

Former Samsung chairman Lee returns to top post

March 24 2010, By KELLY OLSEN , AP Business Writer



In this Oct. 10, 2008, file photo former Samsung Group Chairman Lee Kun-hee arrives for his trial at the Seoul Court House in Seoul, South Korea. Samsung Electronics says former chairman Lee Kun-hee is returning to lead the company after being convicted on charges including tax evasion. Samsung spokesman James Chung says presidents from various Samsung businesses held a meeting Wednesday March 24, 2010, and requested that Lee return as chairman after a two-year absence. (AP Photo/ Lee Jin-man)

(AP) -- Lee Kun-hee, the former chairman of Samsung Electronics convicted of tax evasion and later pardoned by South Korea's president, has returned to lead the company after a nearly two-year absence.

The 68-year-old Lee, a South Korean corporate icon, was indicted in

April 2008 and resigned from his post before being found guilty, fined and given a suspended three-year prison sentence. Lee, who was also convicted of breach of trust, fought on appeal to overturn the convictions but failed.

Speculation that Lee would make a comeback increased after he received a special amnesty from President Lee Myung-bak in December last year. The pardon was given to allow the billionaire business magnate to rejoin South Korea's efforts to host the Winter Olympics after the country failed twice to bring them to PyeongChang, a mountain resort east of Seoul.

Samsung's Lee is a member of the International Olympic Committee.

Presidential pardons for convicted tycoons are not unusual in South Korea. The country has struggled with a legacy of political and corporate corruption under military-backed governments in the 1960s that helped spearhead its rise from one of world's poorest countries to an industrial powerhouse.

The decision to call Lee back as chairman came at a meeting Wednesday of a committee of presidents of various Samsung businesses, said company spokesman James Chung. Lee has long been considered the driving force behind Samsung's rise to global prominence.

Lee, said last year by Forbes Asia to be South Korea's richest person, is the son of the founder of the Samsung Group, a massive conglomerate consisting of dozens of companies with interests in areas as diverse as shipbuilding, construction, fashion, leisure and finance. [Samsung Electronics](#) Co. is the group's flagship business.

"We are facing a real crisis," Lee said in an English-language statement issued by Samsung. "Many global companies are experiencing enormous

challenge and uncertainty of the future, and Samsung is no exception."

Lee's return comes after a record year for sales in 2009. Samsung said Friday at its annual meeting of shareholders - where nothing was announced about Lee's impending return -that it expects double-digit percentage growth in sales this year as the global economy continues to recover.

Samsung posted record revenue of 136.29 trillion won, or \$119.72 billion at current exchange rates, last year on a consolidated basis - which includes the performance of its overseas and domestic subsidiaries excluding financial businesses.

Over the past decade Samsung has become one of the world's top technology companies in both consumer electronics as well as some of the key components that make them work.

The Suwon, South Korea-based corporation is the world's largest manufacturer of flat screen televisions and the biggest producer of computer memory chips and liquid crystal displays. It ranks second behind Finland's Nokia Corp. in mobile phones.

South Korean business leaders welcomed Lee's return.

"I think it's a good decision for him to come back to the business because he is the leader of that business and he has been the person to pull Samsung up (to where it is) today," Park Yongmaan, chairman and CEO of Doosan Corp., South Korea's oldest conglomerate with a history going back to 1896, told The Associated Press. "Samsung is a global company and it certainly has to have management stability."

But questions about Samsung's corporate governance and its influence in South Korean society due to its size have long cast a shadow over its

success.

"I think it's a very pivotal point in Samsung's history right now," said Kim Joongi, a professor at Yonsei Law School in Seoul.

"I think they really have to transform themselves to demonstrate to the markets that they've really turned a corner in terms of transparency, accountability and integrity," Kim said. "Because there is a considerable question mark as to whether they've been able to really reinvent themselves after this very embarrassing episode."

Lee is just the most recent of a number of influential captains of industry to be pardoned. Hyundai Motor Co. Chairman Chung Mong-koo received one in 2008 after a conviction for embezzlement. Two other prominent business leaders received similar amnesties at the same time.

Critics have said judges in [South Korea](#) are too tolerant of crimes committed by heads of the largely family-controlled industrial conglomerates, known as chaebol.

Investors appeared to take the news positively, pushing shares in Samsung Electronics 1.2 percent higher to close at 819,000 won. The company's stock price soared 77 percent last year.

©2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Former Samsung chairman Lee returns to top post (2010, March 24) retrieved 26 April 2024 from <https://phys.org/news/2010-03-samsung-chairman-lee.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is

provided for information purposes only.