

PRESS STATEMENT

INQUIRY FOUND MISCONDUCT AND MISMANAGEMENT IN THE CITY HARVEST CHURCH

Commissioner of Charities suspends governing board members, trustees, employees, agents and Executive members under the Charities Act

The Commissioner of Charities (COC) instituted an Inquiry into the City Harvest Church (the Charity) on 31 May 2010 under the Charities Act. Concurrently, the Commercial Affairs Department (CAD) commenced investigations into financial transactions involving several individuals and companies, related or connected to the Charity. Both the COC and CAD have since concluded its Inquiry and investigations, respectively. Separately and independently from CAD, COC has decided to take action under the Charities Act.

2 COC's Inquiry revealed 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 Charity's funds have been discovered. These funds were used with the purported intention to finance Ho Yeow Sun's secular music career to connect with people. There was a concerted effort to conceal this movement of funds from its stakeholders. Refer to Annex for the details of the misconduct and mismanagement.

3 The COC is concerned about the misconduct and mismanagement in the administration of the Charity. Under the Charities Act and with the consent of the Attorney-General, the COC has suspended the following persons from the exercise of their office or employment as governing board members, trustees, agents or employees of the Charity with immediate effect:

- (a) Kong Hee¹ (Member of the Charity's Board and Executive Member);
- (b) Lam Leng Hung² (Chairman of the Charity's Board, Trustee, Agent and Executive Member);
- (c) Tan Ye Peng³ (Vice-Chairman of the Charity's Board, Trustee, Employee, Agent and Executive Member);
- (d) Tan Shao Yuen Sharon (Employee and Executive Member);
- (e) Chew Eng Han (Agent and Executive Member);
- (f) Ho Yeow Sun (Agent and Executive Member);
- (g) Kelvin Teo Meng How (Agent, Employee and Executive Member);
and
- (h) Tan Su Pheng Jacqueline (Employee and Executive Member).

¹ Kong Hee was the President of the Charity's Board (till 10 April 2011).

² Lam Leng Hung was the Treasurer of the Charity's Board, from 7 March 2010 to 10 April 2011.

³ Tan Ye Peng was the Vice President of the Charity's Board till 10 April 2011 [thereafter he was re-designated as Vice-Chairman].

The COC has also suspended the above-named individuals from their Executive Memberships in the Charity with immediate effect.

4 The COC will also consider taking further courses of action under the Charities Act against these individuals in order to protect the charitable property of the Charity. This may include the removal of these persons from their office as trustee, governing board members, officers, agents or employees of the Charity.

5 For so long as these persons are suspended, they will be prohibited from taking part or being involved in managing the Charity, representing the Charity on any matters, or attending any of the Charity's Annual General Meetings, Extraordinary General Meetings and Board meetings.

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

Issued by:

The Office of the Commissioner of Charities
26 June 2012

Background

The City Harvest Church is 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 remaining are Ministry and Ordinary Members.

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

In early 2010, the COC received complaints alleging the misuse of the Charity's funds and informed the CAD, when it assessed that some of these financial transactions may need to be investigated by the CAD.

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. Separately, the COC has decided to take action under the Charities Act.

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

1 In 2002, the Charity's founders, Kong Hee and Ho Yeow Sun ("Sun Ho"), embarked on a "Crossover Project" ["the Project"], with the purported intention to use Sun Ho'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 Sun Ho'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 Sun Ho'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 and Serina Wee Gek Yin 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 (the Charity's ex-Finance Manager and Executive member) and Tan Su Pheng Jacqueline (former Personal Assistant to Kong Hee, current contract staff and Executive member of the Charity). Monies in this account were used to fund the Project. For the period April 2007 to March 2010, the funds were used for purported expenditures of Kong Hee and Sun Ho, 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 Sun Ho's music career in the United States. 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, Tan Ye Peng, 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 refunds were 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.