



SUPERIOR COURT OF THE DISTRICT OF COLUMBIA – CIVIL DIVISION

**THE FAMILY FEDERATION FOR
WORLD PEACE AND UNIFICATION
INTERNATIONAL, *et al.*,**

Plaintiffs,

HYUN JIN MOON, *et al.*,

Defendants.

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**2011 CA 003721 B
Judge Jennifer M. Anderson
Civil I, Calendar 3**

**ORDER GRANTING, IN PART, PLAINTIFFS' MOTION FOR REMEDIES FOR
THE INDIVIDUAL DEFENDANTS' BREACH OF FIDUCIARY DUTY**

The matter is before the Court upon consideration of Plaintiffs' Motion for Remedies for the Individual Defendants' Breach of Fiduciary Duty filed on April 19, 2019; Defendants' Opposition filed on May 24, 2019; and Plaintiffs' Reply to Director Defendants' Opposition filed on June 7, 2019. The Court held a four-week hearing on these issues.

I. Background

Plaintiffs' Motion for Remedies stems from the Honorable Judge Laura Cordero's March 28, 2019 Order in which she granted summary judgment for Plaintiffs on Count II Breach of Fiduciary Duty by Director Defendants. Judge Cordero ruled that Defendants Hyun Jin Moon ("Preston Moon"), Michael Sommer, Jinman Kwak, Youngjun Kim, and Richard Perea breached their fiduciary duty by amending Unification Church International Inc. ("UCI")'s 1980 Articles of Incorporation ("1980 Articles") in 2010 and by donating UCI's assets to the Global Peace Foundation ("GPF"). Judge Cordero further ruled that all Director Defendants, except Richard



While the Court understands that a constructive trust is an available equitable remedy, the directors do not have possession of the assets, and KIF and GPF are not parties to this action. Accordingly, the Court declines to impose a constructive trust.

WHEREFORE, it is this 4th day of December 2020 hereby

ORDERED that the 2010 amendments to the Articles of Incorporation are hereby **RESCINDED**; it is further

ORDERED that the 1980 Articles of Incorporation are hereby **REINSTATED**; it is further

ORDERED that Preston Moon, Jinman Kwak, Michael Sommer, and Youngjun Kim are removed as directors of UCI and from any positions they hold as officers of UCI; it is further

ORDERED that the remaining two directors of UCI shall remain on the board and identify new directors, in conjunction with Plaintiffs, to replace Preston Moon, Jinman Kwak, Michael Sommer, and Youngjun Kim; it is further

ORDERED that Preston Moon, Jinman Kwak, Michael Sommer and Youngjun Kim are jointly and severally liable to UCI for a surcharge in the amount of \$62,810,278.70 (which is the value of the principal of the value of donations from UCI to GPF from 11/13/09 to the present) along with prejudgment interest calculated at the rate provided in D.C. Code § 28-3302 to the date of this Order. Post-judgment interest shall run from the date of this Order; it is further

ORDERED that Preston Moon, Jinman Kwak, Michael Sommer, Youngjun Kim are jointly and severally liable to UCI for a surcharge in the amount of \$469,420,708.26 (which is the value of donations from UCI to KIF) along with pre-judgment interest calculated at the rate provided in D.C. Code § 28-3302 to the date of this Order. Post-judgment interest shall run from the date of this Order; it is further



ORDERED that the Department of Consumer and Regulatory Affairs be directed to remove all copies of, and any references to, the 2010 amendments to UCI's Articles of Incorporation from the official file and place a copy of this order in the official file.

Judge Jennifer M. Anderson
Signed in Chambers

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Ref. No. FFWPUI 2020-125

To: Regional Group Presidents, National Leaders, Heads of Providential Organizations

Cc:

From: Family Federation for World Peace and Unification International Headquarters

Date: 10.21 by the Heavenly Calendar in the 8th Year of Cheon Il Guk (December 5, 2020)

Re.: Announcement about the Victorious Verdict in the UCI Recovery Lawsuit

May the Heavenly Parent and True Parents' blessings and love be with you all.

On the victorious foundation of the first 7-year Canaan Cosmic course for the firm realization of Cheon Il Guk, the entire Unification Movement, in attendance to the True Parents of Heaven, Earth and Humankind, is engaged in the second 7-year course for the firm establishment of Cheon Il Guk, advancing towards 2027 and the celebration of the 60th Anniversary of Heavenly Parent's Day.

Following the great victory of the 2020 events (Events Celebrating the Centenary and 60th Holy Wedding Anniversary of the True Parents of Heaven, Earth, and Humankind) the foundation for the firm establishment of Cheon Il Guk was established and True Parents launched 'Heavenly Parent's Holy Community.' On this foundation, three victorious Rallies of Hope for the Realization of a Heavenly Unified World were held. On the eve of the Rally of Hope for the Realization of a Heavenly Unified World to celebrate the first anniversary of WCLC, an important court verdict related to Unification Church International (UCI), an entity that has caused many hardships in the providence of True Parents and the Unification Movement, was rendered. A summary of the 95-page verdict is given below. Please share this information with members.

Explanation of the Court's Decision

1. Subject: Overview of Judge Jennifer Anderson's December 4, 2020 Order in the UCI Recovery Lawsuit

2. Content:

By Order dated December 4, 2020, Judge Jennifer M. Anderson of the Superior Court of the District of Columbia issued her decision on the remedies to be imposed on the defendant directors of UCI: Hyun Jin (Preston) Moon, Michael Sommer, Jinman Kwak, Youngjun Kim, and Richard Perea. In summary, the Court ordered that:

- A. The 2010 Amendments to the Articles of Incorporation of UCI are rescinded and the 1980 Articles of Incorporation are reinstated. The defendants had (1) changed the name of the nonprofit corporation from Unification Church International to UCI and (2) substantially altered the purposes of the nonprofit corporation. The changes included:
 - entirely deleting the first purpose "To serve as an international organization assisting, advising, coordinating, and guiding the activities of Unification Churches throughout

the world”;

- deleting all references to the Unification Church or Unification Churches;
- deleting all six references to the “Divine Principle”; and
- deleting all three references to “God”.

Those changes “altered the corporation’s very nature.” They are rescinded and the prior articles with the prior purposes are restored.

- B. Preston Moon, Jinman Kwak, Michael Sommer, and Youngjin Kim are removed as directors of UCI and from any positions they held as officers of UCI. Judge Anderson found that it was in the best interests of UCI to remove them because they were “acting in pursuit of a pre-arranged plan that violated UCI’s interests. They wanted no part of the Church, and they wanted to ensure the organizations and assets they controlled had no connection to the Church. Fidelity to UCI’s corporate purposes was directly contrary to their agenda.”
- C. The remaining directors will remain on the board and will identify new directors, in conjunction with plaintiffs, to replace the removed directors. Judge Anderson recognized that these directors “are undoubtedly loyal to Preston Moon,” and “there is a concern that they will install new directors equally loyal to him, which would nullify the equitable relief given to Plaintiffs.” For that reason, the Court ordered them to “identify new board members in conjunction with Plaintiffs.” Plaintiffs have already nominated a slate of seven persons to the UCI board, and will insist that members of that group of candidates should be appointed to the board at this time
- D. Preston Moon, Jinman Kwak, Michael Sommer, and Youngjun Kim are jointly and severally liable to UCI to repay \$532 million, together with pre-judgment interest, to compensate for the donations that they caused UCI to make to Kingdom Investments Foundation (KIF, a Swiss entity) and Global Peace Foundation (GPF). These donated assets included the following:
- i. A majority interest in the Parc1 property in Seoul, Korea;
 - ii. A 60% interest in Central City Limited in Seoul, Korea;
 - iii. An interest in a ski resort in Yong Pyong, Korea;
 - iv. A 65.3% interest in Ilsung Corporation;
 - v. Cash holdings and other assets transferred to KIF; and
 - vi. \$63 million in cash transferred to GPF.

The amount of restitution awarded by the Court represents the “book value” of the assets. Plaintiffs presented evidence that that “market value” of the assets transferred to KIF was much higher, possibly \$2 billion, but the Court ruled that the market value “cannot be calculated with reasonable certainty,” and therefore “book value” constitutes the proper measure. Pre-judgment interest will be calculated as provided by D.C. Code Sec. 28-3302, and will be many millions of dollars.

Prior to reaching her decision, Judge Anderson received a great deal of evidence, heard four weeks of testimony, and received extensive written briefing by the parties. Her opinion and order is 95 pages long and contains many findings of fact, which she made based on the evidence and the personal

testimony of Preston Moon and the other defendants. Among Judge Anderson's many findings of fact are the following:

- Reverend Sun Myung Moon and Dr. Hak Ja Han Moon “co-led the Unification Church” and “co-founded the Family Federation for World Peace and Unification,” and “the mission of the Unification Church has been to restore and recreate the ideal of God on earth.”
- The defendant directors are hostile to the purposes of Unification Church International and therefore will not act in its best interests. In fact, they have been acting contrary to UCI's interests in appointing new directors “undoubtedly loyal” to Preston Moon, obtaining an agreement from UCI to indemnify them for any damages assessed against them in this lawsuit, and failing to make any efforts to recover the wrongfully-transferred assets.
- The defendant directors grossly abused their positions, and intentionally inflicted harm on UCI.

Judge Anderson declined to impose a constructive trust on KIF and GPF because they are not parties to the lawsuit. However, the Donation Agreement whereby assets were transferred to KIF contains an agreement by KIF to indemnify the director defendants from any damages assessed against them relating to the transfer. This may provide a vehicle to recover the assets from KIF. In addition, under new governance, UCI may take other steps to recover the wrongfully transferred assets from KIF.

Family Federation for World Peace and Unification
International Headquarters

