

## Samsung execs investigated for possible insider trading

December 4 2015, by Youkyung Lee

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In this July 17, 2015 file photo, employees walk past a logo of Samsung Group at the head office of Samsung C&T Corp. in Seoul, South Korea. South Korea's financial regulator said Friday, Dec. 4, 2015 it has launched an investigation into possible insider trading by Samsung executives related to a contentious takeover deal. (AP Photo/Ahn Young-joon, File)

South Korea's financial regulator said Friday it is investigating possible

insider trading by Samsung executives related to a contentious takeover deal.

Kim Hongsik, director of the capital markets investigation unit at the Financial Services Commission, said South Korea's stock exchange reported the suspected [insider trading](#) or share manipulation.

South Korea's Yonhap News reported that nine Samsung executives purchased as much as 50 billion won (\$43 million) of Cheil Industries stock before Samsung announced a deal to combine Cheil and another Samsung company in May.

Shares of Cheil, which has members of Samsung's founding Lee family as majority shareholders, surged after the announcement.

Kim said the investigation was related to the deal but declined to discuss other details because the matter was under investigation.

In a statement, Samsung described the investigation as being in its "early stage."

The Cheil Industries and Samsung C&T deal was contested by some shareholders of Samsung C&T who questioned its fairness.

Samsung C&T narrowly won a [shareholder](#) vote in July, allowing the transaction to go ahead. The combined entity has Samsung Electronics' vice chairman Lee Jae-yong as the majority shareholder giving him effective control of its 4 percent stake in Samsung Electronics, the Samsung conglomerate's crown jewel.



In this May 26, 2015 file photo, the sign of Cheil Industries Inc., right, is seen on the top of the building in Seoul, South Korea. South Korea's financial regulator said Friday, Dec. 4, 2015 it has launched an investigation into possible insider trading by Samsung executives related to a contentious takeover deal. South Korea's Yonhap News reported that nine Samsung executives purchased as much as 50 billion won (\$43 million) of Cheil Industries stock before Samsung announced a deal to combine Cheil and another Samsung company in May. (AP Photo/Lee Jin-man,File)

The most outspoken opponent of the [deal](#) was U.S. hedge fund Elliott Associates, which eventually lost its legal fight to stop Samsung from combining the two companies.

Elliott argued the takeover unfairly benefited Samsung's founding family and other shareholders in Cheil at the cost of shareholders in Samsung C&T.

The fight between Elliott and Samsung drew international attention as Samsung's all-out campaign was at one point criticized by Jewish organizations for depicting Elliott's founder as a ravenous, big-beaked

vulture.

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Citation: Samsung execs investigated for possible insider trading (2015, December 4) retrieved 23 June 2024 from <https://phys.org/news/2015-12-samsung-execs-insider.html>

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