



Chapter 4

Summary of Special Investigation Cases



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Section 1 General Investigations

In order to understand the potential risks within agencies and associated with personnel, systematic investigations were conducted to discover clues to long term, organizational or major corruption crimes and promote the beneficial and eliminate the shortcomings through reinforcing the anti-corruption network in order to meet the public's expectations. Details of the four cases are summarized as follows:

I. Forestry Management

Due to a scandal in April 2011 involving reforestation incentives on an offshore island, the AAC conducted a general investigation on forestry affairs in order to prevent malpractice, including procurement, contract renewal (changes) for rental properties, reforestation incentives and guidance, violations, and land restoration. The investigation lasted for 8 months from October 2011 to May 2012 involving 9,328 cases.

The results of the investigation show that there were seven possible criminal violations involving 25 people and 30 administrative malpractices. In addition to forwarding the cases to the related agencies for further investigation, administrative accountability and operational procedures were reviewed. Recommendations for reform and anti-corruption measures from the legal, system and implementation aspects were also made in hopes of effectively improving the quality and efficiency of forestry management so that the agencies may operate in a more robust and sustainable manner.

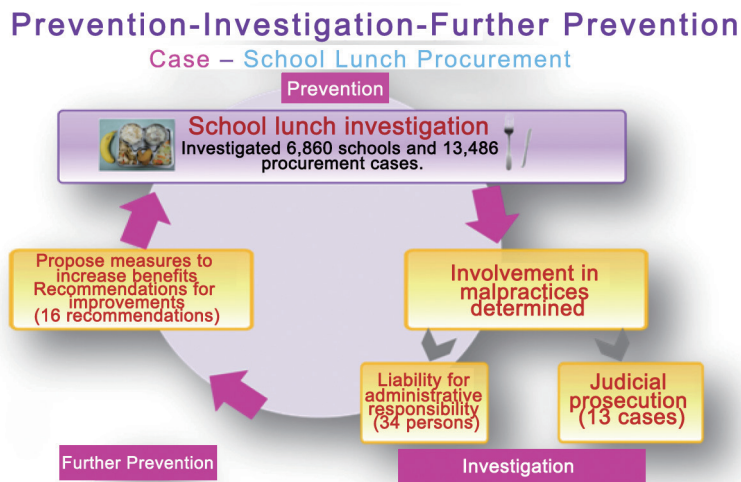
II. School Lunch Procurement

In May 2011, the media exposed safety issues concerning meat products used for school lunches, which raised public concerns. Huge profits were involved in the market for school lunches in elementary and junior high schools. Due to fierce competition, issues such as food health and safety and low price bidding pose huge influences over the quality of the school lunch. Considering the above, the AAC conducted a general investigation on school lunch procurement in elementary and junior high schools in counties and cities from May 2011 to March 2012. The investigation was conducted in two phases and lasted for 10 months. The AAC investigated a total of 6,860 schools and 13,486 cases.

Thirteen cases of suspected criminal violation were found and forwarded to the judicial agencies for further investigation and 34 individuals were held administratively liable. (23 principals' duties were adjusted, six were suspended, one was indicted and demerited twice, two were reprimanded twice, and two directors of general affairs were discharged from supervisory duties.) 16 recommendations were proposed, including improving the school staff's legal education regarding anti-corruption and procurement regulations, establishing evaluation standards for selecting suppliers of school lunches, review the composition of the review committees and increase parents' membership, conduct random food inspections, implement a food acceptance procedure and establish an auditing mechanism by parents. The recommendations serve as references for the Ministry of

Education, county and city governments. According to a survey conducted by New Taipei City assessing satisfaction with school lunches, most respondents think that the school lunches have gotten better and gave a score of 70 to 80%. The results show that the AAC's Prevention – Investigation – Further Prevention has improved the quality of school lunches. “A diligent mind for the school, a rested mind for the parents and a peaceful mind for the children” has been fostered so that the younger generation may receive balanced nutrition to ensure healthy physical and mental growth and grow up to be pillars of the nation. (See Fig. 4-1: Prevention – Investigation – Further Prevention: The case of School Lunch Procurement.)

Fig. 4-1 Prevention – Investigation – Further Prevention: The Case of School Lunch Procurement



III. Medical Equipment Procurement

A scandal involving the procurement of medical equipment in DOH hospitals occurred in April 2011, which led to this investigation. Quality medical care and medical professionalism are vital to public health and human lives while high-tech medical equipment is vital to medical diagnosis. Therefore, the procurement of medical equipment has a great effect on people's right to receive medical treatment. From September 2011 to September 2012, the AAC supervised the government employee ethics units in medical organizations, including Civil Service Ethics Office, DOH, to conduct a two-phase general investigation on the procurement of medical equipment. The first phase was from September 15th, 2011 to March 15th, 2012 and the second phase was from March 16th to September 15th, 2012. The 12-month investigation helped make the procurement procedure transparent and effectively prevent malpractices committed by public officials or businesses so as to reduce waste in medical resources and lower procurement costs.

The general investigation included 5,005 cases of procurement of medical equipment in public hospitals and found instances of unscrupulous suppliers involved in organized bid rigging. In addition to forwarding cases to the judicial agencies for further investigation, the AAC also proposed 15



recommendations concerning the procurement of medical equipment, including pre-procurement evaluation and post-procurement inspection, implementation of external review mechanisms, establishing an information management system on medical procurement, reinforcing investigations of procurement related malpractices to ensure medical quality, improving the mechanism of authorizing external sources to review and inspection of core hospital businesses and strengthening medical ethics and legal education. By creating “safe hospitals, healthy patients and peaceful families”, the hospital can become more trustworthy. With government protection, public health can be assured.

IV. Sustainable Employment Program

The Labor Affairs Commission, Executive Yuan promulgated the Sustainable Employment Program on January 5th, 2010 to assist specific individuals and the disadvantaged with employment matters and to encourage businesses and organizations (hereinafter referred to as the “applicant”) to provide job opportunities. The government helped the unemployed with employment training and adjustment through subsidizing the wages provided by the applicant to achieve the goal of steady employment. The project period was from January 5th 2010 to June 30th, 2012. As of October 2012, 24,760 applicants participated and assisted with the employment of 66,173 people. Total subsidies amounts to \$4,946,763,187 NTD.

The Sustainable Employment Program was a nationwide subsidy involving billions in funding. The eligibility threshold was low with a lot of money involved. Many applicants had devised different forms of fraudulent claims. In order to find out whether other administrators of the program encountered similar malpractices, the AAC worked with the government employee ethics units in the Council of Labor Affairs, Taipei City Government, New Taipei City Government and Kaohsiung City Government and conducted a general investigation of the Sustainable Employment Program.

This general investigation targeted the applicants and the recipients of the subsidy. A total of 826 cases and 1,549 persons were investigated. The investigation was conducted on the operation procedure for review of applications. The application materials (i.e. labor insurance, identification of the intended recipients) provided by the applicants were crosschecked against the household registry of the intended recipients. Where application materials contained irregularities, the ethics units followed up with phone interviews and actual visits. Applicants were then given deadlines for improvement or the subsidies were terminated.

Based on the results of the investigation, six applicants with major violations were forwarded to the judicial agencies for further investigation. Applications for subsidies were disapproved in 59 cases. The subsidies for 17 cases with irregularities, which amounted to \$1.84 million NTD, were retracted. Six recommendations were made on the legal, system and implementation aspects, including clarifying the regulations, establishing a complete inspection system, continuously retracting overpaid subsidies or enforcing the implementation of such cases, and establishing a complete file



management system to serve as a reference for authorities and creating “care by the government, protection for the disadvantaged, and wealth for the entire society”. The government may provide employment assistance for the disadvantaged and those who are in need so that they may have steady jobs, give their families stability and take good care of people’s livelihood.

Section 2 Special Inspection

Based on the philosophy of “judicial transformation and eliminating grievances”, the AAC has been implementing risk control and inspection and actively investigating corrupt conduct among civil servants. The Agency offers timely guidance for any misconduct, proposes recommendations for reform, directs the related agencies to review any flaws and provides measures for improvement in order to perform the function of internal control and prevention. Major accomplishments from such efforts are described as follows:

I. Funeral and Interment

To reinforce corruption risk management in the funeral and interment businesses and fulfill the function of internal control, the AAC promoted joint efforts in special inspections of funeral and interment businesses with municipal cities’ and county’s (city’s) government employee ethics units. Thirteen government employee ethics units from New Taipei City, Taichung City, Tainan City, Kaohsiung City, Taoyuan County, Changhua County, Nantou County, Pingtung County, Hualien County, Yilan County, Penghu County, Kinmen County and Hsinchu City. The inspection was conducted from February to September 2012 covering seven aspects, including public cemetery management, columbarium management, crematorium management, transparency, information communication and accountability. The random inspection included 399 public cemeteries, 67,878 tombs, 172 columbariums with 155,134 units, 32 crematoriums and 32 funeral parlors.

During the inspection, the authority found three suspected cases of corruption with nine persons held administratively liable; two suspected illegality involving funeral and interment procurement with \$6.68 million NTD illegal profits involved and \$870,000 NTD in uncollected fees. The Agency also uncovered 21 misconducts in seven areas in public cemeteries. In addition, the Agency also proposed 10 recommendations, including reinforcing internal audit control mechanism and actually implementing inventory checking; implementing usage registry, establishing a multiple inspection mechanism and elevating the level of approval required; utilizing information technology to assist in management and inspection; cautiously select management personnel for the funeral and interment facilities, implementing a duty rotation system for staff, establishing an evaluation system for management staff and promoting administrative transparency through self-inspection or internal audit.

II. Police Administration

The AAC supervised the Department of Civil Service Ethics, Ministry of Interior in the special inspection of police affairs that are prone to malpractice (electronic gambling games). The supervisory offices and ethics



offices from the police departments in municipal cities, counties and cities established a joint investigation task force and conducted the inspection from March 1st to August 31st, 2012 for a period of 6 months. The inspection took jurisdictional characteristics into consideration. The task force analyzed the ways reports from citizens were accepted, sifted through business places, evaluated corruption risk and reviewed comments from integrity interviews. The information was cross-compared and analyzed, and the hotspots were identified to determine clues of collusion between government and business in order to locate concrete evidence of violations for further investigation.

After the inspection, misconducts were corrected, reported to the head of the agency and forwarded to the supervisor for review and improvement, and the offenders were penalized in accordance with the regulations. Police officers who were found to be involved in illegalities such as corruption and leaking confidential information were investigated as required by the law. Seven police officers were forwarded for judicial investigation, 116 persons were held liable administratively (22 persons were demerited, 92 reprimanded and 2 were forwarded to Public Functionary Disciplinary Sanction Commission). A total of 456 persons from the business sector and 270 citizens who are involved in gambling and in violation of the Electronic Game Arcade Business Regulation Act were forwarded to the district prosecutors offices. The task force effectively discovered the high risk factors and effected necessary prevention that reduced corruption crimes.

III. Open Contracts for Flood Control and Emergency Recovery Projects

The government employee ethics unit of a county government conducted an investigation over the 2011 Access Road Improvement Project for the Indigenous Tribes at a remote area within the county jurisdiction. Staff was sent to 10 construction sites for said project and found potholes and cracks on portions of the roads.

It was discovered during the inspection that the sample sent to the lab was not the Portland Cement material specified for the road surface in that project. The civil servants were suspected of conspiring with the contractor and design supervisor during acceptance and the project materials used were inferior to what was specified. There were also violations of fraud during acceptance and falsifying samples. The case has been forwarded for further investigation.

IV. Remaining Soil from Ongoing Projects

The government employee ethics unit of a county (city) conducted document inspection on a major procurement project to investigate whether the remaining soil from construction sites were processed in compliance with the regulations and whether the contractors actually cleaned and moved the remaining soil as well as making online declaration. The inspection was conducted on the documents for remaining soil processing plan, delivery certificate, design of the changes in remaining soil and the estimates. The information was crosschecked with the two-stage declaration from the information system on the website about remaining soil and filtered through the delivery certificate for delivery of the remaining soil. In addition, inspections were also conducted on the temporary soil placed on site and



how on-site supervisors review the delivery certificate.

During the inspection, two cases of document forgery were found and forwarded for further inspection, six major malpractices and nine irregularities (including malpractices) concerning the delivery certificate were identified and analyzed. In addition, five recommendations were proposed. By strengthening contractual stipulations on the obligations and penalties for the contractors (external measures through supervising the contractors) and establishing guidelines for the processing of remaining construction materials (internal measures on management), malpractices could be stopped.

V. Issuance of Traffic Tickets

To understand the operation of traffic ticket issuance in the Police Departments, the Government Employee Ethics Unit of the Police Department of a municipality collaborated with the 17 precincts within the jurisdiction, Mobile Division and Traffic Police Corps together conducted a special inspection of ticket issuance. 30 books of tickets were randomly selected for inspection from each unit. The stubs of tickets that were issued out of sequence or sequential tickets not issued by the same police officers were copied and recorded. Inspections were also conducted to review whether the video download, itemization and filtering of the issuance process were in compliance and crosschecked with the registry of anti-corruption and ethics affairs.

Among the 986 tickets selected during the inspection, 342 tickets (34.69%) were found to be questionable, including inaccurately issued tickets or tickets with omissions, the issuance notifications were not sent to the operational unit for recording, tickets revoked without authorized signature, lost ticket stubs and lost ticket books. People involved have been held liable for administrative accountability in accordance with “Regulations Governing the Awards and Penalties for Dealing with Reporting and Violations of Traffic Incidents by the Law Enforcement Agencies” (one person was reprimanded twice, 30 people were reprimanded once, 102 people were noted for misconduct, and 15 people were asked to make improvements under supervision). In addition, judges, prosecutors and lawyers were invited to conduct a seminar on Ticket Issuance Reform to develop preventive measures and to address the flaws found during this inspection and to allow the agencies involved to make improvements. The specific recommendations were posted on the network of police affairs and sent through memos to the agencies as a reference for the police officers during law enforcement.

VI. Control of Public Property and Goods (Including Consumables)

In order to promote the establishment of inspection mechanisms for the procurement, acceptance, issuance and inventory management of laboratory goods and consumables, the government employee ethics unit under the Council of Labor Affairs conducted a special inspection over the procurement of instruments and laboratory goods to reinforce internal control.

During the report presented during the meeting for integrity affairs, it was recommended that small purchases of laboratory goods and consumables



be assigned under the Secretary Office. Purchases of similar goods should be made under the same procurement project. In addition, the ethics unit conducted discussions with the business unit on ways to avoid waste of resources, which were accepted by the head of the agency. The new measures translated into a saving of approximately \$45 million NTD in laboratory spending on consumables. For procurement and maintenance over \$10,000 NTD, the regulation now stipulates that the supervisory unit must be notified to perform on-site inspection. The operational standards for internal procurement were also amended to apply strict standards over the permitting, procurement, acceptance, issuance, inventory and voidance of laboratory goods and consumables so that the procurement and property management related to the research project are soundly regulated.

VII. Rezoning of Urban (Agricultural) Land and the Agricultural Waterways Stake Survey Projects

The government employee ethics unit of an agency conducted a special inspection of the planning, design, construction supervision, project management of the rezoning of urban (agricultural) land and agricultural waterways stake survey projects. The unit conducted 80 document reviews and 8 on-site reviews to identify potential problems and prevent malpractices.

During the inspection, two illegal situations were found and forwarded for further investigation. Among which, one case involved overstating the number of construction projects, repeat counting of materials, construction work to be performed, and the dollar amount. Those who were involved were held liable for administrative accountability (one was demerited once and one was reprimanded twice). Malpractices found during the inspection included: the inspection check points, material specifications, quality check and important records were not filled out in accordance with the regulations; the date and time of the construction worksheet were not noted; the supervisory unit did not sign off items on the improvement strategy form and result form one by one during supervision; pictures documenting improvements were not taken from the same angle or at the same site; data from the testing was abnormal or was not officially determined; missing information on the test report; the sign-off procedure for remaining soil does not comply with the regulations; the quality verification did not meet the deadline; information concerning the cleaning vehicles was not recorded by the inspector. All matters were forwarded to the authority and improvements have been made.

VIII. Landscape Projects for Parks and Open Spaces

In order to determine whether malpractices occurred in the landscape projects for parks and open spaces, the government employee ethics units in a municipal city government targeted the procurement projects, citizen complaints, deployment of public construction vehicles and personnel management and conducted special inspection to find out possible malpractices and provide recommendations.

The inspection saved and increased \$488,472 NTD in public dollars (retracted \$402,459 NTD from two cases of overpayment to suppliers, \$6,013 NTD for overpayment in wages and overtime to personnel, and



collected \$80,000 NTD in penalties for breach of contract). Seven individuals from four cases were held liable administratively (one person with a demerit and six persons with one reprimand). The Agency provided five recommendations concerning the legal aspect, 12 concerning the system and seven concerning implementation, including establishing operational standards and a flow chart for acceptance and payment applications, producing a checklist for payment applications in accordance with the contract stipulations, unifying tender documents and contracts for procurement projects that are similar in nature, reinforcing the inspection of over-reporting gas expenses and mileage for construction vehicles, increasing the review of expense reports for out-of-pocket expenses, inspecting state-owned facilities regularly, establishing an information management system and implementing the Ethics Directions for Civil Servants to promote the beneficial and eliminate the shortcomings.

Section 3 Criminal Investigation Cases

I. Research Assistant at the National Palace Museum Made Unauthorized Copies of the Digital Files of National Treasures, Including the “Tibetan Dragon Sutra”, Accepted Bribes and Violated the Copyright Act

The National Palace Museum (hereinafter referred to as “the Museum”) houses over 690,000 world-class Chinese artifacts and artworks, including paintings, artifacts and literature. The Museum has always been a hotspot for tourists. In recent years, to promote cultural and creative industries, research assistants Chen ○○ and Yeh ○○ from the Department of Cultural Creativity and Marketing of the Museum started developing cultural and creative businesses such as the printing of the “Tibetan Dragon Sutra”. According to folklore, those possessing the “Dragon Sutra” will be blessed with prosperity for five generations. It is said to have the same power as Yongle Encyclopedia. The Museum conducted the procurement process for printing the “Tibetan Dragon Sutra” in 2008 and collaborated with ○○ digital printing company. Said company devoted \$125 million NTD in costs such as royalties. After three years, 500 sets of the “Tibetan Dragon Sutra” were published. Each set sold for \$1.88 million NTD. The printing of the “Tibetan Dragon Sutra” has been the largest printing production for the Museum in recent years and has attracted many religious individuals and entrepreneurs.

In October 2011, the AAC received reports from the government employee ethics unit that Chen ○○ and Yeh ○○ from the Cultural and Creative Marketing Office of the Museum were suspected of making unauthorized copies of the images of thousands of national treasures when the images were under their care. The AAC conducted a search on the morning of November 14, 2012 and confiscated the compact disks that contain said images. To identify the images, the Museum sent two commissioner-level professionals to help examine the content of the 77 compact discs seized, which not only included the legendary “Tibetan Dragon Sutra”, but also “Yongle Encyclopedia”, “Dwelling in the Fuchun Mountain”, “Collection of Sung Dynasty Paintings”, “Early Spring”, “Heart Sutra by Dong Qichang”, “Ink Rubbings of Sacred Teachings of Tang



Dynasty”, “Three Sheep: Symbols of Auspicious Divination by Giuseppe Castiglione”, and “Diamond Sutra in Tangut Script”. After further investigation, the AAC found that Chen ○○, while supervising Yeh ○○, utilized the identity of Yeh ○○’s friend and established “○○ International Corporation”. He took advantage of the loopholes in the Museum’s flawed internal control mechanism and his understanding of the Museum’s cultural and creative industry, and made unauthorized copies of the collections. When the “Tibetan Dragon Sutra” was being published, Chen and Yeh also accepted \$900,000 NTD in bribes from ○○ Digital Publishing in exchange for speeding up the proofreading process of the “Tibetan Dragon Sutra” so that the company could deliver the final product on time and avoid penalty. After the “Tibetan Dragon Sutra” was published, the publisher gave 31 sets to the Museum as promised, among which, 23 sets were for the sponsor of the publishing program, Drikung Kyabgön Chetsang Rinpoche. “○○ International Corporation” was responsible for the shipping. However, Chen and Yeh falsely quoted the cost and fraudulently claimed \$45,000 NTD in shipping costs from the Museum. Taipei District Prosecutor has asked for a 10-year sentence for Chen ○○. Since the accomplice, Yeh ○○ has confessed and returned the \$205,000 NTD in illegal proceeds, the prosecutor has asked the court for a lighter sentence.

This case shows that there are some loopholes in the management and supervisory mechanism within the Museum. The supervisor did not fulfill the duties and the internal control concerning the operation procedure for copying digital images still needs to be strengthened. In order to keep the digital images of national treasures from leaking out, the Museum gathered the personnel involved on November 17th, 2011 to review the current authorization process and propose a more stringent authorization mechanism. In addition to encrypting the image files to be copied, other anti-malpractice measures were also proposed. The authorization mechanism for publication authorization for suppliers has been completed and Management Guidelines for Merchants Applying for Authorization to Publish” and “Inspection Guidelines for Merchants Applying for Authorization to Publish from the National Palace Museum” is currently under study. A review committee will help establish mechanisms that will prevent unauthorized copies of the files and build a transparent and effective mechanism.

II. ○○ Construction Company Bribed the Secretary-General of Taoyuan County Government

○○ Construction Company authorized ○○ Construction Company to apply for Amendment to Bade (Danan Area) Urban Development Plan at the Urban and Rural Development Bureau of Taoyuan County Government. After reviewing all applicable departments, the Urban and Rural Development Bureau held a meeting of the Taoyuan County Planning Commission on July 20th, 2012 to review this case. In order to get the case approved by the Commission successfully, Wang ○○, the official representative of ○○ Construction Company and Yang ○○, the assistant general manager of the ○○ Engineering Consulting Firm conspired for Yang ○○ to bring a gift box consisting of tea and \$800,000 NTD cash to Yeh ○○,



Secretary-General of the County Government and the Deputy Chair of the Planning Commission on July 16th, 2012. Yang ○○ asked Yeh ○○ to help approve the case, gave him the gift box and then left. When Yeh ○○ opened the box and found the \$800,000 NTD cash, he forwarded it to the Civil Service Ethics Department of Taoyuan County to be dealt with. The Civil Service Ethics Department then reported the case to the AAC immediately for investigation.

Yang ○○ panicked after finding out that Secretary-General Yeh did not accept the bribe and had forwarded the money to the Civil Service Ethics Department. In order to prevent the matter from getting worse and to avoid implications to ○○ Construction Company and its official representative, Wang ○○, Yang ○○ turned himself in to the Taoyuan District Prosecutors Office on July 18th, 2012. He claimed that he was solely responsible for the bribery and tried to keep ○○ Construction Company and Wang ○○ out of the matter. Once the AAC was aware of Yang ○○'s confession, the Agency asked the Taoyuan District Prosecutors Office to send a prosecutor to investigate the case. A total of 29 staff, including 18 special agents, three members of the anti-corruption investigation team and eight prosecutor's investigators were mobilized. On July 23th, 2012, they searched seven locations, including ○○ Construction Company, ○○ Engineering Consulting Firm and the residences of Wang ○○, Yang ○○ and others and confiscated documentation of Wang ○○ and Yang ○○'s conspiracy to bribe and accounting records showing the bribe money being withdrawn from ○○ Construction Company. The evidence proved Wang ○○'s involvement in authorizing Yang ○○ to bribe. Wang and Yang were on bail for \$1 million NTD and \$100,000 NTD, respectively, and the case was forwarded to Taoyuan District Prosecutors Office for criminal prosecution.

The Anti-Corruption Act was amended in June 2011 to include provisions on bribery without violation of duties. Regardless of whether civil servants are in violation of duties when conducting bribery, the briber must be held accountable and penalized. The AAC has tried to educate the public about this change and asked the public to follow legal procedures when conducting various affairs at government agencies. The public should not bribe civil servants in order to accomplish their goals; to do so is a violation of the law.

III. District Prosecutor at Kaohsiung District Prosecutors Office Accepted Bribes from the Party Involved

Kaohsiung District Prosecutor, Jing ○○ had been reported repeatedly for visiting sleazy joints, and corrupt and unethical conduct, and had been on the watch list for unethical conduct by the Ministry of Justice. During March 2009, the Civil Service Ethics Department of Kaohsiung District Prosecutors Office received intelligence on Jing ○○'s close connection with electronic gambling businesses and his frequent contact with lawyers. After receiving approval by the former Department of Ethics Affairs, MOJ, the authority started an investigation.

In May and June, 2010, the mobile investigation team of Taiwan High Prosecutors Office started actively collecting evidence on Jing ○○ and found that Jing ○○ delivered unknown documents to others, dined with female escorts, visited night clubs and maintained close relationships with females



who are not his spouse. Between August and September, 2010, the former Government Ethics Investigation Team conducted several investigations and found that Jing ○○ had non-procedural contacts with Ms. Chen, who made a sizable withdrawal that was not compatible with her financial capability from a financial institution on the following day. The investigation team also found that Jing ○○ had ongoing relationships with females other than his spouse. The authority formed a special investigation team and found that the identity of Jing ○○'s female partner for the Malaysian mining business is Sun ○○, who was a party of one of the cases Jing ○○ was investigating. On Chinese New Year's Eve in 2012, a mandatory penalty was enforced for those who were involved and court orders were obtained to detain Jing ○○, his spouse, Sun ○○, and Huang ○○. In April 2012, the case was forwarded to Kaohsiung District Prosecutors Office for prosecution.

During the investigation, the AAC deployed 10 agents and investigators, conducted 20 telecommunication surveillance lines and conducted 72 active evidence collections within 17 months. A total of 698 persons were mobilized to complete evidence collection and move the case forward. Jing ○○'s other unethical conduct was forwarded to the Control Yuan for impeachment after investigation.

This case has seriously damaged the impartial reputation of the judicial system and hurt the morale of the law-abiding judicial staff. Therefore, this type of conduct must be put to a stop to eliminate wrongdoings. To address the issue of judicial discipline, the Ministry of Justice has established the prosecutorial agency to reinforce evidence collection towards judicial officers involved in malpractice or disciplinary issues. The goal is to eradicate the source of corruption before it occurs. Those with proven involvement shall be investigated and prosecuted in accordance with the law.

IV. Former Reservist Substitute Services Draftees at Taipei Prison, Agency of Corrections, Ministry of Justice Suspected of Accepting Bribe

In November 2011, the Security Section of Taipei Prison, Agency of Corrections, Ministry of Justice (hereinafter referred to as Taipei Prison) conducted a routine safety inspection on the sentry of reservist draftee of substitute services and the special police corps (guard room in the correction section for draftees). During the inspection, written requests and cash from inmates, Li ○○, Chang ○○ and others were found in the sentry and lockers of reservist draftees, Yi ○○ and Liu ○○ for bringing in prohibited items such as small TV, memory cards and cigarettes into Taipei Prison. Substitute Service Draftees Yi ○○ and Liu ○○ were reported to the prison performance committee and inmates Li ○○ and Chang ○○ were penalized according to the prison regulations. Their criminal violations were also forwarded to the ethics office in the prison and the AAC for investigation.

After the AAC's investigation, Taoyuan District Prosecutor was asked to lead the investigation. In September, 2012, after questioning the inmates in Taipei Prison and witnesses involved, Yi ○○ and Liu ○○ were taken into custody from Houlong Township, Miaoli County and Tucheng District, New Taipei City, respectively. The lead prosecutor pleaded for the court to detain



the suspects under custody without visitation rights. In November 2012, criminal prosecutions were raised against Yi ○○, Liu ○○ (Substitute Service Draftees), Li ○○, Chang ○○ and Huang ○○ (Taipei Prison inmates).

To prevent conduct like this from happening again, the following measures are proposed:

- (1) Enhance the monitoring of visits to detainees: The management staff in the prison area shall monitor the written and actual exchanges between the inmates and their families and friends for prevention.
- (2) Reinforce security check and examination of hardware: Strengthen the security check over personnel in and out of the correction area and inspect all rooms and lockers to prevent inmates from keeping prohibited items. In addition, windows and screens, which may be used for transporting prohibited items, shall be fixed to block the channels for transporting prohibited items.
- (3) Strengthen case management on Substitute Service Draftees: Understand the family conditions of the Substitute Service Draftees. For those with poor financial status, complex personal relationships, bad habits or criminal records, provide counseling and adequate service work. Keep them from direct contact with the inmates to avoid misconduct and violations of the law.
- (4) Promote education with case studies and strengthen legal education: Promote the idea of abiding by the laws and standards among the Substitute Service Draftees. Prohibit any inappropriate relationship between the Substitute Service Draftees and the inmates. Those who commit criminal violations shall be prosecuted.

V. Researchers Suspected of Embezzling Grant Funding from the National Science Council

After applying for and obtaining research funding from the National Science Council and the Ministry of Education, some professors and researchers in public research institutes, colleges and universities would try to utilize or retain as much funding as possible before the end of the project period or even keep the funding for personal use. Thus, some would engage in practices that violate the regulations, such as purchasing instruments that are not included in the scope of the project, electronic products, personal items or claim overstated meal expenses. They made up false transactions with suppliers and obtained false receipts as write-offs and pay the suppliers with a certain percentage as compensation. What remained was put into a hidden account or became special expenses. This corrupt practice has become a tradition in the academic field and is worthy of further exploration.

The AAC received a confession from the research assistant at Taiwan Mouse Clinic under the Institute of Biomedical Sciences, Academia Sinica in August 2011. The suspect was Dr. Hsiao, who is also a director at Taiwan Mouse Clinic. He asked the suppliers to provide false uniform invoices for write-offs and then used part of the funds for personal use. As a result, materials and equipment purchased for Taiwan Mouse Clinic existed only in the books and not in reality, and there were major flaws in the management.

The AAC reviewed the expense and write-off records of Taiwan Mouse Clinic from 2008 to 2011 and determined that since December 2008, director



Hsiao and researcher Yen allegedly instructed research assistants or personally obtained uniform invoices for false purchases made from suppliers as write-offs for public funding during the project period or prior to the end of the project period. Funding obtained from the write-offs was sent to and temporarily kept by the suppliers and withdrawn later for purchases not eligible for funding, or the suppliers might make the purchase for the researchers. Director Hsiao gave the suppliers 10 to 25% kickbacks as compensation for issuing false uniform invoices and took the rest in cash for personal use. It was found that 14 suppliers worked with director Hsiao on the money scheme with an embezzlement of \$5.82 million NTD, among which \$850,000 NTD was used as compensation for the suppliers.

Taipei District Prosecutors Office asked resident prosecutor, Yu Chi-Ching to lead the investigation. On November 9, 2011, the prosecutor led 20 agents and searched nine locations. 13 persons involved in the case were questioned. After the prosecutor conducted the second round of questioning, Director Hsiao and the suspected suppliers were on bail for \$60,000 to \$80,000 NTD.

After this case was investigated by the AAC, the judicial agencies also started to investigate similar cases. The media also conducted an in-depth discussion and review of this long-standing practice of using false receipts as write-offs. During the 9th Central Anti-Corruption Meeting in July 2012, the National Science Council, Executive Yuan presented the report on measures that promote the benefit and eliminate the shortcomings for research funding, which targeted cases similar to the one discussed earlier. The goal is to prevent this type of case from occurring again, which will be beneficial for correcting academic ethics.

VI. Criminal Organization Conspired with Police Officers and Issued False Traffic Accident Reports for Fraudulent Insurance Claims

The Compulsory Automobile Liability Insurance Act (hereinafter referred to as (the “compulsory insurance”) was enacted on January 1st, 1998. This Act was specially adopted in order to ensure prompt basic coverage for the injured parties in automobile traffic accidents and to protect public safety. Based on the no fault principle, the injured party, whether liable or not, may receive insurance coverage. The compulsory insurance is mandatory by government mandate and is characterized by low premium, a convenient claim process and fast insurance payments, thus becoming a target for criminal organizations. However, police reports on the traffic accident are required to make the insurance claim. The criminal organizations have started conspiring with police officers to make fraudulent insurance claims.

The Northern Investigation Office of the AAC received intelligence in February 2012 indicating that criminal groups had conspired with police officers and made fraudulent compulsory automobile liability insurance claims against insurance companies. The claim documents obtained from the insurance companies indicated the involvement of police officers, who made false traffic accident reports and the insurance claim agent, who worked from inside the insurance company and processed fraudulent insurance claims. Taipei District Prosecutor was then asked to lead the investigation.



In order to determine the organizational framework of the criminal organization and the scope of involvement by the police officers, the AAC obtained the automobile insurance claims over \$500,000 NTD from the Anti-Fraud Institute of R.O.C. and the Non-Life Insurance Association of the R.O.C. After crosschecking nearly 5,000 cases, the authority identified 39 suspicious cases. Inquiries were made to Chang Gung Memorial Hospital at Linkou, En Chu Kong Hospital and Cardinal Tien Hospital, where the victims allegedly sought medical treatment. All doctor's diagnoses included in these claims were forged.

In early May 2012, the AAC started questioning the parties (the offenders, car owners and victims) involved in the traffic accidents referenced in the previous paragraph. Over 70 individuals were questioned and the cases were confirmed to be fake accidents. The parties involved sold their identities to the criminal organizations or their identities were used without their knowledge. The traffic accidents never happened, nor did the major injuries or disabilities caused by the accidents, which were stated in the doctor's diagnoses. Therefore, it was deemed that the police reports included in the insurance claims were forged.

Once the AAC had collected the evidence, on May 29th, 2012, the resident prosecutor and Taipei District Prosecutor led the agents from the AAC, prosecutor's investigators and Miaoli County Military Police and conducted searches in 33 locations. 20 individuals, including police officer Lin were taken into custody for questioning. Officer Lin and officer Pan from New Taipei City Police Department, retired officer Hung and resigned officer Tsai from Taoyuan County Police Department, claims agent Yang from Taian Insurance and claims agent Liu from the First Insure Co. were detained without visitation rights after being questioned by the prosecutor. Officer Chiu from New Taipei City Police Department, officers Lin and Huang from Taoyuan County Police Bureau, claims agent Lin from the First Insure Co., resigned claims agents Sun and Hsu, claims agent Tseng from Fubon Insurance and claims agent Hsu from Shin Kong Insurance were on bail for \$300,000 to \$1 million NTD after being questioned by the prosecutor.

Based on the investigation, six police officers from New Taipei City Police Department and Taoyuan County Police Bureau conspired with the criminal organization led by Wang and made fraudulent insurance claims. From 2004 to 2011, they abused their official duties and accepted bribes to produce false traffic accident reports. The reports were forwarded to Wang to make insurance claims from various insurance companies. The fake traffic accidents were recorded in the police log. The insurance companies thus made the insurance payment unknowingly.

The criminal organization led by Wang committed numerous cases during an 8-year period, which was a rare case. The insurance payments collected reached over \$90 million NTD. The actual illegal proceeds far exceeded the insurance payments. 46 individuals were involved in this criminal organization, including the police, the briber, the insurance broker, the claims agent and those whose identity were used to make the claims. This case has seriously affected the accuracy of how insurance companies calculate premiums and the public ends up paying more. The public interest has also been greatly affected. Therefore, solving this crime is protecting the



public interest. It shows the government's determination in eliminating corruption among civil servants and improves the government's reputation.

VII. Organized Corruption Crimes by Director Cheng and Others at Banciao Veteran's Home Operated by the Veterans Affairs Commission, Executive Yuan

In order to show the appreciation for the veterans' devotion to this country, the government established Veteran's Homes throughout the nation. The head and the deputy head of the Veteran's Home enjoy the same rank as a general, and as grades 11 and 12 civil service. The purpose is to utilize the veterans' capabilities and moral character to take care of the lives of veterans who devoted most of their lives to the country and allow them to spend the rest of their lives in a comfortable environment. This was the backdrop against which Banciao Veteran's Home was operated by the Veterans Affairs Commission, Executive Yuan (hereinafter referred to as Banciao Veteran's Home) It was established on November 1st, 1969. The current director, Cheng ○○, is a retired major general. He took the position in July 2009. However, he let his country and his military honor down. Instead of working for the welfare of the veterans, he sought personal profits. During the 2010 Overall Construction Project for the Veteran's Home (hereinafter referred to as the "construction project"), he instructed assistant director, Lin ○○, director of secretariat office, Chao ○○, officers at the secretariat office, Huang ○○ and Yeh ○○, and janitor Chu ○○ to embezzle the proceeds from selling retired assets of the Veteran's Home. He also abused his power and embezzled public funding with falsified uniform invoices. He even extorted the contractors and deposited all illegal proceeds into his hidden account to fund such things as gift giving and public relations by director Cheng ○○. The total illegal proceeds amount to nearly \$1 million NTD.

The Northern Investigation Office of the AAC received intelligence concerning the matter at the end of November 2011. The investigation found that the construction expenses for said construction project reached over \$700 million NTD. Over 470 veterans' housing units were to be torn down. However, proceeds from selling the retired assets amounted to merely \$720,000 NTD in the Treasury. There was a wide discrepancy between the numbers of retired assets reported and the actual selling price, and investigation was necessary. Therefore, this case was brought to resident prosecutor, Lin Chun-I attention to lead the investigation.

Due to the lack of evidence and the procedure for retiring assets was near completion, it was difficult to review the related documents and track the money. Under the instruction of resident prosecutors Mao Yu-Tseng and Lin Chu-I, the investigation was modified to track the recycling vehicles that carried the retired assets and trace it back to the criminals. The authority investigated the recycling companies in Taipei City and New Taipei City and reviewed how they purchased retired government assets. In Guang ○ Li Recycling Plant in Sanchong, investigators found the list of items sold under the name of Chao ○○, the director of secretariat office and the sign off sheet for the cash transaction. The personnel from the recycling plant verified that the director of the secretariat office, Chao ○○ and janitor, Chu ○○ from Banciao Veteran's Home did illegally sell the property of the Veteran's Home



for \$530,000 NTD in cash and did not return the money to the Treasury.

The investigation followed the flow of the illegal proceeds in order to track the criminals. Under the instructions of the prosecutor, Chao ○○ and Chu ○○ were searched and arrested on November 20th, 2012. It was found that the two followed the orders of director Cheng ○○ and assistant director Lin ○○ from Banciao Veteran's Home to embezzle the retired assets for profit. The illegal proceeds were kept by Lin ○○. The organization was corrupted from the top to the bottom. The AAC sent multiple teams and made searches and arrests at six locations, including the Lin ○○ residence and confiscated the bookkeeping records for the illegal proceeds and over \$460,000 NTD in cash. Resident prosecutor Lin Chun-I made overnight interrogation and determined Cheng ○○ and three others' involvement in this case and that they colluded. The Banciao District Court ruled that the four individuals were to be detained without visitation rights.

In addition, after reviewing the bookkeeping records produced by Chao ○○, it was found that Cheng ○○ and others also instructed officers Huang ○○ and Yeh ○○ from the secretariat office to ask the contractors to issue false uniform invoices to make fraudulent claims for over \$210,000 NTD in relocation reimbursements that the Veteran's Affairs Commission originally intended for the veterans. They also used their position to extort legitimate recycling plants for over \$130,000 NTD and deposited the illegal proceeds into the hidden account. The agents of the AAC conducted searches and interrogations of those involved in this case and resident prosecutor Lin Chun-I prosecuted Ni ○○, Pan ○○ and Du ○○ from the companies that issued the false uniform invoices as requested by Huang ○○ and Yeh ○○ from the Veteran's Home. They were prosecuted for their violation of the Anti-Corruption Act and Business Entity Accounting Act.

Members of the Veteran's Affairs Commission and its affiliated agencies are mostly composed of retired military officers who still strictly adhere to the military principle of following orders. They often dare not say no to commands from the top and do not know how to protect their own rights. This investigation may increase base level civil servants' confidence in saying no to orders that are against the law. It is also effective in stopping civil servants from all levels who are on the brink of breaking the law. The AAC is using this case as an example and has asked all government employee ethics units under its lead to increase the awareness of regulations including the Civil Servant Service Act and the obligation to abide by them to protect the rights of all civil servants.

VIII. Raids on Police Officers Involved in Electronic Gambling Businesses in Keelung

The electronic gambling businesses had been in Keelung for a long time. They were operated by four families and each had its domain. The Kang and Wei families were especially influential. Electronic gambling is a high profit and high risk illegal business where businesses often expose one another or are exposed by the public. To avoid being investigated, electronic gambling businesses often keep in close contact with unscrupulous police officers and offer bribes to obtain information and clues to avoid raids and investigations conducted by the law enforcement agencies.



The electronic gambling businesses had long occupied Keelung area and four major families emerged. Keelung District Prosecutors Office had been continuously receiving reports and intelligence on said businesses. The lead prosecutor led the agents in Northern Investigation Office of the AAC and targeted 19 persons from the electronic gambling groups led by the Kang and Wei families. As of June 30th, 2012, over 10 investigation activities were held to collect evidence, including international flight records, financial records, communication records and telecommunication surveillance to gather the evidence against Kang and Wei's illegal electronic gambling organizations. Keelung District Prosecutors Office led the search of electronic gambling joints and residences with agents in Northern Investigation Office and Keelung Military Police. The search efforts were divided into 14 teams. The teams searched electronic gambling joints including Di ○○, Chuan ○, Ya ○ and Jing ○ operated by Kang ○○ and Wei ○○ and confiscated gambling records, score cards, over 100 gambling machines and illegal proceeds of over \$6 million NTD. Over 20 individuals including Kang ○○, Wei ○○, the manager and customers were taken into custody for questioning. They were then sent to Keelung District Prosecutors Office and the investigation was closed. On October 31st, 2012, 19 individuals, including Kang ○○ and his son, Wei ○○ and two of the siblings, and staff were prosecuted on gambling charges.

The electronic gambling games had been rampant in Keelung for some time. After the Keelung Prosecutors Office and the Northern Investigation Office of the AAC investigated this case for over a year, the 20-year electronic gambling businesses operated by the Kang and Wei families were finally eradicated. This case brought tremendous positive influence to correcting police ethics within Keelung and eliminating the electronic gambling practice within this district.

IX. Organizational Corruption by Officials from Wufeng Nship Office of Hsinchu County

The Council of Indigenous Peoples, Executive Yuan appropriates funding annually to subsidize infrastructure and marketing in indigenous tribes. The Soil and Water Conservation Bureau, Council of Agriculture, Executive Yuan also subsidizes indigenous villages for soil and water conservation. However, the quality of public construction in some of these villages has been far below standards. The reason is attributed to collusion between the government and businesses.

Since the mayor of Wufeng Township, Hsinchu County, Yeh ○○ was inaugurated in March 2010, the township had received over \$400 million NTD in infrastructure funding. However, the Civil Service Ethics Office in Hsinchu County constantly received citizens' reports on poor road quality and suspected corrupt conduct. The AAC sent staff to conduct on-site investigation and did find that on recently finished road construction projects, the thickness of the pavement did not comply with the contract stipulation. After heavy rain, cracks and potholes could be found on the road surface, which posed threats to drivers and became potential causes of traffic accidents. Some local residents even complained to the AAC staff, who were pretending to be hikers, that the construction quality was "appalling".



After reviewing and analyzing the documents, the AAC determined that an in-depth investigation was necessary and asked the district prosecutor from Hsinchu District Prosecutors Office to lead the investigation and collaborate with the black gold investigation task force at the office. The investigation was conducted on multiple levels and in multiple aspects. Over 10 investigation activities were conducted to gather evidence. It was found that Yeh ○○, secretary Gao ○○, section chief Tseng ○○, accounting director Li ○○, and section staff Luo ○○ committed multiple offenses of accepting bribes from suppliers, accepting dinner invitations, visiting entertainment joints where strippers were present and being treated to tours in mainland China. These evidences were combined with the proof of inferior material and quality delivered by the suppliers. On September 18th, 2012, the first searches and arrests were conducted in over 33 locations in New Taipei City, Miaoli County, Hsinchu County and Hsinchu City. 27 people were arrested and questioned, including mayor Yeh ○○, secretary Gao ○○, technician Luo ○○, suppliers Lin ○○, Peng ○○ and Li ○○. After questioning, they were detained with visitation rights. The AAC immediately followed up with large-scale investigation of key witnesses and suspects. Documents for 72 construction projects were reviewed, analyzed and compared. On November 6th, 2012, the second searches and interrogations were conducted. Yeh ○○, Gao ○○ and Luo ○○’s detention was extended and the case was finalized by Hsinchu District Prosecutors Office and moved forward for criminal prosecution.

During Yeh ○○’s tenure as the Chair of the Township Council and before he served as the mayor of the township, he had proposed to abolish the civil service ethics office in Wufeng Township. Flaws had been present in the anti-corruption mechanism at that time. In addition, since the accounting director was also involved, the supervisory mechanism was almost non-existent. Yeh ○○ and those involved were reckless and sacrificed the welfare and safety of the residents within the township for their own benefit. This corruption crime was premeditated, long-term and organized. It was rare to see the involvement of the accounting director, who received illegal benefits from the suppliers. The entire management level in the township office was corrupted. Hsinchu County Government even penalized and demoted the accounting director, Li ○○ before the judicial investigation concluded and conducted an overall review and overhaul on the procurement and anti-corruption mechanism within the jurisdiction to prevent similar cases from occurring again.

X. Neighborhood Magistrates in Banciao District, New Taipei City Collectively Embezzled funds

The 126 neighborhood magistrates in Banciao District, New Taipei City receive \$50,000 NTD each month as infrastructure funding (hereinafter referred to as “the funding”). It means that each year, \$75.60 million NTD is devoted to the five major tasks in each borough in the district, including sanitation, lighting, dredging, security and public services, and among which, dredging accounts for the most spending. The purpose is to keep the drainage system smooth and prevent blockage during heavy downpours or typhoons, which may cause property loss. According to the statistics,



expenditures in this category from 2008 to 2010 reached \$98,092,082 NTD, which account for 43% of the total. However, that made the unit price for dredging \$100 to \$120 NTD per meter, which was much higher than neighboring districts. The Civil Service Ethics Office, New Taipei City conducted an investigation and found that certain borough magistrates had been conspiring with the suppliers and split the profits. They even forged write-off documents to obtain illegal profits.

The Northern Investigation Office of the AAC reviewed and analyzed the related documents and asked the resident prosecutor at Banciao District Prosecutors Office, Lin Chun-I to lead the investigation. Beginning August 2011, telecommunication surveillance was conducted on 10 persons who were involved in the case, including the lead suspects. The authority also conducted on-site investigation at the ditches in Banciao District and actively collected evidence. Once the evidence of illegal conduct by borough magistrate, Dai ○○ and the supplier, Huang ○○ was obtained, the first searches and arrests were made with 11 teams of New Taipei City Military Police on February 9th, 2012. Five people were arrested and evidence of falsified write-offs was confiscated. Dai ○○ and Huang ○○ were detained without visitation rights. The second set of searches and arrests was made on March 6th, 2012 and four people were detained without visitation rights. The third search and arrest were made of the borough magistrates involved on April 10th, 2012 with wide-scale investigation and questioning for civil servants involved in the case. The case was forwarded to Banciao District Prosecutors Office on May 31st and October 23rd, 2012. 20 civil servants and suppliers were prosecuted and nine were deferred.

In order to make sure that the supervision of infrastructure funding write-offs in neighborhoods is implemented; New Taipei City Government amended the Operation Guidelines for Supervising Infrastructure Funding for Boroughs and Villages on July 1st, 2012 and asked the Department of Civil Affairs, New Taipei City to form an inspection team to conduct random inspections in the district offices. Expense write-offs for the funding must comply with the Government Procurement Act and the Operation Guidelines. The internal control and audit system must be implemented to correct the above-mentioned malpractice.

XI. Commissioner of the Construction License Review Committee of Taichung City Government Suspected of Abusing His Power and Accepting Bribes

According to Article 34-1 of the Building Act, the competent authority for issuing construction licenses shall perform an evaluation of the project's effects on public safety, traffic safety, public health and the city's appearance. The pre-examination of construction license applications is jointly conducted by the commission. Consideration shall be given to the application's effects on the surrounding environment, traffic and landscape as well as the necessity of the management of future open space and requirements for the public use area. Applications that include open space may be granted additional floor area. Therefore, the construction license review committee has a substantial influence over the public's right to use the public space, the floor area incentive for the construction company and



the time-frame for construction license approval.

Civil Service Ethics Office of Taichung City Government received notifications from the Urban Development Bureau that the many architects had reflected that Commissioner Wang of the Construction License Review Committee abused his power during the pre-examination of license applications. Commissioner Wang expressed to the applicants during the review that there was a cooperation project between enterprises and the school that he worked for where receipts would be provided by the school for write-offs. He further enquired as to their willingness to pay for research funding, and his actual intent was to solicit bribery. The Civil Service Ethics Office of Taichung City Government reported such an incident to the AAC on August 9th, 2011. After conducting an investigation of the communications record and collecting related information, the Central Investigation Office of the AAC found that in addition to his post at the Taichung City Government, Commissioner Wang was also serving as commissioner at other governmental agencies and what occurred at Taichung was not an isolated case. The AAC investigated further. Under the command of the resident prosecutor delegated by the AAC, telecommunications surveillance was conducted of Commissioner Wang on August 22nd, 2011 and the architects who submitted applications were asked to discuss the case and determine Commissioner Wang's involvement. Video images of Commissioner Wang's meetings with the architects and accepting bribes at the high-speed rail station were collected. Investigations were also conducted into Commissioner Wang's attempt to cover up his crime and dispose of the evidence. The authority identified the public phone, fax machine at the convenience store and others' accounts used to accept the bribes. On September 19th, 2011, the authority conducted searches through Commissioner Wang's residence and office. After the court ruling, he was detained without visitation rights. During detention, he confessed to his crimes, including those from other agencies. He accepted \$1.01 million NTD in bribes and was prosecuted by the resident prosecutor. He was sentenced by the Taichung District Court on October 9th, 2012 to 8 years and 6 months in prison.

The construction license pre-examination system serves as a reference for the design and planning of the project and impartiality must be established to speed up the review process. Commissioner Wang should have been diligent in fulfilling his duties. However, he abused his position as a review commissioner for illegal profits and accepted bribes, which seriously damaged national integrity. The prosecution of this case would effectively curb this type of malpractice, improve administrative efficiency and achieve the goal of promoting the beneficial and eliminating the shortcomings.

XII. Former Director of the Fire Bureau, Hsinchu County Government Accepted Bribes for the Procurement of Fire Rescue Apparatus

The procurement of various rescue apparatus by fire fighting agencies is to ensure the safety of the staff during missions and to protect the lives and properties of the people. Therefore, if civil servants seek illegal profits and sacrifice quality, it will pose a great threat to rescue missions and cause the



loss of human lives. It may even endanger the national security or social order.

The Central Investigation Office of the AAC received citizen reports that Liu ○○ was suspected of corruption in September 2011 and found that the case might be associated with the procurement case in the Fire Bureau, Hsinchu County Government. After collecting evidence, it was determined that the bid for the procurement of rescue apparatus in the Fire Bureau, Hsinchu County Government had been monopolized by certain suppliers. In addition, there were suspicions of bid-rigging concerning the bid specifications. The AAC thus sent the resident prosecutor to conduct an investigation. The Central Investigation Office of the AAC started communication surveillance of individuals involved in this case in October 2011 and collected evidence. On February 7th, 2012, the authority started the first wave of search and investigation and confiscated bookkeeping records, bid-rigging documents and emails from civil servants disclosing confidential bid-related information. Liu was detained without visitation rights. Liu ○○ finally confessed and gave out the information that the bid-rigging group led by Hung ○○ was suspected of conspiring with civil servants in the Fire Bureau, Hsinchu County and monopolizing the procurement of said agency. On March 29th, 2012, the second search was conducted. 11 teams searched the business locations of said bid-rigging group and 8 individuals, including Hung ○○ were questioned. Hung confessed that he bribed the section chief, Lin ○○ at the disaster rescue section of the Fire Bureau, Hsinchu County and monopolized the procurement of the Fire Bureau, Hsinchu County. On April 5th, 2012, the third search was conducted. Section chief, the offices of Lin ○○ and others were searched. Five civil servants, including Lin ○○ were questioned. Lin ○○ was detained without visitation and later confessed that since 2009, with the consent of the former Bureau director, Lin ○○, the procurement of rescue apparatus had been monopolized by the bid-rigging group led by Hung ○○. The total procurement reached \$11,366,175 NTD. Section chief Lin ○○ obtained over \$1.01 million NTD in bribe and forwarded everything to director Lin ○○. On May 13th, 2012, the fourth search was conducted and director Lin ○○'s office and residence were searched. Taichung District prosecutor prosecuted 4 civil servants, including director Lin ○○ and eight suppliers on July 26th, 2012.

The cause of this case could be attributed to the loss of balance in the supervisory mechanism, which led to poor organizational ethics. The base level procurement personnel even visited sleazy joints at night. The officials' moral characters had fallen; thus building a healthy procurement system became out of the question. Thanks to the diligent pursuit and investigation by the staff at the AAC, officials who are involved have been suspended and administratively penalized. After the new director of Fire Bureau was inaugurated, reforms of procurement measures have been implemented and the operation procedure has been adjusted to prevent any monopoly by certain officials and businesses. The measures will hopefully improve the ethics at the agency and reconstruct a fair, just and open environment for procurement.

XIII. Embezzlement of Public Funds by Professor Chuang from National



Formosa University

The National Science Council provides funding for research collaborations between industry and academic fields to implement advanced and practical research and applications. Research and development resources are integrated to develop the R&D energy within colleges, universities and research institutes. This effort is incorporated within the needs of the enterprises and they are encouraged to actively participate in academic research, cultivate R&D talent and potential within the corporation, increase product values, manage service performance and provide research funding for applications from college professors. However, there are instances where the professor conspired with the suppliers and embezzled the fundings with false uniform invoices, which is against the original intent of research collaboration between industry and academics.

In September 2011, the AAC received intelligence that Professor Chuang from National Formosa University applied for over \$2.21 million NTD (\$1.09 million NTD from the National Science Council and \$1.12 million NTD from the enterprises) in funding from the National Science Council on "The Research and Production of High-Performance Thin-Film Solar Cell". Knowing the fact that no private corporations would be willing to fund the project, Professor Chuang conspired with a supplier, Chao and jointly provided \$1.12 million NTD. The money was then forwarded to supplier Liu who acted as the funding enterprise for the research project so that the project proposal would be approved. Once the application was approved, Chuang and Chao took advantage of the fact that small purchases under \$100,000 NTD may be made directly from the suppliers without an open tender process. They also took multiple false uniform invoices to obtain government funding from organizations such as National Formosa University to replenish the money that they had provided. This approach was used to make fraudulent claims for public funding with other small purchases as well. The Central Investigation Office of the AAC reviewed related tax and communication records, questioned the witnesses and found that Professor Chuang had other concurrent research projects commissioned by the National Science Council. He was also the lead researcher for the research projects in the graduate program and held other administrative positions, which meant he was in charge of huge amounts of funding with multiple sources for write-offs. Under the lead of the resident prosecutor, the authority conducted communication surveillance on Professor Chuang and investigated the bank accounts of all related suppliers, Professor Chuang and his relatives, as well as the research assistants. It was discovered that Professor Chuang did make multiple purchases of over \$90,000 NTD each from supplier Chao. Supplier Chao had also given unspecified amounts of cash to Professor Chuang. On April 26th, 2012, a warranted search was conducted of Professor Chuang's residence, school office, and dorm as well as supplier Chao's residence, and company. Professor Chuang, research assistant and students involved, as well as supplier Liu were questioned. Supplier Chao confessed on the day of questioning that he issued multiple false uniform invoices to use as write-offs. The AAC also questioned key witnesses including professors, administrative staff and research assistants from National Tsing Hua University, Chung Chou University of Science and



Technology and National Formosa University as well as the undertaker at the National Science Council and supplier Liang. The review of the bookkeeping records and bank accounts rendered that Chuang and Chao had obtained \$2,184,450 NTD in funding through false uniform invoices. Though Professor Chuang indeed used \$726,818 NTD toward official purposes such as purchasing laboratory instruments and consumables at National Formosa University, however, Chuang and Chao obtained over \$1.12 million NTD as reimbursements for the capital they had provided for the research project. Chuang paid himself \$18,953 NTD for publishing his paper on the journal, and paid supplier Liang \$100,000 NTD for holding masters level courses. A total of \$1,240,987 NTD were used for personal purposes. The remaining \$316,645 NTD was still in supplier Chao's possession. After the AAC questioned Professor Chuang again, Chuang and Chao finally confessed and agreed to return the illegal proceeds.

This case and the eruption of similar cases later on caused controversy and heated discussion in society and the legal field. The National Science Council also reviewed its current system as a result. In July 2012, the Council completed "Operation Guidelines for Funding Research Projects" and "Principles for Funding Research Projects". Eligibility for application was relaxed. However, additional penalties were added for those who overstated expenses, which include deducting one to three times the overstated amount from school administration fees and suspending teachers who overstated expenses. The goal is to establish an ideal setting for academic research funding. Scientific research procurement will be separated from official business procurement so as to benefit academic research. This will also meet the AAC's goal of placing equal emphasis on corruption investigation and anti-corruption, as well as treating the symptoms (through law enforcement) and curing the root causes (through prevention).

XIV. Section Chief Hsu and Others from the Search and Rescue Team, NFA, Ministry of the Interior Violated Their Duties and Accepted Illegal Interests

To respond to climate change and frequent natural disasters, the special search and rescue missions at the fire agencies have become significant. The major missions supported include earthquakes, tsunamis, typhoons, floods, mud slides, mountain rescue and international humanitarian rescue. Search and rescue is highly professional and technical. In recent years, Taiwan's humanitarian rescue efforts provided by the fire fighting agencies have developed their effectiveness and gained international recognition.

The purpose of the procurement of fire fighting apparatus is to perform life-saving in harsh environments such as during disasters like earthquakes, snow and flooding. The apparatus also ensures the safety of fire fighters during missions and to seize the golden opportunity in rescue. Therefore, if procurement personnel at the fire fighting agencies benefits suppliers for illegal proceeds and limits competition from quality suppliers, bad money will drive out good. The procurement quality can hardly be insured, which will greatly affect the implementation of various rescue missions and lead to the loss of human lives.

During the investigation by the Central Investigation Office of the AAC in



February, investigators found that fire fighting apparatus suppliers, Chang and Wu in Taipei City had been operating procurement for fire fighting agencies around the nation and had frequent contacts with the procurement personnel in the National Fire Agency of the Ministry of Interior and Fire Bureau of Taichung City Government. The AAC started collecting evidence and conducted investigations under the lead of the resident prosecutor. In February 2012, the authority conducted communication surveillance and evidence collection on those involved in the case. It was found during the investigation that section chief Hsu had a friendly relationship with the suppliers. When going on business trips to the north, the suppliers provided his transportation, accommodations and food. He also accepted treats to drinks and sexual escorts. The suppliers assisted the civil servants in establishing the specifications and added specific bid-rigging products. They also asked suppliers who did not intend to participate to provide quotes and participate in the bid, giving the bidding process a fair appearance. However, it was a monopoly in reality. Civil servant Tsao also accepted favors from suppliers Wu and Lin while conducting procurement and review of the vehicles. The suppliers treated Tsao to KTVs and drinks at night clubs. The suppliers tried to treat the civil servants as friends to soften their defense and rationalized the favors to obtain procurement information and distribute the bids in advance. The suppliers also voluntarily provided the specifications; proposed the budget and then overstated the product price by over 250%. Throughout the process, the product characteristics, patent, specifications, standards and product delivery deadlines were used to limit competition. On October 2nd, 2012, the AAC started a search of five companies, including those of suppliers Chang and Wu and confiscated bookkeeping and bid-rigging records as well as evidence showing civil servants leaking confidential bidding information. They also found email and financial records from the suppliers showing that they report to each other and lock the stocks. Civil servants Hsu, Chang and Wu were detained without visitation rights. On November 26th, Taichung District Prosecutor prosecuted civil servants, Hsu and Tso as well as three suppliers.

Special rescue technology in Taiwan has just begun. Related technology and apparatus are highly professional and technical, and are still relatively new to fire fighting personnel. The apparatus is often obtained from countries with more advanced knowledge or through international exchange. If fire-fighting personnel do not have the professional knowledge concerning the procurement of such apparatus and solely depend on the suppliers to provide such information, the suppliers may take advantage of such an opportunity. The lack of information transparency may damage government reputations and waste public funds, affecting the government's clean and honest image. The AAC will continue to investigate malpractice in government procurement in a fair and just manner and correct the organizational ethics in fire fighting agencies.

XV. Technician Dai from Shueili Township, Nantou County Accepted Bribes without Dereliction of Duty

The bidding, bid awards, contract fulfillment and management and acceptance of public construction projects shall be conducted in accordance



with the Government Procurement Act. Once the project is complete, the payment shall be issued according to schedule and regulations. If the contract specifies the payment schedule and review process, they shall be conducted in accordance with the contract. Otherwise, each agency shall fill out the acceptance certificate after approving the acceptance in accordance with the Government Procurement Act. The governmental agency shall pay the supplier within five days of receiving payment requests. However, there are instances where civil servants with the authority to issue payments delay the payment or create difficulties for suppliers who have urgent need for the payment and demand money or other illegal benefits. This is a violation of taking kickbacks as stipulated in Subparagraph 3, Paragraph 1, Article 4 of the Anti-Corruption Act and punishable by imprisonment for life or a term of no less than ten years and may also be punishable by a fine not to exceed \$100 million NTD. This may also be a violation of Paragraph 3, Article 5 of the same Act, which states that demanding, taking or promising to take bribes or other unlawful benefits by an act that is among one's official duties is punishable by imprisonment for a term of no less than seven years and may also be punishable by a fine not to exceed \$60 million NTD. The punishment is severe and deferred sentencing or converting imprisonment to a fine is not allowed. Civil servants should not violate the law for illegal profit.

On the afternoon of October 2nd, 2012, the Central Investigation Office received intelligence that technician Dai from the construction office at Shueili Township of Nantou County and other personnel held up project payments for public construction as an excuse to solicit bribes from contractors. They agreed to deliver the \$100,000 NTD on the morning of October 3rd, 2012 at the township office. The AAC determined that the source of intelligence was credible and reported the incident to Nantou District Prosecutor to lead the investigation. On the next day, the prosecutor led eight agents to collect evidence near Shueili Township Office. At 11:00 am, a male supplier who had contracted the public construction project from Shueili Township carried a briefcase into the township office. He talked to technician Dai on the second-floor balcony for 20 minutes and then the two stepped into the men's restroom. When they left the men's restroom, the agents observed that technician Dai's trouser pocket bulged as he returned to his office and suspected that the supplier had already given the \$100,000 NTD bribe to him. Four agents entered the construction office and showed their identification. They arrested technician Dai, read him his rights, and found \$100,000 NTD in cash in technician Dai's pocket. The AAC also searched technician Dai and the section chief, Chen's offices. They reviewed the procurement documents related to the construction and video footages from the internal surveillance system. Section chief Chen and township magistrate Chiang were questioned by the Central Investigation Office. Dai's conduct had been recorded on video by the agents and therefore, he confessed to accepting \$100,000 NTD in bribes from the suppliers. After Dai and Chen were interrogated by the prosecutor, they were determined to be suspected of corroborating each other's statements. The prosecutor pleaded for detention and the judge ruled for bail of \$50,000 NTD and \$100,000 NTD for Dai and Chen, respectively. The case is still



under investigation.

After capturing Dai at the Shueili Township Office, the AAC is still reviewing construction documents and interviewing other suppliers for follow-up investigation into the possibilities of other malpractice and personal involvement. The AAC also found that due to the lack of funding, Shueili Township had a practice of delaying construction payments, which is taken advantage of by those who are corrupt. After the AAC's investigation, such incidents shall not occur in Shueili Township Office in the future, which achieves the AAC's goal of using corruption investigation to achieve corruption prevention.

XVI. Corruption Crimes in Flood Control Project Committed by the Director and Deputy Director of the Seventh River Management Office, the Deputy Director of the Sixth River Management Office, and Construction Personnel from the Fourth River Management Office, Water Resources Agency, Ministry of Economic Affairs (WRA, MOEA)

In response to global climate change and to prevent the loss of lives and properties from levee breaches caused by downpours brought by typhoons, huge budgets have been appropriated for flood control projects, for example, the \$80 billion NTD in the 8-year flood control project, \$120 billion NTD reconstruction for damages caused by Typhoon Morakot and \$54 billion NTD in 6 years for stabilizing the water supply in the southern districts. However, some civil servants saw these projects as opportunities to gain illegal benefits and benefit certain suppliers, thus the emergence of “tofu-dreg projects”, which creates more flood issues. The AAC is highly concerned about these flood control projects and has been monitoring them on a long-term basis. The Agency found that some civil servants in the Sixth and Seventh River Management Offices, WRA, MOEA (hereinafter referred to as the Sixth Office and the Seventh Office) had frequent contacts with contractors and were suspected of accepting since 2010 illegal benefits from contracts during construction. So far, corrupt conduct has been found in over 10 construction projects, such as the Hischuang levee for Tsengwen River. The AAC has established a task force and asked the Kaohsiung District Prosecutor to conduct a joint investigation.

The task force analyzed the intelligence obtained from long-term surveillance and found that Chu ○○, who worked at Yi ○○ Company and Yu ○ Company, and Lai ○○ were the key contacts between the River Management Office and the suppliers of steel grating and gabion. In July 2012, the task force reviewed the communication records, telecommunications monitor and incriminating evidence of Chu ○○ and others and found evidence of high-level public servants accepting bribes and accommodations, and benefiting certain suppliers. The task force determined that it was time to act. On August 8th, 2012, resident prosecutor Gao Da-Fang, Wang Bo-Dun, Tainan District Prosecutor and Kaohsiung District Prosecutor led over 100 agents and prosecutor investigators and searched 29 locations in Taipei, Taichung and Kaohsiung. They took 17 suspects and 12 witnesses back to the office. They also found bookkeeping records showing social activities between the suppliers and the civil servants in the homes of the suppliers. After questioning, the prosecutor asked the



court to detain four individuals, including Hsieh ○○, the Deputy Director of the Sixth Office, and his request was approved by the court.

The task force carefully reviewed the information related to the case and convinced Chu ○○ to confess and take partial responsibility for the bribe. It then led to the fact that Chen ○○, the official representative of Yu ○ Company provided the money for bribing Chang ○○ and Hsieh ○○. Chen ○○ also instructed Chu ○○ and others to lobby for Yu ○ Company at agencies and consulting firms. The AAC also conducted a second search mission on August 16th and mobilized 30 agents. They also searched seven Yu ○ Company locations in Keelung, Taipei, Taichung and Chiayi and took in four suspects, including Chang ○○, the Director of the Seventh Office. After interrogation, the prosecutor asked for detention for Chen ○○, the official representative of Yu ○ Company, and the Kaohsiung District Court approved.

The AAC investigated the matter and found that the seven civil servants, including Chang ○○, the Director of the Seventh Office and seven others, including the supplier Chen ○○ were in violation of Subparagraph 4, Paragraph 1, Article 4 of Anti-Corruption Act for receiving bribes while violating their duties. They were forwarded to Kaohsiung District Prosecutors Office and the investigation was closed for criminal prosecution.

In addition to forwarding the seven individuals, including Chang ○○ to be prosecuted for violating Anti-Corruption Act, the ACC also asked the competent authority, MOEA to impose severe administrative punishments for the above-mentioned civil servants for violating the Government Procurement Act, Civil Servant Service Act and the Ethics Directions for Civil Servants. The supervisory duties of the supervisors shall be revoked. On the other hand, the AAC continues to work with WRA, MOEA to promote anti-corruption and corruption prevention and help the agencies conduct reviews of the risks of malpractice. The two-pronged strategy will help achieve the goals of “Prevention – Investigation – Further Prevention”, improving the quality of public construction and protecting the lives and property of the public.

XVII. Colonel of the Coast Guard Administration Suspected of Making Fraudulent Claims to Obtain Exposure Reward for Smuggled Cigarettes

In December 2011, the Department of Ethics, Coast Guard Administration, Executive Yuan received an anonymous tip indicating that Colonel Guo from the Central Coastal Patrol Office was suspected of making falsified reports to fraudulently claim the exposure reward for smuggled cigarettes found during an investigation. He received over \$3.39 million NTD in illegal proceeds. The Department of Ethics forwarded the case to the AAC after investigation and found that Guo ○○ was suspected of asking friends to pose as the individuals making the exposure and producing falsified reports to claim exposure rewards on four cigarette smuggling cases between 2006 and 2010. In addition, Guo’s superior, Colonel Hsieh also provided the falsified duty report certifying that Guo ○○ did issue the exposure reward. The case was then registered on file and investigated by the task force from the Southern Investigation Office.



The Southern Investigation Office asked for the related documents on January 9th, 2012 and analyzed the materials. Under the instruction of resident prosecutor, Hsu Chia-Long, the Office conducted a comprehensive investigation on cigarette smuggling cases investigated by Guo ○○ where the names of individuals making the exposure were listed and the exposure reward had been claimed. It was found that Guo ○○ conducted four cigarette smuggling cases between 2006 and 2010 and the same person, Cheng, exposed all four cases. Cheng's background check didn't render any connection to any fisherman, fishing boat, and imported cigarette or wine sellers. He didn't have any prior record of smuggling or violations of the Tobacco and Alcohol Administration Act or Trademark Act, which indicated that his resources were limited for making such exposure, even to the point of successfully exposing all four cases. The exposure report, personal identification form, and documents for the reward were forwarded to the Criminal Investigation Bureau, National Police Administration, Ministry of Interior to be examined. Colonel Guo's left thumbprint was found on the exposure report, personal identification form and the reward record for "Huang ○○ cigarette smuggling case". The evidence proved that Guo ○○ did abuse his duty and forged the exposure reports to make fraudulent claims for the exposition reward, which was detrimental to the interest of the National Treasury Administration, Ministry of Finance.

In addition to requesting assistance from the Chiayi District Prosecutors Office and Kaohsiung District Military High Court, Ministry of National Defense, the Southern Investigation Office of the AAC also requested telecommunication surveillance. Meanwhile, the task force went back and forth from Taichung and Chiayi to collect evidence and conduct stakeouts. It was found that Colonel Guo and Cheng had been acquaintances for over 10 years. Cheng was a butcher but extremely familiar with the details such as time and location regarding the smuggling cases, which is irregular. The task force determined on November 8th, 2012 to mobilize 25 agents from the Southern and Central Investigation Offices under the lead of the prosecutor to conduct searches and interviews. They searched three locations and took back seven suspects and witnesses for questioning. The task force utilized tactics to convince Cheng to confess. Cheng admitted that he agreed to help produce falsified reports due to his years of friendship with Colonel Guo and agreed to let Guo use his identity. However, he did not receive any financial incentives, nor did he receive any exposure rewards.

The AAC forwarded those involved in the case to Kaohsiung District Military High Court, Ministry of National Defense for further interrogation. The military prosecutor set Colonel Hsieh free on bail for \$150,000 NTD. Guo allegedly was detained out of concerns over corroborating with the suspect. The task force conducted a wider investigation based on the confiscated evidence. The task force also started the second round of questioning and brought in six witnesses. Meanwhile, investigation was ongoing on financial account records and other related information. Though Guo ○○ denied committing any crimes, the witness confessed and the forensic records proved his involvement. His denial was simply a lie. The investigation was concluded and the case was registered and prosecuted by Kaohsiung District Military High Court, Ministry of National Defense. The



Coastal Guard Administration suspended Guo ○○ from his duties as stipulated by the law. He also received two major demerits. Colonel Hsieh was punished with one major demerit, demoted and removed from supervisory duties.

Colonel Guo did not issue the exposure reward in the company of the supervisor specified by the head of the agency. Without any crosscheck and control mechanism, Guo's direct supervisor didn't supervise the reward issuance either, which created a loophole to be taken advantage of. The Coast Guard Administration conducted a general investigation on the nation wide reward issuance practice in hope of identifying malpractices and illegalities early and for the pre-investigation to achieve the effects of corruption investigation and corruption prevention. During the investigation of this case, the AAC worked closely with the Department of Ethics, Coast Guard Administration to create a profile of the criminal network and personal relationship. The AAC also held regular meetings with district prosecutors, conducted simulations, established investigation plans and confirmed the direction for investigation. The case was successfully solved with concrete evidence and statements. It also set a good example for collaboration among the AAC, district prosecutor and the military prosecutor.

XVIII. Civil Servants Involved in Illegally Obtained Compensation with National Travel Card

In August 2011, the Southern Investigation Office of the AAC received an anonymous tip that Bai ○ Travel Agency in Kaohsiung City was suspected of conspiring with civil servants in credit card fraud by illegally obtaining compensation from the National Travel Card. The agents' confirmed Bai ○ Travel Agency's involvement and started official investigation. In addition, it was found that chartered merchants such as Ya ○ and Li ○ Travel Agencies, Mei ○ Shop and Shang ○ Clothing were also involved. Involvement in this case also spread through public units, including the Maintenance Office and Building Violations Enforcement Corps of the Public Works Bureau, and the Education Bureau in Kaohsiung City Government, Kaohsiung City Bus Service Administration, Kaohsiung City Shipping Co., and Pingtung County cleaning team. Due to the number of civil servants and public agencies involved and the time that it takes for investigation, investigators conducted judicial and administrative investigations at the same time to effectively utilize resources. The Civil Service Ethics Office of Kaohsiung City and the Civil Service Ethics Department of Pingtung City assisted with the investigation, encouraging the civil servants involved to turn themselves in.

On February 22nd, 2011, the first round of questioning started. Four bus drivers from Kaohsiung City Bus Service Administration were notified for questioning. They were persuaded to confess their wrongdoings on site and return all illegal proceeds. Subsequently, the civil service ethics offices in Kaohsiung City Government and Kaohsiung City Bus Service Administration convinced 30 staff members involved in this case to turn themselves in. They returned over \$680,000 NTD in illegal proceeds.

The Southern Investigation Office of the AAC continued to analyze the credit card statements and information and, under disguise, collected



evidence at the travel agencies and chartered merchants involved. On March 30th, 2012, the first round of search was made at Bai ○ Travel Agency. On May 9th and 17th, 2012, the second and third rounds of search were made at Mei ○ Shop and Shang ○ Clothing. Further investigation was conducted based on the evidence collected. Meanwhile, the Civil Service Ethics Office of Kaohsiung City and the Civil Service Ethics Department of Pingtung City continued to persuade more civil servants to turn themselves in. Under the lead of the resident prosecutor from Southern Investigation Office, 20 agents were mobilized and search was conducted at six locations. A total of 167 persons turned themselves in and \$4.4 million NTD was recovered from the National Travel Card fraud.

Most of the civil servants involved in this case are from the base level, such as drivers, technicians and janitors. They used the word of mouth or referral approach to run the National Travel Card scam at certain merchants. The case spanned from 2009 to 2012 and is considered a long-term and organized crime. However, most of the offenders committed the violation out of greed for minute profits, which are not considered major crimes. Prosecution for those who have turned themselves in and returned the illegal proceeds has been deferred. To prevent the original intent of the National Travel Card (of supplementing the civil servant's vacation) from being abused, recommendations were proposed for this case after it was forwarded. The National Travel Card system should be reviewed for any flaws or outdatedness to keep cases like this from ever happening again.

XIX. Officers of the Specialized Operation Brigade, NIA suspected of Corruption when Dealing with Escaped Foreign Laborers who Turned Themselves in

In December 2011, field officers at the Southern Investigation Office received information that an officer at the Second Specialized Operation Brigade of Tainan City, National Immigration Agency lied to the escaped foreign laborers who turned themselves in about being able to speed up the repatriation process and made fraudulent charges. The initial investigation showed that Chen ○○, officer at the Second Specialized Operation Brigade of Tainan City was involved. The investigation then turned toward corruption crimes committed by civil servants and asked resident prosecutor Hsu Chia-Long from the Southern Investigation Office to lead the investigation.

The agents from the Southern Investigation Office first collected general information and analyzed the fraud run by the officer of the Second Specialized Operation Brigade of Tainan City. It was found that officer Chen ○○ took advantage of the fact that once the foreign laborers turned themselves in, they would be deported soon, and there would be no witnesses left to testify. Knowing that the foreign laborers only needed to pay approximately \$18,000 NTD for the administrative fine, the ticket and other fees, he told those who were not familiar with the regulations in Taiwan that with \$22,000 NTD, he could speed up the repatriation process, and pocketed \$4,000 NTD.

Chen ○○ distributed his business cards to the foreign laborers that he knew and patiently explained to them the deportation process. Escaped foreign laborers had no acquaintances in Taiwan and had no one with whom



they could consult. Therefore, they believed Chen ○○'s every word. As word of mouth spread, numerous escaped foreign laborers came from north or central Taiwan to Tainan City and asked for Chen ○○ from the Second Specialized Operation Brigade to handle their repatriation. They were deported not knowing that they had been scammed and that they overpaid.

One of the difficulties with this case was that there were no escaped foreign laborers to testify. Hsu Chia-Long, resident prosecutor of the Southern Investigation Office therefore instructed the investigators to find the foreign laborers whose cases were handled by Chen ○○. They were stopped at the airport before leaving the country and the investigators obtained the testimony. The investigators became aware that the foreign laborers who turned themselves in and whose cases had been handled by Chen ○○ were about to leave the country on August 28th, 2012. They collaborated with the judicial associate officers from Tainan District Prosecutors Office and the police officers at the Aviation Police Office in intercepting the foreign laborers and returned them to Tainan District Prosecutors Office for questioning. They successfully intercepted two foreign laborers at Kaohsiung International Airport on the same day and took them back to the prosecutor's office for questioning. Both foreign laborers had admitted that they were not aware of the exact expenses for repatriation after turning themselves in and just paid the amount requested by Chen ○○. A search was also conducted at the Second Specialized Operation Brigade. Chen ○○ and individuals involved were subpoenaed. Chen ○○ argued that he didn't break the law and showed no remorse during the investigation. He was detained by Tainan District Court without visitation rights.

The National Immigration Administration is responsible for the management and implementation of entry/exit and immigration affairs. Each specialized operation brigade is responsible for investigating, capturing, temporary detention, transfer, deportation and expulsion of those who violate the Immigration Act within our borders. Officer Chen ○○ is a base level undertaker at the specialized operation brigade. However, he took advantage of his familiarity with the foreign labor deportation process and found the loopholes. He made fraudulent charges of the foreign laborers under the pretence of purchasing flight tickets. After this case occurred, the Second Specialized Operation Brigade of Tainan City swiftly corrected the operation procedure within the brigade concerning overstay and foreigners who voluntarily leave the country. Any financial transactions with the foreign laborers are strictly forbidden. The special operation brigades from other counties and cities also learned a lesson from this case and started closing any loopholes in the process. It is evident that this case has had a positive influence on eradicating corrupt practices from the base level of the special operation brigade in National Immigration Administration. It is also meaningful in showing the AAC's determination toward anti-corruption and improving the protection of human rights.

XX. Second Lieutenant of a Precinct of Kaohsiung City Police Department Alleged to Have Used His Authority to Commit Fiscal Fraud

In March 2012, the Southern Investigation Office of the AAC received



intelligence that indicated a second lieutenant at a precinct of Kaohsiung City Police Department took advantage of the fact that those who violated the law may not be familiar with the prosecution and procedure and their desire to find out about the progress. He often pretended to be the director and claimed to be able to get through the personnel and take care of the lawsuit, and asked the victims for bribes or asked for dinner invitations. After spending money, the victims still had to face the legal proceedings. However, they were afraid of his supposed position as director and dared not talk about it. Since the intelligence received was deemed reliable, the investigation pointed toward the direction of civil servants involved in corruption. Resident prosecutor, Wang Bo-Dun from the Southern Investigation Office was asked to lead the investigation.

The Southern Investigation Office of the AAC first conducted a comprehensive investigation on officers from the police department listed for disciplinary concerns and looked over 600 cases that the 17 precincts under the police department had conducted. It was found that a second lieutenant Hsu ○○ was suspicious. After careful investigation and visits to the witness, the investigator found that the victim, Liu ○○ was caught selling counterfeit designer bags. When Hsu ○○ found out, he went through his accomplice, Lin ○○ and told the victim that Hsu ○○ is the director and may take care of Liu ○○'s lawsuit for the price of \$100,000 NTD. After haggling, Liu ○○ paid Hsu ○○ \$70,000 NTD. However, Liu ○○ was apprehended for violating the law first and was unwilling to come forward to expose Hsu ○○. After the agents reasoned with him and encouraged him, he finally came forward and exposed the corrupt police.

After careful investigation, analysis and multiple searches for evidence, on April 24th, 2012, resident prosecutor Wang Bo-Dun led the Southern Investigation Office and mobilized 20 agents in the search and arrest mission. They confiscated audio files, cell phones and bank account records. They also asked questions of the lead suspect, Hsu ○○, arrested the accomplice, Lin ○○ and questioned related witnesses. The case was prosecuted under the Anti-Corruption Act. Hsu ○○ and Lin ○○ were brought to justice for abusing official positions for profit.

According to the Police Act, the mission of the police is to maintain public order, protect social safety, guard against all dangers and promote public welfare. Police officers who knowingly violate the law are the most despised criminals to the people. Misconceptions within the police force, a failing supervisory system and function, lack of implementation in the evaluation system and inducements at the work environment may all cause corruption among the police force. The lead suspect, Hsu ○○ abused his position as the second lieutenant and claimed that he could take care of the lawsuits to solicit illegal profits, which has seriously damaged the reputation of the police. He was suspended after the case was prosecuted. This case was also forwarded to the ethics office at Kaohsiung City Police Department to solicit recommendations from the inspection office. The inspection office has turned this case into a case study to educate police officers and correct their ethics and misconceptions to prevent similar cases from happening in the future.

