

Business

The guilty verdict for dot-com kingpin Takafumi Horie is seen as a message to wayward Japanese startups.

TOMOHIKA KATO: KYODO NEWS



March 16, 2007, 11:15PM

CRIME

Conviction sends mixed message

Dot-com star had shaken up conformist Japan

By YURI KAGEYAMA

Associated Press

TOKYO — The guilty verdict in the biggest white-collar-crime trial in Japan in years was as much a message about cracking down on wayward startups as it was a ruling for disgraced dot-com kingpin Takafumi Horie.

Horie, who symbolized the rise of a new generation of entrepreneurs, was convicted Friday on securities laws violations and sentenced to an unusually harsh 2 1/2 years in prison.

Some expressed worries that an emerging innovative corporate culture may have been stifled in this notoriously conformist nation, which tends to frown upon aggressive career moves that would be fairly standard in the West.

But others said Horie, 34, a millionaire who tumbled from idol status after his arrest last year, had merely gotten a deserved taste of justice for deceiving investors about the value of Livedoor Co., the Internet portal site business he founded.

Both adored and despised for his brash personality, Horie had repeatedly asserted his innocence during his intensely watched trial that began last September — a risky endeavor in a nation where 99 percent of criminal trials end in guilty verdicts, and a show of remorse can help win lenience.

The defense appealed the ruling shortly after the verdict, and Horie posted bail at 500 million yen (\$4.3 million).

"It's the classic case of the nail that sticks out too much getting hammered down," said Hideaki Miyajima, professor of commerce at Waseda University, referring to a Japanese proverb warning about the costs of being different in this conformist culture.

"Unless we support people like that, I feel we will be crushing those young people who want to go after something new, striving for that one percent chance of success," he said.

Prosecutors had demanded a four-year prison term for Horie. Executives charged with white-collar wrongdoing generally get a suspended sentence and avoid prison in Japan.

Chief Judge Toshiyuki Kosaka said Horie masterminded an elaborate network of decoy investment funds that were "established for the purpose of evading the law" to manipulate accounting and inflate profit.

"I am disappointed that our assertion was not accepted. I will keep on doing my utmost in my appeal," Horie said in a statement after the trial.



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