

Korea Zinc, controlling family under tax probe over alleged illegal fund transfers ('KED Global', 2026-06-15)

Tax authorities are examining claims of illegal overseas fund transfers and misuse of corporate assets as part of broader scrutiny of wrongdoing at 15 companies

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South Korea's tax authorities have launched a special investigation into Korea Zinc Inc. and members of its controlling family over allegations involving over 500 billion won¹ (\$329.8 million²) in illicit fund outflows and the misuse of corporate resources.

The National Tax Service's Seoul branch recently sent a formal notice outlining specific allegations to the zinc smelter and has begun securing documents, according to people familiar with the matter on Monday.

The investigation largely centers on three accusations involving Chairman Choi Yun-birm and senior executives' overseas transfers of funds, improper diversion of corporate assets and private benefit extraction by the controlling family, sources said.

US ACQUISITION UNDER SCRUTINY

A key focus is Korea Zinc's 2022 acquisition of US recycling company Igneo Holdings for about 580 billion won (\$382.6 million).

At the time of the deal, Igneo reportedly generated annual sales of about 3 billion won (\$2.0 million) and was in a state of complete capital impairment.

Tax authorities are said to believe that the purchase price was excessively high even after taking into account the company's future growth prospects.

¹ Based on the figures in the original Korean article.

² Foreign exchange rate of USD/KRW 1,515.90 as of June 16, 2026 used throughout the document.



Investigators suspect that part of the inflated acquisition payments may have been transferred overseas and subsequently used for private purposes.

Authorities are said to be estimating that the alleged foreign currency outflows are between 350 billion won (\$230.9 million) and 400 billion won (\$263.9 million).

Korea Zinc officials weren't immediately available for comment. The tax investigation is underway and no formal findings or charges have been announced.

PRIVATE EQUITY INVESTMENT

The National Tax Service is also examining Korea Zinc's investments during 2020 and 2021 in private equity funds managed by One Asia Partners, an investment firm established by an acquaintance of Choi.

Sources said tax officials believe money invested by Korea Zinc in the funds was likely used to purchase convertible bonds issued by companies in which Choi personally invested.

Investigators suspect that between 100 billion won (\$66.0 million) and 110 billion won (\$72.6 million) of corporate funds were funneled to entities linked to the controlling shareholder through the private equity structure.



PERSONAL EXPENSES

Tax authorities are also looking into accusations that Korea Zinc covered personal expenses incurred by Choi and family members.

Officials believe the company may have paid about 10 billion won (\$6.6 million) in legal fees related to private lawsuits involving Choi and his family.

Investigators have also said to be investigating alleged payments of billions of won in salaries to family members who did not participate in management activities.

If such allegations are confirmed, authorities plan to impose taxes accordingly.

WIDER CRACKDOWN ON ‘TUNNELING’

Sources said the probe into Korea Zinc is part of a broader campaign targeting 15 companies suspected of engaging in so-called “tunneling” practices, in which complex corporate transaction structures are used to shift assets or profits to controlling shareholders.

Analysts said that tax officials are taking a tough stance against unfair tax practices to support government efforts to establish a “Korea premium” in equity markets.