



中央存款保險公司  
Central Deposit Insurance Corporation

# 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

## II. The Challenges of Taiwan Financial Institutions



### Banks:

- **Overbanking**  
Asia Financial Crisis

### III. Financial Restructuring Fund



#### A). WHY DO WE NEED FINANCIAL RESTRUCTURING FUND ?

# III. 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 billion (US\$ 0.14 billion )

## III. Financial Restructuring Fund



### b. Avoiding Financial Crisis

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



### III. Financial Restructuring Fund

#### B). The Establishment of Financial Restructuring Fund

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



### III. Financial Restructuring Fund



- 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



### III. Financial Restructuring Fund

- 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

### III. Financial Restructuring Fund



- Achievements of the Financial Restructuring Fund :
  - Already handled 46 Financial Institutions
  - Total Reimbursement Amount: NT\$104 billion (US\$3billion)

### III. Financial Restructuring Fund



#### Status of the Fund's Reimbursement

Unit : Million ( NT )

Type	No.	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
<b>Total</b>		<b>46</b>	<b>104,238</b>

US\$1 = NT\$33

## IV. Civil Liability Claims and Investigation into Property



- 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

## IV. Civil Liability Claims and Investigation into Property



### 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

## IV. Civil Liability Claims and Investigation into Property



- 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

# IV. Civil Liability Claims and Investigation into Property



## Pursuing Illegalities for Civil Compensation

Unit: Thousand (NT)

Organization Types	No. of Failed Financial Institutions Handled	Civil Damages Claimed			
		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
<b>Total</b>	<b>46</b>	<b>26</b>	<b>66</b>	<b>361</b>	<b>11,754,999</b>

US\$1 = NT\$33



## IV. Civil Liability Claims and Investigation into Property



### 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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