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| <922/c> | securities regulatory body similar to the Securities Exchange Commission in the USA. Such a body would relieve the Finance Ministry of its current, and often vaguely defined, powers of “administrative guidance” over the securities industry. Revelation of clients involved The list of favoured clients who received compensation was believed to exceed 200 names. The president of Nomura, Setsuya Tabuchi - who resigned his position on July 22 - declared that he would not publicly disclose the names of such clients, a stance endorsed by his counterparts in the other securities houses. However, in a rare display of unity, the country’s four main opposition parties - the Social Democratic Party of Japan (SDPJ), the Komeito (Clean Government) Party, the Japanese Communist Party (JSP) and the Democratic Socialist Party (DSP) - threatened to disrupt the special Diet session scheduled to begin on Aug. 5 unless a full legislative inquiry was undertaken. The special session had been called to discuss a far-reaching LDP-sponsored electoral reform package, the success of which was seen by many commentators to be crucial to Kaifu’s chances of retaining the party leadership (and, therefore, the premiership) when his current term expired in October 1991. In the face of increasing political and media pressure - and the proliferation of unofficial lists based on leaks and speculation - the presidents of the four securities houses released the list of favoured clients on July 29. Among the 231 names were giant corporations such as Hitachi, Matsushita and Nissan, but also a number of small firms, savings banks and some individuals. There was no immediate explanation as to why such obscure clients were favoured with compensation payments, although there was considerable speculation that some names on the list could be facades created to conceal the true identity of investors. On July 31 a further 13 brokerage houses released the identity of 380 institutions and the initials of six individuals who had received a total of 43,697 million yen (about \$320 million) in compensation payments. Among the names on the list was that of a former Finance Ministry official and that of Soka Gakkai, a lay Buddhist group which had close links to Komeito. Another name was that of a property services company headed by a son of Shin Kanemaru, one of the LDP’s most senior members. The Diet agreed on Aug. 1 to establish a special committee later in the month to investigate the scandal. Itoman and other financial scandals Six men were arrested on July 23 in connection with a scandal involving Itoman, a Japanese trading company which encountered severe financial trouble as a result of its involvement in speculative art and property investments. When the scandal broke in 1990, it forced |
|  <p>Key: Footprint ConEn1 Footprint ConEn2 Footprint ConEn3</p> | <p>the resignation of Ichiro Isoda</p> |
| | <p>, the chairman of Sumitomo Bank, Itoman’s main bank. Those arrested included Yoshihiko Kawamura, who had served as Itoman’s president until his dismissal earlier in 1991. He was accused of improperly acquiring 8,280,000 Itoman shares between October 1989 and November 1990 with loans obtained from Itoman subsidiaries. The company’s former vice-president, Sadamu Takagaki, was also arrested on similar charges. It was alleged that the two men had improperly attempted to support the company’s share price after the revelation of its financial</p> |

difficulties. The other four men arrested were accused of selling art objects to Itoman at inflated prices founded upon forged valuation certificates. In addition to the securities scandal, the Japanese financial establishment was embarrassed during July by a separate scandal involving the Marubeni Corporation, and bank scandals including a huge illegal loans scheme at the Fuji bank. A team from the Tokyo public prosecutor's office raided the headquarters of Marubeni, the country's fourth-largest trading company, on July 2, arresting four senior executives and seizing numerous boxes of documents. The four were alleged to have participated in a 3,600 million yen swindle to extract payment for bogus steel shipments. The company denied all responsibility for the fraud, insisting that the staff involved had acted without the knowledge of their superiors. It was revealed on July 25 that Fuji Bank, the country's fourth-largest commercial bank, had dismissed four employees at the centre of an illegal loans scheme using forged deposit certificates worth 260,000 million yen (about \$2,000 million). Three of the four employees were formally accused of fraud and forgery, and Fuji admitted to having suffered losses of 27,100 million yen (about \$200 million) as a result of the scheme which had begun in 1987. The Kyowa Saitama Bank on July 26 sued a former employee and two companies involved in an alleged 8,000 million yen (\$60,000,000) swindle. Japan's seventh-largest bank, Tokai Bank Ltd, announced on July 27 that it had uncovered a 63,000 million yen (\$450 million) fraud involving deposit certificates. Election of Doi's replacement as SDPJ leader The Social Democratic Party of Japan (SDPJ), the country's main opposition grouping, on July 31 formally confirmed Makoto Tanabe as its new leader on the second day of a two-day emergency party conference. He succeeded the charismatic Takako Doi, who had announced her resignation in June, in the aftermath of the party's poor showing in the local elections. Tanabe, 69, a reformist from the right wing of the party, had narrowly defeated the centre-left candidate, Tetsu Ueda, in a leadership ballot of the party's 83,000 members on July 23. Tanabe was the author of a recent policy review which