

Former Olympus Chairman Arrested

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TOKYO (AP) — Olympus Corp.'s former chairman, suspected of orchestrating a massive cover-up of losses at the Japanese camera and medical equipment maker, has been arrested, media reports said Thursday.

Prosecutors would not immediately confirm the reports by public broadcaster NHK and Kyodo News agency.

The reports said two other former Olympus executives as well as four consultants at other companies were also arrested. They are suspected of violating regulations on earnings reports, NHK said.

Tokyo-based Olympus said in a statement it took the reported arrest of former chairman and president Tsuyoshi Kikukawa seriously and promised to cooperate fully with the ongoing investigation. It did not know about the arrest but had seen media reports.

The scandal surfaced late last year when then Olympus President Michael Woodford raised questions about huge payments for financial advice and acquisitions of companies unrelated to the company's mainstay businesses.

Olympus at first denied any wrongdoing but later acknowledged it hid 117.7 billion yen (\$1.5 billion) in investment losses dating back to the 1990s.

Kikukawa resigned from all posts at Olympus last year. The company is suing him and 18 other former and current executives for damages in the cover-up.

The scheme — which came to light only because Woodford blew the whistle — has raised serious questions about corporate governance in Japan, and whether major companies are complying adequately with global standards.

Olympus has carried out an internal probe, setting up an independent panel, and found that some executives were involved in the deception.

Woodford was fired in October after raising his concerns. He tried to make a comeback but gave up his fight after failing to win backing from major investors including Japanese megabanks.

Woodford, a British national and a rare foreigner to head a major Japanese company, had demanded the resignation of the entire board.

Prosecutors have been carrying out an investigation, and raided Olympus headquarters and Kikukawa's home last year.

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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. Its stock has plunged.

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