

(Japanese) 積水ハウス・和田前会長が激白「私をクビにした阿部会長に告ぐ」

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(English)

Mr. Wada, former Chairman of Sekisui House “Message to Chairman Abe who ousted me”

“I have decided to take action”

February 17, 2020

Weekly Gendai

It has been two years since the powerful Chairman was ousted in a coup d'état. The manager who ousted him has been damaging the company's reputation. The former Chairman finally decided to take action despite his age. "Weekly Gendai" will feature this.

“Mr. Abe should resign”

You may remember that Sekisui House was involved in a land fraud incident three years ago. Since then, the Company has been facing "governance failure."

The four representative directors, including the current Chairman Toshinori Abe, made the cause. The current management team's responsibilities need to be held at the general meeting of shareholders in April.

On January 24, 2018, I was effectively ousted in a coup and removed from the position of Representative Director and Chairman of Sekisui House. I was 76 years old back then. I planned to spend the rest of my life quietly.

However, as I heard frequently from some executives about the current state of the Company, I felt anger rise in my heart.

I receive various opinions from current executives and employees of Sekisui House, partner companies and overseas shareholders.

"Under Abe's control, Sekisui House will soon prove unsustainable."

"Wada should stand up and take action to rebuild Sekisui House."

I can't tell you in detail yet, but I believe that current Chairman Abe should resign at the ordinary general meeting of shareholders to be held in April this year.

I decided to take action with the hearty executives and employees of Sekisui House.

Former Sekisui House Chairman and CEO Isami Wada (78 years old) began talking. After he became President in 1998, he managed to turn Sekisui House into a company with sales of 2 trillion yen.

However, two years ago, he was forced to leave Sekisui House in a coup by the then President and COO Toshinori Abe (current Chairman), who used to be regarded as Mr. Wada's confidant.

What was behind the coup where the then President Abe dismissed the then Chairman Wada? Mr. Wada talked about the truth of the series of turmoil, and also about the upcoming "actions" he is going to take.

The close and favorable relationship between the two was cracked following the Company's land fraud incident unveiled in June 2017.

It was a fraud associated with a land transaction in Gotanda, Tokyo. The Company entered into a purchase contract for a land near Gotanda Station of approximately 2,000 square meters where there was the old inn "Kaikikan", but the Company was unable to acquire the land due to the forgery of transaction documents etc. after paying 6.3 billion yen to close the transaction.

The day of the coup

Sekisui House was deceived by a fraudulent landlord group who impersonated the true owner and sold the land without permission of the true owner.

Mr. Wada begins by his recollection of what happened on January 18, 2018.

Subsequent to the incident, an investigation committee consisting of four outside auditors was set up to investigate the truth of the incident.

The "Investigation Report" was submitted to the Board of Directors. The Report had a detailed description of a number of unscrupulous dealings about the transaction.

The members of the Investigative Committee unanimously stated that "President Abe must resign", and the "Human Resources and Compensation Advisory Committee" held prior to the Board of Directors meeting also unanimously concluded that "Abe should resign".

In response to this, as the Chairman of the Board of Directors, I submitted a "motion to dismiss Abe as President."

However, he must have been working, in preparation for the Board meeting, to increase the number of his supporters. There were five directors on Abe's side. The motion I submitted was rejected with a 5 to 5 vote.

That's not all. Mr. Abe submitted a "motion to dismiss Wada as Chairman"

The results were clear before the vote. I realized that with Mr. Abe having a majority of six votes including himself, the vote would result in the motion being approved, so I decided to offer my resignation before the vote was taken.

Mr. Abe, whose responsibilities were clearly pointed out in the Investigation Report, and whose resignation was proposed by the Human Resources and Compensation Advisory Committee, overturned it and caused a coup. What happened?

It is me who made Abe President. He responded very sincerely to my instructions and had never rebelled.

I thought he wouldn't make a big mistake, so I left Abe to the domestic business which was maturing, and focused on developing international businesses.

Because of my focus on the international business, I tended to be out of the Head Office, which was not a good thing in this respect. When I realized, there were many officers who could not go against Abe. Many people became obsequiously sensitive to the mood of Abe who led the domestic business.

After I left the company, many current employees began to come to me.

"The revenue and profit pressures are mounting, and Chairman Abe says things that deny my dignity."

"Many talented employees are exiled and leaving the Company one after another."

However good a manager is, there are dissatisfactions among employees, and you cannot listen to every one of them. However, various opinions were received from the members of the "Sekisui House Association", with whom we closely worked.

The "Sekisui House Association" is a group of partner building contractors that undertake the construction of our detached single family houses.

They complained that the work they received from Sekisui House was getting less and less. "We won't be able to work with Sekisui House any longer."

The Sekisui House Association was established by Ken Tanabe, the second President of the Company, and is a symbol of the philosophy of "coexistence and co-prosperity" with partner companies.

If the top executives who need to work hard with cooperating companies despise the important basis of the Company, the Company won't be able to survive. I gradually became worried.

No new investment for the future

Last year Abe and his team sold half of the Company's stake in the Kokusai Akasaka Building in a prime location adjacent to the Prime Minister's Office in Tokyo.

Why did you sell such a promising building so easily? One executive told me in secret that it was "to make up for a significant drop in revenue." The executive was outraged that it was an act of preempting future profits in order to just meet the profit target.

Real estate companies must keep buying real estate properties to continue with the business. However, in the past two years, new purchases have almost halted. Another executive said with a serious look, "I'm worried about three years from now."

Such complaints keep coming in. I began to see the risk about the way Abe and his team manage the Company.

However, it is the shareholders who have the strongest doubts about the current management team. A shareholder representative lawsuit was filed with the Osaka District Court, and Chairman Abe and three other current Representative Directors have been accused of violating the duty of due diligence for the land fraud incident.

I recently met with US investors. They asked about the coup in 2018, "Why were you ousted?" In their eyes, "Abe ousted you to hide the truth of the land fraud incident." That is probably the case.

Because Mr. Abe has not made public the "Investigation Report" which was submitted to the Board of Directors on that day. The Investigation Report spelled out Mr. Abe's blunder that was clear to real estate professionals.

You should not tell a lie

Actually, it was not until I asked outside officers to find out the cause of the Incident when the investigation officially started. The purpose was to explain the situation to the shareholders, partner companies and employees.

However, Mr. Abe was very reluctant to publicize even the fact that the Company had been scammed. The reason that they have not yet made available to the publish the full-text of the Investigation Report even now is that he wants to pretend this Incident never happened.

I later learned that Abe had declared to the Human Resources and Compensation Advisory Committee who encouraged him to resign, "I will not resign even if I die." Also, the day I was ousted, Abe and his team told at a press conference that my resignation was for a "generation change." It seems obvious that he tried to hide the coup, but he wanted to hide the truth of the Incident as well.

Sekisui House is a public company where thorough information disclosure is required. The Company will have to keep telling lies if they have a dishonest management team. That will eventually lead to serious scandals.

At the ordinary general meeting of shareholders to be held in late April, Abe and other current executives will be up for reelection. The only way for Sekisui House to survive is to have Mr. Abe resign at the shareholders' meeting. Therefore, I plan to present a new governance structure for Sekisui House at the shareholders' meeting.