

Scandal-Plagued Olympus Sees Board Resigns

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TOKYO (AP) — The entire board of scandal-tainted Olympus Corp. is resigning, and a new president and chairman were tapped Monday to lead a turnaround at the Japanese medical equipment maker.

The changes at Olympus, embroiled in controversy because of a cover-up of massive losses from the 1990s, will become final at the April 20 shareholders' meeting, it said in a statement. Changes to the board had been expected.

Hiroyuki Sasa, 56, with experience in the company's key medical equipment business, will become president, it said. Yasuyuki Kimoto, 63, former executive at Sumitomo Mitsui Banking Corp., which is Olympus' main bank, will become chairman. Their appointments need shareholders' approval.

Sasa promised to win back public trust, and carry out reforms to prevent a recurrence of the dubious bookkeeping that has sent Olympus shares plunging. He said governance will be beefed up, and the new 11-member board, named Monday, includes six outside members.

"My duty is to win back as soon as possible the trust from everyone and repair this damaged brand," said Sasa.

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.

Tokyo-based 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.

Earlier this month, three former Olympus executives, including the company's ex-chairman, were arrested on suspicion of orchestrating the cover-up.

Tsuyoshi Kikukawa, the former chairman, 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 deception, which only 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

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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.

Shuichi Takayama, who at first denied any wrongdoing but later acknowledged the cover-up, apologized again for the scandal. Time had come for him and other board members to resign because they had set the path for a recovery, he said.

"They will certainly be able to rebuild our company," he said of the new board.

Olympus shares slipped 3 percent to 1,373 yen in Tokyo. The announcement of the new board came after trading had ended.

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