

## JAPAN-UPDATE

# Scammed Japanese homebuilder insists it hid nothing

Expert says Sekisui House is not holding itself accountable for past mess

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Sekisui House Chairman Toshinori Abe, right, speaks during a news conference in Tokyo on March 9. (Photo by Yoichi Iwata)

TOKYO -- Japanese homebuilder **Sekisui House** insists it has been honest about a number of embarrassing situations that have recently plagued the company.

But that claim is being questioned, even after the company went ahead with new governance reform aimed at avoiding further blunders, like the loss of \$52 million to a swindler or its boardroom coup in January.

Company chairman Toshinori Abe on Friday dismissed the widely held view that Sekisui House had misled investors about the ouster of Isami Wada, 76, Abe's former mentor, as chairman on Jan. 24.

The company claimed that the leadership reshuffle was not related to the swindle. Sekisui's new president, Yoshihiro Nakai, insisted at the time that it was simply a "generational reshuffle."

The remarks were made as the Osaka-based company briefed reporters about progress on its three-year business plan that began last year.

Records released by Sekisui on March 6 showed that there actually was a showdown between the business friends on Jan. 24.

After a motion to oust Abe, then president, was rejected during a board meeting, a counter motion to kick out Wada passed, followed by a news conference announcing the reshuffle.

Release of the meeting records followed reports by Nikkei and other media detailing the boardroom intrigue.



A view of the Tokyo property that Sekisui House had intended to buy. © Kyodo

The feud between the two centered around a botched land deal last year. Sekisui signed a contract in April 2017 to buy land in Tokyo from a broker who claimed to have a signed purchase agreement with the property owner. After Sekisui paid for the land, it learned that the claim was based on forged documents.

Abe had led Sekisui -- the country's second largest homebuilder -- for 20 years.

In Friday's news conference, the company stood by its Jan. 24 explanation that the reshuffle had nothing to do with the land fiasco. Instead, it claims that even though the motion to dismiss Abe was over the land deal, it was ultimately rejected. Hence, it didn't need to be disclosed to investors.

The reason for the motion to dismiss former chair Wada, however, was in fact a generational reshuffle, which the company duly stated.

"They are talking about technicalities when everybody else is talking about the substance of the matter," said Tadashi Kunihiro, a lawyer and corporate governance expert. "They are not fulfilling their accountability responsibilities" to shareholders, he added.

Japanese companies' failure to admit problems is not new. This week, Kobe Steel's chief executive said he will step down after the company was found to have been falsifying quality specifications on products shipped to hundreds of customers over decades.

"You can never keep problems secret. Trying to only makes matters worse," Kunihiro said.

A Sekisui House spokesman insists that the boardroom proceedings were released on March 6 so there should be no problem.

Sekisui House typically holds a reception with journalists after briefing them about the medium-term plan. This year, the company decided not to have one.

"We have caused so much trouble [over the boardroom battle], that we thought it would be better not to hold a reception," Chairman Abe said.

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