

Ex-Nissan chief Ghosn charged, served with fresh arrest warrant

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Ghosn's arrest has sparked some anger in Lebanon

Japanese prosecutors Monday formally charged Carlos Ghosn with

financial misconduct for under-reporting his salary and also served him a fresh warrant on separate allegations, meaning the tycoon will likely spend Christmas in a cell.

It represents a stunning turnaround for the 64-year-old Franco-Lebanese-Brazilian executive, a once-revered colossus of the auto sector who won wide acclaim in Japan for saving car giant Nissan.

In a move that sent shockwaves through the business world, the former Nissan chairman was arrested on November 19 on suspicion of under-declaring his income by some five billion yen (\$44 million) between 2010 and 2015.

Prosecutors on Monday pressed formal charges on Ghosn—and key aide Greg Kelly—over this allegation, which both men are said to deny.

The pair were also immediately re-arrested over fresh allegations that they conspired to under-declare Ghosn's income by a further four billion yen over the past three years.

Under Japanese law, suspects can be re-arrested several times for different allegations, allowing prosecutors to question them for prolonged periods—a system that has drawn criticism internationally.

Monday was the final day prosecutors could hold Ghosn and Kelly, 62, before either charging or re-arresting them, and the fresh arrest gives them up to another 22 days of questioning.

In addition to charges against Ghosn and Kelly, prosecutors also indicted Nissan itself, as the company submitted the official documents that under-reported the income.

Nissan shares dropped 2.90 percent to 945 yen in Monday trading and

the firm voiced "its deepest regret" over the affair.

The manufacturer said it would "continue its efforts to strengthen its governance and compliance, including making accurate disclosures of corporate information".

The Japanese firms in the three-way alliance with Renault—Nissan and Mitsubishi Motors—have both sacked Ghosn as chairman.



Ghosn is likely to be spending Christmas in spartan conditions in the Tokyo detention centre

But amid reports of tension within the tie-up, which outsold all rival

groups last year, the three companies last month said they were "fully committed" to the alliance.

'Combative' frame of mind

The millionaire auto sector star, who attracted some criticism for a perceived lavish lifestyle, is now alone in a spartan cell in a Tokyo detention centre, in a tiny room measuring just three tatami mats—around five square metres.

He has reportedly told embassy visitors he is being well treated but has complained of the cold, with Monday's temperature in the Japanese capital hovering around five degrees Celsius.

He spends his time reading books and news reports and is said to be unhappy about the rice-based food.

But he is in a "combative" frame of mind, according to sources at Renault, the company he still formally leads—even if the French car giant has appointed an interim chairman.

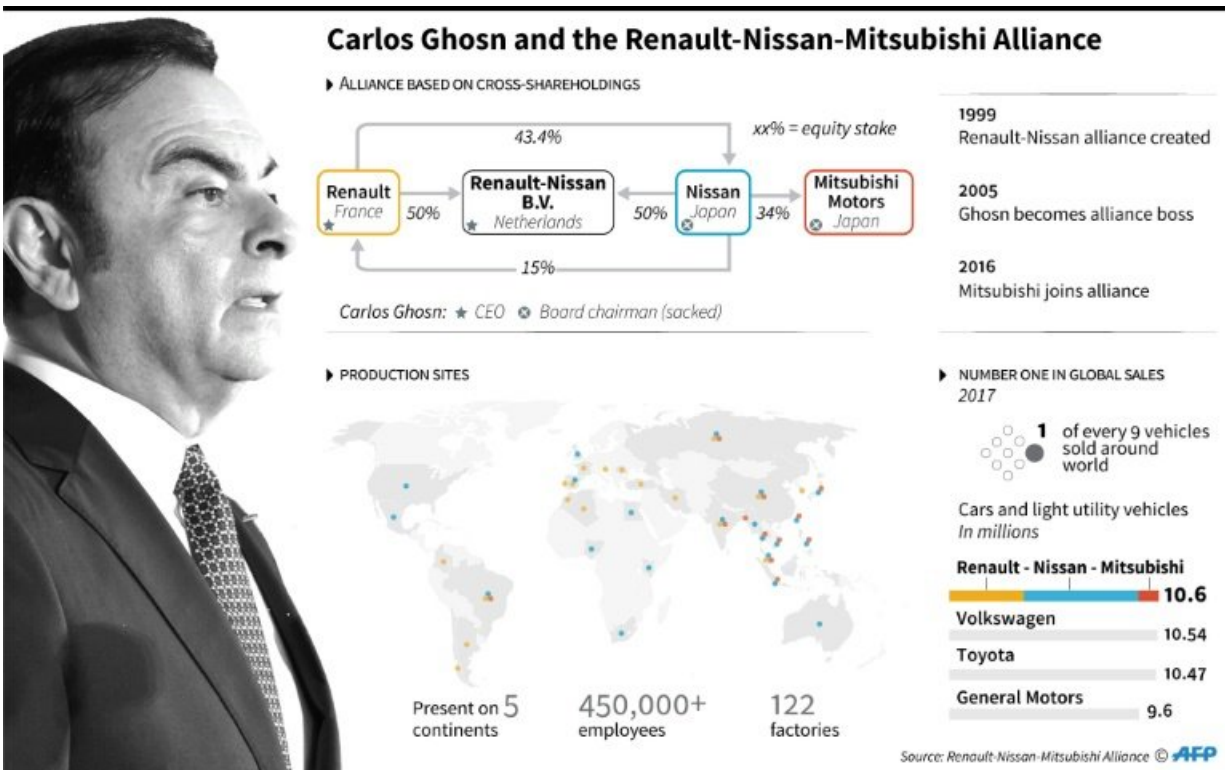
According to local news agency Kyodo, he has admitted signing documents to defer part of his salary until after retirement but said this amount did not need to be declared as it has not yet been definitively fixed.

A source close to the investigation has said Ghosn and Kelly allegedly put the system in place after a new law came in obliging the highest-paid members of the firm to declare their salary.

Ghosn is suspected of deferring part of his pay to avoid criticism from staff and shareholders that his salary was too generous.

Nissan is appealing to a court in Rio de Janeiro to block access by Ghosn's representatives to a luxury apartment on Copacabana Beach.

"We are closely watching if he is actually indicted and then found guilty," said Satoru Takada, an analyst at TIW, a Tokyo-based research and consulting firm.



Ghosn is widely credited for turning around Nissan

"If he is exempted from prosecution or found innocent, it is going to create huge confusion in Nissan's management," Takada told AFP.

'Lebanese phoenix'

It is unclear if Ghosn will be bailed before a potential trial.

In Japan, prosecutors and defendants begin a trial at a district court and can appeal to a high court and the Supreme Court. It may take several years before reaching a final judgement.

If found guilty, Ghosn could face a 10-year prison sentence.

Shortly after Ghosn's indictment, Prime Minister Shinzo Abe reiterated the need to maintain the Renault-Nissan-Mitsubishi alliance, calling it "a symbol of Japan-France industrial cooperation".

"I expect that the parties involved will hold constructive discussions among them," he said. "I am certain that (Japan-French relations) would not be shaken by incidents such as this one."

The affair represents a staggering fall from grace for a figure celebrated for saving Nissan from the brink of bankruptcy and rebuilding it as a money-making subsidiary of Renault.

Nissan has begun the process of choosing Ghosn's successor, with the final decision expected on December 17.

His arrest has sparked incredulity at Renault, which now owns 43 percent of Nissan and says it has not seen a detailed account of the charges against Ghosn.

It has also fuelled anger in Lebanon, with digital billboards around Beirut proclaiming "We are all Carlos Ghosn" under a picture of the magnate.

"A Lebanese phoenix will not be scorched by a Japanese sun," Interior Minister Nohad Machnouk has declared.

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