Ex-President Of Japan's Olympus Pleads Guilty

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TOKYO (AP) — Olympus Corp.'s former president Tsuyoshi Kikukawa admitted guilt Tuesday in a cover-up of massive investment losses at the Japanese camera and medical equipment maker.

The scandal emerged last year when Michael Woodford, the British chief executive who turned whistleblower, raised questions about payments for financial advice and dubious acquisitions. Woodford was later fired.

"There is no mistake. The entire responsibility lies with me," Kikukawa told the opening session of the high-profile court trial.

He read from a piece of paper and apologized for "all the troubles caused to investors, customers, employees and the general public."

Tokyo prosecutors have charged the company, Kikukawa and other officials, arrested February, with violating laws regulating securities exchanges by falsifying company financial statements.

Two other former senior Olympus executives also pleaded guilty Tuesday and the company's new president, Hiroyuki Sasa, entered a guilty plea on behalf of the company.

The former executives face up to 10 years in prison, a 10 million yen ($128,000) fine, or both. The company can be penalized with a fine of up to 700 million yen ($9 million).

Olympus has said it hid 117.7 billion yen ($1.5 billion) in investment losses dating to the 1990s.

Prosecutors outlined in detail the elaborate schemes concocted over the years, using overseas bank accounts, paper companies and transactions it controlled behind-the-scenes, all to keep massive losses off the company books for years.

Kikukawa, who also served as chairman at Olympus, wore a dark suit and kept his head down as the charges were read to the court, which was packed with Japanese reporters and those from the public who had drawn lots to listen in. He said he had often pondered coming forward with the wrongdoing but couldn't do it.

The Olympus scandal has tarnished the reputation not only of a once prized manufacturer but also of Japan Inc. as the nation struggles to improve in corporate governance.

Woodford, one of a handful of foreigners to lead a major Japanese company, was a

key player in bringing the scandal to light.

He has emerged as a hero in Japan, where outspoken people are rare and whistleblowers are routinely treated as outcasts. He has consistently defended Olympus products and the honesty of the rank-and-file workforce, while slamming Kikukawa and others at the top.

Woodford initially tried to make a comeback at the company, but had to give it up when he learned that through a system of cross-shareholdings, management had a lock over appointments.

But he sued in a British court, accusing Olympus of unlawful firing and discrimination, and won a 10 million pounds (1.2 billion yen, $15.4 million) settlement from Olympus in June.

In his new book, set for publication in November, Woodford tells the story of his nightmarish treatment at Olympus. He also speaks out against Japanese corporate culture that he says sacrifices competence and transparency for apparent stability, while ruthlessly destroying "the nail that sticks out."

Olympus is suing Kikukawa for damages. It carried out investigations into the scandal and admitted to various fraudulent schemes.

Olympus barely avoided being delisted from the Tokyo Stock Exchange last year by filing corrected earnings for the previous five fiscal years. Its stock has plunged and has not recovered to levels before the scandal.

Japanese electronics and entertainment conglomerate Sony Corp., eager to bring Olympus' endoscope and camera business under its wing, has hinted it may invest in Olympus. The courthouse apology from Kikukawa may work as a plus for such a deal in helping draw a close to the scandal.

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