

Supreme Prosecutors Office News Release



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The Special Investigation Division (SID) of the Supreme Prosecutors Office has concluded its investigation of alleged money laundering by former President Lee Teng-hui. Prosecutors have found no substantive evidence of the alleged offenses, and accordingly have concluded the investigation on March 4. The responsible prosecutors' conclusion report is as summarized below:

- I. The Taipei District Prosecutors Office ("TDPO") transferred this case to the Supreme Prosecutors Office on the ground of: Former President Chen Shui-bian, when being interrogated by the TDPO on September 5, 2008 in a separate matter, had produced photocopies of investigation transcripts relating to Liu OO on February 13, 2003 and Chen O-shen on October 9, 2003, as well as photocopies of inward remittance records relating to Lee OO and others; former President Chen claimed that said information had been given to him by former Director-General Yeh O-mao of the Investigation Bureau of the Ministry of Justice, to accuse former President Lee Teng-hui of using Chen OO and Lee OO's dummy accounts to inwardly remit more than US\$18 million, and outwardly remit more than US\$50 million overseas. The TDPO therefore suspected the defendant Lee Teng-hui of violating the Money Laundering Control Act.
- II. The investigation found that:
 1. According to the report entitled "Investigation of Accounts of Chen OO and Lee OO" by the Taipei City Investigation Office ("Taipei Office") of the Investigation Bureau as attached on file, in the course of said Taipei Office's investigation of the "Xin Rui Du" case, it had discovered that Liu OO had been instructed by the defendant Lee Teng-hui to donate US\$1 million to a certain political figure of a certain country for secret diplomatic purposes in 1998. NT\$20 million of this amount was wire transferred on August 11, 1998 from the accounts of Chen OO and Lee

OO with CTBC Bank's Chengdong Branch to a foreign bank account belonging to Lin OO, to reimburse Lin OO for the donation he had temporarily advanced. As it was not possible to locate Chen OO and Lee OO at the time, the Taipei Office concluded that their accounts were likely used by the defendants Lee Teng-hui and Liu OO.

2. During interviews of the witness Liu OO on January 14 and July 10, 2009 and April 25, 2012, Liu repeatedly testified that the allegation of Chen OO and Lee OO's accounts being used by the defendant Lee Teng-hui was purely a misunderstanding. Since his accounts were all managed by his secretary, Liu could not remember clearly which dummy accounts were actually used; when the Taipei Office showed him details of Chen OO and Lee OO's accounts, he erroneously believed that those were the dummy accounts used by his secretary, but he later realized that he was mistaken. The witness Liu OO's investigation transcript dated February 13, 2003 (in the Xin Rui Du Case), which was submitted with TDPO's transfer letter, indicated that the witness Liu OO had been shown details of Chen OO and Lee OO's accounts, and had given an affirmative answer when he was asked whether those were the dummy accounts used by the defendant Lee Teng-hui; however, when the Taipei Office subsequently re-examined its own video recording of the interview resulting in the aforementioned transcript, it realized that the witness Liu OO had never actually confessed to the above, that he had in fact answered: "I am not acquainted with Chen OO", "I do not know to whom the money in the account belonged", and "You have to ask my secretary Yong OO". This is evidenced by the transcript of the video recording prepared by Investigating Officer Zhuo OO of the Taipei Office, and corroborated with the testimony given by the witness Liu OO to the SID. It is therefore questionable whether the aforementioned investigation transcript was a sufficiently detailed and correct record, and cannot be relied upon as evidence.
3. Witnesses Yong OO, Lee OO, Lee OO and Wang OO were secretaries of the witness Liu OO while he was the chairman of O Development Industrial Bank ("the Bank"); the witness Chen OO was a secretary of witness Liu OO while he was the President of the Taiwan OO Research Institute ("the Institute"); the witness Wu OO had served as Manager of the Financial Department, Chief of the Accounting Department, Manager and then Assistant Manager of the Trust Department of the Bank; witness

Liu OO was the chief of the Administrative Department of the Institute. Each of these witnesses had testified that they were not acquainted with Chen OO or Lee OO, and had never been custodians of their bank accounts. Their testimonies appear to be truthful.

4. Witnesses Chen OO and Lee OO both deny having served as the defendant Lee Teng-hui's bodyguards. They testified that: They were retained by the stock market guru Chen OO to serve as chauffeurs and bodyguards to Chen OO and his wife Lin OO; both of them had provided their Taiwan and overseas bank accounts to be used by Chen OO. A written inquiry has been lodged with the National Security Bureau regarding their military service status, and said Bureau replied that neither Chen OO nor Lee OO has ever worked at its Special Service Center, nor worked as bodyguards to former President Lee Teng-hui, as evidenced by said Bureau's reply (99) Yun-Tai No. 0038337 dated April 15, 2010. One can therefore conclude that Chen OO and Lee OO had never served as Lee Teng-hui's bodyguards, and the TDPO's transfer letter had operated under a misunderstanding.
5. Witness Chen OO testified that: Chen Oo and Lee OO were both his bodyguards. He was a stock trader, and had used Chen OO and Lee OO's accounts to make remittances to his Singapore accounts for financial transactions; he had not provided the aforementioned accounts to either the defendant Lee Teng-hui or witness Liu OO for their use; however, he had issued bank drafts from said accounts as political donations, which he had asked Hu OO to deliver to Liu OO on his behalf. He also produced detailed statements relating to said accounts, and had executed an "authority to investing overseas accounts" to permit the SID to verify his statement.
6. The SID has directed the Taipei Office to verify the aforementioned witness' statements and fund flows from Chen OO and Lee's accounts. It was found that funds in the aforementioned accounts had belonged to witness Chen OO, and were managed by Chen OO's secretary, Cai OO; the funds were used by Chen OO in his stock and bond trading and overseas investments. Chen OO and Lee OO's accounts were not special accounts that the defendant Lee Teng-hui had instructed the witness Liu OO to hold. In August 1998 Chen Oo had indeed instructed Cai OO to

make cash withdrawals from the aforementioned two accounts, in order to pay for six bank checks with face values totaling NT\$10 million, which were delivered to Hu OO, the general manager of the Bank, during a dining opportunity, to be passed to Liu OO as a political donation. Two of the bank checks were then used to purchase U.S. Dollars in the names of Wu OO (the spouse of Xue OO, a Bank employee) and Lai OO (another Bank employee) on August 31, 1998, then wire transferred to the account of EOOO Lin (Lin OO) with a certain foreign bank, as a political donation to politics of said foreign country. This is evidenced by the Taipei Office's Letter Su No. 09743167700 dated December 9, 2008, transcripts of interviews with relevant witnesses, and the statement of investigated fund flows.

7. The SID has also viewed the files in the "Xin Rui Du" Case. Fund investigation information in said Case shows that Zhang OO, the President of Jian O Construction and Development Co., Ltd. (using the dummy account of Gao OO) and Huang OO of Tai O Co., Ltd. (using the dummy account of Chen OO) had also purchased foreign currency for wire transfers into said foreign account of Lin OO, in accordance with the witness Liu OO's instructions. Their wire transfers, when aggregated with the foreign currency amounts purchased with the bank checks of Chen OO and Lee OO, totaled in excess of US\$1 million. They also testified that the aforementioned amounts were political donations. The total amount and the process they attested to corroborated with the testimonies of witnesses Liu OO and Chen OO. One can therefore conclude that the testimonies of witnesses Liu OO, Chen OO, Chen OO and Lee OO were correct, and it is true that the accounts of Chen OO and Lee OO were not held and used by the witness Liu OO.
8. In addition to the aforementioned accounts of Chen OO and Lee OO, the SID has also sought the assistance of the Foreign Exchange Bureau of the Central Bank, to investigate the foreign exchange payments and receipts compiled reports and statements in respect of Chen OO and Lee OO from January 1, 1991 to August 31, 2008. It was found that the two of them had outwardly remitted US\$35,673,934.54 (in 33 transaction records) and US\$16,586,713 (in 12 transaction records) respectively during the aforementioned period, totaling US\$52,260,647.54, and most of the funds were remitted to Singapore, as evidenced by the Foreign Exchange

Bureau's Letter Tai-Yang-Wai-8 No. 0970045137 dated September 22, 2008. A request for reciprocal judicial assistance was lodged with Singapore to further investigate the transactions involving the Singapore accounts of Chen OO and Lee OO. The Attorney General's Chambers of Singapore have responded in writing on July 18, 2011, providing transaction details of the DBS Bank account of "Shen OO", which was the counterpart of transactions involving the aforementioned 2 accounts, in respect of the period of January 23 to 29, 2000; said response further indicated it was unable to provide other information, as it was past the preservation period required for Singaporean banks. The available transaction records of Shen's account showed no connection with the defendants Lee Teng-hui and Liu OO.

9. Based on the above, Lee OO and Chen OO were chauffeurs, bodyguards and providers of dummy accounts to the stock market guru Chen OO; Chen OO had made overseas remittances in their names to carry out overseas investments; in August 1998 Chen OO had used their accounts to issue bank checks of NT\$10 million each as a political donation to the KMT; the Taipei Office discovered the above fund in its investigations of the "Xin Rui Du Case", and Yeh O-mao, former Director-General of the Investigation Bureau, mistakenly believed that overseas fund flows from Lee and Chen's accounts belonged to the defendant Lee Teng-hui; Yeh had lodged a report to Chen Shui-bian in the hope of being commended. The above investigations show that Chen OO and Lee OO's financial institution accounts were actually used by Chen OO, who was the owner of the funds in the accounts, and not the defendant Lee Teng-hui. The SID has not uncovered any illegal offenses in respect of Chen OO and Lee OO's accounts.

- III. Based on the above, the SID has found that the TDPO's letter accusing the defendant Lee Teng-hui of having committed money laundering using Lee OO and Chen OO's accounts is inconsistent with the facts, and the matter appeared to have been a misunderstanding. Accordingly, the investigation in the case is hereby concluded.