

Legislator says KMT hiding assets

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The Chinese Nationalist Party (KMT) has laundered some of its ill-gotten party assets by transferring the ownership of a party-run machinery corporation to two private companies, Democratic Progressive Party (DPP) Legislator Lin Chun-hsien (林俊憲) said yesterday.

Lin's allegation was backed by Liu Chao-yi (劉朝義), son of former KMT investment boss Liu Tai-ying (劉泰英).

Chung Hsin Electric and Machinery Corp (中興電機), founded in 1962 by the then-KMT-owned China Development Industrial Bank (中國開發工業銀行) and Central Insurance Co (中央保險), was 100 percent owned and run by the KMT, but the party transferred its ownership as it tried to hide its assets from government oversight, Lin told a news conference in Taipei.

Chung Hsin chairman Chiang Yi-fu (蔣宜夫), who was appointed by Liu Tai-ying in 1996, in 1998 used the company's funds to establish two investment firms, Jih Jih Hsing Co (吉吉興) and Sheng Yuan Co (盛源), Lin said.

Those two firms then bought Chung Hsin shares and took over ownership of the machinery company from China Development and Central Insurance to whitewash Chung Hsin's affiliation with the KMT and turn party assets into private ones, he said.

"Is Chiang the dummy chairman of a business controlled by the KMT? Or did he misappropriate the KMT's assets?" the lawmaker said.

Chiang has been able to remain as chairman because he orchestrated the ownership shift, Lin said.

"There are 20 to 30 companies affiliated with the KMT that have been 'whitewashed,' including CTCI Corp (中國通海), an engineering company," Lin said.

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Liu Chao-yi said that Chiang's appointment had been made by his father. It was the one of the only remarks he made.

Lin said Liu Chao-yi attended the news conference to testify to Chung Hsin's affiliation with the KMT and the KMT's attempts to hide party assets, but Liu Chao-yi rejected the claim.

"My father was responsible for managing the KMT's businesses, but it was beyond his authority to dispose of party assets," Liu Chao-yi said, in an apparent bid to disentangle his father from the investigation of the KMT's assets.

It has been reported that the Ill-gotten Party Assets Settlement Committee plans to interview Liu Tai-ying.

In related news, the committee also held a news conference, where it said that the KMT appears to have relied on ill-gotten assets to fund its management activities and its election campaigns for the past 10 years.

Ten political parties were established before 1987 and therefore subject to the committee's investigation, but only the KMT and the DPP were active and regularly submitted annual financial reports, committee chairman Wellington Koo (吳敦義) said.

The KMT's financial statements for the past 10 years show that its legal income was not enough to pay its expenses, and it depended on the income of trust assets to cover its expenses, Koo said.

"It is presumed that the KMT's trust assets are an illegitimate source of income because they are not party membership fees, political donations, government subsidies or interest generated — the only legitimate sources of income for a political party," Koo said.

Investigations and hearings will be held to determine whether organizations and properties

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believed to be controlled by the KMT are in fact such, he said.

The public is welcome to provide information related to the party assets issue, he said, adding that the committee will interview Liu Tai-ying if necessary.

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