

Lawmaker pans FSC probe on Mega

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The government should not have let the Financial Supervisory Commission (FSC) lead an administrative investigation into Mega International Commercial Bank's violation of US rules against money laundering, New Power Party Executive Chairman Huang Kuo-chang (黃國昌) said.

People have been mostly concerned with the suspected money-laundering activities, which have been put under judicial investigation, Huang said in a radio interview yesterday.

However, "as a lawmaker I am more concerned about the administrative negligence and the question of who will foot the bill for the US\$180 million fine levied on Mega Bank," he added.

The incident "has made us highly suspicious of internal controls at the bank and the role of the FSC, because we know now, despite the FSC's initial claims of innocence when the incident was first reported, that the bank's Australian branch made similar violations in 2009, and its two branches in Panama were fined in 2010 and 2012 for flaunting Panama's regulations against money laundering," Huang said.

That the branches in Panama were fined was reported to the bank's board of directors and to the FSC, Huang said.

"I wonder whether it was the top echelons at the bank and FSC who failed to regard the matter as something of importance," he said.

Huang said he has been "deeply disappointed" by the moves made by the Ministry of Finance and the FSC so far.

"Besides Mega Financial Holding Co chairman Hsu Kuang-shi (許光世) being allowed to investigate misconduct at his bank, I have also found it ridiculous that the administrative investigation is led by the FSC, an agency that is likely to be found guilty of administrative negligence" over past violations, he said.

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“This makes us doubt the determination of the Executive Yuan to carry out a full investigation of the incident and question whether it only wants to have those involved to continue their mutual cover-ups,” Huang said.

Regarding the question of who will pay the fines, the lawmaker said he “almost passed out” when he heard Deputy Minister of Finance Su Jain-rong (蘇俊榮) say on Monday that there is no plan on the ministry’s part to take legal action against former Mega Financial chairman McKinney Tsai (蔡明坤).

“It is now clear that there was negligence on the bank’s part and Tsai had been the chairman the whole time when the misconduct took place, while Hsu was the general manager. In terms of protecting creditors’ rights, I do not think small shareholders and taxpayers would be happy to see that they are the ones who will cover the fine,” Huang said.

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