

Olympus Probe Finds 5 Auditors Responsible

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Olympus Probe Finds 5 Auditors Responsible

Malcolm Foster, Associated Press

TOKYO (AP) — An internal investigation at Olympus Corp. found that five current and former auditors are responsible for a combined 8.38 billion yen (\$109 million) in losses linked to the Japanese company's accounting scandal, and plans to sue them.

The panel's report released Tuesday said it found two accounting firms hired by Olympus as external auditors, KPMG Azsa LLC and Ernst & Young ShinNihon LLC, had not violated their fiduciary duties.

Olympus has admitted a cover-up of investment losses of 117.7 billion yen (\$1.5 billion) dating back to the 1990s and is suing 19 former and current executives for damages.

The scandal first came to light after former CEO Michael Woodford raised questions about questionable transactions, including paying exorbitant prices for financial advice from an obscure Wall Street firm and for small companies outside Olympus' main business. He was promptly fired by the board in October.

The panel said that auditor Minoru Ohta was aware of the cover-up but had failed to draw attention to it, and was responsible for losses totalling 3.73 billion yen. Four other auditors also failed to fulfill their duties and were responsible for about 4.66 billion yen in losses, the report said.

Olympus plans to file a lawsuit against the five men with Tokyo District Court, a company official said.

Japanese prosecutors have begun a separate investigation and raided company headquarters and former President Tsuyoshi Kikukawa's home last month.

Olympus barely met its mid-December deadline to avoid being removed from the Tokyo Stock Exchange by filing corrected earnings for the April-September first half and for the past five fiscal years.

Woodford, a British national, had demanded the resignation of the entire board and mounted a campaign to win back the top job with a new slate of directors. But earlier this month, he said he was giving up his fight after failing to win backing from major investors and Japanese megabanks.

Source URL (retrieved on 12/24/2014 - 9:07pm):

<http://www.impomag.com/news/2012/01/olympus-probe-finds-5-auditors-responsible>