

## Supreme Prosecutors Office News Release



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**In the matter of violations of the Anti-Corruption Act by former President Chen Shui-bian and others, the Special Investigation Division (SID) of this Office has concluded its investigations, and has found no substantive facts or evidence of corruption or illegalities by the relevant persons. The related investigations are as described below:**

I. Background to the Assigned Investigations:

The defendant Chen Shui-bian was the 10<sup>th</sup> and 11<sup>th</sup> term President of the Republic of China from May 20, 2000 to May 19, 2008. The defendant Wu Shu-chen is the spouse of the defendant Chen Shui-bian.

1. Regarding the defendants Chen Shui-bian and Wu Shu-chen being suspected of taking bribes from Jeffrey Koo

Jeffrey Koo was the chairman of CTBC Bank Co., Ltd. ("CTBC") from March 12, 2003 to July 220, 2006, and was also the vice-chairman and deputy chief executive officer of Chinatrust Financial Holding Co., Ltd. ("Chinatrust"). Zheng O-chi was the chairman of Mega Financial Holding Company ("Mega") in 2005. The defendants Chen Shui-bian and Wu Shu-chen were both aware that a public official must not exercise his/her official powers for personal interests; but the defendant Chen Shui-bian had summoned Jeffrey Koo to meet with him, and mentioned that he was intending to establish an offshore fund for promoting diplomatic affairs; the defendant Wu Shu-chen had also asked Jeffrey Koo to make payments of money on many occasions, telling him that the President was intending to establish a foundation, and that funding was required for the elections. Therefore, in the hope of maintaining a positive relationship with the President, Jeffrey Koo gave the defendants Chen Shui-bian and Wu Shu-chen cash on 7 occasions during the period from 2002 to 2005, to the total of NT\$290 million. The defendants Chen

Shui-bian and Wu Shu-chen are therefore suspected of committing the offense of taking bribes by an act that belongs to official duties under Article 5, Paragraph 1, Subparagraph 3 of the Anti-Corruption Act.

2. Transaction involving Chengcing Lake Building

In September 2005, the defendant Chen Shui-bian informed Jeffrey Koo that Zheng O-chi, the chairman of Mega, wished to sell the Chengcing Lake Building, and asked for Jeffrey Koo's assistance in the matter. Jeffrey Koo therefore caused Tai Tong Asset Management Co., Ltd. Taiwan Branch (泰通資產管理股份有限公司臺灣分公司, "Tai Tong"), a Cayman Islands company indirectly established by CTBC, to purchase Chengcing Lake Building from its owner Qing Mei International Co., Ltd. (清美國際股份有限公司, "Qing Mei") for the consideration of NT\$850 million. As Zheng O-chi had promised the defendant Wu shu-chen that he would pay her NT\$200 million as remuneration for her successfully bringing about the transaction with Jeffrey Koo, Wu Shu-chen thereby derived a property interest from the transaction. The defendants Chen Shui-bian and Wu Shu-chen are therefore suspected of committing the offense of taking bribes for an act belonging to official duties under Article 5, Paragraph 1, Subparagraph 3 of the Anti-Corruption Act, and the offense of deriving unlawful gains in matters not under his/her supervision under Article 6, Paragraph 1, Subparagraph 5 of the same Act.

II. The Investigations:

1. Regarding the defendants Chen Shui-bian and Wu Shu-chen being suspected of taking bribes from Jeffrey Koo

With regards to allegations against the defendants Chen Shui-bian and Wu Shu-chen for taking bribes from Jeffrey Koo and thereby violating the Anti-Corruption Act, the SID had previously already added these indictments to the prosecution underway with the Court. However, the case – and the prosecutors' appeal – was dismissed by the Supreme Court, and the case therefore became affirmed. The criminal facts alleged against the two defendants are identical with the criminal facts prosecuted in the aforementioned affirmed judgment, and would

therefore be bound by the force of said affirmed judgment. Accordingly, no further prosecution may be carried out in respect of these same facts.

2. Regarding the transaction involving Chengcing Lake Building

In the background to the assigned instructions, the defendant Wu Shu-chen was suspected of being guilty of taking bribes and profiteering under the Anti-Corruption Act, based on her Submissions in Criminal Action and statements. The defendant Chen Shui-bian was suspected of being guilty of taking bribes and profiteering under the Anti-Corruption Act, based on the witness Jeffrey Koo's Submissions in Criminal Action, Defense in Criminal Action and Application for Investigation of Evidence, and other statements. However:

(1) The defendant Wu Shu-chen's statements are unreliable:

- a. The subpoenaed witness, Zheng O-chi, strongly denied the above-described circumstances, and testified that: Huang O-zhong, the responsible person of Qing Mei, wished to sell the Chengcing Lake Building and had asked him to broker the transaction. Towards the end of June 2005, Jeffrey Koo had on his own volition asked him whether the building had already been sold. One or two weeks later, Gu asked his brother-in-law Chen O-zhe to discuss the matter with Zheng, and the parties had agreed to the purchase price of NT\$850 million in the end. Zheng was not involved in the contract signing or payment process in any way. Zheng had not invested in the High Speed Rail, and his financial position was excellent in 2005; there was certainly no so-called remuneration of NT\$200 million. The other witness Huang O-zhong, the responsible person of Qing Mei, had also testified that: Zheng O-chi had helped him look for buyers, and had later said one of his friends would agree to buy the building at NT\$850 million; around mid-July a man calling himself Chen O-hong said he was interested in buying, and in the end they had completed the transaction at NT\$850 million. This testimony was for the most part consistent with the testimony of Zheng O-chi. According to the statement in the

defendant Wu Shu-chen's Submissions in Criminal Action dated February 3, 2009: "The above amount is from memory only, but as a long time has been passed, I am willing to refer to the relevant business owners' testimonies in the event that there are any inconsistencies." Therefore, the truthfulness of the defendant Wu Shu-chen's statements is not beyond doubt.

- b. The witness Zheng O-chi, his wife and his children do not hold any shares in the Taiwan High Speed Rail Corporation, as evidenced by the statement of income and assets of Zheng O-chi, his wife and children issued from the 2005 Electronic Tax Records, which is attached on file. The SID has also inquired with the Taiwan High Speed Rail Corporation for a copy of its shareholders' register in respect of shareholders who held more than 10 million shares from 2003 to 2006, but the names of the witness Zhen O-chi, his wife, children, or invested companies do not feature on said register, as evidenced by the written response from Taiwan High Speed Rail Corporation on file. Furthermore, according to the aforementioned statement of income and assets issued from the 2005 Electronic Tax Records, the combined incomes of Zheng O-chi and his wife in 2005 exceeded NT\$X hundred million, and one cannot believe that they were in financial difficulties. Therefore, the defendant Wu Shu-chen's statements were inconsistent with the objective facts.

- (2) The witness Jeffrey Koo's statements are inconsistent with the testimonies of other relevant witnesses

The witness Jeffrey Koo had testified that: Towards the end of 2004 or early 2005, Zheng O-chi had indicated to him via Cai O-yang that Zheng had a building for sale in Kaohsiung. However, when the witness Cai O-yang was summoned to confront Jeffrey Koo, Cai had testified: "I am not sure." Further, the witness Jeffrey Koo had stated in his Submissions that the defendant Chen Shui-bian had personally informed him, or informed him via Ma O-chen, that Zheng O-chi was having financial difficulties, that he needed to dispose of the Chengcing Building, so Jeffrey Koo must

help him out. When Ma O-chen was summoned to confront Jeffrey Koo, Ma had testified: "I do not know anything about this matter." The defendant Wu Shu-chen had also indicated that the defendant Chen Shui-bian had no knowledge about helping to find a buyer for the Chengcing Lake Building. Therefore, the testimonies and statements of the witnesses and the defendants were inconsistent with the submissions of the witness Jeffrey Koo. One cannot find that there is any relationship between the defendant Chen Shui-bian and Qing Mei's Chengcing Lake Building transaction, merely on the basis of the witness Jeffrey Koo's unilateral testimonies.

- (3) An investigation of the witness Zheng O-chi's funds has not found any connections to the defendants Chen Shui-bian and Wu Shu-chen. Furthermore, Qing Mei had not made any substantive profit from the sale of Chengcing Lake Building. One cannot believe that there was any margin for paying the defendant Wu Shu-chen a brokerage fee of NT\$200 million.
- (4) As described above, the acts of the defendants Chen Shui-bian and Wu Shu-chen, and the criteria constituting the offenses of taking of bribes or profiteering, are inconsistent with the relevant statements of the defendant Wu Shu-chen, the testimonies of the witness Jeffrey Koo, the objective facts or the testimonies of the relevant witnesses; therefore, one cannot find such allegations to be true. Study of the aforementioned testimonies of the witnesses Jeffrey Koo and Zheng O-chi also show that both of them deny there being any connection between the Chengcing Lake Building sale and Chinatrust's attempt to take over Mega. The witness Jeffrey Koo had also testified that: "To my way of thinking, if I had helped Zheng O-chi out, then he would not object if we invested in Mega and tried to get a directorship." He also testified: "I think it was a business transaction. and Chinatrust is a very big organization. We had followed all the legal procedures after a proper evaluation." Therefore, Jeffrey Koo's purchase of the Chengcing Building was a decision made after proper evaluation and consideration of its uses; objectively speaking there was no coercion or blackmail. As this matter does not involve any act of a public official in his/her official duties, nor was any public official actually involved, one should

consider that it had been merely a brokerage of the sale and purchase of private property. No evidence has been found to substantiate the allegation that the defendant Chen Shui-bian had exercised his powers as the President to derive any illegitimate profits for himself, for Jeffrey Koo, for Zheng O-chi or any other private individuals. The circumstances are therefore inconsistent with the elements for constituting the offense of profiteering.

- (5) Based on the above, one cannot find the defendants Chen Shui-bian and Wu Shu-chen guilty of having taken bribes for acts in the course of their duties, or profited from matters outside the scope of his/her supervision, under the Anti-Corruption Act. The investigations are therefore duly concluded.