

On The Cover

## Sons Rise in a Moon Shadow

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### Reverend Moon's sons are vying, even sparring, to restore a spiritual enterprise.



Days before the Reverend Moon Sun-Myung turned a spry 90 in February, a pair of his sons prominently joined him to inaugurate the new Unification World Headquarters Church in Seoul. The splendid five-floor structure has a marbled lobby, an all-embracing prayer room with Islamic inscriptions and portraits of Christ, Buddha and Confucius, and a main hall large enough to hold 1,200 of the faithful.

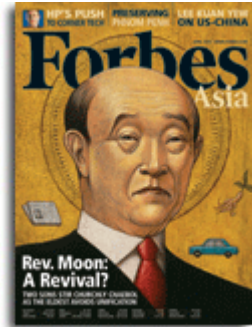
The two brothers, Moon Kook-Jin, 40, and Moon Hyung-Jin, at 30 the youngest of the Rev. Moon's seven sons and seven daughters, represent the best hopes for infusing new fervor into the Unification empire as both a business and a religion. The father and his 67-year-old wife, the flock's "True Parents," as they call themselves, now live mainly in Korea, sequestered in their "palace" nestled in mountains halfway between Seoul and the demilitarized zone.

Obviously, much remains of a movement that had peaked by the time the 1997--98 Asian financial crisis devastated the Tongil Foundation, the core Moon business group in Korea. Many of those packing the new hall to pray, applaud and sing along with the man who would be messiah were donors to the \$100 million project, which adjoins a modern apartment complex on a prime site near the historic U.S. military headquarters.

But revival, both financial and spiritual, is the mission now. The business empire cum religious movement slowly disintegrated for years. These days Kook-Jin and Hyung-Jin are working in tandem--Kook-Jin turning the nonprofit Tongil group into a viable if secondary *chaebol* or conglomerate, pumping funds into the church and educational enterprises while Hyung-Jin revs up a congregation once in danger of becoming old and moribund.

Yet the stirrings in Korea find this dynamic duo at odds with an older brother in the U.S., Hyun-Jin, whose Unification Church International (UCI) operation there has grown removed from them and, it would seem, from their father. UCI apparently is not donating funds into the American branch of the church, led by sister In-Jin, 44.

Kook-Jin, as chairman of Tongil, sits at its headquarters in Seoul's prosperous Mapo ward several miles from the new church. Raised as Justin in the U.S., he came into the post nonsalaried but with a living allowance that supports him, his wife and four children in a posh residential district--with a mandate to plug the money drain. "We're starting with the people based on job descriptions and job qualifications," he begins a conversation in his 11th-floor office suite. "I looked at the staffing independent of whether these individuals were church members."



Kook-Jin ordered new IT systems, streamlined work flow, brought in "a lot of professionals." Above all, he jettisoned losing companies, stripping the Tongil group down from 34 to 15 with an emphasis on leisure activities, apartment complexes and construction projects. Then there's the Ilwha Company, which makes pharmaceuticals, ginseng tea and a barley drink called McCol. Ginseng is long identified with Moon, and Ilwha's nonfamily president won a nod in March from the Blue House for outstanding Korean business management since the company was rescued from receivership after 1998.

Of the Tongil entities, only Ilshin Stone, which has a quarry in Korea, is publicly traded. After losing heavily as late as 2006, it made \$1 million in 2009 on sales of nearly \$50 million, but these were down from better numbers posted in 2008.

At the same time, the foundation finances about 20 religious and educational institutions, including the Sunmoon University, 40 miles southeast of Seoul, and the Little Angels, a song-and-dance group that the Rev. Moon's longtime top aide and soul mate, Pak Bo Hi, is taking on a tour to the U.S. in June. And, of course, Tongil donates to the church, though how much, and whether by personal or corporate channels, is not clear.

Brother Hyung-Jin maintains an office for his Family Federation for World Peace & Unification and publishes a magazine, *Today's World*, all with Tongil money, two floors above Kook-Jin. Hyung-Jin, a.k.a. Sean from his days getting degrees from Harvard College and Harvard Divinity School, was consecrated in his father's church. He is international president of the Unification Church and now officiates Sundays at the new chapel after packed weeks of organizing and proselytizing. "I don't know anything about business," he says. "My brother helps us a lot. Finance and ministries are totally separate."

But even as the last son dons his father's ministerial robes, the activities of the eldest surviving son, Hyun-Jin, are a source of confusion and strife: Confusion not only in the similarity of the given names but the use of "Unification Church" by both; strife in that Hyun-Jin (also known as Preston) appears distanced from the clan in Korea while doing business there as well as in America.

Preston, 41, was noticeably absent from the February festivities in Seoul, skipping his father's birthday bash even as UCI's JW Marriott hotel catered the dinner for more than 1,000 people at a "training center" on the palace grounds. He has been locked in his own business struggle, trying to revamp one of dad's most visible assets, the *Washington Times* newspaper in the U.S. capital, and rubbing up against family sensitivities in the process.

Michael Breen, a former church member who runs a public relations firm in Seoul, says Moon's legacy is clouded. "It seems the main theme is a measure of conflict between children. The one in America has been pushed aside. This is all unresolved. There's palace intrigue."



At his office Kook-Jin is informal, sporting a baseball cap with the emblem of his privately founded gun business in the U.S. (see "*Side (Arm) Business*" below). But what he wants to talk about is Tongil's rebound in Korea. "We have businesses that are becoming synergistic," he says, which if nothing else means he can juggle the moving parts. His father tapped him in 2005 to take

over. Since then the annual operating loss, which excludes all condo sales, he says, fell from \$36 million in 2006 to \$5.6 million last year while the percentage of debt to assets was cut from 767% to 194%. Group assets are said to total \$1.5 billion, 70% in resorts, 18% in manufacturing. "We're focusing on what is profitable," says Kook-Jin, pointing especially to the vast YongPyong mountain resort. "In the skiing season we have 600,000 visitors."

Among firms that fell by the wayside was the big factory arm, Tongil Heavy Industries, which the foreign and domestic media loved to "expose" for producing the barrels of artillery weapons and other hardware for the Korean armed forces. Another casualty of 1998, Tongil Heavy was sold off and changed names, but Kook-Jin still dreams of the group's resurgence as a manufacturer.

Right now he's placing his hopes on a much smaller entity, tic, a merger of several subsidiaries of Tongil Heavy, producing motor vehicle parts, grinding machines and ball screws in the industrial center of Changwon near the port city of Pusan. Kook-Jin is proud tic makes axles for armored vehicles. "We have a very good relationship with the military," he says. Commercial trucks also are a target market.

A smaller arm includes a daily newspaper, *Segye (World) Ilbo*, and a travel agency run by one of Kook-Jin's sisters, Sun-Jin, 33, and her husband. The paper, reflecting Kook-Jin's avowed "center-right" political philosophy, operates at a loss, but he wants to keep it going. "I think we can get to the break-even point," he says. "We did a lot of corporate structuring. We've been able to reduce our expenses, but the quality has been consistent."

Kook-Jin draws on a 12-year-old work by management writer Patrick Lencioni called *The Five Temptations of a CEO*. Its lessons may not seem terribly innovative, but they're revolutionary enough in the authoritarian world of Korean business and among those who previously ran Tongil; its past chairman was the father-in-law of aloof brother Hyun-Jin.

If Hyun-Jin (*right*) is drawing on outside inspiration in running the UCI business, it's not known. He was unavailable to FORBES ASIA. He has been slashing costs at the *Washington Times*, the newspaper created by Pak Bo Hi in 1982 as a conservative antidote to the *Washington Post* (*WPO - news - people*), as well as guiding a flourishing U.S. fish business, True World Foods. UCI also owns not only the five-star Marriott in Seoul but also a sprawling complex around it called Central City (as well as a construction company in the Korean capital). Department store giant Shinsegae, core-owned by Lee Myung-Hee, sister of the Samsung patriarch, leases space in the complex, as do scores of shops and restaurants and an enormous inter-city bus terminal.

Kook-Jin does not want to talk about his recent detachment from Hyun-Jin, other than to say, "We assisted in the management [of Central City and the construction firm] for a year or two," but then "UCI said they wanted to manage." They "were not profitable," he says, but "I made them very successful."

Why, then, is Kook-Jin no longer involved with them, even as a consultant, since they are near his office in Seoul and his brother is 10,000 miles away? "My older brother ran those organizations," he responds. Kook-Jin believes Hyun-Jin appreciated his advice. Or at least, says Kook-Jin, "he liked the companies becoming profitable."

Kook-Jin speaks abstractly when pressed for what came between the business heads in the U.S. and in Korea. "Our foundation's view, we tend to be relatively open," he says. "UCI has their own management style. We did things a little differently."

By contrast the Tongil boss has frequent conversations with the head of another Unification Church entity. Park Sang-Kwon, 59, is president and CEO of Pyeongwha Motors, which produces the only cars made in North Korea, on license from [Fiat \(FIATY.PK - news - people\)](#). (Pyeongwha also owns a hotel in Pyongyang, the Potonggang.) Output is slowly ramping up to maybe 1,000 a year in a plant near the port of Nampo. A North Korean state company is part owner of Pyeongwha, which translates as "peace," but Kook-Jin won't say how it is divided.

Kook-Jin does, however, call Park "a very impressive man" who's "succeeded in a difficult position." Park holds the distinction, he says, of having been "the only businessman who's made a profit in North Korea"--a small but significant \$700,000 reported in mid-2009 for 2008. Better yet, Park was able to transfer some of the profits from North Korean to South Korean banks, no small achievement. Park won't give interviews, but his success represents a dream of the Rev. Moon to foster good will between North and South.

Tongil," after all, does mean "unification," though how much the word has to do with North and South Korea is debatable. Timothy Elder, a longtime church member who works in the Tongil group headquarters, says, "It's religious. We feel this is God's will." But Breen, the ex-member in p.r. who's written about the two Koreas, says the word " 'unification' refers to Christianity" and doubts whether church members "hold that much hope for reunification."

Clearly Rev. Moon himself has special ties. He was born in what is now North Korea, resisted Japanese rule and then was jailed by the Communists for preaching before escaping to South Korea in 1950, months after the outbreak of the Korean War. But among the gifts showered on him at the 90th fete was a pair of gold Rolex watches from Dear Leader Kim Jong-Il, presented by Pyeongwha's Park. Dictator Kim, says Elder, has been sending a gift on Moon's birthday for a few years. (Moon celebrated this year on Feb. 19, a date that changes every year depending on the lunar calendar. The birthday has to coincide with the lunar calendar date of Jan. 6, 1920, on which he was born.)

At the church opening a few days later the two favored sons approach the dais together. "The True Parents," says Moon Hyung-Jin, looking at them seated on twin, gilt, throne-like chairs, are here to complete the mission of Jesus. "Six times," he says, to loud cheers, his father was in jail. After fleeing south he twice had early brushes with the authorities as he founded the church before migrating to the U.S. He was famously jailed for 13 months in the federal prison in Danbury, Connecticut in the early 1980s for tax evasion.

As if those brushes with the law were not enough, in 2008 the Rev. and Mrs. Moon and 14 others had a brush with death when their helicopter made an emergency landing on a mountainside near Seoul. The helicopter exploded minutes after they got out--"not by luck," says Hyung-Jin, "but because he has a mission to bring salvation for all mankind."

(The parents, who don't speak to the press, spend most of their time in Korea since their mountain retreat--with museum, training center and temple--was completed four years ago, although the family maintains its longtime estate in New York's Westchester County.)

When the time comes for "special remarks" the aging Moon talks in a familiar gravelly voice, cajoling, joking, praying. At one point he waves at Pak Bo Hi, in a pew near the front, saying he doesn't know if Pak is his son, his friend or his disciple. Pak, near 80, stands up, grinning and shouting, "I'm your son!" The exchange bears



special meaning since Pak, while in his mid-70s, was convicted in an investment scam and served two years and three months in prison in South Korea before friends in the movement paid off massive debts to get him out of jail.

Moon's wife leads the throng in a rousing rendition, in Korean, of "Battle Hymn of the Republic"--with the chorus, "Glory, Glory Hallelujah," in English. All the family that's present, including a passel of grandchildren, join in.

Hyung-Jin, talking after a service the next Sunday, has no ready answer to why brother Hyun-Jin, or Preston, wasn't there other than to say, "We had other brothers and sisters who could come" and "Only two of us are working here."

If the innermost workings of the Unification Church seem opaque, Moon Kook-Jin means to create quite the opposite atmosphere within his Tongil group. "We focus on results," he says, coming back to his management text's five principles. "We strive to keep everybody confident and humble. We want people discussing matters freely. We want people developing trust, not authority. We've been working on changing attitudes." Nor does Kook-Jin seem to have inherited grandiose dreams. "We know our limitations," he says. "We know we are not at the point where we can compete with those organizations"--meaning the giant *chaebols* that dominate Korean business--"and the games they play."

The "huge asset base" of the church is a foundation for financial renewal, and in return Tongil wants to reinvigorate the ministry. "Our church has stagnated in Korea for the past 20 years," says Kook-Jin, estimating regular churchgoing membership in Korea at about 50,000. "For 20 years it wasn't dynamic." About 300,000 Koreans actually belong to the church in Korea, says Elder. He estimates worldwide membership to be at 3 million, a figure that is far larger than unofficial estimates.

"Everyone got older," says Breen. "Not a lot of people are coming in. They're trying to get people out to bring in new members."

Probably no ritual is more effective or gains more publicity worldwide than the mass weddings that the Rev. Moon has been staging at least twice a year in Korea, the U.S. and elsewhere for the past 50 years. Kook-Jin and Hyung-Jin both go to ceremonies whenever they can, most recently at a spacious exhibition center on the outskirts of Seoul at which 7,000 couples from Korea and 20 other countries said "I do" in a ritual called "The True Parents' Cosmic Blessing Ceremony."

The real significance of recent weddings may not have been the ceremonies per se, but the realization that the Rev. Moon is passing on the mantle of power. Hyung-Jin does most of the sermonizing at a typical two-hour festivity, just as he does at regular Sunday services in a rip-roaring style that has congregations cheering wildly. "Why does the true father talk about world peace?" Hyung-Jin asks in one sermon. "We cannot even unite this church. We cannot unite this family. He has seen his children not obey him and even hate him in their immaturity."

Whether Hyung-Jin is referring to his father's flock or his blood family goes undefined. He admits mortal sin and begs for redemption. "We can see we are not perfect," he orates, shouting, gesticulating, mixing homegrown piety and American slang. "We become solely focused on the true father. Let's give it up for God. The true father has worked for us. It is this heroic love that helps the true father."

As the youngest son winds up, "Let's give it up for unification," a wave of applause sweeps the church, his businessman brother at the forefront. "Let's give it up for God and the true faith"--and the Tongil empire, foundation and lifeblood of the family, on its own way to salvation.

### **Sidebar: Side (Arm) Business**

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Kahr Arms, the pistol manufacturer that Moon Kook-Jin founded fresh out of college in 1993, has nothing to do with the Moon family empire in South Korea or the U.S. But it was the crucible in which he forged his skills as a businessman.

Kook-Jin (or Justin, as he is known to friends and associates back in the U.S.) can no longer devote much time to his unlikely entrepreneurial start. When returning to his American roots, however, he's likely to be at the Kahr headquarters in Pearl River, New York, a secluded village not far from the Hudson River in Rockland County, or visiting its plant in Worcester, Massachusetts. He has seen it grow to annual sales of \$20 million. It's a "100% private company," he says, "and I'm the sole stockholder."

Kook-Jin's fascination with small arms is not just a business matter. He took up target shooting as a hobby at age 14 while living on his father's Westchester County estate and prepping for college at the nearby Hackley School. He went on to study economics at Harvard, where Larry Summers was one of his professors and Lawrence Katz, also a noted economist, advised him on his thesis on labor supply and single mothers receiving welfare. Upon graduating magna cum laude he invested his energies in Kahr. (The name has no meaning other than providing a suitably hard-nosed Germanic sound.) "I started it from scratch," he says, but left after a few years to pursue an M.B.A. at the University of Miami. And then he was back at Kahr.

"We make the world's most size-efficient pistol," he says proudly. "For any caliber, our guns are the smallest," and the 9-millimeter model "the most popular," he says. "We sell a lot to police"--and, though he doesn't say so, to a lot of others who favor a small "pocket rocket." Kahr holds seven patents in gun design.

Kook-Jin holds an American passport and crisscrosses the Pacific every few months. He has no chance to engage in target shooting in Korea, where guns of any kind are mostly illegal, armed holdups rare and target-shooting simply not done outside the armed forces.