Olympus faces earnings deadline, ex-CEO in Tokyo

YURI KAGEYAMA - AP Business Writer - Associated Press

Olympus Corp. faces a deadline to report revised earnings Wednesday to avoid being removed from the Tokyo stock market after a whistle-blower questioned fees and acquisitions that turned out to be part of a deception to hide $1.5 billion in investment losses.

Former President and Chief Executive Michael Woodford, who has been in the limelight for first raising questions about exorbitant fees and acquisitions, is back in Tokyo to meet investors and legislators, and to try to lead a turnaround at the camera and medical equipment maker.

Woodford, a 51-year-old Briton and a rare foreigner to lead a major Japanese company, was fired in October after going public with his doubts about massive consulting fees on the acquisition of British medical equipment maker Gyrus Group in 2008 and other spending.

He was in Japan last month to meet police and other investigative authorities. He has said he wants to fix Olympus and has expressed hopes shareholders will back him.

Olympus President Shuichi Takayama has said Woodford lacks the right teamwork style to lead the company, although now acknowledges the positive side of Woodford's whistleblowing. Olympus initially denied any wrongdoing and lambasted Woodford.

No one has been charged in the scandal. But Olympus management has said several top company men were involved in the scheme and has promised to investigate 70 officials, including former and current executives and auditors, to pursue possible criminal charges.

Meeting the Wednesday deadline for a revised earnings report is a must for Olympus to stay on the stock exchange, but it could still be delisted if seriously dubious accounting is found.

A third-party panel set up by Olympus, including a former Japanese Supreme Court judge, released the findings of an investigation earlier this month, which said top executives who were "rotten to the core" had orchestrated the accounting cover-up spanning three decades.

As of 2003, Olympus had racked up 117.7 billion yen ($1.5 billion) in investment losses dating back to the 1990s, according to the company.

The overpriced fees for financial advice and overvalued acquisitions were part of an elaborate deception utilizing overseas banks and several funds to keep the massive losses off the company's books, Olympus says.

Japanese magazine Facta was first to report the dubious money.

Tsuyoshi Kikukawa, who was behind Woodford's appointment as chief executive and later his firing, has since resigned as chairman. He is among several executives suspected of knowing about the scheme.

Last month, Olympus dismissed Executive Vice President Hisashi Mori, saying he was involved in the cover-up along with Kikukawa. A company auditor also resigned.

Olympus stock plunged after the scandal broke but has since recouped some of those losses on optimism it might not be booted off the Tokyo Stock Exchange.

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