

## Toshiba Chairman Quits Over \$3.4 Billion Loss

By Alexander Baptiste, J.D. Candidate 2018 | March 2, 2017

[Toshiba](#), the Japanese technology conglomerate, has spent the better part of a decade and billions of dollars situating itself as one of the most prominent players in the global nuclear power industry by buying up rivals. Although Toshiba's growth has been impressive, it has resulted in a financial disaster that [appears](#) to be growing worse.

In December 2016, Toshiba warned that it would need to write off "several billion U.S. dollars" because of its purchase of American construction firm [CB&I Stone & Webster](#), a firm that specializes in projects involving nuclear power. This potential write-off triggered alarm in the financial industry given that Toshiba's nuclear subsidiary in the United States, Westinghouse, bought the business for \$229 million. Westinghouse's 2015 purchase of CB&I Stone & Webster was geared towards winning more business in the spheres of decontamination, decommissioning, and plant projects. Following the warning announcement, Toshiba's share price dropped 12%.

On February 14, Toshiba announced that it planned to write off more than \$6 billion and withdraw from the business of building nuclear power plants as the impact of its disastrous bet on the American nuclear industry started to rock Japan's corporate landscape. Following this announcement, Toshiba's Chairman, [Shigenori Shiga](#) confirmed that he would resign, putting an end to weeks of speculation about the chairman's future.

Toshiba has announced that it is set to [report](#) a net loss of 390bn yen, or \$3.4 billion, heading into March 2017. This volatile situation has caused analysts to predict that the company's future may be at risk. In a last-ditch attempt to preserve the value of the company, Toshiba has already announced their plans to sell off a portion of its successful memory chip department in order to raise funds.

Prior to the current scandal, Toshiba had been struggling to recover after news broke in 2015 that the company had overstated profits for seven years, a revelation that prompted the former chief executive to [resign](#).

The company [said](#) that it will reorganize its nuclear business under Toshiba's President, Satoshi Tsunakawa, in order to ensure stricter monitoring. Tsukanawa has said that the company is currently looking for potential partners to acquire a stake in Westinghouse. He bowed to the crowd at the news conference to apologize for "troubling investors and stakeholders."