

Seoul files suit against order to pay Elliott in Samsung fight

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South Korea has filed a suit against an order to pay hedge fund Elliott more than \$50 million in damages over the controversial 2015 merger of two Samsung affiliates, Seoul's justice ministry said Tuesday.

Elliott sued the government in 2018 after losing a proxy fight opposing the merger between Cheil Industries and Samsung C&T.

The US activist investor—C&T's second-largest single shareholder in 2015—had argued that the takeover willfully undervalued the construction firm's share price, at an unacceptable cost to its shareholders.

The deal went through after the state-run National Pension Service (NPS)—which had a greater stake in Samsung C&T than Elliott and was deemed a deciding vote—approved it.

The International Center for Settlement of Investment Disputes last month ordered the South Korean government to pay \$53.6 million, which is around seven percent of the US activist investor's claim.

Seoul has said the ruling would cost the country a total of around 130 billion won (\$103 million) including [legal fees](#), interest and damages.

On Tuesday, South Korea filed a "lawsuit for cancelation", the country's justice ministry said in a statement.

It said that according to the commercial law's general principle, "[minority shareholders](#) do not bear any responsibility to other minority shareholders for exercising their voting rights".

"It is difficult to find an investor-state dispute settlement case in which the state is held liable for damages in cases where [public institutions](#) participated in shareholders' meetings as minority shareholders and exercised their [voting rights](#)," it added.

The merger was seen as helping ensure a smooth third-generational power transfer to Lee Jae-yong, a scion of Samsung's founding family.

He is the current executive chairman of Samsung Electronics.

A corruption scandal in 2016 subsequently showed that the NPS sided with Samsung as it was pressured by the presidential office, headed by then-president Park Geun-hye, who was later impeached.

Former health minister Moon Hyung-pyo was eventually convicted of abuse of power for pressuring the NPS to vote for the [merger](#) and was sentenced to a jail term.

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