

## Submarine-building program raises suspicions of fraud

Written by Taipei Times

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A Republic of China Navy submarine is moored at the Zuoying naval base in Kaohsiung's Zuoying District as a warship stands in the background during a visit by President Tsai Ing-wen on March 21 last year.

**Photo: Chang Chung-i, Taipei Times**

The indigenous submarine program has all the signs of becoming another multibillion-dollar scandal tarnished by graft and shady deals, with shadowy figures establishing shell companies to procure the contracts, including some who were involved in the Lafayette frigate scandal of the 1990s, insiders said yesterday.

The first warning was sounded earlier this week, when a US defense official questioned the credentials of Gavron Ltd, a Gibraltar-based consultancy that won a bid valued at NT\$1 billion (US\$32.41 million) to supervise the design of the submarines.

The US official was quoted as saying it seemed like “fraud” that an unknown company was able to win the contract, while lawmakers last week questioned Gavron’s business registration and its ability to meet the terms of the contract.

Political pundit and investigative journalist Tsai Han-hsun (蔡漢尊), also known as Windson (風尊), yesterday said he has evidence that Gavron is a shell company.

It was originally registered in London as a beverage and tobacco retail company, went out of business in 2016, and was then revived as a Gibraltar-registered firm, he said.

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Four similar overseas entities, likely also shell companies, were set up over the past year by Taiwanese, including retired military or people with connections to win defense procurement tenders, he said.

These firms appear to have been registered simply to bid for some of the NT\$3 billion budget for the first phase of the indigenous submarine program, he said.

“Through my investigation, I believe that family members of Andrew Wang (王安德) are in the background of some of these companies,” Tsai said, referring to the arms broker indicted for his role in the purchase of six French-built Lafayette frigates for US\$ 2.8 billion and for the December 1993 murder of navy captain Yin Ching-feng (尹清楓).

Wang, who at the time was the local agent for Lafayette manufacturer Thomson CSF — now known as Thales Group — and his associates reportedly pocketed about US\$500 million in commissions for the deal.

Wang fled Taiwan a few days after Yin’s death, going first to the US and later moving to England, where he reportedly died in 2015.

Members of his family now live in the UK and other countries.

Kuo Hsi (郭希), who was also linked to the Lafayette scandal and Yin’s murder, is listed as chairman of one of the shell companies, Tsai said.

The government needs to conduct a thorough investigation into these companies, he said.

Tsai Mei-chuan (蔡美娟), who is listed as chairperson for NTN International Co, the agency representing Gavron in Taiwan, last year left the Naval Combat System Facility, a naval weapons and electronic system integration and repair yard, so she would have good connections with top navy officers and perhaps had the inside track for Gavron to obtain the

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contract, Tsai Han-hsun said.

Navy officials said Taiwan Shipbuilding Corp, which awarded the contract to Gavron, and is itself one of the main contractors for the sub program, would conduct its own investigation into the allegations.

It would also follow the oversight criteria for the program, they said.

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