

Former CEO faces more than 20 charges, says Cipla

Cipla Medpro (CMP) on Monday announced in a note that its suspended CEO, Jerome Smith, is facing more than 20 charges ranging from gross misconduct to gross dishonesty.

The company said in a JSE Sens announcement on Monday that Smith's legal advisers had sent communication to the Cipla Medpro board of directors late on Friday afternoon cancelling his fixed-term employment contract with immediate effect, on the basis of an irretrievable breakdown in the working relationship with the board, and alleging that he was forced to resign.

"Mr Smith also indicated he would institute legal action to claim damages in an amount which will be set out in correspondence to follow. The board intends to defend this action," the company said.

According to Cipla, one of the charges is one of gross misconduct and/or, dishonesty and/or serious breaches of his fiduciary duties and the company's memorandum of incorporation (MOI), its operating procedures, the listings requirements of the JSE and the requirements of the King III corporate governance code.

Cipla said he "caused bonuses determined by him in his sole discretion to be paid to inter alia himself in the amount of R1.6m in respect of the 2010 financial year and R2m in respect of the 2011 financial year, when to his knowledge such bonuses had not been recommended by the remuneration committee and had not been approved by the board as required by the MOI, the JSE listings requirements and by law".

A disciplinary hearing is under way.

Cipla said it would embark on a process to find a new CEO and in the interim Johan du Preez would continue to act as CEO.