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The Financial Kublai Khan's Ignominious Curtain Call¹



The evening of August 19th, 2016 was uncharacteristically busy at the headquarters of Mega International Commercial Bank (MICB, 兆豐國際商業銀行) and Mega Financial Holding Company Co. Ltd. (MFHC, 兆豐金融控股股份有限公司). An interim board of directors meeting was preparing for a 10:30pm press conference, where they would announce the receipt by MICB from the New York State Department of Financial Service (NYDFS) of an US\$180 million (NT\$5.7 billion) fine for failure to comply with laws and financial examinations and for poor internal controls and risk management. This record-high fine would easily shave 20% off MICB profits for the year.

MICB had long been upheld as a model government-owned bank operation and been widely respected and trusted. What, then, had happened so suddenly to deserve this unprecedentedly high fine from a foreign financial examination agency? A step back in time is needed to fully peel back the layers of this onion.



Mega Bank

Photo from August 26, 2016 Liberty Times

¹ 民國 105 年 12 月 2 日，台北地檢署以 105 年度偵字第 19152 等案件，起訴被告蔡友才、王起柳、黃士明三人，認三人知悉兆豐商銀將被美國紐約州金融服務署重罰美金 1.8 億元，在該消息公開前出售自己持有之兆豐商銀股票，涉有內線交易罪嫌。另被告蔡友才、王起柳於自兆豐金控離職前，違背職務另立新公司，並核貸給投資該新公司之潤泰集團新台幣 70 億元，而有違反金融控股公司法、證交法、銀行法之特別背信罪嫌。兩人為隱匿犯行尚涉有洗錢與業務登載不實罪嫌。被告蔡友才於離職前重製攜走兆豐商銀金融業務文件，另涉違反營業秘密法罪嫌。因而對被告蔡有才、王起柳、黃士明三人具體求刑有期徒刑 12 年、10 年及 4 年。目前於台北地方法院以 105 年金重訴字第 11 號審理中。本案起訴檢察官周士榆、陳佳秀、陳淑雲、楊展庚、陳宗豪、謝雨青。公訴檢察官黃弘宇。

THE BANK ”



China's last imperial government founded DaQing HuBu Bank (大清戶部銀行) in 1905, with its headquarters in the capital, Beijing. In 1912, the first President of the Republic of China, Sun Yat-Sen (孫中山) reconstituted this imperial-era bank as the Bank of China (BOC, 中國銀行) and transformed it into the country's central bank. In 1928, the BOC was licensed to handle foreign exchange and opened branches in London and Osaka during the same year. In 1935, currency issued by three banks, including the BOC, were designated as legal national tender. BOC established its New York City branch office in 1936.

BOC relocated from Beijing to Taipei, Taiwan at the close of the Chinese Civil War in 1949 and resumed regular business in 1960 as a foreign trade and exchange bank. However, in China, the Bank of Chi-

na was reorganized by the ruling Communist Party and began functioning as the central bank of the People's Republic of China. To end China's growing diplomatic and international legal attempts to take control of BOC's assets in Taiwan, BOC's Taiwan organization was renamed as the International Commercial Bank of China (ICBC, 中國國際商業銀行) and reorganized as a privately held bank on December 17th, 1971. ICBC opened a branch in Panama on August 1st, 1974; listed on the Taiwan Stock Exchange on February 24th, 1979; and set up a branch in Panama's Colon Free Trade Zone on September 16th, 1982.

CTNBank was founded in Beijing, China on March 4th, 1908 by the imperial Qing government to provide funds for the development of shipping, railway, and other trade and communications infrastructures across the country. Branches in Hong Kong, Singapore, and Ran-

goon (Yangon) were set up soon after, making CTNBank the first Chinese bank with overseas representation. As with COB, CTNBank relocated to Taiwan in 1949 and resumed operations in 1960 as an industry bank. On February 4th, 2002, CTNBank established the Bank of Communication Financial Holding Company Co. Ltd. (交通金融控股股份有限公司) and its subsidiary International Security Company (國際綜合證券公司). Later, CTNBank merged with ZhongXing Bills Financial Company (中興票券金融股份有限公司), BeiLi Security Company (倍立綜合證券股份有限公司), China Insurance Company (中國產物保險股份有限公司), and ICBC to create Mega Financial Holding Company Co., Ltd. (MFHC).

ICBC merged with CTNBank on August 21st, 2006 under the new name Mega International Commercial Bank (MICB). On September 26th, 2008, MICB was designated as the clearing bank for U.S. dollars in Taiwan.



MICB boasted quite an impressive pedigree as the successor to two historically important banks, both with over a century of history. Furthermore, at its inception, the bank already had 107 domestic and 39 overseas branch locations and controlled total assets of NT\$85.3 billion (US\$2.84 billion), making it Taiwan's second largest bank. For its part, MFHC had a network of 146 domestic and over 20 overseas branch locations and controlled total assets of NT\$1.671 trillion (US\$58.7 billion), making it the third largest financial holding company in Taiwan.



The Financial **Kublai Khan**



Mr. Cai YouCa
Photo from August 22, 2016 SETN

Cai YouCai (蔡 友 才) was the hardworking son of a poor farming family in Changhua County. Diligent in all his endeavors, YouCai studied hard, did well in school, and tested into the Department of Public Finance at National Chengchi University. After earning his master's in public finance, he passed the national Finance and Taxation examination and began his career in the Ministry of Finance's Department of Monetary Affairs in 1980, witnessing firsthand the major financial scandals of the following two decades. He rose through the ranks until he was appointed Deputy Director-General of the Bureau of Monetary Affairs under the Ministry of Finance. In this position, he earned widespread approbation as "the best deputy" .

In October 2001, YouCai was promoted to the dual posts of Director and General Manager of ICBC. It was a significant promotion that set the stage for even bigger advances in his career.

As ICBC General Manager, YouCai quickly began promoting his bank's adoption of the electronic financial system, which made ICBC a pioneer in domestic banking operations. He also made a special effort to recognize and reward strong performers within his organization, which was unusual in government-managed companies at the time. Under his leadership, ICBC profits grew at a healthy 10% clip for many years. The NT\$13.14 billion (US\$438 million) in pretax profit earned in 2005 not only set an ICBC

record but also accounted for one-seventh of the total profits generated by Taiwan's 50 banks that year. As YouCai was fond of saying: "Every ceiling is a new floor on which to build."

YouCai was elected President of ICBC on August 21st, 2006, the same day that ICBC merged with CTN Bank to form MICB. President Cai, at the helm of this new entity, took a century of heritage of responsibility on his shoulders.

Over the next ten years, YouCai added 15 more overseas branches, which, together with the electronic financial system, were the two primary engines driving MICB profitability. In 2010, YouCai was also appointed by the Ministry of Finance as Director of MFHC and then was quickly elected as MFHC President. In 2014, MFHC earned a record-high profit after tax of NT\$30.2 billion (US\$1 billion). MFHC's then-Deputy General Manager, Wei MayYu (魏美玉),

praised YouCai's able leadership, calling him a "Financial Kublai Khan" at an official MFHC gathering. YouCai earned a national Financial Medal – 1st Degree in March 2016, recognizing his excellent performance.

As "Financial Kublai Khan", YouCai was active, aggressive, and performance-oriented. However, his management philosophy reflected an ambiguous stance on corporate governance. It was these unorthodox and increasingly shady policies that paved the way to MICB's shockingly high fine and international opprobrium.

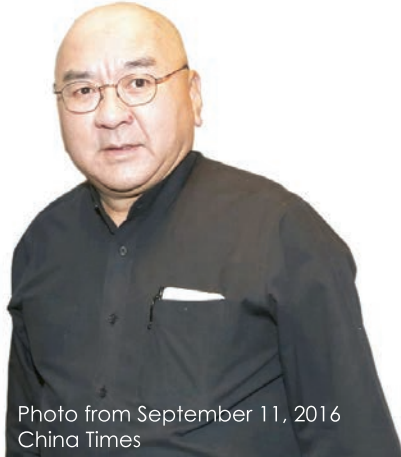


Photo from September 11, 2016
China Times

Mr. Samuel Yin

THE ENTREPRENEUR

Samuel Yin (尹衍樑) was President of Ruentex Financial Group (RFG, 潤泰集團), which was founded in 1943 by his father Yin ShuTien (尹書田). The RFG tent embraced affiliates, including Ruentex Cement Company, RunHong Construction Material Company (潤弘建材公司), and RunDe Interior Design Company (潤德室內設計公司), which would later be merged together as Ruentex Materials Company (潤泰精密材料股份有限公司), as well as Ruentex Construction Company, Ruentex Textile Company (renamed as Fashion Cookie & Corporation in 2002, 潤泰全球股份有限公司), Runtex Security Company (潤泰保全公司), RT-MART International Co., Ltd. (大潤

發流通事業股份有限公司), and ShuTien Urological and Eye Clinic (書田泌尿科與眼科診所).

Mr. Yin ShuTien (尹書田), a well-known textile entrepreneur who had begun his successful career in Shanghai, China, was constantly worried about his son Samuel. Samuel Yin was a rebellious teenager. In 1966 at age 14, his family enrolled him in a correctional school program, where he remained for three years. He didn't do much better there, getting into regular brawls and fights. A stab wound received in a particularly bad fracas was attended to by his math teacher, and future



Photo from Ruentex Group, Wiki



RT-MART

Photo from November 26, 2016 Solomon, Wiki



Shu Tien

Photo from editors

Legislative Yuan President, Wang JinPing (王金平). His teacher didn't report the incident and this kindness proved the turning point in Samuel's life. He began studying hard and endeavored to behave well. He went on to earn his bachelor's from Chinese Cultural University and a master's from National Taiwan University's Business School.

He took over management of Ruentex Textile Company from his father in 1975 and founded RunHwa Electronics (潤華機械公司) and RunHwa Dye Factory (潤華染廠) in 1976. Both would ultimately fail. However, Ruentex Construction Company, which he founded in 1977, continues to be a highly profitable member of the RFG. Samuel assumed control of the group in 1991 when his father passed away.

Samuel Yin was honored in the 2008 roster of top-500 Chinese entrepreneurs. He ranked seventh among Taiwanese billionaires and 452nd among billionaires worldwide in 2015. The total assets of RFG are valued at roughly NT\$2.2 trillion (US\$73.3 billion), an increase of 500 times over the value of the group when he inherited it from his father.

THE “ INVESTIGATION

Returning to the flurry of activity surrounding the August 19th, 2016 MICB/ MFHC press conference, the Executive Yuan called an urgent interdepartmental meeting for August 21st and asked the Ministry of Finance (MOF), Financial Supervisory Commission (FSC), Ministry of Justice (MOJ), and Central Bank to form a task force to investigate those responsible. On August 22nd, Legislator Cai YiYu (蔡易餘) lodged a complaint against MICB / MFHC President YouCai for breach of trust and money laundering, which kicked off the Taipei District Prosecutors Office' s investigation. Chief Prosecutor Hsing Tai-Chao formed a special task force of six prosecutors to spearhead the investigation.

The prosecutors downloaded the consent order from NYDFS website. According to the 23-page document, during a financial examination of MICB' s New York Branch conducted by NYDFS between January and March 2015, suspicious transactions between MICB' s New York Branch and its branches in Panama City and the Colon Free Trade Zone were found to have taken place in 2013 and 2014. Of 174 suspicious transactions, 90 designated no contact person and went to accounts that had since been closed, while 70 involved payment reversals. The New York Branch had total assets of US\$9 billion at the time, and the amounts involved in these transactions (Panama City: US\$1.1 billion and US\$4.5 billion in 2013 and



2014, respectively and Colon Free Zone: US\$3.5 billion and US\$2.4 billion in 2013 and 2014, respectively) were rather intensive. However, the branch did not report them as required by protocol. After news broke that the Mossack Fonseca Law Firm in Panama had been laundering money since 2011 and Panama authorities had launched an investigation, the NYDFS took formal note of MICB's suspicious transactions and began investigating. Because a number of the accountholders involved in these transactions were paper companies set up by customers of Mossack Fonseca Law Firm, NYDFS suspected a tie to money

laundering. They thereby requested MICB's New York Branch to open their books on these accounts and transactions. In response, the branch reported on only 70 of the accounts, refusing to provide information on the other 90 due to their closure.

MICB's New York Branch subsequently filed a lawsuit with the New York State Court arguing that NYDFS had no jurisdiction over foreign bank branches in the United States. The court ruled against the branch on September 4th, 2015 and supported NYDFS' jurisdiction over foreign bank branches in the state of New York.



Five officials from the US Federal Reserve System (the Fed) visited MICB headquarters in Taipei in October 2015. In the meeting, which YouCai did not attend, the Fed officials highlighted the failings of the bank's New York Branch and raised the possibility of implementing an enforcement action against MICB in order to force the New York Branch to improve.

On February 9th, 2016, the New York Branch emailed a financial report that it had received from NYDFS to MICB headquarters in Taipei. MICB submitted its response on March 24th and reported to the FSC on May 18th. At the end of July, after a meeting with New York Branch General Manager Huang ShiMin (黃士明), NYDFS decided to impose a fine on MICB. On MICB General Manager Wu HanQing (吳漢卿) informed the FSC and the MOF regarding the fine on August 1st, after which the FSC urgently informed Taiwan

Central Bank President Peng HuaiNan (彭淮南). President Peng, aware of the devastating impact of such a large value fine, immediately contacted the New York Branch of the Fed to request that they ask NYDFS on the bank's behalf for more discussion time before imposing the fine. The FSC also quickly communicated directly with NYDFS, saying that the FSC was aware of the flaws and was working with MICB to improve the situation.

On August 16th, former MFHC General Manager Xu GuangXi (徐光曦) took over as president of both MICB and MFHC and on the following day flew to the United States to negotiate the amount and terms of the fine with NYDFS. On August 19th, on behalf of MICB, GuangXi signed an agreement with NYDFS, accepting a reduced fine of US\$180 million.

But why was MICB hit with such a high fine?

The rationale behind settling on such a hefty fine included the following:

- 01** MICB was Taiwan's only clearing bank for U.S. dollars and should thus have taken regular and proactive measures to prevent money laundering;
- 02** MICB's New York Branch had no anti-money laundering (AML) professionals on staff but instead relied on those working at MICB's Taipei headquarters. Also, the AML staff in Taipei lacked adequate knowledge of U.S. AML regulations;
- 03** The Branch's Chief Compliance Officer served concurrently as Vice President and Deputy General Manager, which undermined corporate governance norms
- 04** MICB had failed to follow its own internal policies and procedures related to due diligence;
- 05** MICB and its branches had failed to periodically review their filter criteria for surveillance monitoring and their customers;
- 06** MICB had failed to report suspicious money laundering activities related to their branches in Panama.

Following NYDFS's examination and formal notices, why did MICB not respond promptly in order to avoid or minimize the fine? Why did then-President Cai disregard both the warning signs and the problem?

As prosecutors dug deeper, astonishing new facts began coming to light.



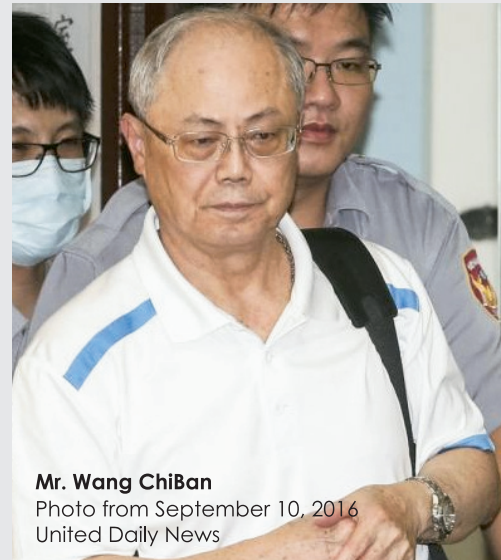
Mega Bank of New York Branch

Photo from August 20, 2016 Liberty Times

Financial Kublai Khan Cai YouCai anticipated his likely removal as the heads of MICB and MFHC after the 2016 national presidential election. He thus began working on plans to recast himself as the new ‘godfather’ of Taiwan’s investment banking sector. He worked to raise funds from consortiums, purchased financial business stocks, and merged financial holding companies in order to build up a new holding company behind the scenes.

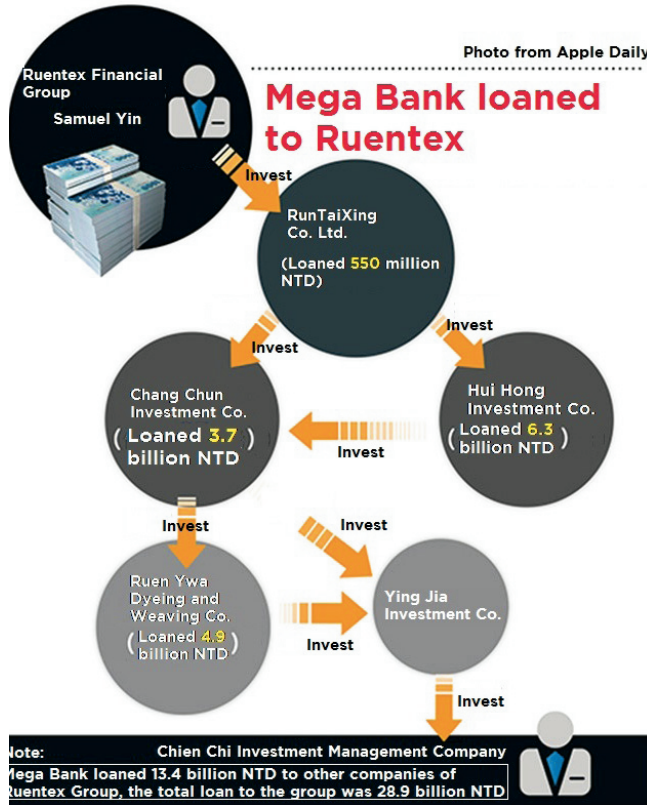


To realize his ambitious plans, YouCai instructed then-Director of Mega Security Company Xie HongYuan in January 2015 to set up a BVI company, which he named Nick & Ziv Capital Ltd. after his two sons. He also instructed then-Chief Secretary of the Board of MFHC Wang ChiBan (王起梆) to flesh out a plan for this private fund. The result was the “Asia Financial Opportunity Fund Limited Partnership (Cayman)” proposal. Although still President of MICB, YouCai had lost interest in his bank’s affairs and thus failed to show up for the critical meeting with the U.S. Fed in October 2015. Instead, he was busy recruiting investors for his new company from MICB’s major client list. Meanwhile, YouCai, HongYuan, and ChiBan decided to lease space in the



Citylink Ruentex SongShan Station Building as the firm’s new office, and HongYuan signed the lease on November 30th, 2015.

At the beginning of December of 2015, YouCai and ChiBan began work to set up a local management consulting company to manage their new private fund. In mid-January 2016, YouCai instructed HongYuan to register ChienChi Management Consulting Company (鑒機管理顧問股份有限公司) as a wholly owned subsidiary of Nick & Ziv Capital Ltd. At the end of January, they established a local investment management company, ChienChi investment Management Company (鑒機資產管理股份有限公司), to further streamline the workings of the new venture.



Roughly concurrent with the above, YouCai accepted NT\$10 billion (US\$333 million) investments each from Samuel Yin and Lin ChenHai (林陳海). As part of the deal, YouCai, in his capacity as MICB President, approved on February 26th a loan application submitted by Samuel Yin's Ruentex Group for NT\$7.5 billion (US\$250 million). NT\$4 billion (US\$133 million) of the loan was wired to Ruentex four days later, and then transferred to ChienChi Investment Management the next business day. Thus, YouCai had technically invested in his new company using MICB funds and his privileged position as MICB President.

However, as YouCai was busy building his own financial empire, MICB, the bank that he still captained, was drifting with vagarious abandon into a financial maelstrom. YouCai willfully concealed the findings of NYDFS' s financial examination report from his bank while he secretly sold off his MICB shares. Wang ChiBan and MICB' s New York Branch General Manager Huang ShiMin sold off their MICB holdings beforehand as well. Next, YouCai submitted his resignation request to the MOF, which was approved on March 24th. Hoping to muddy the waters ahead of his flight, YouCai sent a signed a letter to the New York Branch and the NYDFS stating, untruthfully, that

MICB's Board of Directors had long been cognizant of the problems highlighted in the NYDFS report, but had chosen not to act. This letter further exacerbated his bank's troubles and further stoked the ire of the NYDFS, justifying the subsequent inflation in MICB fines.

Before YouCai stepped down, he took further advantage of his position by uploading three secret MICB business reports to his personal cloud account for use by his company later on. When he stepped down on April 1st, 2016, MICB gave their beloved financial Kublai Khan a warm farewell. Precious few knew even then of the YouCai-inspired tsunami that was bearing down on their bank. By the time it hit, YouCai was fully divested, and firmly ensconced at the helm of his new financial empire.



Mr. Huang ShiMin

Photo from October 14, 2016
China Times

檢取得交易明細 查有無洗錢

一袋文件全交調查局「若能破解就能找出帳戶及匯款資料」

重罰案



兆豐金新任董座張光順昨上任，宣布儘速查明遭美罰款事件真相，並盡一切可能向外界說明。 記者王騰毅／攝影

名嘴北非豐分行經理與的G20吳關係密切
 聲稱拒絕收取得款外銀數 線索

【記者李安樂／台北報導】
 去年判決定讞以貪污罪被最高法院
 公司的前負責人「K. Anandoo」
 二〇〇九年「在索馬利蘭摩
 法院民事部，進行非法交易
 法提來索馬利蘭與北非豐銀
 的帳戶的資料，結果未獲
 非法洗錢證據之事實。

北檢指出，該判決書記載
 有關於北非豐分行經理與
 Sharmila Anandoo密切，資料
 非法輸出，其
 私人調查委員會說法，並
 非法洗錢證據之事實。

大

【綜合報導】兆豐金控旗下兆豐銀行紐約分行遭美黑罰57億元台幣，雪球愈滾愈大，昨天傳出事情發生後，兆豐金前董座黃友才曾打電話到財政部，不僅口氣不佳，還講：「已不具有官股代表身分，不需要到財政部說明！」而兆豐董監事更引起財長許水宅與該友才兩位台北市議員、許水宅更放話，未來官股董事「不聽話就換掉」。

不僅如此，市場更傳出，面對高層嚴峻挑戰的劉國鈞，身為實業公會管理單位的財政部，不得不捨棄求穩的財政政策，才謀建業罪對此則不置言。對於張友才在此期間的走動情節1個月內，成為市場

金管會仍約談蔡

針對蔡友才本周一是否有打電話給蘇建榮，蘇建榮僅要論證實，有接過蔡的電話，未來會考慮約談蔡，來了解案情。其餘

對他扭曲或錯誤的想法。對他清白，對他來說是正面的。

台北地檢署偵辦亮賢銀錢涉嫌錢案，近日案情壓緊，北檢檢察長廖朝憲錢下海口、一個月內偵結，並自昨天起改變策略，由檢察官帶辦案團隊

再覽閣事因不滿上
周五晚上臨時召開閣
事會，短短10分鐘內要背書
被裁的57億元（1.8億美元）
，昨天「這樣審視」
紐約州金融廳（DFS）
的裁撤合意書（consent
order），並「一字」檢
視其弊端2周前要專赴巴

「先善後再究責」

由於外傳財政部要求充實金庫須在本月提審虛名單，充實金庫董事長徐光耀為避免影響士氣，昨松下拜託財政部，希望該部能同意「先善後再究責」，財部則澄清沒有充實金庫要在本月提出名單。

不過金寶善仍將該幫友才、金智會主姜丁亮昨天說，已和幫友才聯繫過，他會來金智會說明，「如果他夠清楚，應該欣然同意來」，他未說明，反而可以避過外界

馬拉松會議，現場有調查員，遇有疑問就詢問相關負責人，希望儘快把案件查到水落石出。

高麗館昨天董事會則提早至上午9時30分開工，進行長達6個多小時的馬拉松會議，全程倒盤推陣，多名董事輪番開關，說「自己知道的怎麼這麼少」，外僑公會責之聲響，知道的人自己道苦。

「先善後再究責」

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許廣哲 四屆
壽星：64歲（1992年）
職銜：財政部長
學歷：美國哈佛大學、政大財政系
經歷：財政部長、副總統府秘書長、駐美代表、外交部次長、財政部次長

檔案
(1990年10月27日)
法學法學研究
政研所
政部常務次
統稅署長
北市國稅局長

蔡友
年紀：55歲
現職：警
學歷：大學

人選政大稅系1974
畢業的商庭德學，並部
上母校財政研究所

本來源：《職業》採訪整理

才小檔案

1951年11月21日
鴻源產管理公司董事長
政大財政研究所
鴻源金業董事長、永豐金業董事長、台灣總經理、文經副總、財政部金融局副局長



Photo from August 27, 2016 Apple Daily

Photo from August 29, 2015
United Daily News

On July 28th, 2016, NYDFS notified MICB’ s New York Branch to expect a high fine. Only then did MICB wake up to the devastatingly negative implications of NYDFS’ earlier investigation. New MICB President Xu GuangXi flew urgently to New York to negotiate with the NYDFS, which ultimately agreed to reduce the fine to US\$180 million (NT\$5.7 billion).

“ The indictment

After 103 days of intensive investigation, prosecutors finalized their case on December 2nd, 2016. They indicted YouCai and ChiBan for special breaches of trust in violation of the Financial Holding Company Act, Banking Law, Securities and Exchange Act, and Criminal Law as well as for hiding criminal proceeds in violation of the Money Laundering Law. YouCai, ChiBan, and New York Branch General Manager ShiMin were each indicted for insider trading in violation of the Securities and Exchange Act. In addition, YouCai was also indicted for the illegal reproduction of business secrets in violation of the Trade Secrets Act.

The 124-page indictment ended with the prosecutors asking the court to sentence YouCai, ChiBan, and ShiMin to 12, 10, and 4 years' incarceration, respectively.



Photo from August 29, 2015 United Daily News



THE CONSEQUENCES

The massive NYDFS fine not only defamed MICB but also cast a pall over Taiwan's overall financial reputation. After the investigation, the FSC revoked the professional qualifications of YouCai, MICB General Manager HanQing, ShiMin, and three other high-ranking MICB managers and further barred them from taking up any position in the financial sector for five years. Furthermore, the FSC levied a NT\$10 million (US\$333,000) fine on MICB. The Special Task Force of the Administrative Yuan further filed complaints to the Control Yuan targeting former FSC Chairman Zeng MinZong, present FSC Chairman Ding KeHua, former MOF Minister Zhang ShengHe, and present MOF Minister Xu YuZhe, asking for possible impeachment proceedings. Ding KeHua resigned soon after the news broke, becoming

Taiwan's shortest-lived FSC Chairperson. After an internal investigation, MICB punished former MFHC President Xu GuangXi, former MFHC Vice General Manager Chen SongXing, former MICB General Manager Wei MayYu and former MICB Auditor General Hong QingLong with major demerits.

This incident triggered an MOF decision to establish dual senior contact persons at government-owned banks in order to reduce the risks inherent in single-source information and to foster good financial governance. Moreover, the MOF added a sliding-door restriction clause that effectively banned directors of government-owned banks from accepting positions with bank clients. These two new regulations are known colloquially as “The Cai Rules” .

YouCai was held in custody during the investigation and resigned from his current position as Independent Director of Cathay Financial Holding (國泰金融控股公司). He further resigned as the president of ChienChi Investment Management in light

of MICB’ s intention to file civil charges against him for NT\$5.7 billion in compensation. He ultimately disbanded his company to avoid its use in any compensation decision. His selfish dreams of financial investment “godfathership” crumbled into ignominy.

It has been said that “What matters most is not your performance while on stage, but how you bow out when the curtain falls.” YouCai’ s disgraceful curtain call certainly erased whatever good that the Financial Kublai Khan had done over his long career.





QUOTE FROM PROSECUTOR

Chen Jia-Xui

This case, owing to its sensitivity and time pressure, couldn't seek out external assistance. Therefore, Chief Prosecutor formed a task force at the very beginning of investigation and appointed prosecutors and prosecutor assistants working closely and intensively to establish this case. I would have to say that there will be more and more cases like this in the future and group work in Prosecutors Office will be essential.

In addition, learning from this case that I realize group work will also benefit the quality of indictment.

QUOTE FROM PROSECUTOR

Chen Shu-Yun

Under Chief Prosecutor's appointment, I formed a 15- person loan audit group including prosecutors, prosecutor assistants, and investigators. Loan auditing was a rather unfamiliar field to prosecutors, and yet, we step by step learned and accumulated experiences. In one month of data mining, we discovered material evidences and help to establish the case. As a prosecutor, she certainly can't master all kinds of expert knowledge; therefore, making good use of experts will be more effective and rewarding.

In addition, the task force explored every possibility of group work and actually maximized the benefit. In everyday group meeting, Chief Prosecutor would hear the progress and indicate the following, and group members also devoted their ideas to deepen investigation. I have to acknowledge the hardworking and dedication of all group members.



QUOTE FROM PROSECUTOR

Chou Shi-Yu

Two days after the Mega Bank released material news regarding the USD 180 million fines, Taiwan High Prosecutors Office and the Financial Supervisory Committee called upon a joint meeting to assign the case to our office. On the next day, Chief Prosecutor Hsing TaiChao has formed a special task force to start investigation. However, there were hurdles to cross during investigation, such as confidential foreign bank transaction records and confidential NYDFS case file. In the three month investigation period,

the task force had hundreds of case meetings to follow-up investigation. Chief Prosecutor also stationed a Head prosecutor in the Mega Bank to audit accounting documents, which ended up discovering more evidences. This case is practically under Chief Prosecutor's instruction and thus established a solid case.



QUOTE FROM PROSECUTOR

Chen Zong-Hao

Yang Chan-Keng

I am honored to be in part of the task force and was assigned with drafting indictment. My challenge was to accumulate and accommodate work results from other colleagues. Within a very limited time, I have to gather all necessary information and evidences and to articulate the criminal facts in a logic and organized way. A real challenge, I have to say. However, I certainly had learned a great deal during this time.

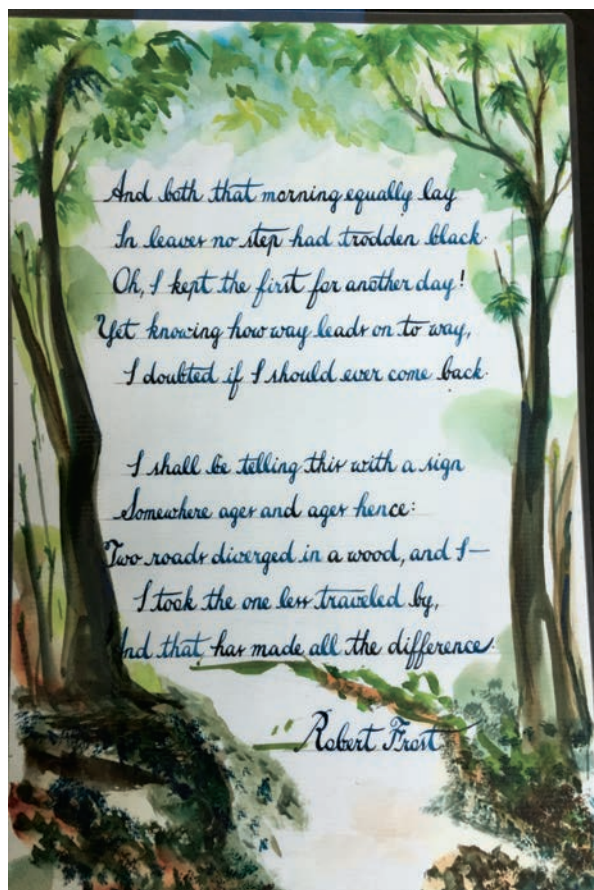
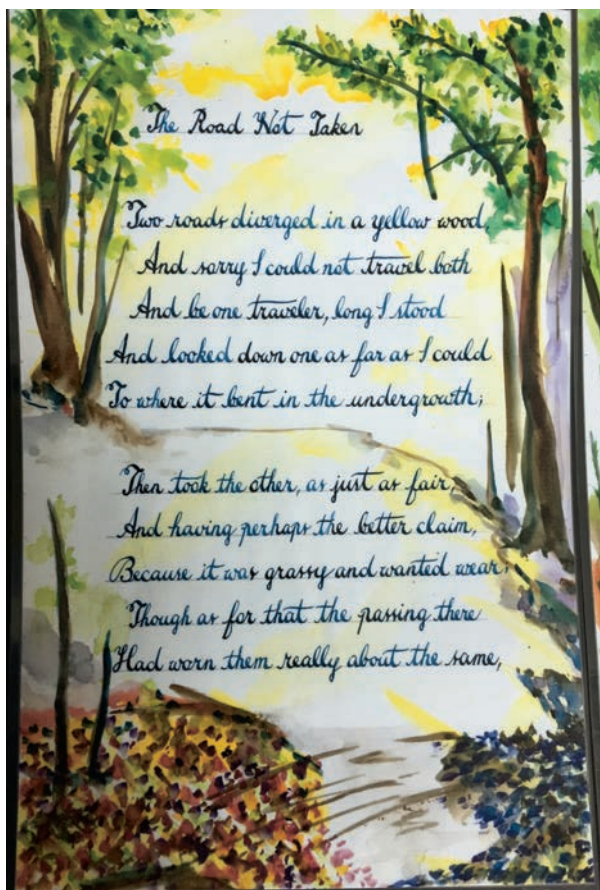
In the process of investigation, I deeply appreciated the team work in case discussion, accommodating each other's process, and case study. Without team work, this case would not stand a chance to be established in such short period of time. In future investigation, I truly believe this is a working modle.

QUOTE FROM PROSECUTOR

Hsieh Yu-Chin

Investigation just like building a house; and this case was practically built piece by piece under Chief Prosecutor's instruction. While facing the financial Kublai Khan, we were fully aware that a struggle battle was waiting. Without surprise, we had difficulty to find Defendant Cai's signature or written instruction on all related documents. Luckily, when I was screening the documents of a BVI company, I spotted a familiar signature which later was confirmed belonged to Defendant Cai's son.

With this thread of evidence, the entire investment-bank-god-father plan was revealed little by little. Defendant Cai's criminal plan was unprecedented; therefore, we had to cite from foreign regulation regarding non-competition clause, business opportunity predation, and honest service duty to support our case. I believe this case will become an example case in white-color crime. I thank all members in the task force and am grateful for working with them together.



Poem from Robert Frost , the poem illustrates the prosecutors' role
 Calligraphy from Head Prosecutor Lin Dai-Li
 Painting from Ms.Enjoy Su





The Taipei Grand Hotel
Photo from Tourism Bureau