



The Role of the CDIC in Pursuing the Illegalities of Failed Financial Institutions

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I.Overview

- Taiwan Financial Institutions Facing Difficult Challenges
- Active Measures Taken by the Government
 - -Promoting Financial Reform
 - -Revising the Banking Act
 - -Enacting New Laws



III.The Challenges of Taiwan Financial Institutions

Banks:

Querbanking Crisis



A). WHY DO WE NEED FINANCIAL RESTRUCTURING FUND?



a. Insufficient DI Fund

- 1. Before Feb. 1999: Voluntary Deposit Insurance
- 2. Lower Insurance Rate:

-Sept. 1985

0.05%

-July 1987

0.04%

-Jan. 1988

0.015%

-July 1999

0.015%~0.02%

-Jan. 2000~Present 0.05%~0.06%

3. Until Dec. 2000: Insurance Reserves

Amounted Only to NT\$4.9 billon (US\$ 0.14 中央存款保險公司

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b. Avoiding Financial Crisis

- Smoothly Withdraw Problem Financial Institutions from the Market
- Injection of Public Funds



B). The Establishment of Financial Restructuring Fund

- Promulgated on July 9, 2001
- Approximate Amount of NT\$140
 billion (US\$ 4 billion)
- Blanket Guarantee



- Objectives of the Fund:
 - --Handling Problem Financial Institutions and Helping them Withdraw from the Market
 - -- Maintaining an Orderly Credit System
 - --Improving the Financial Structure and Promoting a Healthy Financial Environment



- Entrusted the CDIC for Implementation
- The Fund's Operating Period
 - Effective from 2001.7.11~2004.7.10
 - Extended 1 Yr to 2005.7.10
- Pursuing Illegalities
 - -Increasing Criminal Penalties
 - -Claiming for Civil Compensation



- Achievements of the Financial Restructuring Fund:
 - -Already handled 46 Financial Institutions
 - -Total Reimbursement Amount:

NT\$104 billion (US\$3billion)



Status of the Fund's Reimbursement

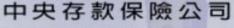
Unit: Million (NT)

No. Type	No. of institutions	Reimbursement Amount
Bank	1	13,368
Credit Cooperatives	9	42,729
Credit Departments of Farmers' and Fishermen's Associations	36	48,141
Total	46	104,238

US\$1 = NT\$33



- Legal Basis: the Financial Restructuring Fund Statute
- Mission: The CDIC on behalf of the Fund Claims Compensation from the Culpable parties
 - Person Responsible: Officials or Employees of the Failed Financial Institutions
 - Civil Damages Claim Against
 Criminal Defendants





Additional Rules in Handling Civil Liabilities:

- -The Amount CDIC Claims Is Based on The Reimbursement
- Responsible Persons Are Requested to Pay All Civil Damages
- CDIC Undertakes the Previous
 Proceedings Filed By the Failed Financial
 Institutions



- The CDIC Formed a Cross-Department Task Force to Resolve Complex Cases
- Legal Process Has Been Slow
 - Difficulty in Collecting Evidence
 - Ambiguous Areas Undefined by Law



Pursuing Illegalities for Civil Compensation

Unit:Thousand (NT)

Organization	No. of Failed Financial Institutions Handled	Civil Damages Claimed			
Types Types		No. of Failed Financial Institutions Handled	No. of Cases	No. of the accused	Compensation Amount Requested
Bank	1	1	14	33	330,609
Credit Cooperatives	9	8	16	115	4,757,132
Credit Depart. Of Farmers' and Fishermen's Associations	36	17	36	213	6,667,258
Total	46	26	66	361	11,754,999

US\$1 = NT\$33

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Investigation into the Debtor's Property

- The CDIC Uses the Property Database
 Established by Other Government
 Agencies to Investigate the Property of
 Responsible Parties
- Applying Court for Provisional Seizure
- Enforcement of Defendants' Property after Verdicts



V.Investigation of Criminal Liability

- The CDIC Conducted Financial
 Examinations for a Number of Financial
 Institutions Before July 2004
- When the CDIC Suspected Illegalities
 During Examinations, It Compiled
 Related Information and Referred to
 Prosecutor Offices for Investigation
 -Up to September 30,2004, Already
 Referred 176 cases
- The CDIC Assists Prosecutor Offices with Investigations



VI. Future Development

(A) Participating In Financial Reform

- Combating Financial Crime
 - -Increasing Criminal Penalties
 - -Cancelling Property Transfer of Felonious Offenders
 - -Speeding Up Legal Procedure
 - -Proposing to Establish Professional Court

VI. Future Development



- B) Providing a Draft Amendment of the Deposit Insurance Act
- Authorizes the CDIC to Investigate
- C) The CDIC Proposes to Establish a Special Investigation Department
- Gathering Evidence of the Illegalities of Insured Deposit Institutions
- Referring Illegalities to Prosecutor Offices





VI. Future Development

 Filing Civil Litigations, Provisional Seizures and Enforcement Procedures of Illegalities

Thank You Very Much for Your Attention



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