

## **Members of Local Assembly Investigated for Their Suspicion of Receiving Kickbacks for the Subsidy Granted by Local Government**

On the 17<sup>th</sup> of January, a task force led by Lin Che-Hui, the Chief Prosecutor in charge of Division Against Corruption of New Taipei District Prosecutors Office, and joined by several other prosecutors in the same division, including Chu Li-Hao, Chang Jui-Chuan, Wang Sheng-Huei, Ma Chung-Jen, Lin Chun-Yi and Liu Wen-Han, has issued an order under which more than 200 special agents from four specific divisions of Investigation Bureau, namely Taipei Field Division, New Taipei City Division, Keelung Field Division, and Northern Mobile Team, carry out a simultaneous raid against three book and computer equipment companies respectively situated in Taipei City, New Taipei City as well as Hsinchu area. In addition to Hsinchu County Government, Hsinchu County Council, and a certain lawmaker's office at the Legislative Yuan, it was estimated that nine service offices or residences of these council members, fifteen elementary schools and ten junior high schools in Hsinchu County, seven offices of the above-mentioned companies and the residences of the business owners, four residences of brokers, as well as other related locations were also among the targets under search. Also, thirty witnesses and suspects involved were arrested or summoned for further questioning.

This case arose due to information the prosecutors received which alleged that these local educational book and computer software companies, respectively managed by Mr. Fu, Mr. Cheng, and Ms. Tai, had, with the help of three brokers, convinced five Hsinchu County councilors and a director of a specific legislator's office at the Legislative Yuan to provide subsidies schemed by these councilors for book and software purchases by local schools in Hsinchu County since 2011, and then the necessary documents along with contract terms in favor of specific firms, all prepared by these companies, were submitted to the county government to apply for the subsidies, in order to enter into so-called "inter-entity supply contracts" with these companies. The offers made by the latter would be two to five times higher than the market price, leading to illegal revenues up to more than NTD 10 million in 2011 and 2012, the 60% of which were distributed to the brokers while a portion of the remaining amount to these councilors as kickbacks.

After overnight questioning, the director of the lawmaker's office surnamed Hsu, two business owners surnamed Tai and Tseng, three brokers surnamed Yu, Chen, and Liu, four councilors surnamed Liu, Lin, Chao, Lin as well as one councilor's spouse surnamed Chen were found to be under suspicion of violation of Paragraph 3, Section

3 of Article 4 of Anti-Corruption Act. For the fear of contaminating co-offenders or witnesses and concealing or destroying evidence, the prosecutors also asked the court to issue detention orders the morning after. While a councilor surnamed Cheng, three business owners surnamed Cheng, Fu, Huang, and a school principle surnamed Tang were respectively granted a bail of NTD one million, 200 thousand, 500, thousand, 200 thousand and 200 thousand upon release, others were released without bail.