

Lee Jae-yong

South Korean prosecutors seek nine-year sentence for Samsung head

Lee Jae-yong vows to improve 'transparency and morality' at tech giant



Samsung head Lee Jae-yong arriving at Seoul High Court on Wednesday © Lee Jin-man/AP

Edward White and **Kang Buseong** in Seoul DECEMBER 30 2020

South Korean prosecutors have sought a nine-year prison sentence for Lee Jae-yong, the head of the Samsung group facing a retrial on charges of bribery.

Mr Lee's [retrial](#) at the High Court in Seoul centres on allegations that he bribed Park Geun-hye, the former president who was impeached in 2017, in an attempt to secure control of the expansive technology group.

The case is viewed by some as a test of the government's resolve in taming South Korea's powerful [chaebol](#), the family-owned conglomerates that dominate business.

A decision is expected as early as next month.

On the final day of hearings on Wednesday, prosecutors said that Samsung, the country's biggest and most important company, needed to set an example rather than evade responsibility.

"Samsung is a group with overwhelming power . . . people say our nation's businesses are either Samsung or non-Samsung," prosecutors said, according to a statement reported by state news agency Yonhap.

The 52-year-old Mr Lee has always denied the bribery charges.

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Park Sang-in, Seoul National University

But as the hearing drew to a close, he told the court of his “shame” over the years-long scandal and vowed that earlier mistakes would not be repeated.

“We will make [Samsung] a company with the highest level of transparency and morality, beyond compliance,” Mr Lee said.

He also reiterated an earlier promise not to hand management over to his children, a move that would [end three generations](#) of

family control.

Mr Lee was [initially convicted](#) in 2017. The case was one strand of a sprawling corruption scandal that shook the nation and exposed collusion between the business and political elite.

The billionaire was initially jailed for five years but [walked free](#) in early 2018 after an appeals court suspended his sentence.

South Korea’s Supreme Court last year overturned the lower court’s ruling, sending the case to a retrial.

The High Court’s upcoming decision comes at a pivotal time for Samsung, a group with scores of business units but best known for its [crown jewel, Samsung Electronics](#), the world’s biggest manufacturer of smartphones, computer chips and electronics displays.

Mr Lee has been the de facto head of Samsung since 2014, when his father, then chairman Lee Kun-hee, suffered a heart attack.

Lee Kun-hee [died in October](#), setting the stage for his son to formally take control.

The transfer of power and ownership is complicated not only by the bribery charges but also South Korea’s high inheritance taxes.

According to estimates the late chairman’s children may face a [tax bill as high as \\$10bn](#). This could trigger a series of complex share sales at non-core units that have cross shareholdings in Samsung Electronics as the children raise cash to foot the bill.

While Samsung Electronics’ share price is trading near record highs, buoyed by booming electronics demand, the legal wrangling has been an unwanted distraction for Lee Jae-yong for years, analysts said.

Still, there are signs the legal problems will not be over even if the High Court rules in Mr Lee's favour next month.

Park Sang-in, a professor of economics at Seoul National University, said prosecutors would have clear grounds for appeal.

The High Court, Mr Park said, appears to be leaning towards applying a legal remedy used in corporate cases — establishing a new independent audit system to improve oversight over Samsung.

Prosecutors could argue that the remedy is not appropriate given the charges relate to Mr Lee's alleged actions as an individual, Mr Park said.

“This is a totally personal crime. Actually, the corporation, Samsung Electronics is a victim ,” he said.

South Koreans are deeply divided over prosecutors' efforts to send Mr Lee back to jail. Some are concerned that hurting Samsung would derail the country's hopes of an [economic recovery](#) from the coronavirus pandemic. Others see the case as a search for justice against a powerful *chaebol* boss who allegedly acted above the law.

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