

## **Inquiry into the City Harvest Church**

### **COMMISSIONER OF CHARITIES ACTS TO PROTECT CHARITABLE ASSETS - INVITES REPRESENTATIONS TO PROPOSAL TO REMOVE INDIVIDUALS**

#### **BACKGROUND**

1. Pursuant to section 8 of the Charities Act (“the Act”), the Commissioner of Charities (“COC”) instituted an Inquiry into the City Harvest Church (“the Charity”) on 31 May 2010. From the Report of the Inquiry dated 7 February 2011 (“the Inquiry Report”), it was revealed that there was misconduct and mismanagement in the administration of the Charity, particularly in relation to the funds that were in the Building Fund which had been raised and earmarked for specific purposes. Financial irregularities of at least \$23 million from the funds have been discovered. These funds were used with the purported intention to finance Ho Yeow Sun’s secular music career. The Inquiry found that there was a concerted effort to conceal the movement of funds from its stakeholders. The details of the main acts of misconduct and mismanagement as extracted from the Report of the Inquiry are provided in the Annex.

2. The COC was concerned about the misconduct and mismanagement in the administration of the Charity. As such, the COC had, with the consent of the Attorney General (“AG”), suspended the following nine individuals from the exercise of their office or employment as governing board members, trustees, officers, agents and employees of the Charity under section 25(2)(i) of the Act, pending

consideration being given to their removal. Pursuant to section 25A(2) of the Act, they were also suspended from their Executive Memberships<sup>1</sup> of the Charity.

Date of Suspension Order	Names	Designations
26 June 2012	Kong Hee	Member of the Charity's Board <sup>2</sup> and Executive Member
	Lam Leng Hung	Chairman of the Charity's Board <sup>3</sup> , Trustee, Agent and Executive Member
	Tan Ye Peng	Vice-Chairman of the Charity's Board <sup>4</sup> , Trustee, Employee, Agent and Executive Member
	Kelvin Teo Meng How	Agent, Employee <sup>5</sup> and Executive Member
	Tan Shao Yuen Sharon	Employee and Executive Member
	Chew Eng Han	Agent and Executive Member
	Tan Su Pheng Jacqueline	Employee and Executive Member
	Ho Yeow Sun	Agent and Executive Member

<sup>1</sup> Pursuant to the Constitution of the Charity, the Executive Members of the Charity have the right to attend and vote in general meetings.

<sup>2</sup> Kong Hee was the President of the Charity's Board (till 10 April 2011).

<sup>3</sup> Lam Leng Hung was the Treasurer of the Charity's Board, from 7 March 2010 to 10 April 2011.

<sup>4</sup> Tan Ye Peng was the Vice President of the Charity's Board till 10 April 2011 (thereafter he was re-designated as Vice-Chairman).

<sup>5</sup> Kelvin Teo Meng How, the Executive Director (Administration Division), is an employee who exercises general control and management of the administration of the charity, and is a key officer of the Charity.

Date of Suspension Order	Names	Designations
24 July 2012	Serina Wee Gek Yin	Employee and Executive Member
24 August 2012	Ho Yeow Sun	Employee

3. According to section 25(9) of the Act, the suspension orders, being a form of interim measure, are valid for a period of not more than 12 months from the dates of the suspension orders. Before the lapse of the 12-month suspension, the COC intends to proceed to the next stage of the process, which is to consider the removal of these individuals from their positions in the Charity based on the Inquiry's findings, so as to protect the charitable property of the Charity. The individuals removed may continue with their religious duties which are separate from the holding of any governance or management positions in the Charity.

4. The regulatory action by the COC is independent of the criminal proceedings faced by six of the nine affected individuals (i.e. Kong Hee, Lam Leng Hung, Tan Ye Peng, Tan Shao Yuen Sharon, Chew Eng Han and Serina Wee Gek Yin).

5. However in view of the concurrent criminal proceedings against those six, the COC had on 28 December 2012, made a proposal to all the nine suspended individuals that the COC would defer the next stage of any regulatory action should they collectively agree to a voluntary extension of their suspension orders until 6 months after the conclusion of the criminal trial. This was done purely on a goodwill basis. This proposal was made to allow the affected parties time to focus on the criminal proceedings, and also to have sufficient time to make their case during the removal process, should they decide to. In the meantime, the property of the Charity remains protected.

6. The deadline for the consent was extended twice, and by 7 February 2013, eight out of the nine suspended individuals had initially agreed to the proposal made in December 2012. The COC was prepared to consider deferring the next stage of any regulatory action even though one of the suspended individuals declined to give consent. However, when the COC later asked the eight individuals to confirm their agreement to voluntarily extend their suspension (notwithstanding the lack of consent by the remaining individual), only five out of the eight were prepared to do so. Hence in view of the lack of collective agreement among the individuals, and the 12-month duration of the suspension orders, the COC has to proceed to the next stage of the process so as to protect the assets of the Charity.

#### **PROPOSAL OF THE COMMISSIONER OF CHARITIES**

7. Given the gravity of the Inquiry findings of misconduct and mismanagement in the administration of the Charity, the COC intends to remove the following eight individuals from their respective offices or employment as governing board members, trustees, officers, agents and/or employees of the Charity under section 25(1)(i) of the Act:

- (a) Kong Hee;
- (b) Lam Leng Hung;
- (c) Tan Ye Peng;
- (d) Kelvin Teo Meng How;
- (e) Tan Shao Yuen Sharon;
- (f) Tan Su Pheng Jacqueline;

(g) Chew Eng Han; and

(h) Serina Wee Gek Yin.

8. Further, should an order for removal be made under section 25(1)(i) of the Act, under section 25A(3) of the Act, the COC may terminate their Executive Memberships in the Charity, and prohibit them from resuming their Executive Memberships in the Charity for periods of not less than two years.

9. In respect of Ho Yeow Sun, the COC has reviewed the evidence against her, and at this point takes the view that there is insufficient evidence that she was responsible for, privy to or which by her conduct contributed to or facilitated the misconduct and mismanagement that took place in the Charity. Should new evidence be surfaced which indicates that she was so involved, the COC's office may carry out further investigations and review the matter. In the meantime, the COC will proceed with the removal proceedings against the other eight individuals.

## **INVITATION OF REPRESENTATIONS**

10. In relation to the proposal, pursuant to section 29(3) of the Act, the COC has to give notice to the eight individuals to remove them. Further, under section 29(2), read with section 29(1) of the Act, a public notice of the proposal to remove a governing board member, trustee or key officer is also required. It is noted that any such removal of an individual as governing board member, trustee or key officer will mean that the person is prohibited from taking up such positions in any charity in the future.

11. Based on these provisions, the COC has given notice to the following 4 individuals and invited them to make representations on his proposal to remove them:

(a) Tan Shao Yuen Sharon (as employee),

(b) Serina Wee Gek Yin (as employee);

(c) Tan Su Pheng Jacqueline (as employee); and

(d) Chew Eng Han (as agent)

12. For the following 4 individuals, the COC has also given notice and invited them to make representations. In addition, the COC would like to invite representations from the public to be made to him on his proposal to remove these 4 individuals:

(a) Kong Hee (as governing board member)

(b) Lam Leng Hung (as governing board member and trustee);

(c) Tan Ye Peng (as governing board member and trustee); and

(d) Kelvin Teo Meng How (as key officer)

13. Any such representation regarding the COC's proposal to remove these four individuals, i.e. Kong Hee, Lam Leng Hung, Tan Ye Peng and Kelvin Teo Meng How should be made in writing, and submitted by 13 May 2013 (Monday) via [mccy\\_charities@mccy.gov.sg](mailto:mccy_charities@mccy.gov.sg) or by post to the Office of the Commissioner of Charities at 140 Hill Street, #02-00 Old Hill Street Police Station, Singapore 179369, clearly stating "Representations on the COC's Proposal following the Inquiry into the City Harvest Church". All representations must be signed off with the full name, NRIC no. and contact details of the person making the representation.

14. For the purpose of making representations in relation to the COC's proposal to remove Kong Hee (as governing board member), Lam Leng Hung (as governing board member and trustee), Tan Ye Peng (as governing board member

and trustee) and Kelvin Teo Meng How (as key officer), should any person with specific information that can affect the findings in the Annex wish to be granted access to the Inquiry Report, he should write in to the COC, providing his full reasons for the request. The COC may at his sole discretion grant such requests if the COC is satisfied that there are good and sufficient reasons for giving that person access to the Inquiry report. Any person granted access must agree to the terms and conditions imposed by the COC for such access.

**Invite for Representations**

**Deadline: 13 May 2013**

**Email: [mccy\\_charities@mccy.gov.sg](mailto:mccy_charities@mccy.gov.sg)**

**Address: Office of the Commissioner of Charities, 140 Hill Street, #02-00 Old Hill Street Police Station, Singapore 179369**

**Requirement: All representations must be signed off with full name, NRIC number and contact details of the person making the representation.**

15. The normal services of the Charity can continue as usual.

Issued by:

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The Office of the Commissioner of Charities

9 April 2013

## **Background**

City Harvest Church ('the Charity') has been a registered charity since 1993. As at December 2009, the Charity had a congregation size of about 33,000 people. The congregation comprised approximately 728 Executive Members with voting powers, whilst the remainder were Ministry or Ordinary Members without voting powers.

Based on the Charity's financial statements for the financial year ended 31 October 2009, the Charity's annual income amounted to about \$72 million whilst expenses amounted to about \$48 million. Its net assets were estimated at \$103 million.

In early 2010, the COC received complaints alleging the misuse of the Charity's funds. COC reported the matter to the Commercial Affairs Department (CAD), when it assessed that some of the Charity's financial transactions needed to be investigated by the CAD for possible criminal wrongdoings.

On 31 May 2010, the COC and the CAD commenced investigations into financial transactions involving several individuals and companies, related to or connected to the Charity.

The COC has decided to take action under the provisions of the Charities Act so as to (a) maintain public trust and confidence in CHC; (b) promote the effective use of charitable resources; and (c) enhance the accountability of CHC to donors, beneficiaries and the general public. The COC concluded its Inquiry and, on 26 June 2012, suspended 8 individuals from the exercise of their office or employment as governing board members, officers, agents, employees and Executive Members of the Charity. Serina Wee Gek Yin was subsequently suspended on 24 July 2012.

## **Process of Removal Proceedings**

The due process for the removal of any individual under section 25(1)(i) of the



Charities Act is as follows:

- a) The COC must firstly be satisfied from the findings of an Inquiry on a Charity conducted under the Charities Act that (a) there is or has been any misconduct or mismanagement in the administration of the charity; or (b) it is necessary or desirable to protect the charity's assets. If so and with the consent of the Attorney General, he may suspend any trustee, governing board member, officer, agent or employee of the charity from the exercise of his office or employment, pending consideration given to their removal. The suspension order is an interim measure and the suspension from such positions shall not exceed 12 months.
- b) Before the COC makes any order to remove any individual under section 25(1)(i) of the Charities Act, notice will be given to invite the affected individuals, the governing board members and trustees of the charity and/or any other persons (in relation to any proposal to remove a governing board member, trustee or key officer) to make representations to the COC within a specified time period, which would generally be 1 month. Affected individuals will have an opportunity to present reasons why they should not be removed.
- c) The COC will decide on whether or not a removal order should be made based on the Inquiry's findings and the representations received (if any). The COC may only make a removal order with the consent of the Attorney General as required under the Charities Act.
- d) If any of the individuals removed is dissatisfied with the COC's decision, he or she may appeal to the High Court, as provided for in the Charities Act.

The action by the COC to suspend or remove an individual is for the protection of a charity and its assets, and is based on the Inquiry's findings of misconduct or mismanagement in the administration of the charity, and is independent of any

criminal proceedings.

## Annex

### **(A) Misrepresentation on the Use of the Charity's Funds**

1 In 2002, the Charity's founders, Kong Hee and Ho Yeow Sun, embarked on a "Crossover Project" ["the Project"], with the purported intention to use Ho Yeow Sun's secular music to connect with people and reach out to non-Christians.

2 In 2003, an individual alleged in the media that the Charity was funding Ho Yeow Sun's music career. This attracted public attention. This individual eventually issued a public apology and retracted his allegations. During that period, the Charity had faced media scrutiny over the allegations. Subsequently, the Charity issued press statements and made several representations to its members to state that they had not funded Ho Yeow Sun's music career.

3 Despite the representations made by the Charity and unknown to the Executive Members, the Charity's funds were used to fund the Project. Over a period of 3 years (2007 to 2010), at least \$23 million was used. However, during this period of time, the Executive Members were not told of the actual purpose of the use of these funds.

### **(B) Use of the Charity's Funds to Fund the Project**

4 Between December 2007 and May 2010, the Charity's funds were used to finance the Project under the guise of donations to its affiliated church in Kuala Lumpur, known as the City Harvest Church Kuala Lumpur ["CHCKL"]. The funds were then transmitted by CHCKL to support the Project in the United States. During this period, at least \$2.1 million was transferred from the Charity to CHCKL to fund the Project. The Inquiry revealed that Kong Hee, Tan Ye Peng, Kelvin Teo Meng How, Tan Shao Yuen Sharon, Serina Wee Gek Yin and Tan Su Pheng Jacqueline were aware of the true purpose of the donations to CHCKL.

5 In addition, donations and tithes to the Charity were transferred into a private fund known as the Multi-Purpose Account [“MPA”], administered by Serina Wee Gek Yin and Tan Su Pheng Jacqueline. Monies in this account were also used to fund the Project. For the period April 2007 to March 2010, the funds were used for purported expenditures of Kong Hee and Ho Yeow Sun, amounting to approximately \$600,000 and \$3 million respectively. Selected donors were asked to transfer their contributions originally meant for the Charity’s “Arise and Build” campaign to the MPA. Some members ceased or reduced their regular tithes to the Charity after they contributed funds to the MPA. Apart from this small group of members, the existence of the MPA was not made known to the Charity’s members. There was even an attempt to conceal the existence of this Account by closing the joint bank account and dealing only in cash transactions, which was kept in a safe at the Charity.

6 In or around April 2009, a plan was conceptualised by Tan Ye Peng, Chew Eng Han, Serina Wee Gek Yin and Tan Shao Yuen Sharon to transfer monies amounting to \$600,000 donated by Wahju Hanafi to the Charity’s Building Fund via a “refund” of Building Fund donations into the MPA to meet some funding needs of the Project, which included US\$100,000 to finance a media team from Singapore to publicise and write about Ho Yeow Sun’s music career in the United States. The Inquiry revealed that the Charity had drafted letters from Wahju Hanafi and one other person indicating that their donations to the Charity were intended for specific Pastors and employees of the Charity as love gifts. It was then arranged for these said Pastors and employees to receive the “refund” as love gifts and immediately thereafter to deposit these love gifts into the MPA. The Inquiry further revealed evidence which strongly suggests that the “refund” letters were backdated, i.e. the letters were dated close to or on the date of the donations and one of the letters was dated before the date of the donations.

**(C) Schemes to Avoid Disclosure on Related Party Transactions**

7 Between 2006 and 2008, Kong Hee's company sold over \$3 million worth of merchandise to the Charity. The Inquiry also revealed that Kong Hee did not disclose his interests in these related party transactions in the Charity's financial statements. In 2008, Kong Hee "refunded" royalties to the Charity amounting to approximately \$770,000 from the sale of his merchandise to the Charity from 2006 to 2008. The return of these royalties was ostensibly motivated by concerns that the Charity's auditors would require Kong Hee's royalties to be disclosed as related party transactions. The amount "refunded" by Kong Hee was concealed as "sales discount" given to the Charity. Subsequently, the purported refunds were reimbursed to Kong Hee from the MPA and from CHCKL. Kong Hee's "refund" of royalties to the Charity was therefore cosmetic and he was instead never "out of pocket". The Inquiry revealed that the individuals who were aware of the above avoidance in disclosure were Kong Hee, Kelvin Teo Meng How, Tan Shao Yuen Sharon, Serina Wee Gek Yin and Tan Su Pheng Jacqueline.

**(D) Governance and Control Issues**

8 Evidence suggested that certain members of the Charity's Board have been less than prudent in the discharge of their duties toward the Charity and its members. For example, the appointment of Investment Manager, Chew Eng Han's investment company, was not properly tabled and discussed by the Charity's Board.

9 The Inquiry further revealed that when Chew Eng Han suffered financial difficulties, the Charity refunded donations amounting to about \$338,000 to him in two separate tranches, i.e. \$240,000 and \$98,000. However, in respect of the \$98,000, the Charity's Board only gave approval for the refund of donations to Chew Eng Han 9 months after the refund was made.

10 The poor corporate governance in the Charity contributed, at least in part, to the fact that the Charity was able to maintain the above-mentioned activities for the past 3 years. The Inquiry revealed that those involved included Kong Hee, Lam Leng Hung and Tan Ye Peng.