

Samsung chief jailed for 2.5 years over corruption scandal

January 18 2021, by Sunghee Hwang



Samsung's de facto chief Lee Jae-yong has been convicted and jailed for two and a half years over a huge corruption scandal

The de facto chief of South Korea's Samsung business empire was convicted Monday over a huge corruption scandal and jailed for two and

a half years, in a ruling that deprives the tech giant of its top decision-maker.

Lee Jae-yong, vice-chairman of Samsung Electronics, the world's biggest smartphone and memory chip maker, was found guilty of bribery and embezzlement in connection with the scandal that brought down president Park Geun-hye.

Lee "actively provided bribes and implicitly asked the president to use her power to help his smooth succession" at the head of the sprawling conglomerate, the Seoul Central District Court said in its verdict.

"It is very unfortunate that Samsung, the country's top company and proud global innovator, is repeatedly involved in crimes whenever there is a change in [political power](#)."

It jailed him for two and a half years, concluding a retrial that was the latest step in a long-running legal process that has hung over Samsung for years.

The multi-billionaire Lee—who had earlier walked into court grim-faced and wearing a facemask, without responding to reporters' shouted questions—was immediately taken into custody.

He has effectively been at the head of the entire Samsung group for several years after his father was left bedridden by a heart attack, finally dying in October.

"This is essentially a case where the freedom and property rights of a company were violated by the former president's abuse of power," Lee's lawyer, Lee In-jae, told reporters.

"Given the nature of the matter, I find the court's ruling regrettable."

Samsung is by far the biggest of the family-controlled conglomerates, or chaebols, that dominate business in the world's 12th-largest economy.



**Lee
Jae-yong**

Samsung heir jailed

- 2014 ● Takes over at Samsung Electronics as vice chairman after his father Lee Kun-hee suffers a heart attack
- 2015 ● Samsung pays millions of dollars to a confidante of President Park Geun-hye, allegedly for political favours
- Feb 2017 ● Indicted on multiple charges including bribery, embezzlement
- Aug 2017 ● Sentenced to five years in prison
- Feb 2018 ● Appeals court upholds bribery conviction but orders immediate release, cutting prison sentence to a suspended term
- Aug 2018 ● Supreme court orders a retrial
- Oct 2019 ● Retrial begins
- Jan 18, 2021 ● Retrial concludes with Lee sent to jail for two and a half years**

Age: 52

AFP Photo: Ed Jones

Profile of Samsung heir Lee Jae-Yong who was jailed for two and a half years on January 18 over a corruption scandal.

Its overall turnover is equivalent to a fifth of the national gross domestic product and it is crucial to South Korea's economic health.

Its rise has been driven by a willingness to invest billions in strategic bets on key technologies.

But experts say the sentence will create a leadership vacuum that could hamper its decision-making on future large-scale investments.

"It's really a huge blow and a big crisis for Samsung," said Kim Dae-jong, a business professor at Sejong University.

Samsung Electronics, the group's flagship subsidiary, declined to comment on Monday's ruling.

Like many tech firms, its shares have risen significantly during the coronavirus pandemic, more than doubling from their lows in March, but closed down 3.4 percent on Monday.

Public apology

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

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.

Lee was first jailed for five years in 2017, after Park's ouster.



The ruling deprives Samsung, the world's biggest smartphone and memory chip maker, of its top decision-maker

He walked free the following year when an appeals court dismissed most of his bribery convictions and gave him a suspended sentence, but the Supreme Court later ordered the 52-year-old to face a retrial.

In May, Lee made a rare public apology, bowing before flashing cameras for company misconduct including the firm's controversial plan for him to ascend to the leadership.

His own children, he promised, would not succeed him in top management roles at the company.

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

In the past, leaders of South Korean conglomerates convicted of crimes such as tax evasion or bribery have been given presidential pardons in recognition of their economic role.

The Federation of Korean Industries said in a statement: "Considering Samsung's share of the Korean economy and its status as a global company, the ruling is feared to have a negative impact on the overall Korean economy."

Lee, it added, "has been helping to sustain the Korean economy by spearheading bold investment and job creation amid the economic crisis over the coronavirus".

Earlier this month, Samsung Electronics flagged a jump of more than 25 percent in fourth quarter operating profits, citing benefits from pandemic-induced working from home that boosted demand for devices powered by its chips.

Analysts forecast a stable outlook for the company in 2021, driven by continued demand for memory chips.

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