

Yahoo accused of mismanaging fund for dissidents in China

April 12 2017, by Michael Liedtke



This Jan. 14, 2015, file photo shows a sign outside Yahoo's headquarters in Sunnyvale, Calif. A new lawsuit accuses Yahoo of turning its back on Chinese dissidents that it promised to help after the company fingered other activists at the request of China's government. The allegations are outlined in a lawsuit filed Tuesday, April 11, 2017, in a Washington, D.C., federal court by a group of dissidents who contend Yahoo mismanaged a \$17 million fund set up to provide them with financial aid. Yahoo created the fund a decade ago after being skewered in the U.S. Congress for its conduct in China. (AP Photo/Marcio Jose Sanchez, File)

A lawsuit accused Yahoo of breaking a financial promise it made to Chinese dissidents almost a decade ago as penance for helping the Chinese government find and jail other activists.

The [complaint](#), filed Tuesday in a Washington, D.C., [federal court](#) by a group of Chinese dissidents, contends that Yahoo mismanaged a \$17 million fund set up to provide financial aid to activists.

EMBROILED IN CHINA

Yahoo created the human rights fund in 2007, days after U.S. legislators roasted the company for providing authorities with information that led to the imprisonment of two Chinese dissidents, Wang Xiaoning and Shi Tao.

The complaint alleges that Yahoo allowed Harry Wu, a now-deceased dissident from China, to spend about \$13 million of the fund enriching himself and pursuing other projects tied to his interests.

Only \$700,000 has been doled out to Chinese dissidents who had been imprisoned for expressing their opinions online, the reason Yahoo bankrolled the fund, according to the lawsuit.

Yahoo declined to comment.

The plaintiffs want Yahoo to replenish the fund and to pay unspecified damages. The suit arrives at a delicate time for Yahoo, which is preparing to sell its online operations to Verizon Communications for \$4.5 billion.

LECTURED BY CONGRESS

The unflattering portrait drawn in the lawsuit represents yet another

blotch on Yahoo's record in China. Yahoo's role in fingering Wang and Shi subjected the Sunnyvale, California, company to withering criticism that culminated in Yahoo co-founder Jerry Yang being grilled during a Congressional hearing.

"While technologically and financially you are giants, morally you are pygmies," Rep. Tom Lantos, a California Democrat, told Yang.

Two days later, Yahoo announced the \$17 million fund as part of a settlement that ended lawsuits related to its role in the imprisonment of Wang and Shi. "We are committed to making sure our actions match our values around the world," Yahoo vowed in a November 2017 statement announcing the fund.

ALLEGED MISMANAGEMENT

The new [lawsuit](#) argues Yahoo instead used the fund as "window dressing" to help shield the company from further ridicule and resolve other lawsuits.

Meanwhile, Yahoo turned a "blind eye" to Wu's reckless spending, even though company executives had been warned about the abuses as far back as 2010, according to the complaint.

Among other things, the complaint alleges that Wu paid himself and his wife more than \$1 million, spent about \$4 million buying real estate in Washington and more than \$800,000 on his own legal bills, including a case alleging sexual harassment.

Wu, who spent 19 years in Chinese labor camps, died last year.

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