

Ghosn 'signed documents to defer compensation': source

November 29 2018, by Anne Beade, Kyoko Hasegawa



Carlos Ghosn is still in a Tokyo detention centre

Nissan's former chairman Carlos Ghosn signed secret documents instructing aides to defer part of his salary without disclosing this to shareholders, a source close to the issue claimed Thursday.

Ghosn and close aide Greg Kelly were arrested last week for allegedly conspiring to under-report Ghosn's income by around \$44 million—about half of what should have been reported—over five fiscal years until March 2015.

The 64-year-old tycoon denies the allegations and has not been able to defend himself publicly while he is in a Tokyo detention centre.

The source, who spoke on condition of anonymity, said the misreporting started in the fiscal year 2009/2010 when a new law came into force requiring any [company executives](#) earning 100 million yen (\$885,000) or more to declare it.

"All of a sudden, he had to disclose his pay and when that happened, he started splitting it into two parts, one part that was disclosed and paid within that year, another part not disclosed, to be paid upon retirement in theory," said this source, who is familiar with the Nissan and prosecutors' probe.

Ghosn signed documents tasking a small number of his executive assistants—excluding CEO Hiroto Saikawa, according to a local media report—to arrange this division of his salary, added the source.

The businessman denies signing such documents, according to local media.

"Over the years since the law changed, the amount of undisclosed compensation grew and grew to the point where it was much larger than the disclosed amount of around one billion yen," the source claimed.

Japanese law requires that the total amount—including compensation upon retirement—be disclosed annually, added the source.

But Nobuo Gohara, lawyer and former prosecutor, said "it is very doubtful if he was obliged to report it" if the charge Ghosn faces relates to postponement of his compensation until retirement.

The motive was reportedly to avoid shareholder and employee criticism over his high compensation.

According to the Yomiuri Shimbun daily, Kelly has told prosecutors he had "consulted with the Financial Services Agency about ways to fill in the financial report, and got a response there was no problem" in not reporting remuneration upon retirement.

The paper added that Ghosn denies any wrongdoing, telling prosecutors he consulted with Kelly "about dealing with the issue legally."

Contacted by AFP, a spokesman for the FSA said the agency "cannot comment on the affairs of an individual company."

'Huge sums'

Local media have also alleged in recent days that Nissan had provided Ghosn with luxury residences in four countries without any legitimate business reason, paying "huge sums" for residences in Rio de Janeiro, Beirut, Paris and Amsterdam.

The source confirmed part of this, saying that the residences in Rio de Janeiro and Lebanon "were paid for by the company but secretly."

The payments were made using a subsidiary based in the Netherlands and Kelly was responsible for setting up these arrangements, the source said.

Nissan's internal investigation report "does mention the fact that there

were several apartments for which the company paid rents that were exclusively for M. Ghosn's use and did not come out of his housing allowance," added this source.

These expenses should have been disclosed as compensation but this was arranged without shareholders' approval and generally in secret, added the source.

According to local media, Ghosn is also suspected of using Nissan's corporate money to pay a donation to his daughter's university and costs for a family trip.

And the Yomiuri Shimbun has said Ghosn paid some "advisory deal" money to his older sister—\$100,000 annually, for a fictive job.

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