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**3-billion-dollar lesson  
a law firm paid**



# “ The OUTSTANDING LAW FIRM



Lee and Li Attorneys-at-law (hereinafter, the Firm) is the biggest law firm in Taiwan. It was originally founded in 1940s in Shanghai by two attorneys, Mr. Lee Ze-Min (李澤民) and Mr. Lee Chao-Nian (李潮年), whom majored in overseas legal matters. In 1953, after moving to Taiwan, Lee Ze-Min reopened his law firm in Taipei; Lee Chao-Nian joined in 1965. In 1970, Lee Ze-Min passed away and Lee Chao-Nian renamed the firm as Lee and Li Attorneys-at-law. At the time, the firm had only 30 employees and majored only in overseas legal matters and IP related matters. In 1973, Lee Chao-Nian passed away and Mr. Chen Chang-Wen

(陳長文) and seven other attorneys shouldered the Firm together. In 1982, four attorneys left and Mr. Chen Chang-Wen, Mr. Xu Xiao-Bo (徐小波), Mr. Lee Kwan-Tao (李光燾) became the three pillars of the firm.

台北地檢署 92 年度偵字第 21189 號案件，調查被告劉偉杰侵占案件，認理律法律事務所受新帝公司委託在台灣出賣所持有聯電公司股票，該所指派資深法務專員劉偉杰保管新帝公司印鑑，並代新帝公司在中國信託證券公司及彰化銀行開戶，開戶後並保管新帝公司存摺。劉偉杰利用保管之便，偽造新帝公司授權書，至亞洲證券及世華銀行開立新帝公司帳戶，並至香港設立新帝投資公司及向香港世華銀行開戶。後新帝公司將聯電股票存入在台證券公司帳戶，劉偉杰旋將所有股票提出並賣出，得款新台幣 30 億元 (1 億美元)，匯出至香港。後利用購買高價鑽石方法洗錢。劉偉杰並利用友人護照潛逃中國，整容後不見蹤跡。目前仍通緝中。本件偵查檢察官郭永發、盧筱筠。

# GCR |

Global Competition Review

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The Firm has now over 500 employees working as CEO, partners, contracted consultants, junior partners, senior attorneys, senior paralegal, and senior patent agents, all of which are divided into four departments of banking, corporate, litigation, and IP. Along with the expansion of business, the firm set up three other branches in Taiwan, including the Hsinchu branch, Taichung branch, and Southern Branch. Moreover, the firm made a strategic alliance with Lvmeng Intellectual Property Agency in Beijing and Leaven Attorneys-at-law in Shanghai to provide extended legal and IP services in China.

The Firm is dedicated to providing quality professional legal services and has been often awarded with the best legal service institute in Taiwan. Global Competition Review also evaluated the Firm as one of Top 100 law firms worldwide for years. In other words, the Firm is without doubt an outstanding law firm in Taiwan and in the world.

Therefore, what happened in 2003 in the Firm was not only unprecedented in the legal services sector but also unimaginable.

## “ THE TRUSTED EMPLOYEE —



Photo from August 18 , 2016  
Liberty Times

### Mr. Liu Wei-Jie

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**M**r. Liu Wei-Jie (劉偉杰) had graduated from law school of Taiwan's National Zhongxing University (later became National Taipei University); and also studied in the Southern Methodist University Dedman School of Law. As a law school graduate, he didn't pass the bar exam in Taiwan and, therefore became a paralegal in Lee and Li in 1989.

Mr. Liu Wei-Jie stayed in the corporate department of Lee and Li for almost 14 years. He was gradually promoted as senior paralegal and charged a service fee for 6500 NT dollars per hour; which

is only slightly lower than a partner in the firm. He was trusted and considered as an important member of the firm. However, this never seemed to satisfy his desire. He was way too familiar with the Firm's internal procedures to take obvious advantage of his knowledge toward the firm, which would make him huge bucks later.



**Taiwan Cooperative Bank**  
Photo from August 26, 2007 KaurJmeb,Wiki

A point worth mentioning here is that Liu's father, Mr. Liu Rong-Xian, was an employee in Taiwan Cooperative Bank (合作金庫). He conspired with the bank manager and other staff to illegally over-loan 130 Million NT dollars from Taiwan Cooperative Bank in 1992. He then fled to the U.S. after committing the crime and has been on the wanted list by Taipei District Court for corruption crime until today.

Not knowing how much influence Mr. Liu Wei-Jie (劉偉杰) had from his father, but he eventually paved the same way his father did.



# The unnoticed embezzlement



Photo from January 28, 2014 LPS.1, Wik

SanDisk Corporation (新帝公司) is a company based in California that designs and sell flash memory products. For investment purposes, SanDisk purchased 127 million and 846 thousand UMC stocks. Later, in order to find a suitable agent in Taiwan to sell its UMC stocks, SanDisk contracted with Lee and Li in February, 2002. According to the contract, SanDisk will deposit the stocks to the safekeeping account in CTBC Securities (中信證券) when it realizes the intended sale, and the vending money will be deposited into the SanDisk corporate

account in Changhwa Bank (彰化銀行). Therefore, Lee and Li appointed Mr. Liu Wei-Jie, its senior paralegal, to open accounts in CTBC Securities and Changhwa Bank for its client, in April, 2002. Instead of keeping bankbooks and corporate stamps of SanDisk in separate hands, Mr. Liu Wei-Jie was entrusted later with all of them. Obviously, Lee and Li trusted Mr. Liu Wei-Jie very much and intended to have him fully in charge of the matter.



Photo from June 22, 2015 Apple Daily

However, the Firm never could image Mr. Liu Wei-Jie (劉偉杰) actually had other thoughts about the designation. He finally waited until the ripe time to harvest his dream of becoming rich through the law firm. By possessing SanDisk's corporate stamps, he forged the power of attorney of SanDisk and sent it to CTBC Securities (中信證券) authorizing himself as the person to sell stocks and withdraw

money from SanDisk accounts. He then forged the power of attorney to open stock transaction accounts in Asia Securities Investment Consultant Company (亞洲證券) and Shihwa Commercial Bank (later merged with Cathay Commercial bank as Cathay United Bank, 國泰銀行) in September, 2002.



Meanwhile he relentlessly studied Gem identification, foreign exchange, and money laundering techniques to prepare the scheme for his wrongdoings.

When SanDisk informed Lee and Li that they would deposit UMC stocks to the safekeeping accounts opened in CTBC Securities on August 1, 2003, Mr. Liu Wei-Jie knew it's time to launch his long-planned scheme. He then secretly flown to Hong Kong in July, 2003, to set up a shell company named "SanDisk Investment Company" and to open a SanDisk corporate account in Shihwa Commercial Bank (世華銀行), Hong Kong branch, behind his firm's and client's back. When SanDisk deposited UMC stocks to the CTBC Securities safekeeping account, Mr. Liu Wei-Jie withdrew all the stocks by using SanDisk's corporate stamp and bankbook. He then deposited those stolen stocks into the account in Asia Securities Investment Consultant Company on August 1, 2003.

He sold the entrusted stocks starting from

August 6, 2003, for a total of 3 billion NT dollars (i.e. 100 million US dollars) and wired 2.25 billion NT dollars (i.e. 75 million US dollars) to the fake SanDisk bank account in Hong Kong he had opened previously. Later, the fund was wired to purchase diamonds to erase money foot-steps. He then applied for a leave without pay to the Firm starting from October 1, 2003.

Till the day he left, nobody in the firm ever noticed any unusual sign of his wrongdoings.



**Diamond**

Photo from February 04, 2004  
Mario Sarto,Wiki



Mr. Liu Wei-Jie (劉偉杰), for the purpose of money laundering, withdrew 600 million NT dollars (i.e. 20 million US dollars) from the abovementioned SanDisk's fake account and asked for diamond transaction to a famous overseas diamond dealer. The dealer later sent a Jewish expert with 10 loose diamonds to Taiwan for the transaction. Liu, based on his prepared and excellent gem identification ability, examined the diamonds with only a simple magnifying lens and rejected 2 diamonds for their colors; astonishing the Jewish expert on the spot. Liu also had the ability to offer a price very close to the dealer's cost. Even the expert diamond dealer regarded Liu as a diamond expert. He eventually purchased 10 loose diamonds for 200 million NT dollars (i.e. 7 million US dollars.).

So far, he had taken care of the money part. But now, how would he leave Taiwan safely?

He asked his homosexual partner, Mr. Huang Shi-Hwa (黃室華), for his ID, passport, household registration document, and military retirement certificate in May, 2002. Checking from the timetable, he had started preparing to a flee plan way before he was even entrusted with the stocks. Liu then lied about losing the borrowed ID and used his own photo to reapply for a new one in September, 2002. 10 days later, he utilized the same way to get a new passport<sup>1</sup>.

As early as 1 year before his wrongdoings, He had well-prepared a legal ID and a passport to leave the country and flee. This shows just how determined he was to commit this crime.

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<sup>1</sup> see <http://news.ltn.com.tw/news/society/paper/36234>

A year later, after Liu sold SanDisk stocks, he wired 3 million NT dollars to Mr. Huang Shi-Hwa and told him not to deposit any money into the bank and that it would be better to travel far from home.

Rather than accompanying this partner, Mr. Huang, Mr. Liu took another partner, Mr. Lin Cen-Wei (林岑韋), with him and fled via Hong Kong to Mainland China in September, 2003.

On October 9, 2003, Lee and Li, for the first time, discovered that Liu may have stolen and sold the SanDisk entrusted stocks. On Oc-

tober 15, Senior Partner Mr. Xu Xiao-Bo (徐小波) and spokesman Mr. Jiang Da-Zhong (蔣大中) officially announced this shocking incident in the Firm and startled the whole world.

## Mr. Huang Shi-Hwa



Photo from April 19, 2005 Apple Daily

## “ THE INVESTIGATION

Upon Lee and Li's inform, Prosecutor Guo Yong-Fa (郭永發) directed the investigators from The Investigation Bureau of the Ministry of Justice to look into the incident.

A raid was soon initiated to search Liu's residence, and investigators found loads of books and materials regarding gem identification, foreign exchange, and money laundering. Only then did they realize they were facing a money laundering professional. Therefore, the following investigation should be finding the money laundering path as soon as possible.

By thoroughly checking the bank accounts SanDisk had in Taiwan and overseas and tracing the stocks and vending money,

Prosecutor realized that stocks and money had gone via fake corporate accounts.

Prosecutor continued to check Liu's phone records and sorted out Liu's money footsteps. Then Prosecutor discovered Liu's partner, Mr. Huang Shi-Hwa (黃室華), and the fact that Liu had used Huang's passport to flee Taiwan. Later, Huang was indicted for knowingly receiving crime proceeds of 3 million NT dollars (i.e. 100 thousand US dollars) and in violation of the Passport Law. He was sentenced to 1 year and 2 month incarceration.



Huang never returned the money to Lee and Li but complained that his indictment revealed his sexual orientation and forced him to “get out of the closet” . He then spent all the money Liu had given to him as retaliation. He also argued that Liu had regularly provided his living as his lover so that he never suspected the source of the money. The Court didn’ t buy his story and considered his attitude after crime was malice thereby sentencing him to the abovementioned time.

Back to Liu, after gathering up all the puzzles, Prosecutor realized that Liu and the money he embezzled had gone out of the country. Since he had fled to the Mainland China where we don’ t have mutual legal assistance agreement with, nothing

could be done to bring him back. There was nothing we could do to bring him back. Even worse, Liu not only wired money overseas but also made money breakpoints by withdrawing cash from the bank and purchasing high-priced diamonds. Hong Kong was also another political territory that we don’ t have mutual legal assistance agreement with. Therefore, money moved to Hong Kong was literally untraceable to us.

Prosecutor Guo finally issued a want warrant for Liu. He has been at large ever since.

## “ THE CONSEQUENCE



**Mr. Liu Wei-Jie's new face**

Photos from August 19, 2016 Liberty Times



Liu and the money had gone, and yet, the liability remained.

On October 20, 2003, Lee and Li started to negotiate with SanDisk for compensation. A law firm has unlimited liability toward his clients. Even though Lee and Li had prepared 100 million NT dollars as his liability reserve, the figure was nowhere to compare with the embezzled amount. Lee and Li could choose to announce bankrupt and to liquidate everything to pay up. However, if the Firm chose to do so, the Firm and the attorneys involved would be doomed as ruined. Therefore, the Firm had no choice but to compensate

On the other hand, SanDisk was in peril as well. As a listing company in NASDAQ,

SanDisk had to report to the US SEC for this major loss soon. If SanDisk couldn't come up with a good resolution for the debt, it may encounter faith crisis of shareholders and investors and thus crumbled the company.



**Cathay United Bank**  
Photo from September 14, 2016 EBC

The two companies thereafter reached a compensation agreement within 24 days. According to the agreement, Lee and Li would first pay 20 million US dollars (i.e. 600 million NT dollars) and then pay 48 million US dollars (i.e. 1.44 billion NT dollars) in four years warranted by letters of credit. The remaining 18 million US dollars (i.e. 540 million NT dollars) would be paid by providing 18 years of legal service to SanDisk, and charity and legal education to the public. Based on the Firm's accumulated well-known reputation, SanDisk agreed on the invisible assets redemption.

Lee and Li, at the same time, filed a lawsuit against Cathay United Bank ( 國泰銀行 , former as Shihwa Commercial Bank 世華銀行 ) for the breach in an administrator's duty of care to allow Liu to withdraw all the money. Lee and Li asked for 991 million NT dollars of compensation from the bank's president and related staff. The bank otherwise argued that Liu had the legal power of attorneys to open account, withdraw, and wire money; therefore, it would not be held responsible for Lee and Li's loss. The Court finally found in Bank's favor and overruled Lee and Li's request.



## “ THE HEARSAY



Photo from Criminal investigation bureau

As to the leading character, Mr. Liu Wei-Jie (劉偉杰), Lee and Li ever offered a reward of 1.5 billion NT dollars (i.e. 50 million US dollars) for anyone who captured Liu. Information then flooded in, but nothing concrete came out. Lee and Li had also sent representatives several times to the Mainland China tried to facilitate the capture. No better luck here neither. Hearsay indicated that Liu had a plastic surgery and changed his look after his flee. That was the reason why no one could locate him after his flee.

Liu remained on the list of the Top 10 Wanted Criminals in Taiwan. His statute of limitation on the crime he committed will be due in 2017.



## QUOTE FROM PROSECUTOR

Guo Yong-Fa

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*This case was attentively looked by the public and faced a challenge of investigation secrecy. I remembered one time when I scheduled to raid a jewelry shop suspected to be involved in money laundering; the press somehow got the information and waited outside the shop for SNG report before raid started.*

*I then strongly restrained the investigation team to leak any information to the press during investigation. Soon after the firm filed a complaint against Mr. Liu, I figured out Liu and the money he embezzled had gone overseas. By tracing his footprints, I*

*discovered he used his lover Huang's Id to leave Taiwan but accompanied by another lover Lin to flee. Lin's mother ever lettered to me in despair and asked me to retrieve her son. However, since we didn't have mutual legal assistance with Mainland China and Hong Kong, it was almost impossible to trace further. So I closed the case with a wanted warrant to Liu.*





Taipei 101  
Photo form Chen Ji-Ren