedures unfinished, Wu approved the

loan. As banks had all officially closed and the Tianmu Branch lacked sufficient cash, Wang instructed Branch Manager Wu to secure the assistance of four other CCB branches. The five branches that were held open after hours ultimately scraped together NT\$90 million (US\$3 million) for Huang. The remaining NT\$260 million (US\$9 million) came from five checks issued by the Bank of Taiwan and handed to Huang at 8:00 the same evening.

CCB' s Huang, Wang, and their accomplices were likely the first in Taiwan banking history to successfully delay a bank closing in order to make a withdrawal.

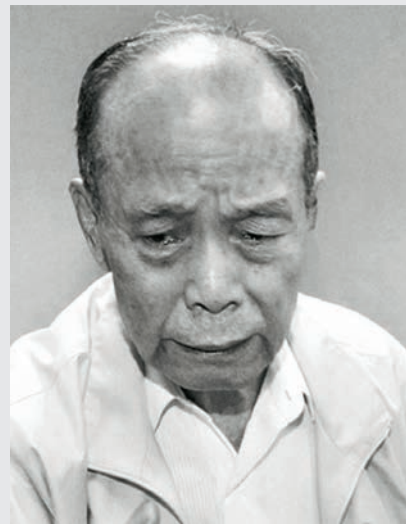
THE INDICTMENT



Mr. Wang Xuan-Ren



Mr. Huang Zong-Hong



Mr. Wang Yu-Yun





After three months of intensive investigation, Prosecutor Wang Wen-De (王文德) indicted six defendants, including “Southern Kingpin” Wang, Typhone President Huang, CCB General Manager Wang, Branch Managers Wu and Lee, and Typhone Financial Manager Chen for breach of trust. Furthermore, Huang and Chen were accused of embezzling and violating the Business Entity Accounting Act by forging false accounting certificates in Typhone’s accounting books. Prosecutor Wang charged that the defendants had knowingly taken

out illegal loans, violated the trust of CCB stockholders, fomented a financial maelstrom, and undermined social economic order. The prosecutor thus asked the court to incarcerate “Southern Kingpin” Wang for 7 years and 2 months, General Manager Wang for 6 years and 8 months, Wu and Lee for 6 and 5 years each, Huang for 10 years, and Chen for 7 years.

”

THE TRIAL



In the courthouse, President Wang argued that his General Manager, Wang, had made the loans without his knowledge. For his part, General Manager Wang argued that, as general manager, he couldn't have made loans of more than NT\$20 million without his president's explicit authorization. Thus, he said, he could have only acted on the instructions of President Wang. Branch Manager Wu confessed to having relaxed normal loan procedures in order to expand her branch's business; Branch Manager Lee admitted to following General Manager Wang's instructions; and Typhone President Huang professed that he had no intention of taking out fraudulent loans, claiming that if not for the abnormal drop in his company's stock prices, Typhone would have paid off the loans in full.

Despite President Wang's minimal 10% share in CCB, professional managers at the bank such as Wang, Wu, and Lee still chose to cede their normal authority to the "Southern Kingpin". Their choices changed the fate of CCB.

In his closing argument, CCB President Wang professed agitatedly in tears that, despite spending a fortune to build a bank that reflected the interests of southern Taiwan, society was now treating him like a rat. This statement was at most a half-truth. While CCB had successfully come into its own as a "southern" institution, it was Wang who had in the end failed both the bank and his clients.

The district court found the defendants guilty as charged on January 27th, 2004. The sentences handed down included jail terms of 7 years

and 4 months for CCB President Wang, 7 years for CCB General Manager Wang, 9 years for Typhoon President Huang, 4 years each for Branch Manager Wu and Typhoon Financial Manager Chen, and 3 years and 6 months for Branch Manager Lee. Typhoon President Huang was also fined NT\$300 million.

An appeal by the defendants to the Taiwan High Court resulted in a final decision on April 26th, 2007 that upheld the lower court decision, with minimal reductions in sentences of 7 years for CCB President Wang, 6 years 8 months for CCB General Manager Wang, 8 years 6 months for Typhoon President Huang, 4 years each (unchanged) for Branch Manager Wu and Typhoon Financial Manager Chen, and 3 years for Branch Manager Lee. The NT\$300 million fine Typhoon President Huang was also confirmed.

However, the “Southern Kingpin” successfully avoided spending any time behind prison bars. To prevent him from evading his sentence, the Taipei District Prosecutors Office issued a restraining order to prevent his fleeing the country and subpoenaed him to report to the agency on May 4 to begin his jail time. However, his successful appeal to the Supreme Court revoked the order. The prosecutors’ office in Taipei subsequently issued a revised order, this time naming the prosecutors’ office in Kaohsiung City, Wang’ s hometown, as the executive authority. By this time, however, Wang was nowhere to be found. It is suspected by some that used a speedboat to escape across the Taiwan Strait to China, where he remained, according to his son Wang Zhi-Xiong (王志雄), until his alleged death in Beijing in 2007 due to ill health.

Wang’ s right-hand man, General Manager Wang, also fled to China in 2007 after final sentencing. However, Shanghai City public security officials apprehended the fugitive and repatriated him to Taiwan, where he was imprisoned until his probation in April 2013.

Huang’ s attempt to flee justice aboard a fishing boat leaving from Keelung’ s Badouzi Harbor on November 1st, 2007 failed when he was apprehended by policemen from Taipei City Police Department’ s Shilin Precinct. He was jailed immediately and served his time until his probation in April 2013. Payment of his NT\$300 million fine was secured when the Taipei District Prosecutors’ Office confiscated his collection of antiques, including NT\$100 million in authentic components from NASA’ s Titan 2 rocket.

” THE CONSEQUENCES

The CDIC investigation gradually uncovered the full extent of CCB’ s non-performing loan debacle. The bank’ s NT\$80 billion (US\$3 billion) in outstanding, non-performing loans to 42 firms and related individuals included NT\$50 billion (US\$2 billion) for which there was no hope of recovering either the value of the loans or the interest. Adding further to the problem was NT\$100 billion (US\$3.3 billion US dollars) in CCB deposit, salary, management, and other payment obligations. Moreover, this crushing NT\$140 billion (US\$5 billion) debt burden continued to worsen with each day the bank remained in business.

The Ministry of Finance assumed control of CCB on October 25th, 2001, marking the first government takeover of a private bank in ROC history.

The CDIC announced an open public bid for CCB on December 27th, 2001, with a bid deadline of February 5th, 2002. Despite initial interest from the International Business and Financial Corporation, Shin Kong Life Insurance Company (新光人壽保險公司), and Barings Bank, all shied away after learning of CCB’ s cash shortfall of NT\$30 billion.

On May 11th, 2002, the Resolution Trust Corporation (RTC) asked government-run banks, including the Land Bank (土地銀行), the Bank of Taiwan (臺灣銀行), and the Bank of Communications (交通銀行), to step in. Cybernaut Investment Company expressed interest before the bid as well. However, the banks' unresolved and still-rising cash shortfall, now at NT\$40 billion, again chilled acquisition interest.

On July 19th, 2002, the CDIC sweetened the bid, directing that RTC pay off NT\$59 billion (US\$2 billion) of CCB's debt and adding 10 branches for any successful bid. Despite inquiries from Merrill Lynch, Lehman Brothers Holdings, Cybernaut, and China Trust Holdings (中國信託金控), no bids were received.

On July 28th, 2002, with outstanding debt again exceeding NT\$85 billion (US\$3 billion), CDIC announced that it would separate the public offering for CCB's assets from its non-performing loans. PricewaterhouseCoopers helped bid the non-performing loans, receiving 20% in return.

On December 9th, 2004, Union Bank of Taiwan (聯邦銀行) won the renewed bid for CCB with its high bid of NT\$7.108 billion. RTC then paid off the remaining NT\$57 billion (US\$1.9 billion) in outstanding CCB debt, finally capping this monetary sinkhole.

When all was said and done, the CCB fiasco had set 4 new ignominious records. It precipitated the largest government payout in ROC history, marked the longest takeover of a bank, required the most rebids, and assembled the largest takeover team.

The banking dreams of Taiwan's "Southern Kingpin" and the schemes of Taiwan's youngest billionaire had created a disaster that drained NT\$57 billion (US\$1.9 billion) from the public treasury.

王逃亡生活靠大陸妻子照料 原打算逃過法律追訴期 未料剩3年被逮 回台面對司法 心情平靜

蕭承訓、陳志賢／新聞轉錄

「這個人在你們可以來帶回去了！」調查局日前接獲大陸公安部通知組獲在逃經濟要犯王志雄，昨順利押返。據了解，其幫後原已是前立委蔣經福在發監執行前夕潛逃大陸，引起兩岸重視，並連帶扯出當年王志雄取得兩岸文書認證，跨海打贏官司的荒唐情形，因此讓王志雄遭公安盯上緝捕。

雲98年病逝逝北



王雲五因涉十張銀行賄賂案，被判处有期徒刑七十二年，九年後被判刑七十年。他在刑中，屢次提出一位戶籍登記門牌的台灣籍男子，因身分證及居留證尚未到大陸當局檢方處領取，檢方拒絕放他出境。王雲五曾聲稱他住在雲南昆明，台灣動機王雲五之妻沈之清，前在上海時，曾與王雲五共同經營，動機王雲五之妻沈之清，前在上海時，曾與王雲五共同經營，動機王雲五之妻沈之清，前在上海時，曾與王雲五共同經營。

京

導「南霸天」王玉雲是呂岳亮？傳聞多年，一直沒有答案。大陸方面也未證實，調查局昨天從大陸轉報王玉雲的兒子王志雄返台稱：特別

生、做神仙
說他「
金部
顧維鈞、張作霖、陳慶雲、綜合器

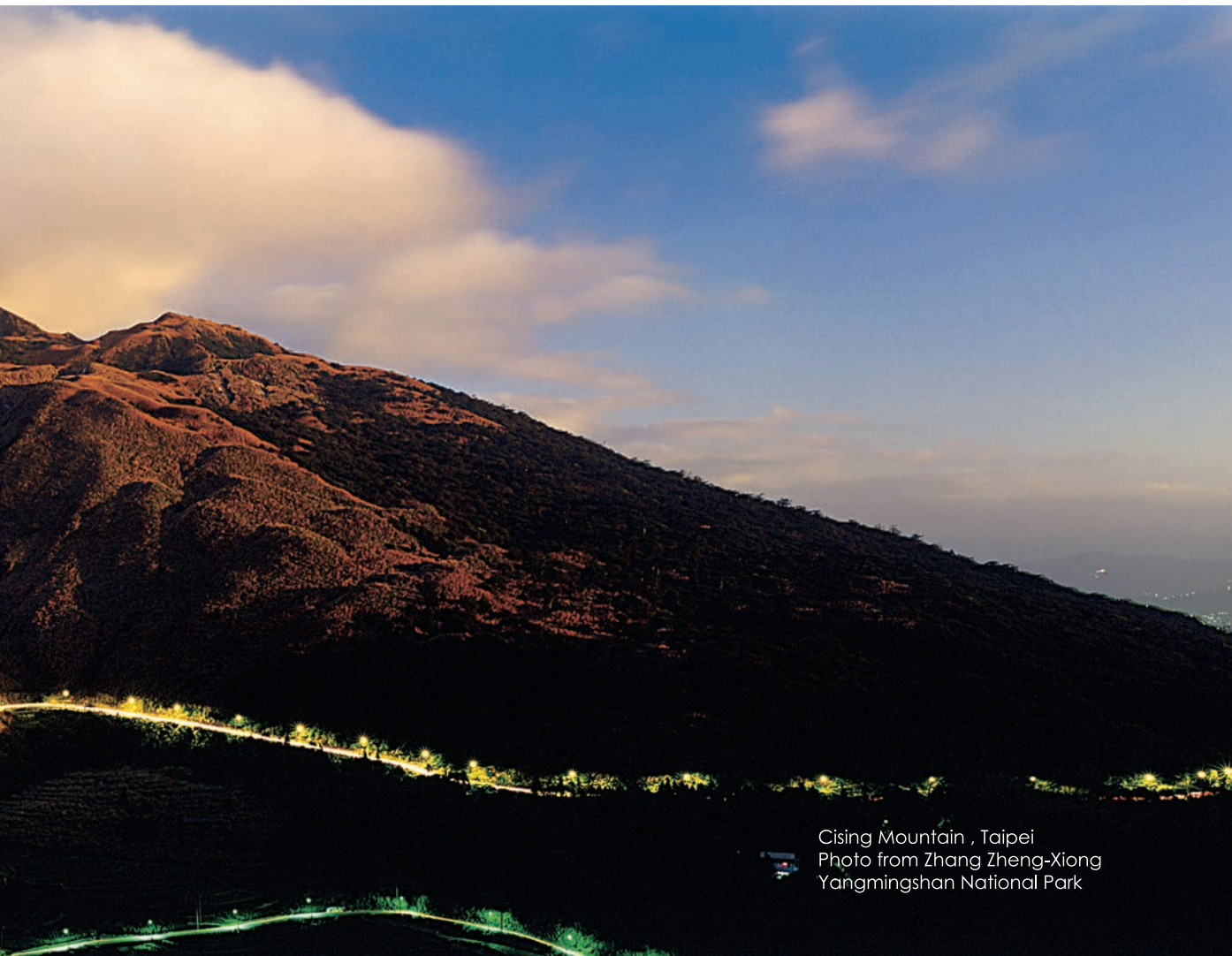
胡應偉 獎金萬餘
胡應偉（左）與夫人王淑英（右）在台北接受訪問。王淑英表示，胡應偉在大陸時，曾為她買過一件價值一萬多美元的珠寶。

將不辦生父會

杭州獨掌

有人硬要辦





Cising Mountain , Taipei
Photo from Zhang Zheng-Xiong
Yangmingshan National Park