Olympus Whistleblower Wants Answer On Dismissal

Yuri Kageyama, AP Business Writer

TOKYO (AP) — Michael Woodford, who blew the whistle on an accounting scandal at Olympus Corp., took a stand at its shareholders' meeting Friday, demanding to know why he was fired as chief executive.

The Japanese camera and medical-equipment maker was seeking shareholder approval for new management after executives behind a cover-up of massive investment losses were forced out.

Woodford was fired in October after he blew the whistle on the dubious accounting at Olympus. The Tokyo-based company has acknowledged it hid 117.7 billion yen ($1.5 billion) in investment losses dating back to the 1990s.

The company declined to answer Woodford's question, saying the issue was pending litigation in Britain where Woodford is contesting his dismissal.

The company proposals, including the approval of new management, were all passed without problem by enthusiastic clapping from about 1,000 people attending the three-hour meeting, despite spurts of shouting from naysayers.

Olympus had a solid lock over investor votes because of Japanese institutional investors, such as banks, and other support through a "cross-shareholding" system, in which companies own shares in each other.

Reporters watched the shareholders meeting on monitors in a separate room at the same hotel.

The new 11-member board has eight outside board members, including a former executive at Sumitomo Mitsui Banking Corp., Olympus' main bank, as chairman. The key executives suspected of engineering the deception have resigned.

A handful of angry shareholders got up and demanded to know why the company had allowed the scandal to happen.

One suggested Woodford be reinstated on the board, along with Masaharu Hamada, an Olympus employee who has won a court case for being unfairly penalized as a whistleblower on an issue unrelated to the cover up of losses. The company is appealing.

"They have a high sense of ethics," said the shareholder, identified by only his surname Yamaguchi.

That proposal was soundly defeated by clapping — a common way shareholders meetings are run in Japan. Such orchestrated meetings are called "shan shan," referring to the sound of hands clapping.

Woodford, a Briton and a rare foreigner to lead a major Japanese company, has already conceded he won't be making a comeback at Olympus.

But he said he would contest the company's refusal to answer his question as violating a law in Japan that protects shareholders. He told reporters afterward that he planned to talk with his lawyers about a possible lawsuit demanding the shareholders meeting be "nulled and voided."

"Hundreds of billions of yen in shareholder value have already been lost by this scandal," said Woodford, referring to the plunge in the company's share price.

Woodford also criticized how two old-guard executives he saw as "contaminated" remained with the company.

"How dare you. Shame on you," he shouted, his voice shaking with anger.

Outgoing Olympus president Shuichi Takayama, who played host at the meeting, said they remained because they had not been implicated in the scandal.

Appearing at a news conference after the meeting, he reiterated his criticism of the shareholders meeting as a Kabuki-like charade.

"The last thing they want is me coming back," he said.

Three former Olympus executives, including the company's ex-chairman, were arrested earlier this year on suspicion of orchestrating the cover-up. The company has carried out its own investigation and is suing some executives for damages.

Takayama and the new president, Hiroyuki Sasa, reiterated the company's view that it will fix its corporate governance and boost profitability under new management.

After his appointment won shareholder approval, Sasa apologized for the scandal.

"We have caused trouble to many people and the value of our company has declined," he said. "I once against apologize deeply."

Source URL (retrieved on *08/20/2014 - 6:29pm*):
http://www.impomag.com/news/2012/04/olympus-whistleblower-wants-answer-dismissal?qt-digital_editions=0