

Mitsubishi Corp unit loses \$320 mn in unauthorised trades

September 20 2019



Mitsubishi began probing the trader's work in August after a drop in oil prices in July

Major Japanese trading house Mitsubishi Corp said Friday it was carrying out an investigation after its Singapore-based subsidiary lost \$320 million because of unauthorised trades by an employee.

In a statement, the firm said the losses involved a local employee of Petro-Diamond Singapore who was hired "to handle its crude oil [trade](#) with China".

The employee "was discovered to have been repeatedly engaging in unauthorised derivatives transactions and disguising them to look like hedge transactions since January of this year", it said.

A fall in [crude prices](#) from July resulted in "large losses", and the subsidiary began investigating the employee's work in mid-August, the statement added, with PDS expecting "to book a loss of approximately \$320 million".

Mitsubishi Corp said the derivatives position was quickly closed and investigations were carried out at the subsidiary, other group companies and in-house departments involved in derivatives trading.

"These investigations confirmed that there are no such problems or risks at present," the firm said, adding that the [employee](#) has been fired and the subsidiary has filed a complaint with police.

Oil prices have see-sawed in 2019, hitting a peak in April before plunging later in the year. They soared again after last weekend's attacks on Saudi oil facilities.

There have been similar setbacks suffered in oil trades in the past, with Metallgesellschaft losing \$1.2 billion in 1994, and China Aviation Oil losing \$550 million because of a price surge, according to Bloomberg News.

In 2007, Japanese firm Mitsui shut down its Singapore oil-trading operation after a trader—who was imprisoned along with his supervisor—lost \$81 million in hidden trades, Bloomberg added, also

citing the suspension last year of two top officials at Unipec after the Chinese firm lost \$656 million.

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