

Loss Event

Samsung Group  
 EL0701 - Transaction Capture, Execution &  
 Maintenance  
 KR - Korea, Republic of

BL0201 - Equities  
 KRW Not Identifiable LOSS | South Korean Won  
 Asia / Pacific

Banking

## Samsung Securities overpays employees KRW 112 trillion by erroneously transferring shares as dividends

A DEEP DIVE IS NOW AVAILABLE FOR THIS LOSS EVENT

Samsung Securities has erroneously paid its employees 2.83 billion shares worth KRW 112.6 trillion (approximately USD 105 billion, EUR 85 billion) rather than a total of KRW 2.83 billion in dividends.

Samsung Securities runs an employee stock ownership plan, through which the firm pays dividends to its employees. Yonhap News reports that the error occurred when transferring dividend pay-outs into employee accounts. The firm intended to pay dividends of KRW 1,000 per share for 2,831,620 shares owned by employees, for a total of KRW 2.83 billion. However, the trader responsible for the transaction typed "share" instead of "won", paying 1,000 shares per share, Korea Joongang Daily reports. The transaction was approved at around 09:00 KST on 6 April 2018 and 2.83 billion shares of Samsung Securities worth KRW 112.6 trillion were sent to employees.

At around 09:39 KST the same day, Samsung Securities informed the employees of the error and requested that they did not sell the shares. The company issued another notification at 09:45 KST. However, 16 employees are reported to have sold 5 million shares, worth KRW 200 billion, between 09:34 KST and 10:05 KST. According to Korea Joongang Daily, one employee alone sold 1 million shares worth KRW 35 billion. The employees may face embezzlement charges.

On 6 April 2018, Samsung Securities' stock trading volume was 35 times greater than the previous session, Yonhap News reports. As a result of the sudden increase in sales, Samsung Securities experienced a decrease in its share prices, and Korea Exchange temporarily halted trading of the shares due to the sudden fluctuation. The Korea Times reports that Samsung Securities bought back some of the 5 million shares after the market closed, and borrowed money from other financial institutions to secure the rest.

According to Korea Joongang Daily, the Financial Supervisory Service (FSS) blamed the incident on a lack of internal controls and employee moral hazard. Samsung Securities said that it is conducting a review of the incident and will improve its monitoring system. It also intends to compensate investors who were affected by the decline in the company's share price.

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**Source(s)****Related links**

<http://english.yonhapnews.co.kr/news/2018/04/06/0200000000AEN201804000651320>,  
[http://www.koreatimes.co.kr/www/news/nation/2018/04/488\\_246920.html](http://www.koreatimes.co.kr/www/news/nation/2018/04/488_246920.html),  
<https://www.nasdaq.com/article/samsung-securities-makes-amends-to-all-affected-...>,  
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**Event**

<b>Published In Media</b>	<b>Date of Occurrence - From</b>	<b>Date of Occurrence - To</b>	<b>Discovery Date</b>	<b>Date of Recognition/Settlement</b>
06 April 2018	06 April 2018	06 April 2018	06 April 2018	
<b>Loss Amount USD</b>	<b>Loss Amount EURO</b>	<b>Provision</b>	<b>Boundary Risk</b>	
		No	Market-Risk Related	
<b>Industry Event</b>	<b>Scenario</b>	<b>Product</b>	<b>Process</b>	
	SC0015 - Processing Errors	PD0302 - Equities	PC0902 - Remuneration, Expenses and Payroll	
<b>Event Closed</b>	<b>ORX Member</b>	<b>Role of Firm</b>		
No	No	LS0307 - Position Taking (Principal)		
<b>Cause 1</b>	<b>Cause 2</b>	<b>Cause 3</b>		
CS0205 - Human Error	CS0403 - Inadequate Policy / Procedure			
<b>Jurisdiction / Choice of Law</b>	<b>Counterparty</b>	<b>Environmental Volatility</b>		
LS0103 - Rest of the World	LS0212 - Not Identifiable	LS0406 - Not Identifiable		