

Financial complaints against Ki Hoon Kim, Chair of the Board of the FFWPU

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November 9, 2017

Complaint Concerning the Apparent Waste of Church Funds and Assets and Concerns of Breach and Neglect of Fiduciary Duty By Dr. Ki Hoon Kim, Chair of the Board of the FFWPU

Dear Members of the National Council,

Re: Complaint Concerning the Apparent Waste of Church Funds and Assets and Concerns of Breach and Neglect of Fiduciary Duty By Dr. Ki Hoon Kim, Chair of the Board of the FFWPU.

I am truly sorry to burden you with a very difficult task. It is my understanding that the National Council (hereinafter "NC") was responsible for forming and implementing the Whistleblower Policy for HSA-UWC/FFWPU USA (hereinafter "FF") and that a Complaint concerning possible wrongdoing and mismanagement by officials of the FF should be addressed to the NC.

Recently the legal department of the FF circulated proposed amendments to the Bylaws of the FF which among other things clarifies the criteria for the removal of a director of the FF for cause. The amended Article 5, Section 4 states:

"The Board may remove from office, by a vote of the majority of the entire board, any Director, on examination of a written complaint by any other Director, of misconduct, incapacity or neglect of duty, provided that at least one week's previous notice of the proposed action shall have been given to all Directors."

In the same draft of amendments a clarification and enumeration of the duties of the Directors of the FF was added. It states in Article 5, Section 2: Duties of the Board of Directors shall include but not be limited to the following:

Uphold the mission and purpose of FFWPU;

Perform fiduciary duties;

Select the President of FFWPU;

Support the President and evaluate his/her performance;

Ensure the proper management of FFWPU resources and

Other duties in accordance with the object and purpose of these Bylaws.

Members of the Board shall comply with FFWPU policy documents, including but not limited to conflict of interest policy, whistleblower policy, and others."

The complaint I am making concerning primarily Dr. Ki Hoon Kim will no doubt come as a shock and cause much distress. I truly regret that Dr. Kim has refused to allow questionable practices and mismanagement to be addressed and remedied gradually and organically and has shown that he has no intention to remedy these extremely serious problems at the FF and has shown instead that he will eliminate anyone who points out these problems and requests that they be addressed and remedied.

The members of the NC may not know who I am or my background and motivation since I have been working at HSA full time for only the past 12 months and worked in Korea for 23 years before that. Please allow me to share some background facts about myself.

I am the eldest son of Dr. Bo Hi Pak and Mrs. Ki Sook [Yoon] Pak. My parents joined the Church in Korea in February 1957 while my mother was carrying me in her womb. I have tried to live my entire life as a faithful son of filial piety (Hyo Jeong) to my parents. Because of my parents' unshakable faith and devotion to True Parents I have lived all my life in the Church and tried to be a son of Hyo Jeong to True Parents all my life.

After graduating from Yale (Political Economy major) and while still in the Masters of Public Policy program at Harvard Kennedy School of Government I started working for UCI in 1981. I was tasked with starting the real estate development and electronic media businesses for UCI which I did for 10 years starting Atlantic Video, US Property Development, Crown Communications, Nostalgia Television to name a few of the companies and projects I initiated and worked on. After I completed the Washington

Television Center building at 650 Mass Ave NW, Washington DC in 1991, True Father soon dismissed me from all my positions at once without giving any reason. No reason needed to be given, I immediately turned over my entire portfolio to True Father's designated appointee, Mr. Dong Moon Joo.

From 1993 I worked for 10 years in Korea as the CEO of Time Warner companies. For 5 years I was the CEO of Warner Music Korea and for 5 years I was the CEO of HBO Korea which was a Joint Venture with a Korean conglomerate, Orion Group.

For more than 2 years I worked as the Managing Director of Asset Management at the Tongil Foundation in Korea under Kook Jin Nim. As MD of Asset Management I recovered and reorganized much of the property holdings of Tongil Foundation. One notable project which I was able to complete was the recovery of about \$500 Million of Chung Pyung property from a nephew of True Father. Over a 7 year period Tongil Foundation had alienated this nephew and sued for and lost ownership of vast amounts of Chung Pyung property to this nephew. The nephew was so incensed that he had started a second lawsuit where he was the plaintiff for the recovery (transfer to the nephew's control) of more Chung Pyung land. The foundation and our lawyers had already written off the properties in the first lawsuit which the foundation lost and by the same token were of the opinion that the foundation would lose the second lawsuit to the nephew as well. Over a period a year I met with the nephew and persuaded him to return all but a small portion of the properties he had won from the Foundation back to True Father and the Church. One of my fondest memories of True Father was the time that I was able to bring the nephew and his family to see True Father to be reconciled after the voluntary return of the properties and cancellation of the second lawsuit. After this meeting True Father spoke his last words to me saying "수고 했다" (Thank you for your hard work). I will forever treasure these precious words spoken to me by True Father.

In 2013 True Mother called me to become the Chairman of the Korean Cultural Foundation, the foundation responsible for the Little Angels Children's Folk Ballet Company, because it was time for my father's retirement after running the Korean Cultural Foundation for 52 years.

In 2014 True Mother appointed me as the first Executive Director of Cheon Il Guk Foundation, the "finance ministry," one of the 5 branches of Cheon Il Guk government in accordance with the Cheon Il Guk constitution (I served under Dr. Peter Hyo-yul Kim who was appointed the first Chairman of Cheon Il Guk Foundation). My first assignment as Executive Director of Cheon Il Guk Foundation was to reorganize the Cheongshim group of companies (comprised of 15 companies, 1,100 employees and over \$1 Billion in assets) which had been built up and managed by Hyo-nam Kim (formerly Hoon-mo Nim) and her husband and eldest son.

In early 2016 True Mother asked me to oversee and advise asset management in the US including supervision of the litigation against the UCI group as well as recover the lost assets in China. From January 2016 I began to come to the US to review and advise on asset management matters beginning with the 99 Year Ground Lease project for the 481 Eighth Avenue Building (New Yorker Hotel building) which was preparing to go to settlement.

Complaint Concerning the Apparent Waste and Misuse of Church Funds and Assets and Other Serious Problems Concerning Management of the FFWPU Funds and Assets

It is with sincere regret that I have found no alternative but to make this formal complaint of wrongdoing in order to address and hopefully correct the serious problems concerning the deliberate waste of Church funds and assets by the Chairman of the Board and other directors and officers of the FFWPU USA (hereinafter "FF").

From January of 2016 first in the capacity of Executive Director of the Cheon Il Guk Foundation I alerted Dr. Ki Hoon Kim and Dr. Michael Jenkins and usually included Dr. Michael Balcomb when he served as President of the FF of the many instances of gross financial mismanagement at the FF and made repeated recommendations on the steps that should be taken to correct those mistakes. From April 2016 I began to serve FF directly as a member of its Board of Directors and from November 2016 I began to serve FF full time as the Executive Managing Director of the Office of Asset Management and Property Development. I have tried continuously since January 2016 to serve FF in my various capacities to correct improper, dangerous and mistaken asset management decisions and policies while also trying to do all the regular work of managing and developing FF assets.

Unfortunately only some of the problems have been addressed, mostly through my intervention, and other serious problems have continued unabated. Dr. Kim has chosen to ignore my continual reports and reminders of the existence of these serious problems for the past year and it seems very clear that he had no intention of correcting any of the remaining problems. Rather after Dr. Michael Jenkins was removed from all business responsibilities around August this year Dr. Kim has sought to drive me out of the FF entirely. At a recent Board of Director's meeting on Nov. 3 it seemed that almost no one on the Board was interested in investigating the allegations of corruption, malfeasance and mismanagement that I have brought but was mostly supporting Dr. Kim in his effort to drive me out of the FF. As the consultative

body to the FF Board of Directors and as the representatives of the grass roots members of our Church from every region I formally and publicly make this complaint and request to the National Council for investigation and correction of the wrongdoing and mismanagement at the FF by its Chairman.

FF Has Been Damaged By the Improper and Possibly Illegal Non Arms-Length Insider Dealings Between Dr. Ki Hoon Kim and John LaValley (East Gate and Thelius Real Estate Advisory Agreements) Over Several Years.

About March 2016 while still acting as an advisor, I pressed for the termination of the Real Estate Advisory Services Agreement with East Gate Real Estate Advisors, LLC, (John LaValley, Managing Partner and Principal) dated February 9, 2015 due to the one-sided and onerous nature of the terms and fees in the Agreement (Attachment 1. February 9, 2015 East Gate Advisory Service Agreement). I will not get into all the onerous terms of the Agreement here for the sake of compactness and because it was successfully terminated on April 30, 2016 but I will be happy to provide a detailed exposition of all the onerous features of the Agreement as a follow up if needed.

There were two approved business plans under the East Gate Agreement the Philadelphia JV and the Ground Lease of 481 Eighth Avenue. In the Philadelphia JV which was a \$2.3 Million investment (composed of a house/church building at 123 41st Street worth \$1 Million and \$1.3 Million in cash) by the FF in a 50%/50% JV to build a student apartment building, on November 20, 2015 East Gate issued a written statement of the estimate of the fees which it would collect from the FF and the project JV in accordance with its Advisory Agreement which came to a total of \$1,012,087.30 (Attachment 2. November 20, 2015 Philadelphia JV Strategic Business Plan with Exhibit A and B Fee Summaries). This is an extraordinary amount of fees given the size of the investment and the size of the expected return to the FF. These fees were just for service with no monetary investment by East Gate.

On the 481 Eighth Avenue Building 99 Year Ground Lease project, on January 13, 2016 at a meeting arranged for the FFWPU International advisory team to review the ground lease deal before it went to closing the projected closing statement showed a performance fee payable to East Gate in the total amount of \$23,609,658 which East Gate had invoiced to the FF around November 2015 in a detailed letter requesting their performance fee (Attachment 3. Projected Closing Statement distributed on Jan. 13, 2016 in the Report Binder, Attachment 4. November 11, 2015 Performance Fee Calculation). I asked if this amount was correct soon after the January 13 meeting. I was told that the fee had been negotiated down to \$3.3 million. I asked to see the documentation on this renegotiated amount. I only received the confirming documentation on this reduced amount on April 14, 2016 although I asked for it a few days after the January 13 meeting.

It was fortunate that the East Gate fee for the ground lease was ultimately negotiated down to \$3.3 Million but the larger problem was that East Gate was entitled to around \$45 Million according to their February 9, 2015 Advisory Agreement. Even John LaValley must have thought this was outrageous so they invoiced the FF only \$23.6 Million. If the 99 Year Ground Lease deal had gone through the FF could have been legally liable to East Gate for the full performance fee. This is a good illustration of how awful the terms of the East Gate Advisory Agreement was and the lack of business competence at the FF and the reason that the Advisory Agreement needed to be terminated as soon as possible.

Even at \$3.3 Million, East Gate's fee was double that of Eastdil Secured, the biggest real estate advisor/broker in New York City, who did all of the actual marketing work for the ground lease (Eastdil's fee was \$1.7 Million contingent on closing but since there was no closing they were only paid a fee of \$25,000). Houlihan Lokey another prestigious real estate advisory firm was paid \$300,000 (this was not contingent and was actually paid).

East Gate was responsible for drawing up the offering terms and conditions of a ground lease for 481 Eighth Avenue but they turned out to be seriously and fatally flawed. If the FF had completed the proposed ground lease deal advanced by East Gate the high fee paid to East Gate would pale in comparison to the financial and legal difficulties that the FF would likely find itself in if it had actually completed the ground lease transaction with Chetrit Real Estate Group, the highest bidder in the final round. Fortunately a month after the intervention by the international team Chetrit suddenly and unexpectedly withdrew their bid and dropped out of the picture and although there were several more bidders behind Chetrit this ended the ground lease project since all the bidders had submitted flawed terms due to the flaws in the basic terms and conditions set by East Gate in the early stages of the project. Although neither the \$23.6 Million nor the \$3.3 Million fees were paid since the ground lease project disintegrated and never closed and only monthly management fees were paid to East Gate about 10 months of time and around \$1 million in expenses was wasted by the FF on this poorly planned aborted effort.

In order to facilitate the termination of the Feb. 9, 2015 East Gate Advisory Agreement Dr. Jenkins felt it was necessary to give a new contract to John LaValley. There was virtually no way to terminate the horrendous East Gate Agreement without making some concessions to John LaValley. Although the

worst parts of the East Gate contract were extinguished and eliminated from the new 2 year advisory contract with Thelius Partners (a new company of which John LaValley was a Managing Director and Principal) the FF inexplicably agreed to pay a monthly retainer fee of \$40,000 per month coupled with an arbitrary guarantee to pay a minimum of 20 months of fees (a minimum of \$800,000) without a condition or requirement that any work be performed to receive the retainer. This was done without consulting with me as Global Asset Advisor. This is not just gross incompetence it is something even worse non arms-length insider dealing among disqualified persons (see IRS definition of disqualified person attached). In May I was still just an advisor to the FF and did not have the authority to overturn and retract this payment provision since it had been offered and accepted by the parties already. I had to hope for the best and look for opportunities in the future to correct if in fact the FF did not receive adequate compensating value.

Since the end of April 2017 there has been virtually no work done by Thelius for the FF. Yet they continue to be paid \$40,000 every month. I have urged Dr. Kim (Dr. Jenkins later agreed and supported the termination of the Thelius contract) to allow me to negotiate an early buyout settlement but no approval was given. As time passed and I recommended that we give a 30 day notice of cancellation which the FF has the right to do but Dr. Kim never allowed me to do so and Markus Karr since apparently taking Dr. Jenkins position has indicated he is not interested in discussing termination of the Thelius Advisory Agreement at all.

Also there is a second part of the Thelius Agreement Advisory added as an Addendum for advisory services pertaining to the acquisition of air rights arising from the property next door to our property at 4 West 43rd Street which are owned by JP Morgan. I recommended that this Addendum be terminated since the acquisition of air rights from JP Morgan failed on May 2017 due to Vornado Realty Trust, the owners of the property next door exercising their Right of First Refusal to purchase the air rights from JP Morgan. The total fees to Thelius for this Addendum agreement concerning air rights acquisition was \$873,000 which would have been paid had the acquisition from JP Morgan closed. Thelius has taken the position that if FF were to do any joint venture with our neighbor, Vornado Realty Trust, using their air rights in any way we would be subject to paying them at least the acquisition fee portion of their fee which could be as much as \$500,000. However, if we terminate the air rights acquisition advisory Addendum then Thelius cannot assert any such claim after their 6 month holdover period expires. We do not know if we will ever do a JV with our neighbor Vornado Realty Trust but it would be prudent practice for the FF to extinguish any lingering liabilities which can be accomplished by giving a simple, proper notice. No action was allowed to be taken on terminating this Addendum agreement of the Thelius Agreement.

There is absolutely no justification to agree to pay Thelius \$40,000 every month for a minimum 20 months (minimum \$800,000 or \$960,000 if it goes to the end of the initial 2 year term). This is an unwarranted waste of Church funds. There is no legitimate reason not to terminate the Thelius Agreement immediately. There is no reason not to terminate the Addendum of the Thelius Agreement for air rights acquisition services since the acquisition failed in May 2017. It is a breach of fiduciary duty for the chief executive of the FF who has executive powers and responsibility over these matters to not allow subordinate executives to act in the best interest of the FF. Yet even though Dr. Kim was repeatedly reminded of these unjustifiable expenditures and lingering liabilities he prevented any corrective action to be taken. Dr. Kim deliberately and willfully allowed the wasting of large sums of Church funds for many years now in favor of John LaValley and his companies. The total amount paid to John LaValley's two companies to date is over \$1.2 Million. The damage and harm to FF would have been far far greater had there been no intervention from Korea by True Mother's direction. The continuing waste of Church funds should be remedied immediately by the termination of the Thelius Advisory Agreement and the Addendum to the Agreement. Based upon the past 2 and one half year history of and pattern or collusive and predatory behavior by John LaValley and the senior management of FF John LaValley should be barred from ever acting as a real estate or financial advisor for FF.

(Attachment 5. Thelius Fee Summary Oct. 11, 2017. Summary of all the various fees paid or contracted to be paid to John LaValley/East Gate/Thelius over the past 2 and a half years. This draft of the summary was given to Dr. Kim and Rev. Buessing on October 12 in Dr. Kim's office. Many previous drafts and reports were given to Dr. Kim throughout the past year and a half.)

Putting the Church Tax Exemption At Risk Due to Non Arms-Length Dealing Between Disqualified Persons (see IRS definition attached).

As a bonifide Church we are entitled to and have tax exempt status under the US IRS code. In general it is a violation of the IRS regulations for a Church with tax exempt status to engage in non arms-length dealings which benefits a private interest and hurts the Church and in particular such self-dealing between people who have a special relationship with the Church are doubly enjoined from such non arms-length dealings which benefits disqualified persons (Attachment 6. IRS definitions).

The entire history with John LaValley/East Gate/Thelius is not only gross incompetence on the part of FF

it is something even worse, non arms-length insider dealing (an excess benefit transaction) among disqualified persons.

John LaValley is a close family friend of Wonju McDevitt and Michael McDevitt and the employer of Michael McDevitt Jr. the son of Wonju McDevitt and Michael McDevitt. Michael McDevitt is the executive in charge of Church properties in upstate New York like the Belvedere Estate and East Garden Estate among others. Wonju McDevitt is the Executive Director of the Office of the Secretariat of the Co-Founder and Head of our Church, True Mother. Michael McDevitt Jr. has been working for John LaValley for approximately 3 years, the entire time that John LaValley has had an advisory contract with FF. John LaValley is in a common law marriage relationship with True Mother's granddaughter. Even though cohabitation is one of the most grievous violations of church teachings and receiving the Blessing is impossible while in a common law marriage, Wonju McDevitt is promoting John LaValley to True Mother to receive the holy marriage blessing while they are still living together.

Wonju McDevitt as Executive Director of the Secretariat of the Head of the Church has virtual total control over True Mother's appointment schedule. Wonju McDevitt along with her deputies keep surveillance on True Mother 24/7 and are her usual companions during recreational time. Wonju McDevitt and her deputy Youngho Yoon constitute the entire daily working staff of True Mother and the only staff to have daily meetings with her and also sit in on every meeting that True Mother has with other leaders of the Church. When I was in Korea working for True Mother, unbeknownst to True Mother it was standard practice to brief Wonju McDevitt before reporting to True Mother. Youngho Yoon since becoming Wonju McDevitt's deputy is now not just her deputy but is the Chairman or the de facto head of numerous Church Educational and Cultural Foundations and recently became the overt Executive Director of the International HQ of FFWPU and is the CEO of numerous business entities.

It is because of the special relationship with the McDevitts and their backing, sponsorship, protection and constant recommendation and positive reporting that John LaValley receives, through the cooperation and collusion by Dr. Kim, special consideration and excess benefits on contracts and has free reign over the asset management work at the FF.

Wonju McDevitt, Ki Hoon Kim, John LaValley and Michael McDevitt Jr. are all disqualified persons. By allowing a person with vast influence over every aspect of the running of our worldwide Church and the FF USA through appointment and promotion of her team members who are willing to collude with her and elimination of those who insist on objective, truthful, independent reporting to True Mother and by facilitating the channeling of illegal excess benefit transactions to Wonju McDevitt's friends and family members, Dr. Ki Hoon Kim is not only breaching his fiduciary duty but also putting the FF at risk of losing or at least tarnishing the tax exempt status with the US IRS.

The contract with John LaValley's company should be terminated immediately and the past payments examined for excess benefit transactions. An audit should be conducted to examine whether there are any other transactions with disqualified persons at the FF and its subsidiaries.

Allowing the Wasting of Church Funds and Assets by Continuing to Operate the New Yorker Hotel, a Hopelessly Money Losing Business and Jeopardizing the Church's Tax Exempt Status By Ignoring Prudent Investment Rules.

This year the New Yorker Hotel (NYH) will lose approximately \$12 Million, the biggest loss in a single year ever. Over its entire history the NYH has lost nearly \$35 Million. Unfortunately the huge losses will not improve next year or in the years to come so the pace of the growth of the deficit will be staggering. This is due to the inexorable rise in direct operating costs (5.55% compound annual growth rate (CAGR) in the 11 year period 2006 to 2016) which is driven by the hotel workers union contract which can never be terminated and by the never ending capital improvement budget required every year (15% CAGR) to operate as a minimally competitive hotel plus other inexorably rising costs like real estate taxes (9.33% CAGR). The deficit created by these inexorable cost increases is worsened by self-inflicted management mistakes like the Wyndham Franchise Agreement which adds 5-7.5% to the cost but produces only a minimal gain in revenue. (Attachment 7. 2006-2016 Historical and 2017-2021 NYH Projected PandL and Cash Flow, Attachment 8. 2017 NYH Actual (through August 2017) and 2017 Full Year Forecast Monthly PandL)

The NYH uses 62% (680,000 SF out of 1,090,000 Total SF) of the 481 Eighth Avenue Building and produces a \$12 Million annual loss. Of the remaining 38% (410,000 SF) of the building 18% or 200,000 SF is used by the FF or a subsidiary of the FF (Manhattan Center Productions, Inc.) or is still vacant. Only 19% of the building (210,000 SF) is generating rental income yet it produces the entire useable net income of \$10 Million from the 481 Eighth Avenue Building. But actually when you consider that the FF is responsible for funding the deficit incurred by the NYH the correct assessment of the financial performance is that the 481 Eighth Avenue Building, consisting of 1,090,000 gross SF, in the hottest submarket in Manhattan (Midtown West, Hudson Yards) produces virtually zero net income due to the losses at the NYH. All the net income produced by the 19% of the building leased to paying tenants is

being consumed by the NYH losses.

By any metric the 481 Eighth Avenue Building should be producing a minimum of \$15-25 Million of net useable income every year, not \$0. But in order to get to a minimal, rational return on the 481 Eighth Avenue Building asset it requires massive restructuring and professional financial engineering in order to implement a new strategy which overturns decades of neglect and unprofessional management. The NYH has survived until now only because the value of the 481 Eighth Avenue Building has grown steadily over time and this has allowed the FF to keep borrowing from the bank year after year to fund the deficit. The total debt on the NYH (guaranteed by FF) is now at \$110 Million. No more borrowing on the 481 Eighth Avenue Building is possible even though there is plenty of asset value remaining because the cash flow from the 481 Eighth Avenue Building is so low and rapidly getting smaller due to the growing and permanent deficits of the NYH. It is likely that we will not be able to organically maintain the \$11 Million of free cash flow from the 481 Eighth Avenue Building that we are required to maintain by the covenants in the loan agreements with the lender bank by the end of the first half of 2018 (Attachment 9. 481 Eighth Avenue 2015-16 NOI calculations submitted to the bank). We will have to start paying our lender bank large chunks of the principal of the loan once this cash flow covenant is breached.

It will not be long before FF will be forced to sell major assets like the 43rd Street property in order to fund deficits and repay bank loans.

In May 2017 with the support of Dr. Jenkins I presented these findings to Dr. Kim and convinced him of their validity and the coming consequences of not dealing with this dire situation proactively. He authorized me to work on a fundamental restructuring deal which I did immediately and was prepared to execute the implementation phase by August 2017. At that point Dr. Kim told me to halt all restructuring efforts and said that the NYH and the 481 Eighth Avenue Building would continue to operate pretty much as it had been in the past. I do not know whether he was genuinely interested in dealing with the NYH problems in May 2017 when he approved the restructuring effort or he was just lying or humoring me or buying time until he could find a way to eliminate me from FF asset management. Perhaps he will do a restructuring deal for 481 Eighth Avenue after I am gone and John LaValley can run the project and collect his exorbitant fees.

Continuing to operate a for profit business which has no prospects for financial success just wastes the Churches resources and contravenes the prudent investment requirement which the executives and board members of a Church are required to follow. The executives and the board not following these mandated principles means that these executives and board members are not abiding by their fiduciary responsibility and also is putting the Church's IRS tax exemption at risk.

For a myriad of financial, legal and practical reasons the FF needs to exit the hotel ownership and management business and fundamentally restructure the 481 Eighth Avenue Building asset.

For Dr. Kim to ignore these realities and not only not remedy them but prevent an executive with the requisite professional skills and experience from remedying them is more than just incompetence. It is gross negligence at best and could possibly well be conspiracy to harm the FF for the benefit of certain favored individuals.

Jeopardizing the Church's Tax Exemption Status By Continuing to Fund the Endless Deficit of the Washington Times Business and Operating A Fully Political Daily Newspaper Within the FF.

Dr. Kim and senior executives at FF have been lying for years about the financial performance at the Washington Times. The Washington Times has never achieved breakeven and it is highly unlikely to do so in the future. If you include the underperformance of the real property which the Washington Times newspaper company occupies the Washington Times will lose \$5 Million this year. Again continually wasting Church assets on a for profit business that has little or no prospects of financial success is contrary to the prudent investment principle which a church is obliged to follow. Not following this rule is again putting the Church's tax exemption status at risk.

In addition, running a full daily newspaper in the nation's capital which deals with the whole gamut of political issues is inherently at odds with the principle that a church not engage in lobbying, promotion of legislation and supporting political figures.

For these reasons the Washington Times should be moved out of the FF organization and put into a separate private foundation which does not have or want to seek church tax exemption status.

Wasting Church Funds by Gross Negligence in Tax Planning Resulting in Payment of Nearly a \$1 Million per year in Unnecessary Taxes

I have pointed out to Dr. Kim and also to Markus Karr the negligent manner in which tax planning is handled at the FF subsidiaries. I have already identified and pointed out to them at least a million dollars

of tax savings which the FF can achieve very easily. Unfortunately Dr. Kim has never shown the slightest understanding or interest in implementing or even investigating these rather simple methodologies. There have been a number of very promising business opportunities which could benefit the FF significantly which I have brought to their attention but again Dr. Kim and Markus Karr have not shown the slightest inclination to investigate or discuss them (For example a proposal from Live Nation to master lease 311 W 34th Street building for \$3.0 Million Triple Net Rent per year, 2 years rent of \$6.0 Million payable in cash in advance, \$5.0 Million capital improvement investment made into the building at their expense plus 40% of the net profit from their operation. Attachment 10. August 7, 2017 Live Nation Proposal). I can only surmise that either they are incompetent or they think that I am incompetent or they are simply not interested in my having any role in executive business management at the FF notwithstanding the fact that True Mother requested me to come here specifically for such a mission and role.

Changing the Bylaws of FF in Order to Facilitate Virtual One Man Control of the Board and to Eliminate Freedom of Thought and Conscience and Quash Any Possibility of Checking Possible Wrongdoing.

Recently amendments to the longstanding Bylaws of the FF (formerly HSA-UWC, incorporated in California in 1961) were proposed by the legal staff of the FF. Some of the changes were housekeeping matters like changing the name of the organization used in the document to the FFWPU from HSA-UWC, others were entirely healthy and desirable changes like specifying the duties of the members of the board of directors. However, there were two provisions which I believe conscientious and thoughtful members would find highly objectionable and contrary to good governance. First was providing for the removal of a member of the board of director for no cause whatsoever. It is natural and necessary that a director be subject to forcible removal from his directorship for a valid cause. That has always been in the Bylaws. What was being added was the removal of a director at any time for no cause by a simple majority vote. Second was the provision to reduce the term of a director from 3 years to 2 years. After 68 years of having a term of 3 years for directors there is no necessity or advantage from reducing a directors term to only 2 years. At the FF I believe it has been typical that directors serve for very long periods of years like 10 or 20 years. For the sake of continuity, cohesiveness and camaraderie it is preferable that directors serve for longer periods of time rather than shorter.

These two measures taken together would be inimical to the operation of a healthy, collaborative board of directors. It would facilitate the domination of the board by a simple majority which usually means an individual leader can come to dictate the operation of the board. There will be no room for diversity of thought, conscientious objection or dissent. More importantly with such means of forcible ejection there is very little room or possibility of checking wrongdoing by the clique or strongman who wields the most power. The board can be easily dominated which in the worst case can lead to unchecked corruption and even greater catastrophe.

Here in part is the contents of an email I sent to the members of the board of directors about these issues on Oct. 30.

Jonathan Park <jsp22106@gmail.com>

to Kaye, Ki, Richard, Michael, farley, Hugh, Alexa, Tyler, William

Dear Kaye and all the Members of the Board,

I will be attending the board meeting on Nov. 3rd.

Prior to the meeting I would like to bring to every one's attention some extremely serious concerns about the proposed amendments to the Bylaws of HSA and hopefully have some preliminary discussions before the meeting. The proposed changes, specifically reducing the term of a director to 2 years from 3 and allowing for the removal of a director for no cause by a simple majority vote are fundamentally altering the principles of governance and will have profound consequences for our Church now and in the future. I doubt in the short time allotted for board meetings all aspects of these changes can be satisfactorily discussed and understood and consensus formed before voting.

I stated some fundamental concerns in my email dated Oct. 21, 2017.

A 2 year term is too short for an extremely long term minded organization like our Church. All the board members who are elected to serve are life long disciples of True Parents and the Church. I don't know whether everyone would agree but I think that everyone would want properly vetted board members to serve for longer not shorter terms. For the sake of cohesion of vision and continuity of doctrine and policy, developing deep working relationships among the directors, developing a camaraderie and esprit de corp all these things require directors to serve for a long period of time and knowing that their term is only a short 2 years and also can be

terminated at whim by a ruling majority will stifle the healthy functioning of the board. I do not know the terms of the directors of other established churches but it would be helpful to know and study many examples for comparison and edification before making this change. For example one well know church governing body is of the College of Cardinals of the Catholic Church who I believe serve for life same as the Pope does. This is only one example.

I see no good purpose for allowing for the removal of a performing director for no cause. We already have the ability to remove a director for cause which of course is necessary and appropriate. But the effects of being able to remove a director by simple majority vote for no cause is almost entirely bad and in extreme circumstances can be catastrophic. At this time the HSA board is a completely independent, self perpetuating board. We are not legally bound to follow the wishes of True Parents in any way. We are all completely aware of our moral and sacred duty to follow and obey the True Parents but this is not codified in our organizing documents. Therefore when and if a ruling majority desires to sever all ties to the Worldwide FFWPU Church and alter any of our fundamental beliefs and principles it is entirely possible to do so. A short board term and the ability to terminate a board member for no cause can lead to dictatorial rule by a simple majority. Even before directors are removed at will, being subject to such a rule will make it all but impossible to criticize, or point out mistakes or stand up to corruption and wrongdoing by the ruling clique and its leader. Such a rule would enforce conformity, leave no room for debate or alternative or creative thinking, in short it could devolve into a dictatorial, tyrannical rule so very easily after these few remaining sensible safeguards have been removed.

We need look no further than what has happened at UCI. After H1 had a majority of 3 on the board he eliminated the 2 board members loyal to True Father and became a rouge organization waging war on the main body of the Church. In 2008 HSA itself when through this traumatic trial of fire and by the Grace of Heavenly Parent and Heungjin Nim in Spirit World HSA remained true to True Parents and did not fall away from the Worldwide Church due to a 5-4 decision not to follow H1. With these new rules in place it is setting the stage for another catastrophe in the future. I must ask why and who would want to lay the ground work for a tragedy like that.

Rather than shorten the term of a director and make it possible to expel a director on the whim of the majority we should consider making the threshold for electing a new director and expelling a director for cause at 2/3rds or higher. The one good change proposed to the amendments was to make changes to the Bylaws require a 2/3rds majority vote. This should be applied to election of new directors and expulsion of directors for cause as well.

Firstly I recommend that we postpone the vote on the amendments to the Bylaws for a future date after there has been time for careful deliberation, discussion and vetting.

Second, I recommend that the National Council members take up this deliberation and eventually come up with a recommendation for the BOD to then consider. We can consider the NC vetting as similar to passing a measure in the House of Representatives the BOD approval will be like passing in the Senate. To keep using the analogy I don't believe these proposed amendments have been thought through even in committee.

After I sent the memo it seemed that at least the provision to remove directors without cause was taken out of the proposed amendments. The board was to discuss and vote on the Bylaws amendment at the Nov. 3rd board meeting but at his board meeting only the topic of whether I should resign was discussed and the amendments to the Bylaws was put off to the next board meeting and the meeting abruptly adjourned. Now it is unclear what amendments to the Bylaws of the FF will be adopted at the next board meeting. I urge the NC members to review the amendments and if removal of directors for no cause is reintroduced and/or the term of directors is being reduced raise objections and block its passage.

I am sorry for the length of this document. There is so much that needs to be said it is difficult to keep the document short. There is so much more I can testify to if the NC or the Board is interested in hearing my testimony and evidence.

In conclusion I believe if the NC will investigate the charges that I have made here it will find that Dr. Ki Hoon Kim is culpable of misconduct, incapacity and neglect of duty as the Chairman, director and chief executive of the FF which requires positive measures to correct and to prevent further harm to the FF and damage to its business operations and assets. I strongly recommend and request that the NC request the Board of Directors of the FF to conduct an inquiry of the misconduct, incapacity and neglect of duty by the Chairman and at a minimum remove him from responsibility for the management of the business and asset management affairs of the FF and that a professional and competent business executive with asset management/real estate management experience be found to run OBIAD and have this CEO report directly to the BOD and not to the Chairman who is incapable of professionally managing the business portfolio of the FF and is also severely compromised by special private interests. This I believe is the

surest and structurally the soundest way to ensure that the FF's considerable business interests and real assets are managed properly and properly serve the mission of the FF.

I thank each member of the NC for hearing out this complaint and it is my sincere hope you will be able to eradicate the sub-par level of professionalism in financial management that plagues the FF today and reorganize and revitalize the business side of the FF for the future.

Thank you and God bless you, our Church and our Precious True Parents,

Jonathan Park
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