

Seoul files suit against order to pay Elliott in Samsung fight

July 18 2023



Credit: Unsplash/CC0 Public Domain

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.

© 2023 AFP

Citation: Seoul files suit against order to pay Elliott in Samsung fight (2023, July 18) retrieved 27 April 2024 from <https://techxplore.com/news/2023-07-seoul-pay-elliott-samsung.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.