

Bribery retrial opens for Samsung scion

October 25 2019, by Kang Jin-Kyu



Lee Jae-yong is vice chairman of Samsung Electronics and was jailed for five years in 2017 for bribery, embezzlement and other offences

The heir to the Samsung empire appeared in court Friday for a retrial over a sprawling corruption scandal that threatens to disrupt management at the world's biggest smartphone and memory chip maker.

Lee Jae-yong is vice-chairman of Samsung Electronics—where profits have been falling for months—and was jailed for five years in 2017 for bribery, embezzlement and other offences in connection with the scandal that brought down South Korean president Park Geun-hye.

The 51-year-old was released a year later after an appeals [court](#) dismissed most of his bribery convictions and gave him a suspended sentence, but that decision was set aside by the Supreme Court in August, which ordered a retrial.

Accompanied by his lawyers, Lee walked stony-faced into the Seoul High Court for the new proceedings, telling reporters: "I'm sorry for causing many people concern.

"I apologise," he added, bowing as protestors shouted nearby.

In a court hearing that lasted less than an hour, he spoke only to confirm his name, address, date of birth and job title.

The case centres on millions of dollars the Samsung group paid Park's secret confidante Choi Soon-sil, allegedly for government favours such as ensuring a smooth transition for Lee to succeed his ailing father.

Prosecutors told the court they had "much evidence" to prove that link—the crucial issue before the court.

The Supreme Court's decision does not bode well for Lee, as it ruled that 8.6 billion won (\$7.3 million) paid by Samsung should be considered as bribes—and suspended sentences are only possible in bribery cases if the amount is less than 5 billion won.

Lee's lawyer Jang Sang-kyun said the defence "respects the Supreme Court's ruling" and would defend him on that basis, adding: "The most

important thing here is the weighting of punishment."

The scandal highlighted shady connections between big business and politics in South Korea, with the ousted president and her friend accused of taking bribes from corporate bigwigs in exchange for preferential treatment.

The two women were both convicted and given decades-long jail sentences, and are due to face separate retrials of their own.

Judge Jung Joon-young told the defendant: "I ask Lee Jae-yong, as the vice-chairman of a company representing our country, that he takes responsibility and humbly accepts the outcome of this trial."



Samsung's overall turnover is equivalent to a fifth of the national gross domestic product

'Trial of the century'

Lee has effectively been at the helm of the sprawling Samsung group since his father and group chairman Lee Kun-hee was left bedridden by a heart attack in 2014.

Both Lee's father and grandfather—Samsung founder Lee Byung-chull—had brushes with the law themselves but never served time behind bars.

Samsung Electronics is the flagship subsidiary of the group, which is by far the biggest of the family-controlled conglomerates, or chaebols, that dominate business in the world's 11th-largest economy.

Its overall turnover is equivalent to a fifth of the national gross domestic product and it is crucial to South Korea's economic health, with the business daily Financial News calling the proceedings the "trial of the century".

But it comes with Samsung Electronics battling challenges from the US-China trade war and tough export restrictions imposed by Tokyo on key supplies amid a dispute with Seoul over wartime history.

It has flagged operating profits falling by more than half in the third quarter due to a prolonged global chip market slump, and has faced difficulties with the technology in some of its flagship new devices.

Lee left court after Friday's hearing and is not being held in custody

during the trial, but it is expected to last for months and could deprive his firm of its top decision-maker.

The firm's daily business is managed by a board of directors, but strategic moves require his approval, Sejong University business professor Kim Dae-jong told AFP.

"Samsung has a long-held structure in which only its owner can make and execute large-scale investment decisions, which it needs to do now amid intensifying competition abroad," he said.

A source with direct knowledge of the company added: "There are things that only Lee Jae-yong can do."

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