

Samsung Chief's Legal Troubles Continue

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Samsung chief Lee Jae-yong bows during a press conference at the conglomerate's headquarters in Seoul on Wednesday.

Samsung chief Lee Jae-yong faces two major legal hurdles over his underhand takeover of management control from incapacitated father, who fell into a coma after a heart attack in 2014.

The first legal hurdle is an ongoing investigation into Samsung BioLogics, which is accused of intentionally inflating ahead of its public offering in 2016.

Prosecutors have been sniffing out a trail of evidence of irregularities that has led directly to Lee's office. Key Samsung executives, both former and incumbent, have been grilled by prosecutors.

But the crux of the investigation is whether the documents were falsified intentionally to smooth out the hereditary Lee. Prosecutors believe the conglomerate intentionally understated the value of Samsung C&T when it merged with Cheil Industries in May 2015, leading to the inflated value of the latter. Lee held no stakes in Samsung C&T but was shareholder of Cheil Industries.

Samsung BioLogics is a subsidiary of Cheil Industries. Prosecutors believe the conglomerate cooked Samsung BioLogics to cover up its massive debts, while inflating the value of Cheil Industries in the process to facilitate Lee's succession. Lee claims there was no wrongdoing.

Lee is also on trial for bribing ex-President Park Geun-hye and her toxic confidante Choi Soon-sil. He was initially sentenced to five years behind bars, later suspended.

But in August of last year, the Supreme Court found that the bribe Lee paid to Park and Choi was in fact ₩8.6 billion, rather than the ₩3.6 billion a lower court had decided and sent back the case (US\$1=₩1,225).

That led to forecasts that Lee could face a tougher sentence. Things changed, however, when Samsung set up its own legal watchdog at the recommendation of a committee in October last year, which it said it would take into consideration when sentencing him.

Lee's apology for the fiddle on Wednesday at the watchdog's recommendation could have a positive impact on his pending legal disputes.