

Japan prosecutors seek to extend Ghosn detention

November 30 2018



Carlos Ghosn faces an array of claims involving hiding money and benefits he received while chairman of Nissan and head of an alliance between the Japanese firm, Mitsubishi Motors and France's Renault

Tokyo prosecutors were expected Friday to request an extension to

Carlos Ghosn's detention over allegations of financial misconduct against the former Nissan chief that have shaken the auto industry.

Local media said prosecutors were seeking to keep Ghosn in a cell in a Tokyo jail for another 10 days while they investigate allegations that he underreported his salary by millions of dollars over five years.

The 64-year-old tycoon was arrested on November 19 and prosecutors have already extended his detention once, while two of the companies he once led—Nissan and Mitsubishi Motors—have voted to remove him.

The extension would give prosecutors until December 10 to decide whether to indict him on charges of under-reporting his salary. If he is indicted, he could then be released awaiting trial, or held in pre-trial detention.

Prosecutors could also choose to file additional charges against him, and with each charge they can seek to hold Ghosn for another 22 days.

Ghosn's detention even before charges have been officially filed against him has prompted some criticism abroad, particularly in France, where the executive holds citizenship.

On Thursday, the deputy head of the Tokyo prosecutor's office rejected the criticism, saying: "We do not unnecessarily keep people in custody for a long time."

"I do not criticise other countries' systems just because they are different," Shin Kukimoto added.

Ghosn, who denies the allegations against him, faces an array of claims involving hiding money and benefits he received while chairman of Nissan and head of an alliance between the Japanese firm, Mitsubishi

Motors and France's Renault.

Executives commit to alliance

Nissan had been investigating Ghosn and close aide Greg Kelly for months after a whistleblower report, and accused the pair of a scheme to misrepresent the Brazil-born chief's earnings.

Sources have since said Ghosn signed secret documents instructing aides to defer part of his salary, without disclosing this to shareholders.

The scheme allegedly involved under-reporting Ghosn's income by around \$44 million over five fiscal years to March 2015.

The same source confirmed that Nissan funds were secretly used to pay for residences for Ghosn in Rio de Janeiro and Lebanon, homes that local media said cost "huge sums" and had no legitimate business purpose.

Those sorts of expenses should have been disclosed as compensation but were arranged without shareholder approval and generally in secret, the source added.

Local media also reported that Ghosn used Nissan corporate money to make a donation to his daughter's university and fund a family trip, and paid his sister around \$100,000 a year for a fictitious role as an advisor.

Ghosn's arrest sent shockwaves throughout the auto industry and beyond, with Japanese and French officials at pains to stress the alliance between the three companies would not collapse.

On Thursday, executives from the three firms reaffirmed their commitment to the alliance despite reports of tension in the partnership,

particularly on the part of Nissan, which outsells its French counterpart Renault.

While Mitsubishi Motors and Nissan have removed Ghosn, he remains chairman and CEO of Renault.

French Finance Minister Bruno Le Maire on Thursday said there was no question of changing the alliance's balance of power.

The rules of the partnership state that Renault chooses the alliance's CEO, who wields a tie-breaking vote in board decisions, while Nissan names the deputy.

Japanese media said Friday that Prime Minister Shinzo Abe would meet French President Emmanuel Macron on the sidelines of the G20 summit this weekend to discuss the case.

Japan's government declined to confirm the meeting, but a spokesman said it was "important that stable relations be remained" despite the case against Ghosn.

© 2018 AFP

Citation: Japan prosecutors seek to extend Ghosn detention (2018, November 30) retrieved 25 April 2024 from <https://phys.org/news/2018-11-japan-prosecutors-ghosn-detention.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.