Whistleblower gives up fight to head Olympus again

YURI KAGEYAMA - AP Business Writer - Associated Press

The Olympus Corp. executive who blew the whistle on dubious spending at the Japanese camera and medical equipment maker said Friday he is giving up his fight to regain the presidency.

Michael Woodford said in a statement he "will today withdraw from any further action to form an alternative slate of directors," as he failed to win support from major institutional investors.

The deception at Olympus dates back to the 1990s, and involved an elaborate scheme to hide 117.7 billion yen ($1.5 billion) in investment losses.

In October, Woodford confronted Olympus management about the excessive spending, which later proved to be part of the cover-up. He was quickly fired as president.

Since then, Olympus has admitted to the cover-up and has apologized.

But Woodford, 51, a Briton, who had been a rare foreigner at the helm of a major Japanese company, began his campaign for a comeback at Olympus.

He said Olympus needed a new board of directors, mostly outsiders, to make a fresh start, ensure transparency and put the scandal behind it.

In his latest statement, he criticized the system of cross-shareholdings at old-style Japanese companies, in which big-name companies hold stakes in each other to ensure stability. That system also works to maintain the status quo.

The fight between Woodford and Olympus management would have come to a head at the next shareholders meeting, the date of which had not been set.

In an interview with The Associated Press last month, Woodford sounded upbeat about gaining support for his comeback, as non-Japanese investors as well as Japanese public were behind him.

But experts had said the outcome was unclear because none of the major investors, such as Japanese megabanks, were expressing support for Woodford, and that would be crucial for him to win.

Last month, Japanese prosecutors raided Olympus headquarters and the home of former President Tsuyoshi Kikukawa, who is suspected of helping to orchestrate the cover-up.

The company, a top market-share holder in medical equipment industry, remains under criminal investigation.

Olympus barely met its mid-December deadline to avoid being removed from the Tokyo Stock Exchange by filing corrected earnings for the April-September first half and for the past five fiscal years.

In an effort to clean up its tarnished image, Olympus appointed three outsiders to a new reform committee to beef up governance and present a plan to shareholders. A separate, earlier panel is investigating the scandal. Olympus has also expressed a willingness to enter alliances as it seeks to fix its finances.

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

Woodford said in his statement Friday that another reason for his decision was the emotional pain of his wife, who wakes up screaming at night.

He said his firing and the hammering he has taken were "traumatizing for all those around me."

He thanked those who had supported him, including the Japanese public and Olympus colleagues, including former board member Koji Miyata. Miyata began a petition drive to bring Woodford back.

Woodford, a 30-year employee at Olympus, said some good had come of his effort by drawing attention to the dubious corporate culture, including a system of "yes-men," and weak corporate governance.

He said his fight had not been about an outsider fighting Japanese, but about someone who wanted reform versus those who had resisted it. Woodford said he liked Japan, and will visit often.

"So many individuals have come up to me to tell me that what I was doing was the right thing," he said.

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