

Supreme Prosecutors Office News Release



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On April 3, the prosecutors of the SPO Special Investigation Division directed prosecutorial officers, judicial police, personnel of the Financial Examination Bureau and the Taxation Agency, and the investigation officers of the Bureau of Investigation Northern Region Mobile Office, totaling 50 persons on 8 separate routes, on raiding of the premises of two investment trust companies as well as the residences of the relevant chief investment officers and assistant general managers (totaling 6 people with 8 residences). The prosecutors also summoned and notified 8 people to provide explanations, proactively and carefully studying the seized documents and information so as to further understand the case.

The Special Investigation Division had previously received a complaint lodged by a member of the public regarding fraud involving the governmental fund fully authorizing the investment trust companies to undertake investments and stock trading. Following a thorough investigation, the prosecutors found that from years 2010 to 2012, the former chief investment officers and assistant general managers of the two investment trust companies had been engaged in “front running”, either in their own names or in conspiracy with other parties: before the governmental fund proceeded with a block transaction, these persons would first buy the same stocks that the governmental fund intended to purchase; once the governmental fund bought the stocks on the same day or over several days, which raised the stock prices, these persons would then sell the stocks on hand. Through such round trip transactions, these individuals derived extraordinary profits close to NT\$100 million. During the same period, the governmental fund sustained losses of more than NT\$1 billion from its stock trading. These persons are therefore suspected of breach of fiduciary duties under the Criminal Code, as well as insider trading, manipulation of stock prices and breach of fiduciary duties under the Securities Transaction Act. The Special Investigation Division had therefore carried out the raids, interrogations and investigations today.