

# Priests accuse Samsung of setting up slush funds

SEOUL, South Korea - Catholic priests have called for the investigation of South Korea's largest conglomerate, Samsung Group, and accused them of creating multimillion-dollar slush funds.

The Catholic Priests' Association for Justice said in a statement released at a press conference Oct. 29 that Kim Yong-cheol, a former Samsung lawyer, told the association that several bank accounts were opened under his name without his knowledge.

The priests association said one of the accounts contained more than \$5.5 million, reported the Asian church news agency UCA News.

The association, which has gained public attention for fighting for political and social reforms, offered as evidence account numbers and transactions involving three bank accounts and a security account opened in Kim's name. Kim retired three years ago as head of Samsung's legal team.

Samsung might have stashed millions of dollars in up to 1,000 secret bank accounts it opened in its executives' names without informing them, the association said.

With the money, Samsung is "managing" politicians, judges, prosecutors, high officials and journalists in South Korea, the priest's association said, warning that such acts by Samsung would lead to corruption throughout the society.

An official from the Samsung Strategy Planning Office, where Kim worked, told UCA News that the money the association is pointing to "is not Samsung's money, and Samsung is not involved in the accounts." The office functions as headquarters for the Samsung Group of companies, including Samsung Electronics.

The official denied claims that the company has some 1,000 secret bank accounts in the names of its executives and maintained that Kim "showed just his own four bank accounts."

“If he (Kim) shows concrete proof, Samsung will make an apology,” the official added.

Meanwhile, the priests association also criticized Woori Bank for refusing to confirm the existence of the accounts to Kim, suggesting the bank must have conspired with Samsung to open the accounts without Kim’s consent.

The association cited in its statement the case where Samsung chairman Lee Kun-hee allegedly transferred shares to his son in 1996 by issuing convertible bonds much cheaper than the market price. A group of 43 law professors declared in 2000 that the transaction was an illegal donation, but prosecutors began investigating only in 2003.

In 2005, a Seoul district court trying the case ruled that some Samsung executives, but not Lee, had acted illegally. The case is still pending before higher courts.

In 1993, South Korea moved to bolster financial transparency by outlawing the opening of bank or security accounts under other people’s names.

Father Hugo Park Jung-woo, secretary of the Korean bishops’ Committee for Justice and Peace, told UCA News Oct. 30 that he hopes the government will undertake concrete measures to prevent such illegalities.