Mitsubishi Overcharges Defense Ministry Since 1970

The Associated Press

TOKYO, Oct. 25 (Kyodo) — Mitsubishi Electric Corp. has overcharged the Defense Ministry and others since around 1970 at the latest by reporting longer-than-actual working hours spent for ordered projects, an investigation by the Board of Audit of Japan showed Thursday.

Mitsubishi Electric received about 851.1 billion yen worth of contracts from the Defense Ministry and the Ministry of Internal Affairs and Communications for the five years through fiscal 2011 to procure security equipment and develop artificial satellites, among other projects.

For most of the orders, comparable market prices were not available, so Mitsubishi Electric calculated material costs and working hours necessary for fulfilling the orders, and the contracts prices were set using this calculation as a reference.

Under the agreement, Mitsubishi Electric was to repay the ministries if its staff worked fewer hours than planned. But the Board of Audit of Japan has found that Mitsubishi Electric senior officials have overstated its employees' working hours for decades, using special terminals for manipulation.

Mitsubishi Electric has already destroyed the data on working hours and material costs for the contracts in question, so the Board of Audit said it is unknown exactly how much Mitsubishi Electric has overcharged.

Mitsubishi Electric was banned from receiving orders from the government after the case was uncovered. But since there are no other companies that can repair and manufacture such products, it received more than 111.8 billion yen worth of orders from the Defense Ministry on the basis of free contracts in the first half of this year, representing more than 90 percent of the orders it received from the ministry last year.

"We apologize that we have caused trouble by breaching contracts," Mitsubishi Electric said.

Source URL (retrieved on *09/01/2014 - 11:09pm*):
http://www.impomag.com/news/2012/10/mitsubishi-overcharges-defense-ministry-1970?qt-recent_content=0