

## Taiwan Frigates Case / Thales Payment

**Case ID:**

ARW-181

**Jurisdiction of Origin of Public Official or Entity Allegedly Involved:**

Taiwan, China

**Position of Public Official(s) (yrs in office):**

Navy Captain (Kuo Li-heng)

**Jurisdiction of Asset Recovery:**

France

**Jurisdiction of Asset Recovery ? Description:**

Location of Recovery Effort, Asset Location / Alleged Asset Location

**Asset Recovery Start:**

2001

**Asset Recovery End:**

2011

**UNCAC Offenses Implicated:**

Art.16

**Legal Basis for Asset Recovery:**

Other (Commercial Arbitration)

**Basis for Intl Cooperation:**

N/A; international commercial arbitration

**Contributing Factors in Asset Recovery:**

International arbitration decision upheld by Paris Court of Appeals (Sources: The Thales Group, Half-yearly financial report 2011 (June 2011), "Taiwan Arbitration", accessed at [www.thalesgroup.com](http://www.thalesgroup.com); Sebastian Moffett and Adam Mitchell, "Thales Loses Appeal in Case with Taiwan," Wall Street Journal, June 9, 2011.)

**Status of Asset Recovery :**

Completed

**Stage in Asset Recovery Chain:**

Assets Returned to Victim or Requesting Jurisdiction

**Agreement for Returned Assets - Description:**

N/A

**Case Summary:**

According to the Thales company's Half-yearly financial report 2011 (June 2011), "Thales has been notified of the decision of the Paris Court of Appeal on 9 June 2011, rejecting the petition filed by the company to set aside the award handed down on 3 May 2010 in the arbitration against Taiwan, in relation to the procurement of six Lafayette-class frigates. The decision of the Court of Appeal is enforceable and led Thales to disburse on 11 July 2011 an amount of €166 million, i.e. 27.46% of the total, corresponding to its industrial stake in the supply contract. This payment is neutral on the company's financial results, as this litigation had already been fully provisioned in previous years." (Source: The Thales Group, Half-yearly financial report 2011 (June 2011), Taiwan Arbitration at 13.) "Thales has also been informed by DCNI that the Republic of China Navy (Taiwan) initiated arbitration proceedings against DCNI during the second half of 2010 with respect to a contract related to the contract

mentioned above. This arbitration is related to an alleged breach of the terms pertaining to the use of intermediaries contained in the contract. In its 2010 financial statements, Thales has booked a provision of € 15 million, which corresponds to the company's industrial share in the related contract." (Ibid., at 40.) According to a press release from the French Prime Minister's Office, date June 9, 2011, the French Government agreed to pay the remaining EUR 460 million ordered. (Source: "Communiqué des services du Premier ministre, en date du 9 juin 2011, sur le rejet de l'appel formé par la société Thalès contre la sentence de la Cour d'arbitrage de la Chambre de commerce internationale (ICC) à la suite du litige concernant la vente de frégates à Taïwan en 1991", accessed at <http://discours.vie-publique.fr/notices/112001441.html> , June 9, 2011).

### **Disposition of Criminal Case(s):**

According to a November 2010 Taipei Times article, Taiwan prosecutors announced that they would not appeal the earlier acquittals against five co-defendants in the Taiwan frigates case but would appeal the acquittal of Mr. Kuo Li-heng, a Navy captain accused of taking bribes. (Source: Taipei Times, "Prosecutors won't appeal acquittals in frigate case," November 11, 2010, accessed at <http://www.taipetitimes.com/News/taiwan/archives/2010/11/11/2003488256> .)

### **Jurisdiction of Origin: Investigative Agency:**

Unspecified

### **Jurisdiction of Origin: Prosecuting Authority/Civil Attorney(s):**

Unspecified

### **Jurisdiction of Origin: Courts Involved:**

Unspecified

### **Jurisdiction of Asset Recovery: Investigative Agency:**

Unspecified

### **Jurisdiction of Asset Recovery: Prosecuting Authority/Civil Attorney(s):**

Unspecified

### **Jurisdiction of Asset Recovery: Courts Involved:**

Court of Appeals

### **Documents:**

<b>Attachment</b>	<b>Size</b>
 Taiwan_Frigates_Thales_Press_Release_Arbitration_Decision_May_3_2010.pdf	28.87 KB
 Taiwan_Frigates_Thales_Arbitration _ Thales Group_Jun_9_2011.pdf	125.28 KB
 Taiwan_Frigates_Thales_Govt_France_PR_Jun_15_2011.pdf	99.53 KB
 Taiwan_Frigates_Thales_Payment_Le_Monde_Jun_9_2011.pdf	321.19 KB

### **Other Sources:**

The Thales Group, Half-yearly financial report 2011 (June 2011), "Taiwan Arbitration", accessed at [www.thalesgroup.com](http://www.thalesgroup.com); Sebastian Moffett and Adam Mitchell, "Thales Loses Appeal in Case with Taiwan," Wall Street Journal, June 9, 2011, accessed at <http://online.wsj.com/article/SB1000142405270230425930457637563119431410...> Thales Group statement, "Thales: Republic of China (Taiwan) Arbitration," June 9, 2011 at <https://www.thalesgroup.com/en/content/thales-republic-china-taiwan-arbi...>

French Prime Minister's Office, Press release, "Communiqué des services du Premier ministre, en date du 9 juin 2011, sur le rejet de l'appel formé par la société Thalès contre la sentence de la Cour d'arbitrage de la Chambre de commerce internationale (ICC) à la suite du litige concernant la vente de frégates à Taïwan en 1991", accessed at <http://discours.vie-publique.fr/notices/112001441.html> , (June 9, 2011) Le Monde, Press article, "Frégates de Taïwan : Thales et l'Etat condamnés à rembourser 630 millions d'euros", accessed at: <http://www.lemonde.fr/economie/article/2011/06/09/fregates-de-taiwan-tha...> (June, 9, 2011)