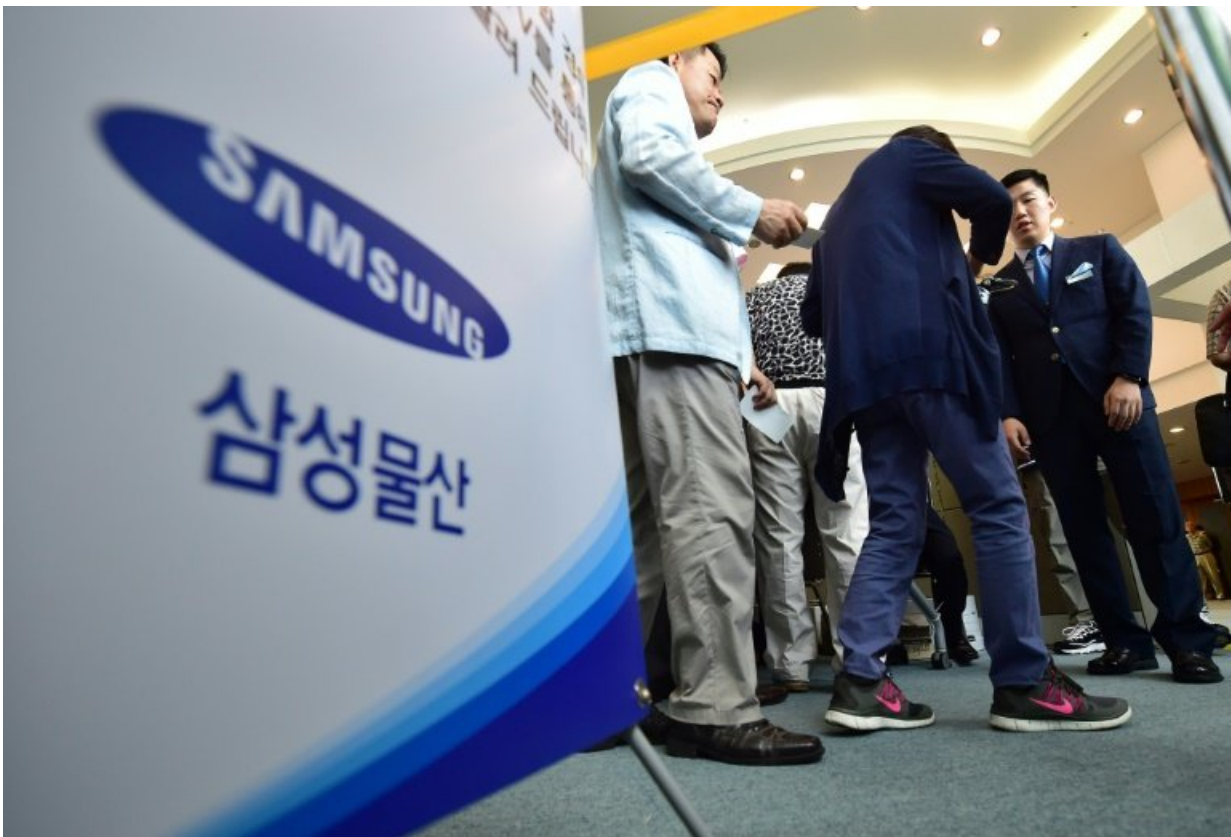


US hedge fund demands \$770m from S. Korea over Samsung merger

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Activist fund Elliott Associates and other shareholders say the merger of two Samsung units wilfully undervalued C&T

A US hedge fund is demanding almost \$800 million from South Korea at an international tribunal over the controversial merger of two units of

the giant Samsung conglomerate, officials said Friday.

The 2015 deal, in which fashion, food and leisure operator Cheil Industries took over construction company Samsung C&T for \$8.0 billion, featured in the sprawling corruption scandal that brought down ousted president Park Geun-hye.

The transaction—which activist fund Elliott Associates and other shareholders said wilfully undervalued C&T—was seen as a key step to ensuring the succession of Samsung heir Lee Jae-yong.

It went through after the National Pension Service (NPS)—C&T's biggest shareholder—approved it.

Prosecutors accused Lee of seeking government backing for the deal, and at trial he was found guilty of bribery and sentenced to five years in prison, although most of his convictions were later overturned on appeal.

Now US-based Elliott, whose whose 7.12 percent stake in C&T made it the company's second-largest shareholder, has sent a "notice of arbitration" of an investor-state dispute to the South Korean government, the justice ministry said in a statement.

"In the notice, it claims it suffered no less than \$770 million damages from the merger between Samsung C&T and Cheil Industries as a result of the government's 'illegitimate' intervention," the ministry said.

Elliott is seeking a ruling from the UN Commission on International Trade Law (UNCITRAL) and suggested Britain as the arbitration venue, it added.

The government—now led by Park's longstanding opponent Moon Jae-in—had launched a joint task force to address the issue, it said.

Former health minister Moon Hyung-pyo was convicted of abuse of power for pressuring the NPS to vote for the merger and was sentenced to 30 months in prison, a ruling upheld by the appeal court.

At his trial, prosecutors argued that Moon had been ordered to support the deal by then-president Park, who was subsequently jailed for 24 years for bribery, coercion and abuse of power.

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