

## Japanese mogul arrested for fraud

One of Japan's best-known businessmen was arrested on Thursday on charges of falsifying shareholder information and selling shares based on the false data.

Yoshiaki Tsutsumi was once ranked as the world's richest man and ran a business spanning hotels, railways, construction and a baseball team. His is the latest in a series of arrests of top executives in Japan over business scandals. He was taken away in a van outside one of his Prince hotels in Tokyo.

There was a time when Mr Tsutsumi seemed untouchable. Inheriting a large property business from his father in the 1960s, he became one of Japan's most powerful industrialists, with close connections to many of the country's leading politicians. He used his wealth and influence to bring the Winter Olympic Games to Nagano in 1998. But last year, he was forced to resign from all the posts he held in his business empire, after being accused of falsifying the share-ownership structure of Seibu Railways, one of his companies. Under Japanese stock market rules, no listed company can be more than 80% owned by its 10 largest shareholders. Now Mr Tsutsumi faces criminal charges and the possibility of a prison sentence because he made it look as if the 10 biggest shareholders owned less than this amount. Seibu Railways has been delisted from the stock exchange, its share value has plunged and it is the target of a takeover bid.

Mr Tsutsumi's fall from grace follows the arrests of several other top executives in Japan as the authorities try to curb the murky business practices which were once widespread in Japanese companies. His determination to stay at the top at all costs may have had its roots in his childhood. The illegitimate third son of a rich father, who made his money buying up property as Japan rebuilt after World War II, he has described the demands his father made. "I felt enormous pressure when I

dined with him and it was nothing but pain," Tsutsumi told a weekly magazine in 1987. "He scolded me for pouring too much soy sauce or told me fruit was not for children. He didn't let me use the silk futon, saying it's a luxury." There have been corporate governance issues at some other Japanese companies too. Last year, twelve managers from Mitsubishi Motors were charged with covering up safety defects in their vehicles and three executives from Japan's troubled UFJ bank were charged with concealing the extent of the bank's bad loans.