

INVESTIGATION OF
KOREAN-AMERICAN RELATIONS

REPORT
OF THE
SUBCOMMITTEE ON INTERNATIONAL
ORGANIZATIONS
OF THE
COMMITTEE ON
INTERNATIONAL RELATIONS
U.S. HOUSE OF REPRESENTATIVES

OCTOBER 31, 1978

Printed for the use of the
Committee on International Relations

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1978

34-674 0

For sale by the Superintendent of Documents,
U.S. Government Printing Office

Washington, D.C. 20402

Stock Number 052-070-04729-1

THE MOON ORGANIZATION

Introduction

During its 1976 investigation of KCIA activities in the United States, the subcommittee received numerous allegations concerning Sun Myung Moon (225) and organizations associated with him. By that time, Moon and the Unification Church (UC) had generated controversy throughout the United States over a variety of issues. Many Americans were distressed by the recruitment techniques of the UC. Others questioned the failure of the UC to state openly its ties with the numerous groups it had set up; the use to which it

312

put its tax-exempt status; the propriety of its owning and operating an armaments plant in South Korea; possible links to the South Korean Government; and Moon's statements in late 1973 and 1974 concerning President Nixon and Watergate. The most volatile controversy raged around the charges that "Moonies" were brainwashed. The UC in turn countercharged that parents were kidnaping UC members for "deprogramming" and successfully obtained court orders restricting the activities of the deprogrammers.

Among the witnesses who testified before the subcommittee in 1976 was Lee Jai Hyon, a former official of the ROK Government who had been stationed at the Korean Embassy in Washington.(226) Lee described what appeared to him to be "a curious working relationship"(227) involving the Korean Government, the UC, and other organizations associated with Moon. Lee said that Pak Bo Hi, Moon's aide and translator and president of the Washington-based Korean Cultural and Freedom Foundation (KCFF), had access to the Korean Embassy's cable channel to Seoul; that KCIA agents at the Embassy maintained contact with the Freedom Leadership Foundation (FLF), another Moon-related organization in Washington; that Moon had founded the "Little Angels," a Korean children's dance troupe which had appeared around the world as official representative of the Korean Government; that South Korean President Park Chung Hee had mailed out 60,000 letters on behalf of the KCFF; and that Moon operated an anti-Communist indoctrination center in Korea for Korean Government employees and military officers. Lee also pointed to Moon's rise to wealth and prominence under the Park regime and suggested that this could only have occurred with the active cooperation of the KCIA and other branches of the Government.

Alan Tate Wood, a former UC member who had been president of the FLF, described to the subcommittee some of Moon's political ambitions and activities. He said that Moon, through the UC and its numerous front organizations, wanted to acquire enough influence in America to be able to "dictate policy on major issues, to influence legislation, and move into electoral politics."(228) In the United States, the political goals of the UC and those of the KCIA "overlap so thoroughly as to display no difference at all."(229) Wood also charged that Moon was violating U.S. laws by importing aliens to raise funds and that fundraising by UC members was often done under false pretenses.

Another witness, Robert Roland, (230) described his friendship with Pak Bo Hi when Pak was a military attache at the Korean Embassy in Washington in the early 1960 s. According to Roland, Pak was then engaged in intelligence liaison work and was also proselytizing for Moon and the UC. Pak told Roland of his plans to use the KCFF and one of its projects, the Little Angels, to advance Moon's cause, as well as to help the Korean Government. (231)

The subcommittee heard a former UC member, Chris Elkins, describe political activities in which he had engaged for the FLF.

313

These included working on a congressional election campaign, lobbying for South Korean military aid bills, and staging demonstrations. Elkins said that many of Moon's activities in the United States were designed to impress the Korean Government with his importance. (232)

During 1976, the subcommittee also received information about an apparent attempt by Moon and his followers--along with Tong-sun Park--to buy a controlling interest in the Diplomat National Bank (DNB), which opened in Washington D.C., in December 1975. Neil Salonen, president of the UC of America, was called to testify concerning this and other allegations. Salonen said he had bought DNB stock at the suggestion of Pak Bo Hi, but denied the UC was in any way involved in financing the DNB stock purchases. (233)

Use of the term "Moon Organization"

By April 1977, when the Investigation of Korean-American Relations began, although the subcommittee had received a wide variety of specific allegations concerning Moon and the organizations associated with him, the subcommittee had little understanding of the scope and nature of his movement. It soon became apparent that he was the key figure in an international network of organizations engaged in economic and political as

well as religious activities. The numerous churches, businesses, committees, foundations, and other groups associated with Sun Myung Moon emerged as parts of what is essentially one worldwide organization, under the centralized direction and control of Moon. This organization began as a small movement started by Moon in Korea in 1954. In the diversity of its functions and basic organizational structure it now resembles a multinational corporation, involved in manufacturing, international trade, defense contracting, finance, and other business activities. However, it goes beyond that in that it encompasses religious, educational, cultural, ideological, and political enterprises as well. In the training and use of lower ranking members, it resembles a paramilitary organization, while in other respects it has the characteristics of a tightly disciplined international political party.

Among the many organizations there is continuous and close interaction, principally in the form of personnel moving back and forth among organizations, intermixed finances, use of one component or another component as if both were one and the same, and, of course, the figure of Moon. Because of the close interrelationship of the various organizations, the subcommittee came to view them as one unit and refers to them in the aggregate as the Moon Organization in this report.

Goals of Moon

Before reviewing the components and activities of the Moon Organization, it is useful to look at various writings and speeches of Moon in which he discusses the goals of his movement and the

314

means required to achieve them. Within that context, the Moon Organization becomes more comprehensible.

In many public statements and in applications for tax-exempt status, the goals of the Moon movement are said to be religious. Actions which appeared to be clearly political or economic to outsiders were explained as necessary means to achieve religious goals. The apparent contradictions in many of the activities of the Moon Organization are explained by Moon's overriding religious goal--to establish a worldwide "theocracy," that is, a world order which would abolish separation of church and state and be governed by the immediate direction of God. As Moon explained to his followers:

* * * In the Medieval Ages, they had to separate from the cities--statesmanship from the religious field--because people were corrupted at that time. But when it comes to our age, we must have an automatic theocracy to rule the world. So, *we cannot separate the political field from the religious.*

* * * Separation between religion and politics is what Satan likes most. (Italics added.) (234)

At the center of such a state would be Moon and his organization, based in Korea. In another speech, delivered to a crowd of over a million at an anti-Communist rally in Korea, Moon visualized the establishment of a "unified civilization" of the whole world, to be centered in Korea and "corresponding to that of the Roman Empire." (235)

Moon teaches American UC members to regard Korea with great reverence and he foresees the day when the Korean language will be spoken throughout the world:

In order to set up one culture, we must unify the languages into one * * * In the meal world centered upon God, everyone will speak only Korean, so no interpreter will be necessary. (236)

Moon promises to use his trained followers from around the world on behalf of South Korea in case of war, as he proclaimed at a public rally near Seoul:

* * * in case North Korea provokes a war against the South Korean people, they [UC members] believe it is God's will to protect their religious fatherland to the last, to organize the Unification Crusade Army, and to take part in the war as a supporting force to defend both Korea and the free World. (237)

Anti-communism is one key reason for Moon's espousal of a worldwide theocracy and rejection of some of the most fundamental tenets of American democracy. Moon finds "American-style democracy" to be "a good nursery for the growth of Communism."(238) In a speech in Seoul, Moon proclaimed that God was helping to set up a final battle involving the United States, Russia, China, North Korea, South Korea, and Japan. Illustrative of the stridency of his ideology, he said: "We should defeat Kim Il Sung [President of North Korea], smash Mao Tse-tung, and crush the Soviet Union in the name of God." (289)

315

To achieve his theocracy, Moon has mapped out strategies for gaining control and influence over economic, political, cultural, academic, media, and religious institutions. The efforts of the Moon Organization are to be concentrated on key nations.

If we can manipulate seven nations at least, then we can get hold of the whole world: the United States, England, France, Germany, Soviet Russia, and maybe Korea and Japan. On God's side, Korea, Japan, America, England, France, Germany, and Italy, are the nations I count on in order to gain the whole world. (240)

Moon's strategy is designed to influence a wide range of institutions. "We must approach from every angle of life; otherwise, we cannot absorb the whole population of the world. We must besiege them."(241)

In the economic sphere, Moon foresees the emergence of a ' system which would respond to centralized control:

"This system should eventually prevail so overwhelmingly, that even in Japan and Germany, the people will not buy products from their own country,

but will buy according to centralized instructions. What kind of system of thought or economy can function to give these centralized instructions? Religion is the only system that can do that. So in the future, this system of thought or system of economy will have a close relationship with religious organizations. Our master is going to prepare for this system of economy."(242)

In the political field, Moon has spoken of using a variety of techniques to achieve world influence. He hopes to found a political party: "My dream is to organize a Christian political party including the Protestant denominations and Catholics and all the religious sects."(243) Activities in cultural, academic, and other fields are ultimately designed to create political influence and temporal power. Cultural and educational projects are part of his organization's overall goal of controlling major institutions in the U.S. and other key nations and influencing political decisions and policies. In a January 1973 speech, Moon spoke of the necessity of establishing universities in seven key nations, including the U.S., and of organizing international conferences at which cultural groups like the Little Angels would perform."(244) He made it clear that influencing professors, scientists, and economists would be followed by direct influencing of political figures:

"After that, beyond what the professors will be able to do by influencing the policies of the country, we will work directly with those people who, under every government now, make the policies--the congressmen, senators and parliament members--by organizing the World Congressmen's Association. For that purpose we are working hard in Japan."(245)

Moon has often told his followers to expect opposition to the goals he sets for them, but he assured them of ultimate. "victory." In one 1974 speech, he noted that up to that time, opposition to his movement had gone unpunished. This, he promised, would change:

*** * so far the world can be against us and nothing happened. Now when .they are against us then they are going to get the punishment. So from this time*** every people or every organization that goes against the Unification Church will

316

gradually come down or drastically come down and die. Many people will die--those who go against our movement."(246)

Moon based his movement on a church because it provides the greatest opportunity for reaching his goals. A UC publication discussed a change in the American organization's name from 'United Family' to "Unification Church," noting that "The reason for the change is that we must ultimately have our effect on the institutions of society." (247) It is important to Moon's strategy to have his movement recognized as a religious one. An ex-UC member stated:

"The teachings of Sun Myung Moon were often referred to by other members as an "ideology" that would change the political systems of the world. It was made clear to me that so long as the church-related aspects of the group were emphasized, Moon's followers would be in a protected position as far as first amendment religious freedom was concerned, and be able to take advantage of tax laws as well."(248)

Components of the Moon Organization

The evolution of the Moon Organization has been in keeping with the worldwide goals expressed by its head. Initially, it consisted of the "Holy Spirit Association for the Unification of World Christianity," the precursor of the Unification Church.(249) This was followed by cultural, political, and economic organizations, each of which in turn was able to spawn its own, separately named projects, committees, and substructures.(250) In many cases, the ties of the subordinate organizations to the UC were carefully hidden.

For the sake of analysis, these groups can be viewed as falling into one of three categories. The first are those whose major function is to attract new members to the UC, though their relationship with the UC may be hidden. CARP (Collegiate Association for the Research into Principles); Creative Community Project (formerly known as New Education Development Systems, Inc. and the International Re-Education Foundation); the Center for Ethical Management and Planning; and the One World Crusade are among them.

A second category consists of groups which focus on the secular goals of Moon and the UC. Examples are the International Cultural Foundation, which has sponsored annual international science conferences on the "unification" of science; the Korean Cultural and Freedom Foundation; and the Freedom Leadership Foundation.

The final category includes economic enterprises, ranging from multi-million dollar industries to small retail stores.

The origin and activities of the major components of the Moon Organization are described below.

Unification Church

In 1954, Sun Myung Moon and a small group of his followers founded the Holy Spirit Association for the Unification of World

317

Christianity (HSAUWC) in Korea. Through this group, Moon preached his interpretation of the Bible; many of his doctrines were summarized and expounded as The Divine Principle, which is essentially Moon's gospel. Although Moon's teachings were not accepted by traditional Christian churches in Korea, his movement attracted enough converts to enable it to expand beyond South Korea beginning in the late 1950's.

Moon sent one of his followers, Choi Sang Ik, as a missionary to Japan to establish the movement there; another follower, Kim Young Oon, was sent to Eugene, Ore. in 1959 for the same purpose. By the early 1960's, Choi Sang Ik, having established the movement in Japan, had moved to San Francisco, where he attempted to spread Moon's teachings. Kim Young Oon had by then moved to Berkeley, Calif., while David S. C. Kim, another early Moon convert, was in New York City. In 1961, Pak Bo Hi, an English-speaking Korean Army officer, was assigned to the Korean Embassy in Washington as a military attache. Pak had joined Moon's movement in 1957, and while in Washington he helped to recruit and proselytize on behalf of the movement.

In September 1961, Kim Young Oon and several other Moon followers living in the San Francisco area formed a California corporation which they called Holy Spirit Association for the Unification of World Christianity. The following year, Pak Bo Hi registered an association of the same name in Virginia. Its address was given as Pak's home in Arlington. Also living at that address, and a member of the original board of trustees along with Pak, was Jhoon Rhee, who later became well known as the owner of a chain of karate studios.

Both the California corporation and the Virginia association declared that they were organized solely for religious, charitable, and educational purposes and that they would not, to any substantial degree, engage in:

* * * carrying on propaganda, or otherwise attempting to influence legislation, or participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office.(251)

Both the California and the Virginia organizations applied for and received exemption from Federal income tax.(252)

The various Holy Spirit groups in Korea, the United States, and elsewhere gradually came to be known-collectively and individually--as the Unification Church (UC). (Unification Church is a direct translation of the Korean term Tong-il Kyohoe.) The California corporation became the legal foundation for the national Unification Church, (Unification Church of America), which eventually moved its headquarters to New York City.. As of March 1977, the officers and directors of the national organization were:(253)

Directors Officers

Mose Durst Neil Salonen, president
Joseph Sheftick Edwin Ang, vice-president
Neil Salonen Rhonda Schmitt, secretary

318

William Bergman David Hose
Edwin Ang Clifford Yasutake, treasurer
Michael Warder

In addition to the national organization, State UC's were formed throughout the United States. Many of the officers and boards of directors of these State UC's overlapped with the national organization, with each other, and with non-UC components of the Moon Organization. The UC of Washington, D.C., incorporated in 1967, had among its directors in 1976: Kim Young Oon, Neil Salonen, Jon Schuhart, Michael Leone, Clifford Yasutake, Edwin Ang, Rhonda Schmitt, Michael Warder, Mose Durst, Joseph Sheftick, and William Bergman.(254) The UC of New York at various times, had Takeru Kamiyama, Joe Tully, William Bergman, Walter Gottesman, and Michael Runyon as directors; Tully, Runyon, Kamiyama, and Gottesman also served as officers of the UC of New York.(255) A California affiliate of the UC which was organized under the name "International Re-Education Foundation" had as officers and directors Choi Sang Ik, Walter Gottesman, and Michael Warder.(256)

The International Re-Education Foundation was but one of the names used by branches and affiliates of the UC. Often, there was no indication that a local UC was connected to the larger organization. Many ex-members reported that attempts were made to disguise the local groups' ties to Moon and the national UC, particularly during fundraising and recruiting efforts.

Nevertheless, UC publications make clear the cohesiveness of the many branches, not only within the United States, but abroad as well. Prior to 1971, UC members in the United States generally referred to their organization as the Unified Family. The January 1971 edition of New Age Frontiers, part of which was quoted earlier, explained the change in name to Unification Church:

"In light of the need to bring ourselves into a position to effect a change in American society, he announced the first change-our name is now the Unification Church. The reason for the change is that we must ultimately have our effect on the institutions of society. The name implies respectability and stability."(257)

The growth of the UC in the United States had been slow in the 1960's. Moon arrived in the United States in December 1971 to take charge of his movement here. Reportedly furious with the disorganized state of the American UC and its lack of discipline, he instituted a number of reforms such as structural reorganization, intensive training, and a major recruiting effort, in which Moon himself took a leading role. There was a parallel fundraising effort, aimed at supporting the operations of the national UC headquarters and seminary. National fundraising teams of 10 members each were set up throughout the United States. It was estimated that most of these teams could net \$1,000 per day or more. The state and regional teams were also contributing an unknown amount.

To meet some of the personnel requirements of the fundraising, several hundred foreign UC members were brought into the United States in 1973 on student or tourist visas.(258) Many were Japanese,

319

noted by Moon for their trustworthiness. Often they were assigned to handle the books and insure that the proper remittances were made to the national church.

Estimates of UC membership varied widely, and the subcommittee made no attempt to arrive at precise figures, either for the United States or abroad. Neil Salonen testified in January 1977 that in the United States there were 30,000 UC members, of which 7,000 were "core" members who devoted all their time to the church.(259) Salonen also said that the UC was active in all 50 States and in 120 countries.

Former members of the UC and others who have closely observed it expressed the opinion that Salonen's figures were exaggerated.(260) However, the subcommittee did confirm that the UC was active throughout the United States and in many other countries, particularly Japan, England, and West Germany.

International Federation for Victory over Communism and Freedom Leadership Foundation

The Moon Organization began to involve itself in anti-Communist activities in the early 1960's. This was during a period when Korean Government leaders, especially Kim Jong Pil, were stressing the need to develop a strong anti-Communist ideology to counter the ideology of Kim Il Sung in North Korea.(261)

Anti-Communist doctrines and activities were woven into all aspects of the Moon Organization. In the name of anti-Communism, Moon's followers allied themselves with powerful right-wing figures in Japan, such as Ryoichi Sasakawa, and openly participated in election campaigns there; lobbied on behalf of the U.S. military presence in Vietnam; canvassed congressional offices; picketed in front of the U.N.; and sponsored meetings of the World Anti-Communist League (WACL).(262) In a speech, Moon told his followers: "We must have a dual organization; one is the church organization and the other is the Victory Over Communism organization.(263)

The principal vehicle for Moon's anti-Communist activities was the International Federation for Victory over Communism (IFVOC) and its affiliates around the world. (IFVOC was originally called the International Federation for the Extermination of Communism). It was formed in 1968 and was headquartered in Seoul; its Japanese affiliate, called Shokyo Rengo, was also formed in 1968, while the American affiliate, the Freedom Leadership Foundation

320

(FLF), was incorporated in the District of Columbia in 1969. In 1977, the FLF directors were: (264)

Neil Salonen, president; W. Farley Jones; Philip Kent Burley; Kim Young Oon, George Edwards; Dan Fefferman; Jon Schuhart; Nora Martin Spurgin; and Judith Barnes.

Most of the FLF's financial support came from the UC.(265) FLF obtained Federal tax exemption as a nonprofit educational organization "dedicated to developing the standards of leadership necessary to advance the cause of freedom in the struggle against communism.(266) Moon was listed as its founder. One of FLF's principal activities was the publication of a newspaper called "The Rising Tide." In 1977, Neil Salonen was the publisher, Michael Smith, executive director, and Dan Fefferman and Hal McKenzie, among the associate contributing editors.

Alan Tate Wood, president of FLF in 1970 and a UC member for 4 years, told the subcommittee that Moon had personally ordered the expansion of his anti-Communist organization into the United States and saw the FLF as a means of influencing and controlling American institutions:

"* * * in 1970 when I visited Korea, and I had several private audiences with Mr. Moon, he told me that as president of the Freedom Leadership Foundation, it was my responsibility to begin a campaign in the United States to win the power centers in the country."

At that time, he said: "FLF will probably win first the academic community." (267)

Wood further quoted Moon: "Once we can control two or three universities, then we will be on the way to controlling the certification for the major professions in the United States." Wood believed, despite stated purposes to the contrary, that Moon conceived of the FLF as a political arm of the movement.

Wood described the early opposition of some UC members toward engaging in political activities:

"At this stage in the Movement's development, the general membership was politically unsophisticated. The idea of a political arm was new. The purists in the movement who believed that a church should have nothing to do with polities voiced strong opposition. It was pointed out to them that the Church in Japan and Korea carried out extensive anti-Communist political programs.

They were told that it was Master's expressed desire to begin political work in the United States. Thereafter, members objections to political activities was considered infidelity to Master and was like being disobedient to God." (268)

According to Wood, this policy decision by Moon, carrying with it the force of a religious command, triggered the start of political activities in the United States--contrary to the statements of Salonen and other Moon Organization spokesmen who portray UC members' political activities as the free exercise of their independent political beliefs.

Emphasis on support of anti-Communist activities and groups brought Moon into contact with numerous political, academic, and business leaders, contacts which were exploited to the advantage of the Moon Organization. UC publications contained photos of Moon meeting with Eisenhower, Thurmond, Humphrey, Kennedy, Nixon,

321

and other American political figures; publications boasted that U.S. Congressmen and media figures supported FLF activities, and even held receptions in honor of Moon. (269)

International Cultural Foundation

Moon founded the International Cultural Foundation (ICF) in Japan in 1968. Its American affiliate was incorporated in New York in 1973. Among the first directors were:

Osami (Henry) Kuboki.--President of the UC in Japan, an official in the Shokyo Rengo and WACL, and one of the Moon Organization's stockholders in the Diplomat National Bank;

Kim Young Whi.--Stockholder in Il Hwa Pharmaceutical Co.;

Pak Bo Hi--President of KCFF, UC of America; and

Moon.--who was also chairman of the board.

Other ICF officers were: Neil Salonen, president

Paul Werner, vice president

Dennis Orme, vice president

Michael Warder, secretary

Joe Tully, treasurer. (270)

A Moon Organization publication, the New Hope News, quoted Moon in 1975 as saying that "ICF wants to make a totally new culture."(271) The ICF functions principally in the academic and scientific field, in much the same way as KCFF, FLF, and other groups served in their respective fields to gain legitimacy for the Moon Organization and expand its contacts with influential segments of society.

The two main projects of the ICF are the annual International Conference for the Unity of the Sciences and the International Leadership Seminar.(272) The "Unity of the Sciences" conferences have attracted numerous prominent scientists and academicians, including several Nobel Prize laureates. They are well-organized and expensive; the New York Times reported that the 1977 conference cost the ICF \$500,000.(273)

Other units associated with Moon which are directed toward the goal of winning scientists, academics, and members of the university community are variously styled Professors Academy for World Peace, Collegiate Association for the Research of Principles (CARP), and International Leadership Seminar. The May 10, 1974 edition of New Hope News contained the following passage relating to Moon's plans to influence American universities:

"Father wants to mobilize 20 or 30 of the Korean professors to influence American academia, both professors and students. Because of this, Father stressed the importance of building up CARP (Collegiate Association for Research of the Principle) to serve as a foundation for their work when they arrive.

Father said that college campuses are a major battlefield, and if we win there we will definitely win America."(274)

In speeches to his followers and in internal publications, however, Moon made it clear that he considers science conferences and other ICF projects to be part of his organization's overall goal of controlling major institutions in the United States and other key

322

nations and of influencing political decisions and policies. The January 30, 1973 Master Speaks, for example, contained a remarkable exposition of the worldwide aspirations of the Moon Organization and the part to be played by science and other conferences:

"The policy-makers in the background are the professors. Even though they represent the cultural field, more than anything else we need scholars in the scientific fields--in the political, cultural, and economic fields. That's why we opened the Unified Science Conference in Europe last month. Next time we will have the Unified Economists' Conference, and after that the World Politicians' Conference. By our organizing the World Professors' Association we will have them win the people in each field to come and join us * * *. The scholars will set forth a subjective ideology, uniting the different fields into one. This will be the leading ideology of the world.

Back in their own countries, these scholars will influence their own national policies in a joint effort, which will enable us to direct the world policies toward the same goals * * * we will surely influence the policies of the whole world in the near future. In order to make it effective, we must have a very good university of our own. We must establish a university in at least seven nations: Korea, Japan, America, United Kingdom, France, Italy, and Germany." (275)

In the same speech, there is the revelation that the Moon Organization will soon "take over" a Korean university after having worked to that end for 1 1/2 years.

Unification Church International

The name "Unification Church International" (UCI) has been used in various contexts to describe the worldwide UC, apart from national, State, and local organizations. Pak Bo Hi talked about it as follows:

"The Unification Church International does not belong to any one country or one particular geographical location. It is above the national structure of our churches, so it will coordinate, assist, and spiritually guide, give the teachings and international programs organized and so forth."(276)

In December 1975, Pak opened a bank account in the name of UCI at the newly formed Diplomat National Bank. At the time, the status of UCI as a legal entity was unclear. It appeared that Pak had simply adopted--without any formal legal action--the corporate structure of the organization he had registered in Virginia in 1962 under the name "Holy Spirit Association for the Unification of World Christianity." (At the same time UCI letterheads

were giving UCI's address as the UC estate in Tarrytown, N.Y., where Moon had his headquarters.)

The UCI bank account at DNB was opened with an initial deposit of \$70,000 which came from funds which had been in Moon's personal accounts at Chase Manhattan Bank in New York. Only Moon and Pak were authorized to sign checks. By March 1977, over \$7 million had been deposited in the account. Most of this money was received in the form of wire transfers or checks from abroad, some of which were clearly from foreign UC accounts. Over \$6 million was received from Japan alone during this period.

During the same period, the UCI account disbursed large sums, mostly to accounts of other Moon Organization groups such as the national UC in New York. Moon personally signed the checks or transfer orders authorizing the disbursement of most of these

323

funds, sometimes signing as "Chairman of the Board" and sometimes as "Founder" of UCI.

Beginning in late 1976, there were large disbursements from the UCI account to Moon Organization business enterprises such as News World Communications in New York and International Oceanic Enterprises in Virginia. By February 1977, these businesses had received over \$2.3 million from UCI.(277)

On February 2, 1977 UCI was formally incorporated in the District of Columbia as a "not-for-profit corporation"; the incorporators were Pak Bo Hi and Pak's secretaries at the KCFF, Judith Le Jeune and Sandra McKeehan. Among the purposes of the UCI, as listed in the incorporation papers, were:

"(1) To operate exclusively for religious, charitable, literary and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954;

(2) To serve as an international organization assisting, advising, coordinating and guiding the activities of Unification Churches organized and operated throughout the world."

The directors were:

Pak Bo Hi; Hak Ja Han (Mrs. Sun Myung Moon), Tarrytown, N.Y.; Won Pok Choi (a Moon aide and translator), Tarrytown, N.Y.; David S. C. Kim, Tarrytown, N.Y.; and Kim Won Pil, Seoul, Korea.(278)

Although the UCI had just disbursed over \$2 million to businesses--a pattern that would continue--the organization applied for tax-exempt status, eventually denied by the IRS. (279)

It was unclear whether the UCI had any independent functions other than serving as a financial clearinghouse for various Moon Organization subsidiaries and projects. The address of the UCI--as reflected on bank records--was at various times Tarrytown, N.Y., Pak Bo Hi's home in McLean, Va., and Pak's KCFF office in Washington, D.C.

Korean Cultural and Freedom Foundation

The Korean Cultural and Freedom Foundation (KCFF) was incorporated in the District of Columbia in March 1964 as a nonprofit corporation; among its stated purposes were:

"(a) To accord honor and recognition to those Americans who fought and died for the cause of freedom in Korea and to those who have aided in the preservation and perpetuation of Korean democracy and culture;

(b) To provide, in coordination with appropriate departments of the United States Government and the Korean Embassy, for an extensive program of support and interchange in the fields of art, literature, the humanities and related cultural matters;

(c) To foster a mutuality of understanding, respect and friendship between the citizens of the United States and Korea. "(280)

The first officers and directors of KCFF were prominent Americans and Koreans who had some special interest or background in Korean-American relations. Arleigh Burke, former Chief of Naval Operations, was KCFF's first president; Yang You Chan, former ROK Ambassador to the U.S., its first executive vice-president; while William Curtin, a retired U.S. Army officer, was a vice-president and one of the incorporators.

324

Pak Bo Hi was a military attache at the Korean Embassy in Washington when KCFF was incorporated and was not an original incorporator, director, or officer. Pak, however, testified before the subcommittee:

"The KCFF is truly my idea. I conceived this idea during my tenure as a diplomat serving in the Korean Embassy." (281)

The subcommittee found considerable documentary evidence which indicated that Pak was the moving force behind KCFF and that he was working for it and helping to shape its policies while still employed by the Korean Government. (282) Pak at the same time was active on behalf of the Holy Spirit Association, the UC branch he had registered in Virginia. Jhoon Rhee, a trustee of the Virginia association and a close friend of Pak's, became one of the original KCFF directors. Another original KCFF director was Robert Roland, who had a close relationship with Pak and Rhee between 1963 and 1965. Roland told the subcommittee:

"In early 1964, Col. Pak told of his plans to form the Korean Cultural and Freedom Foundation. He stated that the purpose of the KCFF would be to gain influence and raise money for Moon's cause * * * He described it very clearly that this was a front organization, and that it would be used to gain

influence with wealthy people, government officials. Then he talked very clearly about using it as a fund-raising organization for the Moon organization." (286)

By early 1964, Pak had already taken steps to make KCFF serve Moon's cause, at a time when both KCFF and the Moon Organization were in their formative stages. A December 1963 brochure describing the KCFF--not yet formally organized--listed a Korean children's dance group called the Little Angels as the foundation's only proposed project. (284)

The Little Angels had been founded by Moon in Korea in 1962.(285) Pak referred to the Little Angels in an application for tax-exempt status which he submitted to the IRS in 1963 on behalf of his Virginia UC branch. Pak stated that the branch hoped to sponsor the Little Angels and other projects in the future, but could not do so then "because of the present pioneer state of the church."

"It is hoped that the future will allow sponsoring a Korean dancing group in various cities as a means of bringing the Divine Principles to more people and to thus further the unification of World Christianity." (286)

Largely through Pak's efforts the KCFF, rather than the UC, took responsibility for sponsoring the Little Angels, although Pak, in his IRS application, had indicated that the purpose of the group was to help spread the doctrines of Moon and the UC. Pak explained the KCFF sponsorship of the Little Angels to the subcommittee:

"Then what happened in 1964, we decided not to combine two things together, the cultural things done culturally, which is done by KCFF. That is why we organized the KCFF. In my testimony, I said the KCFF is my idea, so the church did not then tackle the Little Angels program." (287)

325

Robert Roland testified that Pak hoped the Little Angels would "create influence for their movement, and also for the Korean Government." (288) A passage from the June 15, 1965, issue of the UC's New Age Frontiers described the Little Angels as "a group of Divine Principles children who perform traditional Korean dances." (289) In later years, the Little Angels were officially sponsored by the Korean Government on world tours; also in later years, Moon's connection with the Little Angels and his increasing use of them to further his own purposes became more apparent. (290)

By December 1964, U.S. intelligence agencies had reported on Pak's plans to link the KCFF to the UC. (291)

The subsequent history of KCFF is closely related to some of the most controversial issues in Korean-American relations; these issues are discussed in detail in other parts of this report. (292) Although KCFF was often involved in foreign policy controversies beginning in the mid-1960's, causing it to receive attention from a number of U.S. agencies, its ties to the Moon organization were not widely recognized prior to 1976. Until then, the KCFF had numerous supporters, advisers, directors, and contributors who were totally unaware of the connection.

In 1976, there was a split among officers and directors of KCFF over Pak's management of the foundation; there were public allegations by KCFF members that Pak was using KCFF as an arm of the UC. As a result of this feud, the Moon Organization's control over KCFF, which had been developing since the earliest beginnings of the foundation, became complete. (293)

Business enterprises

The Moon Organization controls numerous large and small businesses throughout the world and is constantly expanding into new business fields. These organizations are set up under a variety of names and often employ holding companies and other complex corporate structures so that their relationship to the overall Moon movement is not always apparent to a casual observer. However, the subcommittee found extensive evidence that many business enterprises--regardless of name or legal structure--are an integral part of the Moon Organization and are used interchangeably with its nonbusiness components.

Even the crudest analysis of the structure of Moon's businesses shows that, as with his nonbusiness organizations, there is a pattern of interlocking directors, officers, and stockholders. The inter-relationship of the businesses with the UC and other components of the Moon Organization is also made explicit in internal UC publications. There are frequent references to the "family" businesses. An illustrative example is found in a speech Moon gave to his followers:

"After speaking about the necessity for God's children to surpass every standard in the satanic world, which of course necessitates a solid financial foundation, Father

326

talked about Family businesses in Korea: Tong-II Industries (machinery), the titanium plant, and the ginseng tea factory. He described, significant expansion of the titanium plant (titanium is a metallic element used in alloys such as steel and in paints and other coatings), and he talked about the uncommon abilities of the Tong-II engineers to design and produce reliable and sophisticated machinery enabling the company to win many defense contracts from the Korean government. He said the field we will enter next is that of electronics." (294)

In Korea, the most important Moon businesses were Tong II Industries Co., II Hwa Pharmaceutical Co., II Shin Stoneworks, and Hankook Titanium Industrial Co. The Korean businesses had affiliates and export outlets in other countries, particularly Japan, where Tong II Industries was run under the name of Toitsu Sangyo.

The subcommittee did not obtain detailed financial and production data about the Moon industries in Japan and Korea, and Moon Organization spokesmen have been reticent in disclosing details. In a 1976 Newsweek interview, for example, while Moon acknowledged that his Korean industries had defense contracts with the Korean Government, he would not disclose what armaments were being produced on grounds that the information was classified. (295) Pak Bo Hi, in testimony before the subcommittee, acknowledged that Tong II made "sophisticated military instruments," but said he did not know which particular instruments, although he was certain Tong II did not have anything to do with the production

of M-16's. (296)

Data compiled by the U.S. Department of State in 1976 showed the following about the principal Moon business in Korea: (297)

(1) *Tong Il Industries Co.*

Tong Il is the only one of Moon's industries designated by the ROK as a defense contractor. It manufactures air rifles, lathes, milling machines, boilers, and parts for the M-79 grenade launcher and the vulcan gun. (298) Tong Il's main stockholders were:

Percent

Unification Church 53

Kim In Chul (former president of Tong Il) 36
Moon Sung Kyun (president as of 1978) 4
Boek Ku Sub (executive director)006

The remainder of the stock was held in small amounts by 100 persons.

The report stated that Tong Il's 1975 sales were \$4 million, with \$488,000 in profits. Assets were listed as \$4,666,000.

The State Department report identified Kim In Chul as a member of the UC's board of directors.

(2) *Il Hwa Pharmaceutical Co.*

Il Hwa was formed in 1971 to make and export ginseng extracts, primarily to Japan. Stock ownership was:

Percent

Kim Won Pil 5.2
Hong Sung Pyo 5.1

Lee Yo Han 1.4

Lee Soo Kyung 1.5
Kim Young Hui 1.9

Lee Sang Hon 1.5

Ownership of the rest of the stock was not given. In 1975, assets were \$2.8 million, profits \$1 million, and total exports \$9,957,000. The U.S. representative was given as Lewis Burgess, Tong Il Enterprises, N.Y.

(3) *Il Shin Stoneworks*

Il Shin manufactures stoneware vases. Exports in 1975 totaled \$600,000 and were handled by Tong Il Industries (Japan) and Shiawase Shoji Co., both located in Tokyo. Il Shin's stockholders were listed as:

Percent

Unification Church 22.3
Moon Sung Kyun 15
Kim Won Pil 10
Yoo Hyo Young 13.83
Chung Yoon Chang 8.33
Kim In Chul 5.84

Ownership of the remaining shares was not disclosed.

(4) *Hankook Titanium Industrial Co. and Dong Hwa Titanium Industrial Co.*

The reports stated that Hankook Titanium was established in 1968 and became a joint venture with UC-Korea in April 1972.
Stock ownership was:

Percent

UC-Korea 76
UC-Japan 5.32
Sun Myung Moon 1.49

Seung Kyun Moon 0.77

The report listed Hankook Titanium's 1975 assets as \$4.9 million, gross sales \$2,296,000, and profit \$87,000.

Dong Hwa Titanium produces titanium dioxide, which is marketed in Korea to paint, rubber, and ink industries. It was established in 1973 and

became a joint venture with UC-Korea in April 1974. Sun Myung Moon was chairman of the board and owner of 90.5 percent of the stock. A Japanese national named Yaji Junsei was listed as owner of 6.6 percent of the stock. Dong Hwa's assets were

put at \$2.2 million, 1975 gross sales at \$1,302,000, and profits at \$164,000. According to the State Department information, the combined 1975 assets of the five businesses mentioned above were \$14,970,000, with 1975 profits of \$1,910,000, net worth of \$7,410,000, and total 1975 sales of \$18,627,000. The profit ratios of the Moon businesses were "slightly above average" for Korean businesses.

The State Department reports also stated that the executives in all five businesses were trained at Tong II Industries and that all important shareholders were active UC members.

A separate section of the State Department report commented that official Korean records indicated that the UC-Korea claimed

328

\$3,600 in assets; however, published financial statements showed assets, as of December 31, 1975, to be \$4,535,000, with a net worth of \$4,516,000.

The State Department's information was derived from World Traders Data Reports, which in turn are generally based on public sources and inquiries of industry representatives, and not on audits.

Earlier data gathered by the Export-Import Bank showed Tong I1 Industries 1972 sales to have been \$400,000;(299) if both the Eximbank and State Department figures are accurate, Tong II's sales volume in 1975 was 10 times higher than in 1972. This increase was consistent with executive branch reports and with the statements of a number of persons interviewed by the subcommittee to the effect that Tong II's fortunes rose with the development of ROK defense production.

A UC publication contained an article on the titanium plant which described how the UC took over its operation in 1972.(300) After that, it was managed and operated mostly by UC members. In describing future plans for the factory, it was noted that titanium is used in aircraft and spaceship production. In another UC publication, Neil Salonen reported on a tour of the titanium plant and Moon's plans for its expansion:

"Father wants to expand and build the factory as soon as possible. We have a monopoly on the refining of titanium in Korea and actually a large corner on the world market because we can do it in a very sophisticated way."(301)

In January 1977, the ROK Government charged Kim Won Pil and other officers of II Hwa Pharmaceutical Co. with conspiring to evade over \$12 million in taxes, in addition to other offenses. A State Department cable reported that the specific charges included:

"Falsely, reporting purchase price of raw ginseng, falsely reporting capital increases by disguising stock distribution, failure to pay taxes on property acquired in the names of employees, and income tax avoidance by donating money to the Unification Church."(302)

The cable quoted Korean newspaper accounts which claimed that \$6.2 million was transferred to Moon's church from II Hwa without tax payment. It was noted that Korean law does not permit transfer of moneys when the same person--in this case Kim Won Pil--headed both a taxable and tax-free foundation. In that connection, the State Department commented:

"Kim Won-pil, president of II Hwa Pharmaceutical, is also chairman of the board of directors of the Holy Spirit Association for the Unification of World Christianity (see 76 Seoul 5612). He also holds 1 percent of the shares in II Shin Stone Works, and was executive director of Tong-il Industries, the Moon firm designated a defense industry by the R.O.K.G."(303)

In the same month that this State Department report was written (February 1977), Kim Won Pil acquired still another title in the Moon Organization when he became a director of the Unification Church International (UCI). Kim was one of Moon's earliest followers and had been arrested with Moon in 1955. (304)

329

The State Department cable referred to possible political motivations by government officials in bringing the charges:

"Commercial sources indicate the II Hwa investigation may be a strong attempt by R.O.K.G. to disassociate itself from Rev. Moon. Embassy sources indicated that the most likely reason for the arrests was to serve notice to Rev. Moon not to interfere with Korean politics, domestic or foreign." (305)

The subcommittee did not have access to the specific evidence produced by Korean authorities to support the charges against the II Hwa officials. However, the State Department report on the charges, especially the portions on use of employee names to disguise stock ownership, use of the UC to avoid taxes, and directors and officers in common to both taxable and tax exempt organizations, described practices of the Moon Organization in the United States.

One of the earliest significant business ventures in the United States was Tong II Enterprises, which was incorporated in New York in June 1973. The certificate of incorporation was signed by Takeru Kamiyama, and the first board of directors and their stock-holdings were: (306)

Sun Myung Moon, chairman of the board 25 percent
Mrs. Sun Myung Moon 10 percent
Takeru Kamiyama 5 percent
Cho Woo Eukman 5 percent
Michael Warder 2 percent
Neil Salonen 1 percent

Daikon (Kenji) Ohnuki 0.05 percent

Joe Tully 0.05 percent

Robert Wilson 0.02 percent

Tong II's main activity at first was the importation and marketing of ginseng tea and marble vases from Moon's companies in Korea; later it became involved in Moon's tuna fishing enterprises.

On the west coast the Moon Organization opened International Exchange Enterprises. It in turn ran a maintenance company, and owned a travel agency, Seno Travel Services. Daikon Ohnuki was one of the original directors of International Exchange Enterprises and owned 100 percent of the stock; in 1974 he transferred this stock to Sung Soo Kim, who was an officer in the travel agency.

Another officer of both International Exchange and Seno was Choi Sang Ik, founder of the UC in Japan and San Francisco and for many years a leading figure in the Moon organization. (307) A former UC member who worked for International Exchange stated that while the company was denying any link to the UC she was turning in her pay checks to the leader of the UC organization in the San Francisco Bay area. (308)

Media enterprises were also set up in the United States based on similar ventures already begun in Japan. In January 1975, the World Daily News Co. had been opened in Japan and began printing a daffy newspaper (Sekai Nippo) there; Mitsuharu Ishii was the president.(309) In February 1975, Moon has said in a speech to U.S. members:

33O

"This year we have to expand our UN campaign, work among all the Senators and Congressmen with our PR brothers and sisters, and we are going to establish a university. Another thing we are going to do is to start a newspaper plant." (310)

In the same speech, Moon said that UC "missionaries" around the world were to become involved in media activities, including setting up an international paper, in order "to guide the academic world including professors, the communications world, and then the economic world."

As Moon predicted, a daily newspaper was opened in the United States--in December 1976, News World began publication in New York. Among the officers and directors of the parent corporation, News World Communications, Inc., were Dennis Orme, president and Michael Trulson, secretary. Orme had been president of the UC in England and a director of ICF. The News World was staffed almost exclusively by UC members; for example, the editorial board included Michael Young Warder, Joachim Becker, Keith Cooperrider, and Hal McKenzie, all of whom had occupied positions in the UC hierarchy.

The competitive advantage UC staff members gave News World was apparent in August 1978, when a strike shut down the major New York dailies, making News World for a time one of the only choices for New Yorkers. During this strike, the Washington Post quoted Michael Trulson of News World as saying that the paper was financed by "friends of Moon--businesses operated by members of the Unification Church of America." (311) However, Unification Church International financial records at the Diplomat National Bank revealed that Moon personally directed much of the early funding of News World by transferring funds from UCI, not from businesses. (312)

News World served, when needed, as a propaganda instrument of the Moon Organization. A casual reader would not detect its UC affiliation on most days. On issues affecting Moon and the UC, however, the resources of the paper were mobilized along with other components of the Moon Organization to attack and discredit critics and investigators. One issue of News World, for example, carried an article with photographs of IRS agents auditing the books of the UC, written to suggest the IRS was harassing the church. (313) Similarly, News World printed numerous derogatory articles about the subcommittee's investigation and its chairman, including articles accusing the chairman of being a Russian agent.(314)

News World and its counterpart in Japan were not the only ventures, into the media and communications field. In July 1974, Moon had told his followers: "Even a movie company is being formed right now in Japan"(315) It was set up under the aegis of One Way Productions, with offices in Tokyo and Los Angeles. The head of this company was Mitsuharu Ishii, who, as noted, also headed Tong I1 Industry's Japanese branch (Toitsu Sangyo), was an officer in the ICF, and was involved in funding various stock purchases in

331

the DNB.(316) One of the employees in Los Angeles was Robert Standard, a UC lawyer who represented the Moon factions of the KCFF in an internal conflict in 1976 and 1977. (317)

One Way Productions, like News World, was used for propaganda purposes. At the time of Pak Bo Hi's testimony, the proceedings were filmed by crews under Ishii's direction; the films were later edited and used to make a "documentary" of the hearings, shown to UC members in various locations and aired on TV stations in Korea. (318) Ishii himself was present at one of Pak's appearances before the subcommittee; later, when Pak's testimony pointed to Ishii as the source of funds for Diplomat National Bank stock purchases, the subcommittee learned he had returned to Japan. Attempts to communicate with him were unsuccessful. (319)

The Moon Organization also invested heavily in fishing and shipping enterprises in the United States. A former UC member recalled Moon speaking of "dominating the tuna fishing business."(320) In November 1976, International Oceanic Enterprises was incorporated in Virginia, along with its subsidiary International Seafood Co. The 1978 annual report filed with Virginia authorities listed the officers and directors of International Oceanic Enterprises as follows. (321)

Bo Hi Pak, president; Won Dae Chi, vice-president; Judy LeJeune, secretary; Irene Cooney, assistant secretary; and Bonnie J. Prechtl, assistant treasurer.

The directors were:

Bo Hi Pak; Sun Myung Moon; Neil A. Salonen; Mose Durst; Michael Young Warder; Takeru Kamiyama; and Joseph Sheftick.

Moon and Pak provided the initial capital through the UCI account at the DNB; later infusions of cash from UCI totaled millions of dollars. Among the disbursements made by the seafood business in its early months was \$200,000 to Tong I1 Enterprises on December 27, 1976. (322)

These transactions again illustrate how the components of the Moon Organization work together as an economic unit. In the 7 month period from October 1976 to May 1977, nearly \$1 million was poured into the fishing business from other Moon enterprises. The transfers from UCI were particularly illustrative since Moon--who signed the checks--and Pak Bo Hi held positions in both UCI and International Oceanic Enterprises, and Pak was president of both organizations. The transfer from the seafood company to Tong II Enterprises in New York similarly involved taking money from one Moon Organization pocket and putting it into another.

In 1977, the fishing interests expanded with the purchase of 700 acres of waterfront property in Alabama reportedly for a fishery and ship building industry. Part of the down payment was \$400,000 provided by International Seafood's account in Norfolk. (323)

332

By 1978, UCI money was also being put into other businesses and holding companies, such as One Up Corporation, U.S. Marine Corp., U.S. Foods, and II Hwa American Corp. (324)

Issues Revealed by the Investigation

As the investigation proceeded, certain patterns emerged. The various units of what came to be called the Moon Organization had overlapping directors and officers and used personnel interchangeably. They were tied to one another through joint activities, financing, and mutual use of projects. They were involved to varying degrees with the Korean Government. They carried out activities, especially political and anti-Communist ones, that conflicted with the purposes set forth in their corporate charters. Furthermore, several of these activities were in apparent violation of U.S. tax-exempt and nonprofit corporation laws, as well as U.S. immigration laws and those governing the international movement of currency. Drawing on the information relating to the individual units of the Moon Organization, this section looks at specifics of the issues summarized above: the cohesiveness of the Moon Organization; its political activities; its ties to the Korean Government; its economic and financial activities; and apparent violations of U.S. laws.

Cohesiveness of the Moon Organization

The subcommittee's finding that there is essentially one "Moon Organization" worldwide, rather than a number of separate organizations "founded" or "inspired" by Moon but otherwise operating as independent entities, is contrary to the image Moon and his associates seek to create by carrying on their activities under the aegis of numerous corporate and other legal structures. UC leaders and Moon associates have, in many public and official statements, repeatedly denied or minimized the connections between one Moon-related organization and another.

As part of their applications for tax-exempt status, Moon's spokesmen have had to address the issue of the interrelationships that exist in their movement. In April 1963, in an application to the IRS for tax-exempt status for the branch of the UC he registered in Virginia, Pak Bo Hi stated:

"The Holy Spirit Association for the Unification of World Christianity is affiliated only on a doctrinal basis with a movement which began in 1954 in Korea, at the end of the Korean War * * *

The Association is consequently affiliated with the California organization and with the Korean and Japanese movements on the basis of the similar and common doctrine of the gospel of the Divine Principles, but this organization is totally and independently organized; there is no formal organizational tie with any other organization. We would, of course, look to the Korean movement as the fountainhead of the spiritual principles and theological bases of our church, but outside of this spiritual indebtedness and spiritual common interest, there are no affiliations or formal connections." (325)

In testimony before the New York City Tax Commission Neil Salonen, President of the UC of America, was questioned about the relationship between that church and other "Moon organizations." He minimized the interrelationships. Asked about the Freedom

333

Leadership Foundation (FLF), he said that only one officer of FLF was also an officer in UC of America. Salonen refused to answer how many beard members of FLF were UC members. He admitted that the UC had provided 60 percent of FLF's funds during a recent year, but stressed that this was but a small percentage of the church's total expenditures.

As for the relationship between the UC of America and Unification Church International, Salonen asserted there was no connection "other than a spiritual bond of the heart." (In fact, by January 1977 the national UC had transferred money to UCI and in turn received over \$1 million from UCI.) Salonen called News World "an independent corporation" to which the church rented space, but which was funded by UCI; he said that International Federation for Victory Over Communism had "no connection with the Unification Church in America." Salonen admitted he was an officer of the ICF, as well as the FLF and the UC, and that the UC provided funds to FLF and ICF. However, he pointed to a statute making it legal for one nonprofit organization to donate funds to another.(326)

Salonen, Pak Bo Hi, and other UC leaders have also emphatically denied on various occasions that the Korean Cultural and Freedom Foundation (KCFF) is part of the Moon Organization. Regarding the Little Angels, a KCFF project, Salonen stated: "The Little Angels and the UC may share the same founder, but otherwise there is no connection." (327)

In testimony before the subcommittee Salonen said that, so far as he knew, the KCFF was not directly or indirectly controlled by Moon. (328)

In these and numerous other statements and representations, Moon and his spokesmen have tried to keep intact the corporate veils which maintained the outward appearance of separate and independent organizations related, if at all, only through a common founder or by a loosely defined "spiritual bond." These spokesmen often turned away questions about the actual relationship between the UC and other organizations on the grounds that UC membership is "irrelevant" and that to inquire about the religious background of the members of a given organization violates constitutional rights.

Central to the official posture maintained by the UC and its spokesmen is the portrayal of Moon as a founder and spiritual leader, with little or no responsibility for his organization's fiscal, administrative, and other worldly matters. Before the New York Tax Commission, Neil Salonen stated:

"Rev. Moon is considered the prophet of the Church and the founder. Other than that he has no specific relationship." (329)

Salonen went on to say that Moon received "no compensation whatsoever" from the UC and that expenses paid on Moon's behalf, mostly for travel, amounted to only a few thousand dollars in a recent year. Salonen did not know how Moon provided for his

334

personal expenses. He said that Moon "provides spiritual guidance to the movement all over the world," but that he "doesn't direct the affairs of the organization in an administrative or physical sense."

The subcommittee found, to the contrary, that Moon provides considerably more than spiritual guidance to his worldwide organization. The statements and testimony of former members and officials in Moon's Organization, evidence gleaned from internal UC publications, memos, other documents, and financial records all show that Moon exercises substantial control over temporal matters. These include the transfer of funds from one organization to another, personnel changes and allocations, the structure and operation of fundraising teams, the timing and nature of political demonstrations, and the marketing of goods produced by the organization's businesses. As in any organization so large and complex, there are advisers, lieutenants, and managers with varying degrees of influence and authority to speak and act on behalf of the organization; however, there is every indication that regardless of the title he might or might not hold in any one corporate structure, Moon can and often does make the final decision on a course of action.

To gatherings of his followers, Moon makes it clear that he would occupy the position of authority in the future world order which is his goal. In one speech, he said:

"The time will come, without my seeking it, that my words will almost serve as law. If I ask a certain thing, it will be done. If I don't want something, it will not be done. If I recommend a certain ambassador for a certain country, and then visit that country and that ambassador's office, he will greet me with the red carpet treatment." (330)

Interchangeability among organizations, personnel, and funds

Former UC members commented on the use of UC personnel in other Moon organizations. One said:

"All members of the UC are used interchangeably in any of the 60 front organizations, as needed or assigned by Moon." (331)

Another former member, Linda Anthenian, stated that all UC members automatically became members of FLF as well:

"According to Moon's dualistic thought, the Unified Family [UC] would be the inner, policymaking force, while the FLF would be the outer, active political arm of the movement. * * * On any one day, I could act as a representative of the Unified Family and pass out literature for it, and then turn around at a moment's notice and disseminate political brochures for the FLF." (332)

Another former member, Phillip Greek, spoke of using donations to the UC to fund various businesses:

"In the future it was the hope of Rev. Moon that the Church would become one vast conglomerate of mutually supporting businesses * * *" (333)

An April 1973, Directors' Newsletter--an internal publication circulated to church centers on a regular basis--conveyed announcements and instructions from Moon: He said that by April 1975, missionaries were to be sent to 120 countries and gave

335

instructions to UC members regarding the sale of ginseng tea and the importation of stone vases, both products of Moon industries in Korea; (334) on September 1, 1973, a newsletter reported that Gary Scharf had been appointed by "our leader" to be first head of the Collegiate Association for Research of Principles (CARP); (335) in a memo, David Kim repeated "detailed instructions" from Moon. Kim spoke of European fundraising units as being "under Master's direct command." (336) He announced that shipments of ginseng tea had been received at UC headquarters and said:

"Our Master plans to explore a worldwide market for this heavenly product, along with worldwide spread of Unification principles for mankind." (337)

Other memos gave instructions to UC members on how to market ginseng tea.

In a January 31, 1974 speech, Moon said:

"We are going to have a strong worldwide movement. Therefore, we must have a strong worldwide organization." (338)

In the same speech he told his followers:

"The world is really our stage. We are going to be the ones who restore and bring hope to every corner of the world. The money is there, and I will earn that money. I will reap the harvest. And you will become soldiers, trained soldiers."

Some of the "trained soldiers" in Moon's worldwide organization were the UC members he sent as "missionaries" to various countries. In a speech quoted elsewhere, (339) Moon explained how he intended to use these missionaries to "open avenues to commerce" in many nations and to serve as reporters for Moon Organization newspapers in Japan and the United States. (340)

Moon's ability to order trained followers to undertake diverse missions around the world enabled him to bring fundraising teams to the United States and to move large amounts of cash across international boundaries. His methods for doing this were frequently illegal or questionable under U.S. law as well as those of other nations.

Beginning in the early 1970's, Moon brought hundreds of foreign UC members into the United States, many of whom entered the country on visitors visas which permitted them to remain in the country for only a limited time. (341) Once these members were in the United States, most were assigned to mobile fundraising teams, Moon Organization businesses, or other moneymaking activities. (342)

In early 1974, the UC petitioned the Immigration and Naturalization Service (INS) to change the status of over 500 aliens from "tourist" to "religious trainee," which would allow the aliens to remain in the United States for a much longer period. The INS denied these petitions on the grounds that the "missionary training program" consisted primarily of fundraising and that this activity violated the terms of the visas.

336

In April 1974, at the time the problem with the INS began, Moon emphasized the importance of foreign members to his plans in the United States and spoke of preventing their deportation by U.S. authorities:

"And right now our foremost problem is the difficulty with the Immigration Department. Unless we can successfully obtain legitimate residency for our foreign members, our movement will suffer a setback. We cannot fail to do this. If we do fail, my entire strategy will be totally altered, because all the foreign members here will have to leave. Therefore, by all means, at any cost, we must win the immigration battle."(344)

In a later speech he said: "The Immigration Office is planning to send back the Unification Church members from other countries. Very possibly the Communists are behind this."(345)

As a result of U.S. pressure, Moon eventually sent several hundred foreign members out of the United States before any proceedings were brought against them. The INS took no action to enforce the departure of UC members found to be violating their visa status, pending administrative proceedings and appeals; this process has taken several years. (346) As a result, numerous aliens have been able to continue carrying on their fundraising activities with little or no interference from U.S. authorities. In the meantime, other aliens had been arriving and departing, (347) and violations of visa regulations continued.

As indicated in the above passages, the Moon Organization tried to and did exploit the inadequacies of U.S. immigration laws and enforcement mechanisms, or ignored them. Both the fundraising and business activities violated the terms of tourist and other visas. People stayed beyond the length of their visas, thereby becoming illegal aliens. In addition, the UC took advantage of cumbersome INS procedures to delay deportations and apply for changes of status for UC members.

In the case of one of the key members of the UC, Takeru Kamiyama, the Moon Organization, through a financial sleight-of-hand, was able to have his visa status changed to one which would permit him to stay in the United States. Kamiyama applied for an E-2 "Treaty Investor" status in 1973 on the grounds that he was a Japanese national engaging in a trading enterprise in the United States, that is, Tong II Enterprises. (348) When he first applied, Kamiyama owned 5 percent of Tong II's stock, the balance being owned by Moon and other Korean and American UC members. When it was discovered that INS regulations required that the trading company be more than 50 percent owned by members of the same nationality, Kamiyama, a Japanese, was awarded 54 percent ownership of Tong II's stock, making him eligible for trader's status. This he received on January 21, 1975. (349) By this simple maneuver, the Moon Organization was able to overcome a potential INS problem. The incident shows the advantages of having the components of the organization work together as a cohesive unit.

The importance to the Moon Organization of free transfers of money and personnel across international boundaries and back and

337

forth from religious to political or business activities is implicit in many of the speeches and documents already discussed.

In addition to raising funds and providing a work force for Moon Organization business projects, UC members who travel in and out of the United States are vehicles for circumventing or violating restrictions on the international movement of currency.

Several persons interviewed by the subcommittee staff stated that prominent Moon Organization figures had admitted bringing in large amounts of cash from Japan by concealing it on their persons. (350) Since 1972, U.S. law has required that all persons moving cash in excess of \$5,000 in or out of the country fill out a Treasury report. (351) Japan has similar requirements, as well as limitations on converting yen to other currencies. (352) Korea, too, has very strict currency control laws. Converting won to dollars in order to take money out of Korea, except in very small amounts, is almost impossible to do legally. (353) Despite these laws, the subcommittee found evidence that large sums of cash maintained in the United States by the Moon Organization had apparently been brought in from overseas.

In 1974, Moon opened accounts and time deposits at Chase Manhattan with \$995,200, about half in cash, deposited at a time when, according to Moon, most financial support for his movement came from overseas. (354) Pak Bo Hi testified that between 1972 and 1974, he received \$223,000 in

loans from Mitsuharu Ishii, some of which Pak brought back from Japan himself, while the rest was delivered to him in the United States. All of this money was received in cash, and Pak could not explain where Ishii--who is a full-time employee in various Moon Organizations--derived the money he lent Pak.(355) Pak also could not explain how \$58,000, which he says he received from Ishii via the head of the Little Angels Touring Co. (he could not remember the person's name), got into the country; he suggested that perhaps the money had been "divided" among the Little Angels, each of whom would carry less than \$5,000.(356) (Later in his testimony Pak said he did not think the Little Angels had helped bring in the money, but he still could not recall how it was brought in.)

Pak's explanation for the nearly \$1 million used to fund Diplomat National Bank stock purchases in the name of UC members likewise apparently involved massive transfers of cash from abroad. (357)

338

The UCI account maintained at the DNB (and later also at Riggs National Bank in Washington, D.C.) was an important depository for money brought into the United States. (358) Money collected in this account was dispatched to a wide variety of business, church, and personal accounts, usually on orders from Moon or Pak. In one transfer order in March 1977, Moon sent \$100,000 from the UCI account to a bank in Korea; in an accompanying letter, Pak Bo Hi gave instructions for this money to be put into individual bank accounts, including over \$50,000 to an account maintained by Kim Won Pil (Kim at the time was a UCI director). (359)

These transfers from the UCI account to various Moon Organization businesses--whose officers and directors overlap with UC and other nonprofit components of the organization--are discussed elsewhere,(360) but it should be noted that the UCI financial records characterized these businesses as "subsidiaries" of UCI. (361)

There is evidence that Moon Organization facilities, particularly the KCFF, were used to bring money out of Korea to the United States, specifically by having an individual make a loan to the KCFF office in Korea, which was then repaid out of KCFF funds in Washington. Chung Il Kwon, former Korean Prime Minister and later National Assembly Speaker, transferred \$40,000 to the United States in 1971 using this technique; (362) Lee Kwang Jae, a Washington broadcaster, brought in \$20,800 in 1975 through the KCFF.(363) A number of "scholarships" awarded by KCFF appeared to have been covers for currency transfers from Korea. (364)

Political activities by the Moon Organization

Moon Organization spokesmen, well aware of U.S. restrictions on political activities by tax-exempt groups, frequently explained seemingly political activities in religious terms. Neil Salonen maintained before the Subcommittee " * * * our feelings regarding the philosophy and doctrines of Communism are not political feelings, they are spiritual religious feelings * * * "(365) An application of this religious anti-Communism was the UC's attitude toward North

Korea, which was seen as the purest embodiment of Communism.

God's chosen nation, South Korea, must therefore triumph over its northern adversary. Thus, the UC could assert that U.S. troops must remain in South Korea as a "religious teaching." (366)

Based on this and similar doctrines, Moon's followers engaged in a wide variety of activities which they would later characterize as "religious." Support of Richard Nixon during the impeachment proceedings was not political, but rather an effort " * * * to get people to think more in terms of turning to God for their answers to Watergate." (367) A Capitol Hill public relations team, organized to develop contacts with Senators and Congressmen, was similarly

339

characterized as part of an effort to remind legislators of spiritual values.

Demonstrations at the U.N. and elsewhere were portrayed in terms of religious opposition to Communism. Even participation by UC members in a Moon Organization fishing business was said to be part of their spiritual training because "it requires great patience and is a test of the mind and body" and because it is "a religious experience" symbolic of fishing for the souls of men.(368)

At the same time that Moon Organization spokesmen define what constitutes religious activity broadly, they seek to define what constitutes political activity narrowly. As described by Dan Fefferman before the Subcommittee, there are but two types of activities which could properly be labeled political: to attempt to influence pending legislation, and to support a candidate for public office, [In fact, these activities are specifically excluded by the corporate charter of the UC.]

Some observers, however, see goals in the Moon Organization's activities which are clearly political, including those carried on by the Unification Church. Allen Tate Wood, testified that in his view the UC was not a church at all:

"It is my contention that it is certainly not a church. It is certainly a political organization which clearly has partisan objectives." (369)

Another ex-member said that her experience in the church led her to believe that Moon intended to make UC members into "a little political army." (370) The opinion rendered by the New York Tax Commission in denying tax-exemption for certain UC properties stated:

"although the applicant association does in certain aspects bespeak of a religious association, it is in our opinion so threaded with political motives and activities that it requires us to deny its application." (371)

It is also interesting to note that Moon himself saw danger in linking politics to his spiritual movement. In relation to the anti-Communist ideology, Moon said:

"One thing that makes it difficult for us to advance full-stream. [sic] is that we cannot quite proclaim our movement as a church on the foundation of

the V.O.C. [Victory Over Communism] ideology * * * We must, at any cost, let the people know that Unified Thought, our philosophy, is based on our theological doctrine. Otherwise, we cannot connect the V.O.C. movement with our church movement." (372)

In 1974, while preparing his followers for a demonstration at the U.N. against withdrawal of troops from South Korea Moon said:

"You must remember that you should not be saying anything in political terms. You must say, "We are not concerned about political things. We are not doing this for political reasons, but out of humanitarian motivation." (373)

Similarly, UC members undertaking activities on behalf of President Nixon were to achieve a "political effect caused by a religious concern,"(374) while avoiding being pinned down as to the real object of their "Project Watergate" campaign. The members were cautioned:

340

"If necessary, take a more political stance; only do it delicately. No newspaper accepted the Watergate Declaration as an ad at religious rates." (375)

The Subcommittee found substantial evidence indicating that the Moon Organization, through its components, had engaged in political activities in the United States not covered by the charters of those organizations. This was true even using the narrower definition of "political activity" preferred by Moon Organization spokesmen.

As noted earlier, former president of the FLF Allen Tate Wood testified to the political aims of that organization. Wood said Moon's aim was to make the ROK Government dependent on him, and thereafter to use similar techniques in other countries:

"He wanted President Park to become absolutely dependent on him * * * He would talk about the way we would work in South Korea, the way we would gain the allegiance of the South Korean Government, and that was a model for winning control of other countries, the United States included. Very simply, it is the same plan as that for winning a Congressman or a Senator." (376)

Wood described Moon's technique for achieving political control and influence:

"You make yourself available to serve, and you serve that man with whatever it is. You carry out his orders. You carry out his directives until he trusts you absolutely, whether it is political work, economic work, or social work. Then finally when your services have become indispensable, then you begin to dictate policy. If he deviates from the policy you have set, you withdraw your support, and he is powerless. So he has no choice but to follow you.

Basically, it is 'I am going to serve you to death,' approach." (377)

In a May 1973 speech, Moon told UC members in the United States " * * * I am not going to send you into the political field right away--but later on when we are prepared." (378) Although Moon had laid the foundation for political work in this country prior to 1973, his U.S. followers became more openly involved in political activities in that and subsequent years.

Some of the Moon Organization's political activities in the United States from the early to mid-1970's are described below. As will be noted, these activities employed the "I am going to serve you" approach described by Wood and were calculated to enhance Moon's political influence in Seoul.

Activities in support of Nixon

In early November 1973, Joseph Kennedy, a consultant hired by the Unification Church in connection with the Day of Hope Rally in Atlanta, Ga., expressed to Pak Bo Hi his concern over President Nixon and Watergate. He also described an essay written by Lincoln on the technique of national prayer and fasting in times of national crisis.

On November 30, 1973, shortly after Moon returned from a 2 week trip to Korea and Japan, full-page ads appeared in the New York Times, the Washington Post, and the San Francisco Chronicle featuring a photograph of Sun Myung Moon and a bold headline declaring "*America in Crisis; answer to Watergate; Forgive, Love, Unite.*" Over the next few months this Watergate statement was

341

published in 50 other newspapers. Each State UC center and every individual in those centers were instructed by Neil Salonen to send telegrams to President Nixon, the Washington Post, and the New York Times declaring their support of Moon's Watergate statement. (379) This was paralleled by fasting and prayers. Though Moon proclaimed that the campaign was his creation, Kennedy and a former member of the UC both told the subcommittee that the majority of the ideas contained in the Watergate statement were Kennedy's.

Reaction from the White House was immediate and favorable. President Nixon expressed his appreciation to Moon in a letter dated December 11, 1973. The National Prayer and Fast Committee, a UC organization created to coordinate activities related to the Watergate statement, was invited to attend the national Christmas tree lighting ceremony on the evening of December 14, 1973. The roughly 1,200 UC members who attended quickly turned the ceremony into a support the President rally. They were well rehearsed, having practiced earlier.

John Nidecker, special assistant to President Nixon and President Ford, testified that Nixon was furious with the group for turning a national religious event into a political rally. (380) However, when the same group held a candlelight vigil opposite the White House later that same evening, Nixon greeted Salonen and several of the participants. Rallies for Nixon by UC members acting under the aegis of Project Watergate and the National Prayer and Fast Committee were held in several other U.S. cities, as well. Demonstrations were held in Tokyo, England, Germany, and Italy as well.

As a result of these efforts, Kennedy, through Bruce Herschenson, a White House aide, arranged for Moon to be invited to the presidential prayer breakfast held on February 1, 1974. Later that day, Moon met briefly with President Nixon in the White House. (381)

The relationship between the UC and President Nixon had not always been so cordial. On February 28, 1972, a demonstration protesting Nixon's visit to the People's Republic of China was staged by the FLF and Washington, -D-C., UC members. (382)

From July 22 to 25, 1974, 600 UC supporters of the National Prayer and Fast Committee held a 3-day fast on the steps of the Capitol. Each participant wore a poster-sized photograph of a Congressman. Several Congressmen were photographed with the individual praying and fasting for them and addressed the entire group. Moon was actively involved with this fast, apparently passing on such details as which group's name should appear on the banners and whether the Members of Congress should come out to the steps or fast participants go to their offices. (383) At the end of the demonstration, a telegram from President Nixon was read to the fasters by Herschenson.

Subcommittee interviews of participants in the fast and internal UC documents indicated that Moon's Watergate activities were aimed in large part at stopping Nixon's impeachment and enhancing Moon's position. In a July 29, 1974 address to those UC mem-

342

bers who had participated in the fast the following exchange took place:

"*Question.* Father, what do you think will happen with President Nixon * * *? Answer. Even if many people label somebody as dying not all of them will die. If this dying person, Nixon, is revived, then Reverend Moon's name will be more popular and famous, right? He may plan one more fasting campaign during the final stage of impeachment proceedings, at the Senators level. * * * In the Senate forum, if they cannot get more than two-thirds of the vote, impeachment will be automatically cancelled. Se, he is exploring this area right now." (384)

Two days later, Moon was even more specific:

"* * * Father is planning a final strategy before the impeachment proceedings in the Senate. * * * We prepared a long time ago through the PR team [see below], making a friendly relationship with Senators, beginning already a few years ago. Why? This has been done to prevent a two-thirds vote against Nixon, to save Nixon and this nation." (385)

Two former members of the UC told the subcommittee of a second purpose of the Watergate activities which had definite political overtones: to impress the Government of the ROK with the strength and influence of the UC in the United States. (386) As a result, the stature of Moon would increase in the eyes of President Park. An article written by Neil Salonen in the April 21, 1975 edition of "New Hope News" corroborated this view.

"When Father came to the United States, his primary purpose was to do things to make him influential in Korea. The Day of Hope Tour and especially the rallies in support of President Nixon, were far more significant due to the impact they had in Korea rather than their impact here." (387)

The PR team mentioned by Moon in his remarks about Nixon was one of the first projects initiated by Moon after his arrival in the U.S. in December 1971. The team, smaller than originally planned, (388) consisted of a group of young, female UC members who were given three tasks: to develop friendships with Congressmen or members of their staff; to explain the UC and dispel any negative views of it; and to insure that the Congressman or staff became supporters of the ROK. The last goal, when achieved, would serve to impress the Korean Government as to Moon's influence in the United States

When a sufficient friendship had been established, the individual was invited for dinner at a suite in the Washington Hilton. He or she would be shown a film on the UC. Prior to August 1975, the team consisted of eight members, headed by the Japanese UC members. After that date, 12 new members (9 women, 3 men) joined for what was described as at least a 3-year assignment. From August 1975 until the end of the year, a former member of the PR

343

team recalled that approximately five Congressmen and five or six staff members attended these dinners. (389)

Neil Salonen provided the PR team with a list of guidelines in June 1974. One of the recommendations was that the PR team:

"Distinguish among the projects and organizations which Rev. Moon has founded, and be aware of which ones a given Member of Congress has supported. In many cases, support of one does not imply support of all--if they are treated as separate projects, then it will be easier for a member of Congress to unite with us on common ground." (390)

Salonen thus illustrated one of the advantages to the Moon Organization of maintaining the facade of separate and independent organizations.

In time, some members of the PR team were able to secure employment in congressional offices. In at least some cases, the Member of Congress did not know the staffer was part of Moon's PR team. (391)

On at least one occasion, a member of the PR team visited a congressional office and suggested that the chairman of the subcommittee and some of its staff were Communist sympathizers. This was during a Moon Organization campaign to discredit the subcommittee's investigation.

It is difficult to assess the degree to which the PR team succeeded in creating influence for Moon in the Congress or obtained inside knowledge of congressional actions. The subcommittee did not conduct systematic inquiries of Senators, Congressmen, and their staffs in this regard. However, it is to be noted that Moon was honored at a congressional reception and had his picture taken with numerous Senators and Congressmen, and the Moon Organization used congressional names to enhance its own prestige and to raise funds.

Anti-Japanese demonstration

During the 1976 hearings, the subcommittee learned that Moon's followers had participated in plans for an anti-Japanese demonstration. Information gathered in the course of the investigation confirmed the roles played by the Moon Organization and the KCIA in planning this demonstration, which was to have taken place on September 4, 1974.

A declassified summary of U.S. intelligence agency reports described the circumstances as follows:

"In September of 1974, anti-Japanese demonstrations were planned in Washington, Los Angeles, San Francisco, and New York on orders from Seoul. The head of the Washington KCIA arranged with Moon's group for demonstrations in front of the Japanese Embassy and the White House.

The KCIA had used Moon and members of his Unification Church to stage rallies in the United States in support of Korean Government policies and aims, and on at least one occasion Moon received KCIA funds for that purpose.

Due to State Department objections, the planned anti-Japanese rallies had to be called off at the last minute by the KCIA chief through one of Reverend Moon's subordinates. The thousands of dollars already expended on the aborted demonstration had to be written off to good will." (392)

344

Evidence from other sources confirmed that the demonstration had been both planned and canceled by the KCIA, with the active cooperation of the Moon Organization.

The demonstration was in relation to the assassination of President Park's wife by a Korean resident of Japan in 1974,³⁹³ which, along with the Kim Dae Jung kidnapping by the KCIA, ³⁹⁴ had caused relations between Japan and South Korea to deteriorate. Over a period of several weeks, anti-Japanese demonstrations sponsored by the Korean Government had been held in Seoul, demanding greater cooperation by the Japanese Government in the investigation of the assassination.

In early September 1974, President Ford announced a planned visit to Japan, which did not include a stop in Seoul. There were also plans for Japanese Prime Minister Tanaka to visit Washington in September. These developments were interpreted by the Korean Government to mean that the United States was siding with Japan in its dispute with Korea. In response, the Korean Government ordered anti-Japanese demonstrations.

The Seoul headquarters of the KCIA instructed the Washington KCIA station to organize an anti-Japanese demonstration in the capitol. Kim Sang Keun, a KCIA officer in Washington at the time, saw the order from Seoul; he attempted to persuade local Korean residents to stage an anti-Japanese demonstration but was unsuccessful. Kim was told later by a fellow KCIA officer, Lim Kyuil, that KCIA headquarters in Seoul had sent subsequent instructions to cancel all demonstrations. However, American UC members had already begun to march to the Japanese Embassy and were in the area of the Korean Embassy. Lim had to go out and halt the demonstration. (395)

According to Dan Fefferman, secretary-general of FLF in 1974, FLF staff had held general discussions about a demonstration prior to September 14. The actual decision to hold a demonstration was finalized on September 12 or 13. It was to begin with a rally at Dupont Circle, and on September 14, FLF and UC members congregated there.³⁹⁶ The idea of sending a small group to throw eggs at the Japanese Embassy was also discussed. Chris Elkins, a member of the group which was to carry out the egg-throwing, testified that plans were called off at the last minute by Neil Salonen. Salonen had made a phone call from the FLF office near Dupont Circle and afterward told Elkins and the others that Moon had told him the egging "would not be necessary." President Ford had agreed to make a stop in Korea on his forthcoming trip, and this would show American support for Korea.³⁹⁷ No public announcement was made of Ford's plan to stop in Korea until September 21. Thus Elkins' account implies that Salonen--through Moon--had an inside source for this information.

Elkins and the others who were to engage in the egg-throwing were separated from the main body of demonstrators who had marched from Dupont Circle to the Korean Embassy. A former UC

345

member who took part in this march recalled that while the demonstrators were near the Korean Embassy, someone came out of the Embassy and spoke to Neil Salonen. Shortly afterwards Salonen called the demonstration off. (398) Salonen, on the other hand, testified that he decided on his own to call off the demonstration while demonstrators were still gathered at Dupont Circle. (399)

Donald Ranard, head of the Korea desk at the Department of State at the time, said he learned in advance of KCIA plans to organize an anti-Japanese rally. On September 13, he contacted the Korean Embassy and advised officials there to call off any such demonstration. This was less than 24 hours before the demonstration by UC members was called off, an event which took place shortly after the KCIA sent cancellation orders.

A speech by Moon, made 1 week after the aborted demonstration, contained the following passage alluding to contact between Moon and the Korean Government in connection with this demonstration:

"On the 12th of September, the Korean Government did something to connect with me, and without their having done that, the world situation could have been brought into turmoil and tension again. Centering on our Madison Square Garden project, all those things took place, but without your knowing it. Some of you may have known that in Washington, D.C. I had planned to have a demonstration and have you protest before the Korean Embassy and the Japanese Embassy to arouse the attention of the people of the United States, but we had to quit that. We were stopped 30 minutes before it was due to begin. In fact, we didn't have to do the demonstration." (400)

Based upon executive branch reports, testimony by Kim Sang Keun, Donald Ranard, Chris Elkins, and Dan Fefferman, an interview of a participant in the demonstration, and Moon's own description of the events of September 12-14, the subcommittee concluded that Moon--through his organization--acted under the direction of the KCIA on this occasion. The demonstration was designed in part to influence U.S. policy toward Japan and Korea. It was canceled on orders from the KCIA in response to a State Department protest.

Moon Organization participation in election campaigns

The Subcommittee learned of two instances of Moon Organization involvement in American election campaigns. Chris Elkins testified before the Subcommittee that the FLF actively participated in the election contest between Charles Stephens and Richard Ottinger in October 1974 on behalf of Stephens. (401) In the late 1960's, Stephens had founded and partially financed "American Youth for a Just Peace." Both UC and non-UC members participated; two of the three officers were UC members. (402) The anti-Communist philosophy of the AYJP and the FLF had encouraged close ties between the two groups. However, in May 1971, the AYJP ran out of funds and disbanded, and Stephens left Washington, D.C. to enter New York politics.

According to Stephens, Dan Fefferman had provided some UC volunteers for Stephens' 1972 New York State Assembly campaign.

346

In 1974, Stephens asked Salonen for volunteer campaign workers for his congressional campaign. Stephens said that Salonen first checked with Moon, then provided four workers from the FLF. Fefferman himself played no role in the 1974 campaign. In his "Reponse to the testimony of Chris Elkins," Salonen explained that:

"* * * If some members voluntarily wanted to work for Mr. Stephens they were free to do so as they pleased. Mr. Stephens was a personal friend of some of the FLF staff and he certainly could have asked them for help. They then could take a leave of absence from the FLF where they worked as volunteers, and join his campaign as private citizens." (403)

This statement obscured Salonen's own role in providing volunteers for the Stephens campaign, which he did after checking with Moon and apparently obtaining Moon's approval.

In his testimony of September 27, 1976, Elkins also described the participation of the New Hampshire Unification Church in the 1974 senatorial campaign of Louis Wyman. (404) Both the candidate and his campaign manager, Norman Packard, recalled the assistance of Michael Smith, head of the New Hampshire UC members. In his "Response to the testimony of Chris Elkins," Salonen stated:

"* * * Mr. Michael Smith, a church leader in New Hampshire had been attending prayer meetings with Mr. Wyman, who was impressed with the quality of our dedication and commented that such people would make good staff members." (405)

Salonen's statement failed to mention that the New Hampshire UC had helped the Wyman campaign.

Activities at the United Nations

At the opening of the U.N. General Assembly Session in 1974, it appeared that a North Korean-backed resolution calling for the dissolution of the U.N. Command in Korea was likely to succeed. The psychological and political impact on the Republic of Korea would have been considerable. Moon believed that passage of the resolution would lead to a withdrawal of U.S. forces and heighten the probability of a North Korean invasion. (406)

To prevent such events, Moon hoped to sway U.N. delegates by calling their attention to the difficulties of some 6,000 Japanese wives who had returned to North Korea with their husbands. From October 22 to 29, 1974, approximately 600 UC members fasted in front of the United Nations under the auspices of the "American Committee for Human Rights of Japanese Wives of North Korean Repatriates."

Moon, in a talk at his headquarters in Tarrytown, N.Y., 2 days before the fast, emphasized the humanitarian goals of the event and denied any political aims:

"The master of the Unification Church, Reverend Moon, having known all the facts, has endeavored to expose them, and we are now at the culmination of our activities. We will reflect it in the U.N. Assembly, and we are going to bring it out on the scene of the whole world. I am not doing this as a politician with ambition, but I am doing this for humanitarian purposes under the will of God. That's all." (407)

347

However, he indicated an ulterior motive when he cautioned fasters not to speak in political terms.

"You must remember that you should not be saying anything in political terms. You must say, "We are not concerned about political things. We are not doing this for political reasons, but out of humanitarian motivation." Then this is the best chance for us to realize multiple goals. Perhaps one of the reporters would stick out the microphone and ask you if Reverend Moon said anything political to you to encourage you. Then you can clearly answer that Reverend Moon has always said things in terms of God's providence and that in the will of God we must do this and that, but never once has he said things in political terms. We are motivated to do things for religious reasons and for humanitarian reasons. That's why we are doing this. That is your answer. "(Italics added) (408)

A 1975 compilation of lectures given by Ken Sudo during a 120-day training session held for UC members also showed a different picture of the fast.

"In the United Nations, the propaganda from North Korea is very strong. UN delegates from all over the world were about to become involved with the North Korean delegates. When we started, we started. And we invited to Belvedere many delegates from the United Nations. And we fasted for seven days against North Korea just in front of the United Nations and we persuaded, persuaded, and persuaded and when we sent the letter, we got victory. Because of all sorts of Unification Church members, North Korea was defeated. The United Nations decided to stay in South Korea, therefore, Father was very happy to see this victory.

Therefore, the Korean Government is much indebted to the Unification Church. [UC member]: Last year, when we started at the United Nations,

there were 21 nations supporting South Korea and 34 supporting North Korea. And when the vote came up, there were 61 nations (which was an increase of 40) supporting South Korea. Another question that was brought up in the UN was the question of unifying Korea. Unlike the troop vote, that vote was secret. We wrote a lot of them and that came out 48 to 48. They are going to vote again next year. So there are 78 nations that are neutral. Before next year we've got to change those 78 nations to support South Korea. So that is our job with the UN." (409)

For at least 1 year before the October 1974 fast and at least until 1978, The New World Forum, a Unification Church public relations operation at the U.N., had been active in contacting U.N. officials, inviting them to dinner at the Belvedere Mansion in Tarrytown, N.Y., and, over time, sought to develop positive relationships. Ten UC members generally worked for The New World Forum under the direction of Kiyoshi Nishi, Choi Sang Ik, and Michael Runyon, although at times as many as 25 were involved. (410)

After the ROK U.N. Observer Mission in New York received a number of complaints in 1975 about these lobbying efforts, the Korean Ambassador in Washington instructed the head of the KCIA's Washington station to discuss the situation with Moon or other appropriate UC officials. Within 3 months, this same KCIA station chief, who had been opposed to Moon, was instructed by the director of the KCIA in Seoul to cooperate with Moon because Moon was viewed as a positive factor in building ROK relations with the United States. (411)

This shift in attitude toward Moon's political activities appeared to reflect differing perceptions within the ROK Government of Moon's power, influence, and effect on Korean-American relations. As discussed elsewhere, the Moon Organization had allies within the ROK Government and benefited from a variety of ties to the

348

Government. (412) However, to the extent that the Moon Organization was perceived to be a threat or a political liability, the Korean Government tried to dissociate itself from it, as exemplified by the cancellation of the Little Angels' passports in late 1976 and the prosecution of Il Hwa officers in 1977. Yet later in 1977, Moon Organization representatives appeared in the United States to negotiate a defense contract, with the apparent knowledge and backing of the Korean Government. This inconsistency in the ROK Government's attitude toward Moon Organization activities paralleled the experience of others carrying on pro-ROK influence activities. For example, the Korean Government similarly disavowed any relationship with Tongsun Park when he became controversial in the United States.

Like Tongsun Park, Moon attempted to create a favorable image in Seoul. The activities of his followers were planned for their public relations value and their potential for increasing his political power in Korea and in other countries as well.

Moon use of prominent Americans

To create an image of power and respectability, Moon made skillful use of his meetings with prominent persons and used their fame to enhance his own. One witness described how in 1965 Moon had maneuvered, through Yang You Chan, a former Korean Ambassador, to arrange a meeting with President Dwight D. Eisenhower. Moon remarked later that Eisenhower had "paid his bill in full," meaning "that Eisenhower had opened all the doors for Sun Myung Moon." As a result, Moon "would be recognized by national and international leaders." (413)

During the 1973-74 Day of Hope tour, Moon's followers solicited endorsements and congratulatory messages from political and church leaders around the United States at the Federal, State, and local levels. Moon commented to his followers on the significance of this effort:

"This initial effort was well rewarded when I began the Day of Hope tour. As you know, they have sent many telegrams and congratulatory messages. In doing this, they are lending us the entire weight of their names. *** This will lift our movement up to the pinnacle." (414)

Moon explained how obtaining endorsements from a few prominent persons made it easier to obtain others:

"When you go get the proclamations in your various cities and you meet the Mayors, it is easy, because your foundation has been laid. All you have to do is show other proclamations, other letters, and say what other people have done to honor Father." (415)

Moon's apparent acceptance by American political leaders, coupled with his ability to turn out hundreds of disciplined followers for rallies and demonstrations, were assets enabling him to solidify his and his organization's ties with the Government.

Activities of the Korean American Political Association

In a speech on December 27, 1971, Moon stated that he intended "to make an Asian-American political association" as part of his

349

effort to strengthen the anti-Communist movements in the United States. (416) Moon also suggested in the same speech that money was to be raised by the Moon Organization to finance this political association. At about this time, an organization fitting Moon's description, the Korean American Political Association (KAPA), was being set up, financed in part by members of the Moon Organization.

KAPA had been started in December 1970 by Kim Yong Baik after consultations with Kim Doo Whan, the Consul at the Korean Consulate in San Francisco. Consul Kim introduced Kim Yong Baik to Choi Sang Ik, head of the International Re-education Foundation, another part of the Moon organization. Consul Kim suggested Choi as a possible president and potential source of funds for KAPA. Choi accepted the position and agreed to provide financial support. After Consul Kim retired from the Korean foreign service, he became KAPA vice president; in 1975 he succeeded Choi as president. Branch chapters of KAPA were established in 10 other American cities.

The stated purpose of KAPA was to organize Korean Americans and Korean residents into a nationwide organization designed to encourage their political participation and represent their interests in U.S. politics. The organizers of KAPA hoped to mobilize Korean communities to help elect political candidates through financial contributions and active participation in their campaigns. The bylaws call for the appointment of a KAPA lobbyist

in Washington, D.C., to serve the interests of the Korean minority. (417) Federal income tax returns indicate that initial funding in 1971 came from contributions by two individuals, Choi Sang Ik (\$19,166.16) and Lee Hwal Woong (\$10,000). Lee was a consul at the ROK consulate in Los Angeles from late 1968 through November 1971. According to Lee, he was asked by Consul Kim Doo Whan to raise funds for KAPA and succeeded in securing a \$10,000 contribution from Los Angeles businessman Kim Joong Chung, which Lee passed along to KAPA. (418) In addition, KAPA received loans from private individuals affiliated with the International Re-education Foundation in San Francisco and from the foundation itself.

According to KAPA records, it received approximately \$1,500 per month from Choi Sang Ik between 1972 and 1975 to offset operating costs. From 1975 to 1977, Cho Woo Euk Man, another Moon organization figure who lives in Hawaii, assumed responsibility for these monthly payments and became chairman of the board of directors. In all, Cho Woo contributed over \$26,000 to KAPA. Other small contributions to KAPA were made by private individuals periodically during its lifetime. For example, Park Tongsun told the subcommittee he gave KAPA \$500.

The principal activity of KAPA in its first year of operation was the inaugural convention on December 11, 1971, held at the Reeducation Association in San Francisco. Former Congressman Richard Hanna told the subcommittee that he was asked by Pak Bo Hi,

35O

an associate of Sun Myung Moon, to be the guest speaker at the convention. (419)

KAPA activities included supporting the campaigns of various National and State politicians. On several occasions, KAPA donated funds to these campaigns. In 1974, it contributed \$5,000 to the gubernatorial campaign of Edmund G. Brown. After the campaign, Mayor Alioto offered KAPA the opportunity to suggest the names of members of the Korean community to be considered for the position of city commissioner. Before suggesting anyone, Choi Sang Ik, KAPA president, wrote to the ROK Consul General of San Francisco on January 24, 1972, and asked for his recommendations. The Consul General, declined to make any.

A number of incidents in 1972 indicated that some KAPA leaders attempted to use the organization to promote the policies of the ROK Government within the United States. While in Seoul in 1972, Kim Yong Baik, the Secretary General, drafted a letter to the director of the KCIA in which he stated that KAPA intended to contribute to the ROK by forming a union of the 100,000 Koreans in the United States. He asked the director's immediate attention in order to help realize "a more intimate bond between KAPA and the Government of the motherland." He proposed that KAPA would conduct anti-Communist educational activities and work against the invitation of North Korea to the U.N. Noting that KAPA members who were U.S. citizens could easily contact members of the House and Senate and give them a new understanding of Korea, he proposed giving KAPA leaders diplomatic training at the Korean Foreign Service Institute. He implied that KAPA would promote the interests of the Korean Government in choosing which Presidential candidate to support. He also stated that KAPA would foster patriotism for the ROK among young Korean Americans by teaching Korean language and history. (420) In the end he told the subcommittee, although he drafted this letter he thought better of it and did not send it.

Later that same year, Kim drafted a letter to President Park Chung Hee, praising Park's achievements and repeating many of the proposals he had included in his earlier draft letter to the KCIA director. In an enclosure to the letter, Kim wrote that he had been inspired to organize KAPA in 1969 when, after meeting with President Park in San Francisco, he realized that Korean residents' associations were not able to carry out the political policy of the ROK Government. Kim suggested that KAPA be the American counterpart of "Mindan," the pro-Government, Korean resident organization in Japan. Further, Kim asked for anti-Communist training in Korea for KAPA members and financial support for an anti-Communist movement in the United States. Kim also expressed the hope of KAPA--which he claimed represented all Korean Americans--that President Park would be reelected in the next elections, scheduled for 1975. (421) As with the earlier letter, Kim decided not to send it.

The Presidential election was not held because of the establishment of the Yushin system in October 1972. The Yushin declara-

351

tion provoked controversy in the Korean community in the United States. KAPA leaders, including Choi Sang Ik and Kim Yong Baik, acted quickly to release a resolution expressing full support of Park's Yushin measures in the name of KAPA members. Explaining this decision in a newspaper interview, Choi said the resolution was adopted because the reunification of Korea required the establishment of a strong domestic political system. (422) This controversial action contributed to dissension within KAPA and in the Korean community.

Also in 1972, KAPA organized a trip to Korea for its leaders to be partially financed by the Korean Government. According to the letter from Kim Yong Baik inviting members to join the trip, they

would meet President Park and other high officials.

Because of its controversial support of the Government and the relationship with the Unification Church, KAPA did not succeed in establishing a broad basis of support in the Korean community and as been inactive since 1977.

Ties with the ROK Government, agencies, and officials

The Moon organization's willingness to conduct a demonstration at the Japanese Embassy for the KCIA is one illustration of its involvement with the ROK Government. The subcommittee found extensive, additional evidence of operational ties between the Moon

Organization and the ROK Government, its agencies, and officials.

These ties are far more complex and intimate than either the

Korean Government or the Moon Organization has admitted publicly. They have resulted in Moon Organization policies and activities which:

(1) were carried out under the direction and control of ROK

agencies and officials;

(2) were coordinated with Korean agencies and officials;

(3) were carried out with the intention of affecting Korean-

American relations.

In investigating ROK Government-Moon Organization ties, the subcommittee used executive branch reports to provide leads and a framework within which to analyze information collected from

other sources. Insofar as possible, attempts were made to verify or refute information found in the reports. The subcommittee determined that major portions of the reports were substantiated by other information and evidence.

As discussed elsewhere, (423) Moon's goals go beyond serving the

interests of the Korean Government and include gaining control over secular institutions in the United States and other countries. In a 1977 speech, Moon himself commented on allegations that he was a KCIA agent:

"My life is not so small that I would act as a KCIA agent. My eyes are not just for Korea. America is the goal; the world is my goal and target." (424)

However, an important part of Moon's overall strategy--as expressed in his own words--is to bring his organization into close contact with the Korean Government. There is evidence that in

352

following this strategy, Moon and his organization frequently submit to the direction and control of, and coordinate their activities with, Government agencies and officials.

The Moon Organization's actions on behalf of the ROK Government are sometimes done at apparent risk to the Moon movement's own goals and image and have to be explained to UC members. This was true with respect to the planned demonstration at the Japanese Embassy, for example, which was both begun and halted in response to orders from KCIA headquarters in Seoul. Moon saw risks in mobilizing his organization to support the Korean position on this occasion, but justified it in terms of service to Korea:

"I ordered my organization to do certain things. I told the leaders that, because of this particular action maybe the Unification Church movement will suffer a setback. But, even though we suffer a setback, we must mobilize our forces to unite behind Korea in the critical moment. We must support the position of Korea." (425)

On other occasions, the Moon Organization has undertaken activities of service to the Korean Government, or as its agent, which were also of clear economic or political benefit to the organization and did not present as much risk of public opposition. An example was the unpublicized effort by Tong I1 Industries to negotiate an extension of the M-16 coproduction agreement between Colt Industries and the ROK Government and to obtain Colt's agreement to allow experts of M-16's to third countries. (426) Other examples are: the joint Moon Organization-ROK Government support and sponsorship of the Little Angels (427) and many of the Moon Organization's anti-Communist activities. As part of its Victory over Communism program, for example, the Moon Organization established an anti-Communist training center at Sootaek-Ri, near Seoul. Here anti-Communist indoctrination courses were given to Korean Government officials. (428)

The Moon Organization was affected by shifts among various factions within the Korean Government; this paralleled the experience of other individuals and groups engaged in pro-ROK activities. Tongsun Park, for example, was bitterly opposed by the Korean Ambassador to the U.S. and others in the Korean Government, but he and his supporters in the Government prevailed. As noted earlier, it was reported that the KCIA station chief in Washington had opposed the Moon Organization over the U.N. activities, but the KCIA director in Seoul ordered him to cease his opposition and cooperate with Moon. Other reports stated that Moon's allies within the Ministry of National Defense had, by 1976, helped make a Moon Organization industry a leading defense contractor.

However, later in 1976 and in early 1977, when there was much negative publicity surrounding Moon and his possible connection to the Korean lobbying activities, the Government apparently reacted by canceling the passports of the Little Angels and by charging II Hwa officers with tax evasion. These actions were later cited by

353

ROK and Moon Organization spokesmen as proof that there was no connection between Moon and the Government. (429)

In numerous speeches and internal publications, Moon and his top lieutenants have claimed to have close ties with the Korean Government. In a typical passage, Moon said in a 1974 speech:

"In this world of chaos, the Korean government is more on our side, begging for our opinion and actions. * * * Korea is strongly on my side, my Korean Government is in favor of our movement * * *" (430)

The following year Moon told a crowd at a rally that President Park Chung Hee was sent by God:

"God set up a powerful new leader, the present president of this Korea, and the new order in our society when this country was confused and facing the crisis of Communist invasion from the North in 1976!" (431)

Early relations with the Korean Government

Moon's relations with ROK Governments prior to the 1961 coup were not as mutually supportive as his relationship with that of Park Chung Hee; later Moon speeches often referred to the persecution suffered in the pre-1961 period. In 1955, Moon and several followers, including Kim Won Pil, were arrested by the South Korean authorities. The actual charges varied depending on the source. One document gave the charge as a "violation of the military draft law." (432) The Korean National Police said in 1976 that it was for "pseudo-religion and forgery of official documents." (433) A major Korean newspaper, the Tong A Ilbo, reported the charge as "violation of the military draft law" and "false imprisonment" (the latter charge stemmed from a complaint by a coed that she had been held against her will for 3 days and compelled to adopt a new religion). (434) All sources agreed that the charge or charges were dismissed.

This arrest, and newspaper reports of unorthodox "cult" practices by Moon and his followers, heavily influenced the average Korean's perception of Moon and his movement in the 1950's and 1960's, to the extent that it was recognized at all. Even in later years, when Moon and the UC were receiving a great deal of media attention, the UC as a mass religious movement was far less successful in Korea than it was in Japan and elsewhere.

On May 15, 1961, 1 day before the military coup which brought the Park Government to power, Moon performed a wedding ceremony for 36 couples. Moon recalled that day in a speech:

"Even on the very day of the 36 couple blessing, not only parents but the government too wanted to investigate our church. In order not to discourage the members, I had to go secretly to the police station to testify on the very day that I was to bless the couples." (435)

The subcommittee was unable to obtain details regarding the Government's detention of Moon at that time.

354

Relations with the Park Government

In the late 1950's, Moon's message was favorably received by four young, English-speaking Korean Army officers, all of whom were later to provide important contacts with the post-1961 Korean Government. One was Pak Bo Hi, who had joined the ROK Army in 1950. (436) Han Sang Keuk (aka Bud Han), a follower of Moon's since the late 1950's, became a personal assistant to Kim Jong Pil, the architect of the 1961 coup and founder of the KCIA. Kim Sang In (Steve Kim) retired from the ROK Army in May 1961, joined the KCIA and became an interpreter for Kim Jong Pil. He continued as a close personal aide to Kim Jong Pil until 1966. At that time, Steve Kim returned to his position as KCIA officer, later to become the KCIA's chief of station in Mexico City. He was a close friend of Pak Bo Hi and a supporter of the UC. The fourth, Han Sang Kil, was a military attaché at the ROK Embassy in Washington in the late 1960's. Executive branch reports also linked him to the KCIA. On leaving the service of the ROK Government, Han became Moon's personal secretary and tutor to his children.

In the period immediately after the coup, Kim Jong Pil founded the KCIA and supervised the building of a political base for the new regime. A February 1963 unevaluated CIA report stated that Kim Jong Pil had "organized" the UC while he was KCIA director and had been using the UC "as a political tool." (437)

UC spokesmen claimed that the February 1963 report could not be accurate, since, as noted earlier, Moon started the UC's predecessor, HSAUWC, in 1954, before Kim Jong Pil came to power.

The term "organized" as used in the report is inaccurate to the extent that it is equivalent to "founded" or suggests that Kim Jong Pil began the Moon movement. However, as described elsewhere, the UC took many forms and names and was constantly undergoing organizational changes. Furthermore, there was a great deal of independent corroboration for the suggestion in this and later intelligence reports that Kim Jong Pil and the Moon Organization carried on a mutually supportive relationship, as well as for the statement that Kim used the UC for political purposes.

As the Park regime consolidated its power, Moon found himself with well-placed contacts in the new government. As just noted, two ROK Army officers, Steve Kim (Kim Sang In) and Bud Han (Han Sang Keuk), had been along with Pak Bo Hi, supporters and proselytizers for the UC even before the 1961 coup. (438)

Shortly after the coup, these two army officers, both fluent in English, became aides to Kim Jong Pil and, in their capacity as interpreters, became closely associated with other ROK government officials as well. Bud Han, for example, served as translator during Park Chung Hee's meeting with President Kennedy in November 1961. Steve Kim accompanied Kim Jong Pil on a tour of the United States in 1962, which was arranged by the U.S. Government. Pak Bo Hi was a Korean embassy escort officer during part of Kim's tour. (439)

355

The Subcommittee obtained a copy of Kim Jong Pil's itinerary for that 1962 trip, which showed that Steve Kim was part of the entourage which toured the United States, meeting numerous U.S. officials. While in San Francisco, Kim Jong Pil stayed at the St. Francis Hotel. There he met secretly with a small group of UC members, who were among Moon's earliest followers in the United States. The subcommittee staff spoke to a person present at the meeting between the UC members and Kim Jong Pil, who recalled that Kim told UC members he would give their movement political support in Korea, though he could not afford to do so openly. (440) A former U.S. official who accompanied Kim during his stay in San Francisco corroborated the story about the private meeting. (441)

In 1963, the UC was registered as an organization with the new Korean Government. A UC history described how a lower Government official tried to prevent the registration, but was later reversed:

"When we wanted to register with the government, the Ministry of Education handled registration, and Mr. Moon, the Minister of Education rejected our application. We had to fight it. After one week, it was reversed. * * * At that time if his rejection was not passed, we could not have had any religious movement. He was supposed to reverse. Finally we had registration, May 31, 1963." (442)

Also in 1963, Pak Bo Hi obtained tax-exempt status for the UC branch in Virginia, using his position at the Korean Embassy to obtain a letter from Ambassador (later Prime Minister) Chung Il Kwon attesting to the UC's status as the "recognized Christian religion in Korea" (443) Later in 1963 Pak began to work on establishing the KCFF.

Moon Organization and ROK Government use and control of the KCFF

Ties to Kim Jong Pil and other ROK officials helped the Moon Organization take control of the KCFF and use it for the mutual benefit of Moon and the Government. From the early 1960's through 1978, KCFF served as an important link between the Moon Organization and the ROK Government.

The earliest U.S. Government reports linking the KCFF with the Moon Organization were in late 1964 and early 1965,(444) when Pak Bo Hi was in Korea after resigning from the ROK Army in order to work full-time for the foundation.

One report in December 1964 identified Pak Bo Hi as "the real leader" of KCFF and correctly predicted that he would soon return to Washington to work for the foundation. The report noted Bud Han and Pak's efforts to establish the KCFF, which was to be "the first step toward organizing Tong-il in Washington." (445) In January 1965, another report stated that Kim Jong Pil had been using the UC "since 1961." It also stated that Steve Kim (Kim Jong Pil's

356

interpreter) was connected with the UC and that Bud Han had requested help for the UC from a Korean Government official. (446)

Steve Kim (Kim Sang In) was also close to Pak Bo Hi and the KCFF as shown by the fact that he was often mentioned in KCFF correspondence as a person to contact in Seoul to facilitate KCFF business. (447)

Another Kim Jong Pil aide during the early 1960's was Mickey Kim (Kim Un Yong), who was later a counselor at the Korean Embassy in Washington. Several references to Mickey Kim were made in early KCFF correspondence; a March 1964 letter recounted a briefing Pak Bo Hi gave the Korean Ambassador about the plans for the KCFF. Mickey Kim had been appointed Embassy Project Officer for cultural activities "with particular emphasis on the Freedom Center." (448)

The Freedom Center, (449) was a project of Asian People's Anti-Communist League (APACL) and was promoted and subsidized by the Korean Government. The manner in which the Freedom Center came to be adopted as a proposed KCFF project reflected the foundation's shift from a cultural to an ideological emphasis.

When the first brochure describing the KCFF was prepared in December 1963, the stated objectives of the KCFF were to support cultural, educational, and religious activities; the Little Angels was the only project then contemplated. (450)

In January 1964, Kim Jong Pil was named first Honorary Chairman of KCFF (Pak Bo Hi had supplied Admiral Burke with Kim's resume, since Admiral Burke did not know anything about Kim). (451) By the spring of 1964, Kim had arranged for the Freedom Center to become KCFF's primary project. (452) A revised brochure was prepared. Instead of claiming cultural, artistic, religious, and social welfare activities as the foundation's only activities, it took a strong anti-Communist line:

"Its [KCFF's] primary mission is to tell the American people why, in support of firmly established Government policy, we have drawn a line against further communist aggression in Asia and have dedicated American lives and treasure to the unswerving maintenance of this policy." (453)

In explaining the KCFF's support of the Freedom Center, the brochure disclosed that the Korean Government had already provided \$796,231 in subsidies to the project. (454)

In an April 1965 letter, Pak BO Hi stated that Kim Jong Pil had been the one to urge the KCFF to support the Freedom Center as one of its initial projects. (455) The KCFF could not itself afford to support the Center at that time, but its officers agreed to have it serve as a repository for American donations. (456)

At the same time that Kim Jong Pil was maneuvering the KCFF into adopting one of his (and the Korean Government's) projects, Pak was arranging for KCFF sponsorship of the Little Angels, the

357

group Moon had started. It was during this period that Pak told Robert Roland of his plans to use the KCFF and the Little Angels on behalf of both Rev. Moon and the Korean Government. (457)

Between 1965 and 1968, Pak received no salary from the KCFF, although he worked there full-time and virtually ran it. Pak's work for the KCFF was made possible: (1) through the quick action of the Korean Government in granting him a discharge from the army and allowing him to return to the United States to become a KCFF officer ("They say it is unprecedented," Pak wrote at the time); (458) and (2) subsidies from UC members, who paid living expenses for him from 1965 to 1968. (459) Korean officials also helped Pak operate the KCFF by allowing him the use of Government facilities, arranging entertainment for prospective contributors, and providing other types of assistance. (460)

In 1964, both Presidents Eisenhower and Truman authorized the KCFF to list them as honorary presidents. Their names were in turn used to convince other celebrities to lend their support. (461)

By 1965, KCFF had acquired a large and unwieldy Board of Directors., albeit one of well-respected Americans and Koreans. In June 1965 an "executive committee" was established to oversee KCFF operations. (462)

In July 1965, Roland wrote Admiral Arleigh Burke, then president of KCFF, to ask that his name be removed as a director. He told Burke of Pak's activities on behalf of the UC (463) and warned that Pak intended to use the KCFF for "the financial support and propagation of the ideology of The Holy Spirit Association and its leader, Mr. Sun Myung Moon of Seoul, Korea." Roland enclosed excerpts from an early UC publication, New Age Frontiers, which indicated that Pak and Jhoon Rhee intended to use the KCFF to serve Moon. (464)

Admiral Burke stated that Roland's letter disturbed him, particularly the allegation that Pak intended to use the KCFF to support the UC. He had never heard of Moon or the UC and had understood Pak to be a Buddhist. Admiral Burke checked, with Yang You Chan, who supported Pak and who also said he believed Pak to be a Buddhist. As a result of this and other incidents, Admiral Burke concluded that the KCFF had to be carefully watched. Since he did not have time to do so, in August 1965 he submitted his resignation.

Admiral Burke and Robert Roland were the first of a number of KCFF officers, employees, and directors to resign over allegations of misuse of the KCFF to serve the interests of Moon.

In 1966, the KCFF launched a new project called "Radio of Free Asia" (ROFA), which was to broadcast anti-Communist themes to North Korea, China, and other Communist countries. This project, like the Freedom Center, was subsidized and to a large degree controlled by the Korean Government, including the KCIA. As

358

with other KCFF projects, the influence of both Kim Jong Pil and Rev. Moon was present in its establishment and operations.

Lawrence Mays was appointed international chairman of ROFA on July 14, 1966. (465) In August, Mays, Pak Bo Hi, and Yang You Chan traveled to Korea to inaugurate ROFA. While in Korea, Mays learned that U.S. Embassy officials there were hostile to the radio project, in part because of the background of some of the participants.

Mays said that on his last day in Korea, Pak Bo Hi took him to a secret meeting at which Moon and a member of the Korean National Assembly were present. Moon congratulated Mays on the radio project and presented him with a pair of silver chopsticks. In an interview with subcommittee staff, Mays picked Kim Jong Pil's picture from a series of photographs as the National Assemblyman who was present at the meeting. (466)

The first two operations directors named by the KCFF to head the ROFA office in Seoul were former subordinates of Kim Jong Pil. The first, Kim Kyong Eup, had been his close aide and interpreter in the period immediately following the 1961 coup. KCFF minutes reflected that he was recommended by the Korean Minister of Culture and Information. (467) He was replaced in September 1966 by Kim Dong Sung, who had served in the KCIA under Kim Jong Pil. (468)

Executive branch agencies began to report on the KCIA's interest in ROFA even before the commencement of broadcasting on August 15, 1966. On August 10, 1966, an intelligence report stated that the KCIA had been given the task of working out a proposal concerning ROFA. (469) In March 1967, another report said of ROFA:

"*** ROK CIA pushed it strongly, behind the scenes. The Seventh (Psywar) Bureau of ROK CIA monitors the programs and activities of ROFA." (470)

The same report stated that ROFA received free use of Korean Government facilities for its broadcasts and that ROFA was proceeding with the full knowledge and support of the ROK Government.

The executive branch reports stating that the Korean Government subsidized and supported ROFA were also corroborated by evidence gathered in the course of the investigation. In an April 1969 conversation with an American Embassy official, ROFA's Operations Director, Kim Chong Hoon, was reported to have said that KBS broadcast facilities were provided to ROFA at no cost. (471) In a sworn statement given to subcommittee staff, Kim said he had no reason to doubt the truth of the statement. However, he said he was under the impression that at some point after that ROFA did pay for the facilities. (472)

359

KCFF audit records supported the statements in executive branch reports that ROFA broadcasting was done under the supervision of the KCIA. (473)

Moon Organization and ROK Government Use of Little Angels

While the ROFA project went forward under KCIA supervision, the Little Angels dance troupe was also receiving subsidies and other forms of support from the Korean Government. (474) At the same time, the Moon Organization was beginning to use the Little Angels more openly for its own purposes.

When Moon came to the United States in December 1971, Pak Bo Hi traveled openly with him, often acting as his interpreter at public rallies. His ties with Moon, hitherto obscure, became far more evident. Pak's increasing identification with Moon led Kim Chong Hoon, for 5 years the director of KCFF's office in Seoul and head of the ROFA operation there, to resign in 1972. At the time, he cited the pressure of other business. However, in a

sworn statement to subcommittee staff, Kim said that an additional factor in his resignation was his perception that Pak was "mixing the church movement with the KCFF activities without being able to distinguish and draw the lines." He elaborated:

"For instance, he cannot be interpreter to Reverend Moon while he is held as the President of KCFF. I would think it is contrary to the nature of public office that he was holding as President of KCFF. If KCFF was funded by Reverend Moon, then it is a different story but the source of funds is not Reverend Moon and it comes from U.S. public to support Radio Free Asia. Therefore, when he is engaged publicly in preaching the Unification Movement, then it is--I think in a way it was unethical, it was not right." (475)

It is also noteworthy that several years earlier Kim had gotten Pak to agree to an ad in Korean newspapers disclaiming any connection between the Little Angels and the UC. He explained his position:

"As Vice President of Operations I did not want to get mixed up with the religious movement and I personally deplored whatever I read in the newspaper about the Unification Church * * *. I asked him to authorize us to advertise that the Little Angels have nothing to do with the Unification Church and he authorized it and we ran an ad in Korea in the paper." (476)

As discussed earlier, (477) the Little Angels were originally viewed by Pak Bo Hi as an instrument for spreading Moon's doctrines. The UC in its early years could not afford to sponsor the group, so financial and organizational support was provided by the KCFF, with the assistance of the Korean Government. However, Moon and Pak always regarded the group as their own, to be exploited by the Moon Organization and used in its worldwide strategy for gaining control and influence over social and political institutions. In January 1973, while outlining a master strategy geared toward political goals, Moon explained to his followers how his organiza-

360

tion had used the Little Angels to gain political influence in Japan and elsewhere:

"So, through our Little Angels dancing troupe's successful performance in Japan we have laid the foundation to win the embassy personnel stationed in Japan to our side--and through them we can influence their respective nations." (478)

Moon had ambitious plans for the Little Angels:

"Sometime in the future Master will have Mr. Kuboki take the Little Angels, as an international group, on tour of those nations. At first, people will be skeptical about his purpose, but he is a good speaker and will make a five-to-twenty minute talk at the beginning of the performance, explaining that he's doing it for the sake of international good will * * * I have done this with the Little Angels, at the expense of millions of dollars.

With their record set up in other countries, the Little Angels can be invited to the premier's mansion, or the palaces of kings and queens, and will be known to the people of those nations * * * If we pick up 20 or more senators from those nations, we can organize a strong group. Out of ten nations we can gather some 200 high-level people. Mr. Kuboki will be able to invite those top-level people to Japan, and the political groups of Japan will be surprised at what he is doing." (479)

The Little Angels were thus seen by Moon as an instrument by which his organization could gain access to political figures and opinion leaders. In the United States and elsewhere, the Little Angels did attract the attention and endorsement of numerous political leaders and other prominent persons. Little Angels concerts often provided the occasion for Moon and his top followers to mingle with politicians and have pictures taken; these pictures and endorsements were later used in Moon Organization literature to enhance Moon's image as a well-respected figure with powerful friends.

The grandiose scheme Moon outlined in January 1973 and his plan to use the Little Angels as part of that scheme were unknown to many of the officers, directors, and advisers of KCFF, not to mention the thousands of persons who contributed to it. However, some KCFF insiders expressed concern over the possible link between Moon and the Little Angels. Pak told them, however, that Moon was a friend and supporter of the Little Angels and denied any link beyond that. On the basis of this reassurance, KCFF's chairman Charles Fairchild wrote to Daniel Ben Av, the Los Angeles impresario who was managing the Little Angels tour, to state that the KCFF and Little Angels were not connected to Moon or the UC. Ben Av had been worried that a link with Moon would damage the otherwise excellent reputation of the Little Angels. (480)

Aware of the risk that Moon's links with the Little Angels would become a public issue, UC leaders cautioned members in the United States against emphasizing those links. The Director's Newsletter for October 17, 1973 contained the following passages under the heading: "Important Notice Re: Little Angels":

"In order to use the Little Angels in the best and wisest way for Our Master, it is best not to promote the Little Angels beyond what is said at the banquet by Col. Pak.

If people ask about Little Angels simply say that Rev. Moon was the founding inspiration behind the formation of the Little Angels and has attentively supported their growth since their beginning in 1962. If we use the Little Angels to promote

361

Our Master and the Church too extensively, Satan will attack by saying that Reverend Moon is exploiting these children for his own glory ***" (481)

The concerns of those who thought the Little Angels would be hurt by links to Moon proved justified when, in late 1976, the Korean Government abruptly canceled the passports of the group. This was done in apparent reaction to the growing controversy centering around Moon's movement and his ties to the Government. (482)

Moon Organization control of the KCFF governing board

By July 1973, both the KCFF and the UC in America had acquired substantial assets and had developed well-organized fund-raising systems. At a KCFF board of directors meeting on July 6, 1973, Pak Bo Hi proposed "to erect a compact size board of directors" which would meet to run the foundation in place of the impractical board of 60 members comprised largely of celebrities who seldom or never attended a meeting. In effect, Pak's proposal made the executive committee into the governing body of the foundation. Pak submitted the following names, all of whom were elected to the new, compact board:

Charles M. Fairchild, chairman of the board; Bo Hi Pak, vice chairman and president; Jhoon G. Rhee, member; Neil A. Salonen, member; Marin Zuesse, member, David Martin, member; Edwin Ang, member; Henry Hurt, member; Therese Klein, member. (483)

Of these persons, Pak, Rhee, and Fairchild had been on the board for a number of years. Salonen was president of the UC of America; Ang was also a UC member and was a director and officer of UC of America; Therese Klein had just been appointed to a regional position in the UC; and Marin Zuesse and Henry Hurt served as financial and business consultants to the UC. (484)

Pak's handling of KCFF's finances and the increasingly open ties between the KCFF and the Moon Organization led to a split within the foundation in the fall of 1976. It began when KCFF Treasurer Gisela Rodriguez discovered that a bank account containing charitable contributions for the Children's Relief Fund, a recent KCFF project, had been frozen to create collateral for loans taken by Pak on his own to finance construction of a Little Angels performing arts center in Seoul. (485) Rodriguez notified Donald Miller and Arthur Ulin, public relations consultants to the KCFF, who in turn contacted Fairchild. Fairchild conducted an internal audit of the books and minutes of the foundation and discovered unauthorized loans taken out by Pak in 1975 and 1976.

Fairchild demanded the resignation of Pak and Judith LeJeune, Pak's secretary, who had assisted him in his management of KCFF's finances. At board meetings in November 1976, Pak admitted to the unauthorized loans, to doctoring the KCFF minute books so as to reflect board approval, and to using the KCFF "scholarship and grant program" to help friends evade Korean currency restrictions and get money into the United States. Fair-

362

child raised questions about the legitimacy of the loans and whether the KCFF, or the individual members of the board, would be liable to Moon or the UC in the event the loans could not be repaid. (486)

Pak was supported by the UC faction on the board, which urged ratification of the loans, and brought forward its own lawyer, Robert Standard. (As noted earlier, Standard, also a UC member, had more recently worked under Mitsuharu Ishii for One Way Productions in Los Angeles.)

In the midst of the controversy, Henry Hurt, a board member, wrote to Pak urging him to remain with the KCFF; the letter clearly revealed Hurt's conception of KCFF as a subservient arm of the Moon Organization. (487)

November 18, 1976.

Dear Colonel Pak: All of the Directors feel that KCFF has drawn within arm's length of HSA-UWC, because The Leader is the spiritual and financial strength, and you and Judy are the other essential supports.

While not a prophet or a psychic, I expect fiduciary responsibilities relating to accounting and efficiency of operations and results to be adequately discharged within a year or two, and then, KCFF to become as strong a Cultural and Relief arm of HSA-UWC as FLF will be the Educational Arm. Imagine, Church Members performing every function all around the World! All things will have worked for GOOD!

A few months ago, Bob Standard was given the task of setting up a World Relief, nonprofit corporation for the Church. With the new, very close, relationship of KCFF, you may want to talk with him. In my opinion, he would be a very fine Board Member, or, perhaps, Officer.

Respectfully yours,

Henry H. Hurt.

With its clear numerical superiority, the Moon faction easily defeated Fairchild's objections, and by early 1977 all five remaining non-Moon officers and directors had either resigned or been forced out. KCFF had been created to serve Reverend Moon, and now Moon's followers had eliminated from KCFF the last vestiges of objection to that subservience.

By this time, however, KCFF's projects had effectively come to a halt. ROFA was formally discontinued in 1975. Children's Relief Fund was the target of a New York State audit, which found that 2.1 percent of the \$1.2 million raised in 1975 was actually spent for the designated purposes, (488) a violation of New York's standards governing fundraising by charitable institutions. As a result of this audit, KCFF lost its tax-exempt status in New York and was barred from soliciting funds there. The Little Angels, as noted, could not travel outside Korea after 1976.

Despite the curtailment of these activities, Pak maintained his office at KCFF headquarters in Washington and continued in 1978 to administer what was left of KCFF's funds. (489)

KCFF ties with ROK Government officials

Beginning with Kim Jong Pil, Korean agencies and officials used, or attempted to use, the KCFF and its projects in various ways. Kim Jong Pil's request that the KCFF adopt the APACL-Freedom Center as a project was already noted earlier, as was the KCIA's

363

supervision and control over ROFA broadcasting. KCIA director Kim Hyung Wook and the Minister of Culture and Information helped Pak Bo Hi establish ROFA by arranging for ROFA to use government facilities. Kim Hyung Wook viewed ROFA as a means of carrying on work which would otherwise have to be done at the expense to the Government, at a time when " * * * " the Korean Government was short of money to do this kind of work. " * * * " (490)

The KCFF, in turn, had received favors and support from ROK Government agencies and officials. Already discussed were the free use of ROK broadcasting facilities for ROFA (which did not involve an actual outlay of Government funds, but still saved the KCFF money), and ROK Government support for the Little Angels.

The three Kim Jong Pil aides who were active in the early days of the KCFF--Bud Han, Steve Kim and Mickey Kim--all went on to assume more prominent roles in the Government. Steve Kim joined the KCIA, where he served for a time as liaison to the U.S. CIA. (491) While KCIA station chief in Mexico City, he made frequent trips to Washington, and there was reason to believe that Steve Kim was Tongsun Park's "control officer" in the KCIA. (492) Pak Bo Hi acknowledged having a close friendship with Steve Kim and said that Kim was an early supporter of the UC. (493) Kim frequently assisted the KCFF. (494) Bud Han was later to become ROK Ambassador to Norway. (495)

Mickey Kim served as an aide to Park Chong Kyu, head of the Presidential Protective Force, and also became head of the World Tae Kwando (Karate) Association. KCFF records revealed a number of payments to Mickey Kim and his karate association. KCFF accounting records referred to his being helpful to the KCFF in unspecified ways. (496) Kim Chong Hoon, ROFA's operations director from 1967 to 1972, said Mickey Kim had "helped a lot." (497)

Kim Jong Pil and his aides were not the only ROK officials to assist the KCFF or to receive favors from it. Yang You Chan, one of KCFF's founders, was a Korean Government official during most of the time he was associated with the foundation. Yang was appointed special adviser to the Korean delegation to the U.N. in 1964, and in subsequent years he served in various special positions for the ROK Government. During all this time, Yang was serving as an adviser and executive vice president of the KCFF and later became chairman of the board. Yang on one occasion instructed a KCFF officer to draft a speech for President Park of Korea, (498) on another, he arranged for \$2,200 apparently for travel expenses, to be paid out of KCFF funds for three Korean officials who were on a trip for the Government. (499) In 1967, KCFF minutes noted that

364

Yang was in Korea for the ROK Government upon the invitation of President Park but would also be doing business for KCFF. (500)

In January 1970, Yang resigned as KCFF's chairman, shortly after his letters of December, 1969, to ROFA contributors had been received by Congressmen, Senators, and other prominent Americans. Senator Fulbright, who received one, later charged that it was part of an ROK lobbying attempt. (501) Yang's letter of resignation noted that he was then involved in "many special governmental missions, such as lobbying for the \$50 million special military assistance to Korea by the U.S. Congress. (502)

Despite his resignation, Yang continued his association with the KCFF, and KCFF records showed expenses paid to him in later years. (503)

Pak Bo Hi's own role in the KCFF showed considerable overlap with his official duties as a Korean military officer. In a November 1964 letter from Seoul, he explained how he obtained a discharge from the Korean Army in October and the same day assumed the duties of KCFF's vice president. (504)

In that and other letters from Seoul in November and December of 1964, Pak also described his contacts with high-ranking Korean officials such as Chung IlKwon, Park Chong Kyu, and the Minister of Public Information. He was able to arrange for free use of Korean facilities to make a film of the Little Angels and enlist the aid of Korean officials in entertaining wealthy American visitors who were prospective contributors to the KCFF. (505)

In January 1965, Pak returned to the United States on a diplomatic passport. On his visa application, he listed the date of his retirement from Korean Government service as January 15, 1965, not October 1964. Pak submitted with his application a letter from a Korean Embassy official explaining that Pak had been given an "additional assignment" following his discharge from the army. (506)

Government subsidies and other forms of aid to the Little Angels continued throughout the 1960's and early 1970's. The Korean Government on occasion cosponsored tours of the Little Angels and made its facilities available for their use in Korea. (507) On special instructions from the KCIA director, the issuance of passports for the Little Angels traveling entourage was expedited. (508) Choice land in Seoul was made available for the construction of the performing arts center. (509)

In the fall of 1970, at a time when U.S. executive branch reports were describing intensified ROK lobbying efforts and meetings in the Blue House to coordinate those efforts, the KCFF undertook activities which were closely coordinated with Blue House aides. (510) Beginning in September, "thank you" letters from Park Chung Hee

365

were mailed to KCFF supporters and contributors and to numerous Members of Congress and their staffs. (511) This mailing had been arranged by Pak Bo Hi in coordination with Park Chong Kyu, head of the Presidential Protective Force and a participant at the Blue House meetings. The mailing was seen as a device to enhance President Park's and the KCFF's prestige and to help raise funds. (512) Despite Pak's assertion that the letter was merely a "courtesy," unrelated to fundraising, KCFF's auditors classified it as a "direct mail appeal" expense. (513) Some contributions to ROFA were even received at the Blue House in the months following the letter from Park. Blue House officials were described as pleased by the response. (514)

When the letter from President Park was stopped following complaints from U.S. officials, (515) Pak obtained a letter from Senator Thurmond which said that Department of State officials had assured him (Thurmond) that "courtesy contacts" from heads of foreign states were not improper. Pak later used this letter in answering inquiries about his role in mailing. (516)

Pak later told the FBI that the letters from President Park had been sent out as a result of a decision by the KCFF executive committee. However, the subcommittee's investigation revealed that this action was taken at Pak's initiative and had not been brought before the KCFF board of directors or executive committee. (517)

The KCFF also included on its list of activities for the fall of 1970 a "book project." It was to involve the preparation of a Korean history, with a laudatory section of the career of Park Chung Hee.(518) Park himself worked with Mickey Kim and another Blue House aide, Han Ki Uk, on this project, (519) In early 1971, Pak and Donald Miller traveled to Seoul, carrying a draft of the book. They were both received by President Park. (520)

Executive branch agencies noted the arrival of Pak and Miller in connection with this book. One report stated that in February 1971, Pak Bo Hi and Donald Miller arrived in Seoul "to present the draft of President Park's biography for approval." (521) The report also quoted Pak as having said he was aware of criticism of the KCFF and that he "intended to avoid ROKG attempts to use the foundation in the future." Pak found this difficult because he "had to rely upon the ROKG for support as in recruiting the Little Angels and the Government officials at times were rather demanding." (522)

In addition to the "book project," there was a "coin project." Pak and Yang had received permission from Government officials, in-

cluding the KCIA chief, to mint and sell commemorative coins, which were considered legal tender in Korea. (523)

Thus various projects and proposed projects of the KCFF were aided and subsidized in various ways by the Korean Government, which used these projects for its own purposes. At the same time, the KCFF was serving the purposes of the Moon Organization and was also being aided and subsidized by Moon, when necessary.

In the course of this mutually beneficial relationship, both the Government and its officials were also able to benefit personally from their involvement with the KCFF. Chung Il Kwon circumvented Korean currency laws through the KCFF, with the cooperation of Pak; (524) the Korean Government was able to obtain outside help for anti-Communist propaganda through ROFA and the Freedom Center; and KCFF facilities and personnel were used to enhance the prestige of Park Chung Hee and his Government.

Access to key Government figures was in turn used to bolster the image of the Moon Organization among its own members. In January 1975, Chung Il Kwon, then Speaker of the National Assembly, addressed a banquet in Seoul in honor of Moon. The following month (February 1975), when Moon performed a mass marriage in Seoul, a number of UC officials who were in Korea for the festivities--including Neil Salonen and Dan Fefferman--were received by Prime Minister Kim Jong Pil. He discussed with them "the need for ideological education to enlighten people about the dangers of Communism" and noted that he was "aware of the work the Unification Church is doing in the United States and all over the world." The contacts with Chung Il Kwon and Kim Jong Pil were duly recorded in a Moon Organization publication. (525)

Moon Organization and the South Korean defense industry

The expansion of Moon Organization businesses in Korea must be viewed in the context of the general development of Korea's economy and in particular its defense industry. (526) The subcommittee learned that the Moon Organization could not have prospered as it did in Korea without close cooperation and assistance from the Korean Government. U.S. executive branch agencies reported that Moon industries received assistance from the Korean Government, which favored Moon's businesses for several reasons.

One was their ability to get financing from the UC. In light of that, it was ironic that in 1977, when the Korean Government accused a number of Il Hwa executives with tax evasion, the charges stemmed from Il Hwa's alleged understating of assets and use of the company to fund UC activities. (527) As has been shown, in the Moon Organization assets are freely transferred between businesses and nonprofit enterprises. The ROK Government's cancellation of Little Angels tours and its prosecution of Il Hwa's officials were indirect demonstrations of its power to make or break Moon Organization enterprises. Significantly, both actions occurred after

Moon's link to the Korean Government had become a public issue in the U.S. Congress and elsewhere.

In the area of defense contracting, Moon's relationship with the Korean Government remained close, although its exact nature was shrouded in secrecy. The State Department reports (528) showed that Tong Il Industries was designated as a defense contractor by the ROK Government and as of mid-1976 was involved in the manufacture of the Vulcan gun (an antiaircraft weapon); air guns, which were used by Korean school children for military training; and the M-79 grenade launcher, designed to be used in conjunction with the M-16 rifle, the basic infantry weapon of the Korean Army.

There were a number of press reports linking Tong Il to the production of the M-16. These reports were repeated by persons interviewed in the course of the investigation, most of whom, however, had no direct knowledge. As described elsewhere, (529) the coproduction agreement under which South Korea received the right to produce M-16's designated the Government alone as the sole producer of all components of the weapon.

The subcommittee attempted to obtain definitive information from appropriate intelligence and other executive branch agencies about Tong Il's role, if any, in M-16 production. The results were highly unsatisfactory and revealed that, despite this and prior congressional requests for information on the same subject, no U.S. Government agency appeared to know whether Tong Il was in any way connected with the production, sale, or distribution of M-16's.

As noted earlier, in a Newsweek interview, Moon was asked whether his industries in Korea produced armaments for the Government. Moon admitted that they did, but declined to say which weapons on grounds that the information was classified by the Korean Government. (530) Withholding details enabled Moon Organization spokesmen to encourage the belief that Tong Il produced only air rifles and not heavy weaponry.

Interviews of ex-UC members and others close to the Moon Organization showed that even Moon's lower-ranking followers were misled in this manner.

Moon's spokesmen specifically denied any role by Moon-related organizations in M-16 production. Pak Bo Hi released a statement in which he said that Tong I1 had nothing to do with production of the M-16. Under questioning, Pak said he did not know what military equipment was produced by Tong II and that Tong II's President, Moon Sung Kyun (Moon's second cousin), had assured him that there was no involvement with the rifle. (531)

In December 1977, Moon Sung Kyun and another Tong I1 official named J. D. Cho met with officials of Colt Industries in Hartford, Conn., to request their consent to export M-16's manufactured in Korea. The circumstances of Moon's arrival in Hartford lent credence to reports of close ties between Moon's businesses and the Korean Ministry of National Defense. (532) It was Tong II which responded to Colt's telex messages, which had been sent to a high-

368

level official in the Korean Ministry of National Defense. On September 13, 1977, Moon Sung Kyun wrote to Colt Industries:

"On this occasion, we are attempting to product [sic] barrel of M-16 rifle and to export to countries of South-East Asia of friendly [sic] nations." (533)

On November 22, 1977, Tong II cabled Colt, "We need some more days to send our representative to you, in order to pre-coordinate it with our government." (534) On November 28, 1977, another Tong II cable to Colt said: "Our President will visit your company from 12th to 16th December, 1977 to discuss M-16 contract extention [sic]." (535)

During the meeting with Colt officials in December, Moon said that the Korean Government was aware of the meeting, but would deny that Tong II was acting on its behalf, if asked. (536)

The subcommittee staff also interviewed a U.S. businessman who, in 1976, was given a tour of Tong II's plant near Pusan and was shown machinery used to make "castings" for the M-16's. ROK officials told the businessman that Tong II would also be making parts for the M-60 machinegun. (537) A former aide to Tong-sun Park, Kim Jin Suk, also told subcommittee staff that Tong II was involved in machinegun production. Kim said that Tong II had been subsidized by the Korean Government when the Korean defense industry began its build-up in the late 1960's and early 1970's. His information was based on conversations with high-ranking Korean Defense Ministry officials. Documents in possession of the subcommittee indicated that Kim had been privy to confidential details about Korean defense production. (538)

There was strong evidence that--through Tong II Industries--the Moon Organization was involved in the production of M-16's and other weapons. However, at the end of the investigation there were unanswered questions about how Tong II had become involved in M-16 production. The U.S. Government-approved coproduction agreement was concluded between Colt and the ROK Government, which was to be the sole producer of M-16's. A Colt official who supervised the construction of the ROK Government's production facilities for M-16's said that the Government-owned plant was capable of manufacturing all parts of the gun, thereby requiring no subcontractors.

With respect to exports of M-16's, Tong II's attempt to get Colt's permission was apparently done with ROK Government knowledge and approval, although it was equally apparent that neither the ROK Government nor the Moon Organization wanted to admit Tong II's involvement or the ROK Government's interest in exporting the guns. U.S. policy has consistently opposed such exports.

As noted elsewhere, (539) the subcommittee received information that M-16's and other weapons had been exported or that exports had been attempted in possible violation of the Arms Export Control Act. Because of this information and because of the strange

369

circumstances surrounding Tong II's communications with Colt, the Subcommittee has referred its findings to appropriate congressional committees and executive branch agencies, with the request that they press for further details concerning Tong I1's role in armaments production. (540)

Other ties to the ROK Government

In the 1976 KCIA Plan for Operations in the U.S., (541) the FLF was mentioned in two places as an organization to be used to achieve KCIA objectives. In one section of the plan, it was to be used to counter activities of pro-North Korean organizations and individuals in the United States:

3. Absolute prevention of a 2nd chosorenization (542) of the Korean Residents in America;

--Increasingly implant operatives in the underground organization of pro-North

and Anti-government Korean residents;

--Detect plans, search out the organization, block and destroy their operations;

--Disintegration of Pro-Northern Puppet organization within the U.S.;

--Utilize anti-communist groups--FLF, AIM, etc. (543)

The FLF is also mentioned in another section of the plan which dealt with operations in media circles:

A. Grasp the lineage and movements of Anti-War journalists (Indicate connections with the Northern Puppets)

--Manipulate AIM and FLF.

--Co-ordinate with the USCIA and FBI.

--Utilize Pro-ROK U.S. journalists and correspondents.

The subcommittee investigation showed that the 1976 plan had been preceded by other plans for previous years and that many entries in it referred to operations already completed or reflected ongoing relationships with organizations and individuals.(544) It also showed that Kim Yung Hwan, KCIA station chief from 1974 to 1976, was a key promoter of the 1976 plan. Testimony and UC documents showed that there was substantial contact between Kim Yung Hwan and FLF members. One such contact involved a congressional staff trip to Korea to take place in late 1975, at a time when the 1976 plan was being formulated. This trip was mentioned in a section devoted to operations in Congress. (545)

Anti-Communist activities, whether carried on under the auspices of the FLF, KCFF, or other groups, repeatedly brought Moon Organization and Korean Government representatives together. Moon's speeches made it clear that, as with other political and PR actions, anti-Communist activities were to help make his organization indispensable to the Korean Government and influential in other countries as well.

One anti-Communist activity ordered by Moon was a 7-day fast at the U.N., in October 1974, the expressed purpose of which was to defeat a U.N. resolution calling for removal of U.N. troops from

370

South Korea.546 A leader of the fast was a Japanese woman named Fumiko Ikeda. According to Pak Bo Hi, she was later the recipient of \$3,000 in cash from the KCIA. Pak said he received the \$3,000 in \$100 bills at his home near Washington sometime in 1975 or 1976. The money was delivered along with a 6- or 7-page letter from Yang Doo Wan. Kim Sang Keun, the KCIA officer who delivered the money and letter, said he had received both through the diplomatic pouch, together with instructions to deliver them to Pak. Kim was not told by his superiors in the KCIA why Pak was receiving the letter and the money, and he did not read the letter. 547

Pak testified that he waited until his next trip to Korea to deliver the money to Ikeda. Ikeda was in Japan at the time, according to Pak, and traveled to Korea to pick up the money.548 Pak said the money was payment of "expenses" incurred by Ikeda on a speaking tour in Korea, where she had spoken at anti-Communist rallies sponsored by the Korean Government. Pak further testified that Yang Doo Won had attempted to give Ikeda the money, but she refused; Yang then turned to Pak, who persuaded Ikeda to take the money. Pak said he did not know whether Ikeda's expenses during her speaking tour were originally paid by the UC, or even what her job was at that time.549

Pak's testimony about the Ikeda incident was marked by inexplicable lapses of memory and gaps in his knowledge. Pak first identified Ikeda as a Japanese UC member whom he had known for many years. Later, when Ikeda was quoted in the Japanese press as having denied being a UC member (a denial she later recanted), Pak testified that he really didn't know whether she was a UC member or not, but assumed she was because her husband was a member. Between Pak's first mention of the payment to Ikeda during his testimony before the subcommittee on March 22, 1978, and his next appearance on April 11, 1978, Ikeda traveled from Tokyo to New York where she met with Pak before returning to Tokyo. Questioned about that meeting, Pak could not recall when or where the meeting took place and did not know why Ikeda made the trip to New York or how her expenses were paid. 550

Even if Pak's testimony is accepted on its face, it constitutes an admission that KCIA money was used to reimburse a UC member for services on behalf of the Korean Government and, further, that Pak helped the KCIA persuade the woman to take the money. This incident, together with others such as the planned anti-Japanese demonstration in 1974, lent additional support to executive branch reports that the Moon Organization had been used by the KCIA and other ROK agencies to carry out Korean Government policies and had been rewarded by the Government for these efforts.

Pak Bo Hi's testimony before the subcommittee brought to a head the intense propaganda campaign being conducted by the Moon Organization against the subcommittee and its chairman.551 This campaign illustrated again the cohesiveness of the Moon Or-

371

ganization, as the economic, political, and other components were mobilized to work toward a single goal. Moon businesses provided Japanese TV crews to tape subcommittee hearings, later edited for use on Korean television and in "documentaries" shown to UC members. Brochures glorifying Pak Bo Hi were prepared by Moon printers and distributed to UC members, who were also mobilized to attend the hearings and to campaign against the subcommittee chairman in a Senate primary race. Moon newspapers such as News World and The Rising Tide propagandized against the subcommittee and cast Pak Bo Hi in a martyr's role. The Capitol Hill PR team and other UC members at times spread rumors that the subcommittee chairman and staff members were Communist agents or sympathizers. 552

There was reason to believe that parts of the campaign were coordinated with the Korean Government, which had embarked upon a similar--though apparently less intense public relations effort of its own. As early as May 1977, Clyde Wallace told subcommittee staff that he had been approached by UC members to work on a story linking the subcommittee chairman to Communism. Wallace had previously provided information to the staff about Moon Organization investment in the DNB. Wallace---who has several criminal convictions--claimed to be a journalist, though it was uncertain when he entered that field. As of 1977, he ran a business called The Spy Shop, which sold electronic listening devices.

In September 1977, Wallace did write an article--using the name Walter Riley--in which he accused the subcommittee chairman of being a Russian agent and of adhering to the Communist line. As far as could be determined, no newspaper carried this article until late November 1977, when it appeared in News World.553

Wallace denied he was paid by the Moon Organization or that he cooperated with it in his numerous attacks on the subcommittee, its chairman, and the investigation. He told a staff member that his article appeared in News World only after two Korean Government officials, whom he did not name, visited his office and noticed the unpublished article. The two Koreans took a copy of the article when they left, and shortly thereafter it appeared in

News World, according to Wallace.554 On December 11, 1977, the day after subcommittee staff members arrived in Korea on a well-publicized investigative mission, the article was summarized on the front page of the Korea Herald, a Korean Government publication.555

Thus even in 1977 and 1978, when both the Korean Government and the Moon Organization were disavowing ties with one another, there was reason to believe that relations between them were still being carried on, though less openly. As discussed earlier, the Tong II officers who came to the United States in December 1977 to discuss exporting M-16's told Colt representatives that, although the Korean Government was aware of Tong II's discussions with Colt, the Government would deny such knowledge if questioned.

The relationship between the Moon Organization and the ROK Government is a dynamic one, changing over time. The Organization's close relationship with Kim Jong Pil and the positions held

372

by Steve Kim and Bud Han in the Korean Government provided continuous access to influential officials, access Moon saw as necessary to attain his goals. Favors were granted the Moon Organization by the Korean Government, and, in return, assistance was provided ROK officials for the furtherance of government policies or for the personal benefit of the individuals involved.

Economic activities

The economics of the Moon Organization are extraordinarily complex. As addressed by the Korean investigation, they fell basically into two categories: business enterprises and financial transactions.

Businesses

The role of businesses associated with Moon and the UC has contributed to the controversy surrounding him and his movement. Numerous press reports have raised the issue of whether the UC and other nonprofit Moon Organizations were actually vehicles for the enhancement of Moon's personal wealth and served to channel funds to Moon Organization businesses.

Spokesmen for the Moon Organization have attempted to create the impression that, to the extent there is a relationship, the businesses contribute to the religious movement and not the reverse. However, the flow was in fact two ways. For example, when a commercial enterprise was beginning, funds were transferred to it from the UC directly or indirectly. After it began to prosper, it contributed to the religious or nonprofit side of the Moon Organization. The Moon Organization's economic system provided substantial advantages to its various components. The religious side provided inexpensive and ready sources of labor; access to large amounts of untaxed liquid assets; and a wide-ranging, inexpensive marketing network. The commercial side provided additional funds, power, and influence.

The economic advantages of controlling a bloc of consumers were also not missed by Moon. In a speech he instructed his followers to obey his orders so that the movement could become economically powerful:

"In the future don't buy American products if Master says to buy from somewhere else. If you believe in what he says, you practice it, you will become the wealthiest people and the wealthiest nations, but not necessarily on earth. Buy from the company he designates in the future. It doesn't matter if it is a small or large item. Soon that product will be the one manufactured by us. We have to buy that one. Then the world or universal economy will come to us." (556)

The investigation of Moon-related businesses shows that they are totally interrelated with noncommercial components of the Moon Organization. There is a pattern of interlocking directors, officers, and stockholders. The interrelationship of the businesses with the UC and other components of the Moon Organization is made explicit in internal UC publications, where there are frequent references to the "family" businesses, as they are called.

There is evidence that the Moon businesses do not always respect the laws of the countries in which they operate. Most of the allegations involving the United States are reviewed in the financial

373

transactions section below; prosecution of II Hwa officers in Korea has already been discussed.

Financial transactions

The growth and operation of the Moon Organization required substantial sums of money. This was true for both its commercial and noncommercial components. From 1973, it does not appear that finances were ever a serious problem. Any unit that lacked adequate capital was always subsidized by some other part of the organization; the flow of money among organizations was a characteristic of the Moon Organization. For the most part, officials of the various components tried to keep such transactions concealed. In this they have been largely successful.

In terms of Moon Organization financial transactions, subcommittee staff focused on several issues: (1) Sources of funds; and (2) uses to which funds were put.

The subcommittee sought to determine whether the Moon Organization had violated U.S. currency and tax laws; regulations governing tax-exempt and nonprofit organizations; and the charters of the various components.

Sources of Funds

The principal sources of Moon Organization funds were proceeds from businesses; money raised on behalf of the charitable or nonprofit U.S.

components of the Moon Organization; and funds from outside the United States, the ultimate source of which was undetermined.

UC fundraising teams were capable of raising millions of dollars a year.⁵⁴⁷ Because these sums were raised by hundreds of individuals and sent as cash or money orders to the UC headquarters, it was impossible to ascertain the exact amounts involved. However, the subcommittee interviewed several former UC fundraisers who said they each were able to raise approximately \$100 a day for the national headquarters.

Due to the relative newness of the Moon Organization businesses in the United States, many of them at the time of this report constituted a drain on resources rather than an asset. In the future this situation may change, and, as in the case of enterprises in Japan and Korea, these U.S. counterparts could prove a valuable source of income for the Moon Organization.

As noted earlier, funds were brought into the United States not only for the Moon Organization's own benefit, but also as favors to ROK Government officials and others confronted with the ROK's strict currency control laws.

Use of Funds

Free transfers of money and personnel across international boundaries and back and forth from religious to political or business activities were extremely important to the Moon Organization. For example, Moon personally directed the early funding of News World by authorizing large transfers of funds from the UCI account. In the 5-month period from November 5, 1976 to April 7,

374

1977, Moon directed the transfer of \$2,550,000 to the News World Communications account at Chemical Bank in New York.⁵⁵⁸

Other UCI disbursements included \$30,000 to a recording studio owned by Pak Bo Hi 5~9 and transfers to the KCFF office in Seoul. (560)

Another use to which the Moon Organization's funds were put was as collateral for a series of loans negotiated by Pak Bo Hi on behalf on the KCFF. These loans were for construction of a "Performing Arts Center" in Seoul for the Little Angels.⁵⁶¹

At a meeting on August 20, 1971, the KCFF board of directors resolved to explore ways of attracting funds for this purpose. Land had been acquired at an attractive location in Seoul through the efforts of Pak, Yang You Chan, and Kim Chong Hoon, who spoke to Korean Government officials to obtain the necessary permits to enable the KCFF to begin construction on the site.⁵⁶²

In early 1974, Pak Bo Hi made inquiries at the Chase Manhattan Bank, where Moon and the UC had accounts, about a loan to the KCFF to finance the construction of the center. Pak was turned down. In July 1974, he obtained a \$250,000 loan from a Los Angeles branch of the Bank of America. Moon provided the collateral for the loan by pledging funds on deposit in his own name at Chase Manhattan.⁵⁶³

In September 1974, Pak revealed the Bank of America loan to the KCFF board of directors. The KCFF minutes for September 3, 1974 say that Pak got the board to ratify an additional \$250,000 loan from the Commercial Bank in Seoul, Korea.⁵⁶⁴ Both Charles Fairchild and David Martin told subcommittee staff that the loan was ratified on the express condition that Pak take out no further loans without advance approval by the board because they did not think that the KCFF could carry such a heavy debt load. That condition did not appear in the minutes, which Fairchild claimed were altered by Pak.

The \$250,000 loan from Bank of America was for 1 year. When the bank asked Pak for repayment in full in June 1975, the KCFF was in no position to do so. Pak asked for an extension, which was refused, and Bank of America collected Moon's collateral. Bank of America officers told subcommittee staff that their decision to call the loan in 1975 reflected second thoughts about making such a loan in the first place, given the uncertain status of KCFF and the fact that the loan was for a construction project in Korea.

Pak then turned to Chase Manhattan and, in a complex series of transactions, managed to borrow \$250,000, again using as collateral additional funds on deposit in Moon's name at Chase. In connection with this loan, Pak submitted to the bank "corporate resolutions"

375

attested to by Judith LeJeune as Secretary of the KCFF, which indicated that the KCFF's board of directors had approved the loan. This approval had in fact not been given.⁵⁶⁵

Pak used the proceeds of the Chase Manhattan loan to repay Moon the collateral he lost on the defaulted Bank of America loan. In 1976, KCFF was unable to repay Chase Manhattan for the new \$250,000 loan and interest, and Pak negotiated a 1-year extension, or "rollover." However, when it came due in mid-1977, KCFF was in no better position to pay than it had been in 1975 or 1976. Chase finally called the loan and collected Moon's collateral.

Despite KCFF's inability to repay the loans from the Bank of America and Chase Manhattan, Pak proceeded to commit the foundation to additional loans, the purpose of which was again to raise funds to send to Korea in connection with the performing arts center. The next loan was for \$250,000 from the Diplomat National Bank in Washington, D.C. Pak had applied for it on December 16, 1975, the day after the bank opened. Pak then turned to the Union First Bank in Washington for \$400,000. UCI pledged that amount as collateral, as indicated in a document of April 28, 1976.⁵⁶⁶

The next loan was from the National Savings & Trust Company, also in Washington, for \$390,000. It was taken out in October 1976, at a time when the activities of Pak, the UC, and the KCFF were topics of public controversy. Pak used the proceeds to pay off the \$250,000 loan to the Diplomat National Bank and to retire part of the \$400,000 loan from Union First. The remainder was deposited in the KCFF's Little Angels account.

Collateral for the October 1976 National Savings & Trust loan was a Certificate of Deposit at the Diplomat National Bank; it came from funds wired to the United States by the Tokyo branch of the International Cultural Foundation. Pak testified that he arranged for this pledge of collateral through

Mitsuharu Ishii. As noted earlier, Ishii was the ICF officer who had also been the head of Tong II Industries in Japan (Toitsu Sangyo); head of Sekai Nippo, the Moon Organization newspaper in Japan, and, more recently, head of One Way Productions, a film company with offices in Tokyo and Los Angeles. According to Pak, he was also the source of most of the funds used to purchase stock in the Diplomat National Bank in the name of UC members.⁵⁶⁷

Pak testified that in January 1977 he received authorization from the ICF to treat the \$400,000 as a "contribution" to the KCFF so that it would not have to be repaid.

These loan maneuvers raised the question of whether the funds pledged as collateral on Moon's authority were his own or belonged to the UC or another Moon Organization component. Pak testified that the account Moon used as collateral was actually a "Church" account, despite appearances to the contrary:

"Many people have misunderstanding about Reverend Moon and his wealth. Many think he has unlimited private resources, but that is absolutely untrue. He supported his family by receiving a regular modest salary. Reverend Moon does not even

376

own the home he lives in. It is owned by the church. He does not have a savings account."⁵⁶⁸

Pak admitted that Moon had accounts in Chase Manhattan in his own name, but said these accounts were "sort of like informal public accounts of our Church":

"* * * later that account transformed into Unification Church International legal entity. That account became a UCI account. But prior to establishment of UCI, it was held in our leader's name in Chase Manhattan."⁵⁶⁹

This ambiguity over actual ownership of assets was characteristic of Moon Organization financial affairs and further indicated to the subcommittee the interchangeability of the various components of the organization. Despite Pak's assertion that the accounts in Chase Manhattan were "church" accounts all along, bank records simply listed the accounts in Moon's name as an individual, with no indication that they were church accounts. Moreover, there are no references in the loan papers to indicate that the collateral was being put up by the UC rather than by Moon as an individual. The UC, as a corporate entity, maintained separate accounts.

Other assets of the Moon Organization were also treated interchangeably as belonging to Moon or to a corporation subject to his control. For example, in March 1975, Daikon Ohnuki, Han Sang Kil, and Melvin C. Orchard, all presenting themselves as assistants to Moon, met with an officer of Chase Manhattan in New York. According to the officer, "[t]he object of their visit was to initiate discussions with the bank on the possibilities of our participation with Moon in investment projects in the U.S."⁵⁷⁰ The bank officer was told that:

"Reverend Moon has very large holdings in both Korea and Japan in industrial, manufacturing, mining and other business enterprises and is considering making similar investments in the United States. They spoke of a figure of \$20 million in liquid funds being available, but were not too clear on whether this was represented by Won and/or Yen nonconvertible deposits."⁵⁷¹

Chase Manhattan did not enter into any business ventures with the Moon Organization; lack of details on Moon's financial holdings was a factor in this decision.

In practice it seemed to make little difference whether the assets of businesses, money on deposit at Chase Manhattan, UCI's accounts, and other holdings were "Moon's" or "church related." Within the Moon Organization, control was in the hands of Moon and his top lieutenants, regardless of legal niceties, and the funds moved freely as required from one or another component.

Diplomat National Bank

The subcommittee's interest in the Diplomat National Bank resulted from an allegation that persons associated with Sun Myung Moon and Tongsun Park tried to gain control of the bank. The allegation was based on information that the church and employees of Tongsun Park constituted a controlling interest in the bank of approximately 64 percent. The subcommittee also sought to determine whether the ROK Government was involved; whether there was collaboration between the Moon Organization and Tong-

377

sun Park; and whether there were illegal loan transactions between the bank and the purchasers. It did so by attempting to discover the source of the funds used and the reasons for purchasing the stock.

The Diplomat National Bank of Washington, D.C. opened on December 15, 1975. It was organized by Asian-Americans and other persons interested in the Asian-American community; the chairman was Charles Kim, a naturalized American of Korean origin. Initial authorized capitalization was \$2 million.⁵⁷² One of the stipulations contained in the bank's offering circular was a requirement by the Controller of the Currency that no individual have an interest in more than 5 percent of the total authorized stock; this put a limit of \$100,000 on individual stock purchases.

During the summer of 1975, when Charles Kim was soliciting stock subscriptions, Jhoon Rhee,⁵⁷³ a member of the bank's organizing committee, suggested approaching Pak Bo Hi to invest in the bank and to find others who might also be interested. Either Pak or Rhee suggested Moon. Pak arranged a meeting at Moon's residence in Tarrytown, N.Y., attended by Charles Kim, Jhoon Rhee, and Raymond Gilkerson, a businessman with banking experience whose son-in-law was prominent in the Moon Organization.⁵⁷⁴ Moon was noncommittal, but later purchased \$80,000 of stock--to serve, as he said, the Asian-American community.⁵⁷⁵

In September 1975, Pak Bo Hi himself purchased \$75,000 of stock, paying with a check made possible by cash he had earlier deposited to his

account in a circuitous manner. He also provided his housekeeper, Kum Hee Kwak, with the cash to purchase \$18,100 of stock. Subsequently he provided \$738,000 in cash for stock purchases by 13 Unification Church members.⁵⁷⁶ Other Moon-affiliated persons who purchased stock were Neil Salonen (\$30,000), Takeru Kamiyama (\$75,000), and Jhoon Rhee (\$100,000). (577)

In addition Pak loaned \$100,000 to DNB Chairman Charles Kim to finance Kim's purchase of stock in the bank. This money was also given in cash. Pak also facilitated DNB stock purchases for Gisela Rodriguez and Judith LeJeune, employees of the KCFF.

Pak said he had obtained the \$100,000 in cash he loaned Charles Kim from the "Unification Church Pension Fund International" (despite the fact that Kim was not a UC member). Gisela Rodriguez told the subcommittee staff that Pak had arranged a bank loan for her investment (he co-signed the bank note) and instructed her to pay interest on the bank loan by taking money from cash contributions to KCFF. The loan transaction thus disguised the real source of the funds, which was KCFF. When Rodriguez sold her stock in the wake of adverse publicity about the bank's links to Tongsun Park and the Unification Church, she repaid the balance of the bank loan and returned the rest of the proceeds of the stock-sale to

378

KCFF. Pak told her that Judith LeJeune would have to follow the same procedure. He treated the repayments as donations to KCFF.

The total of these purchases was about \$1.28 million, meaning that about 53 percent of the bank's actual initial capitalization was owned by persons affiliated with the Moon Organization.

In the months preceding the investments, leaders of the various components of the Moon Organization had shown both a frequent need for substantial banking services and an interest in controlling a bank. In a speech on February 16, 1975, Moon twice spoke of establishing a bank. The second time he said:

"On the economic front, we are going to earn money through our trade agencies in many nations, gather the money and make an international bank, so that the currency will be freely coming back and forth." 578

On February, 23, 1975, Salonen was quoted talking about the need to rely on "outside economic power" such as banks and that Moon would depart shortly on a trip to East Asia to borrow money,⁵⁷⁹ In March, Moon's representatives contacted Chase Manhattan Bank in an attempt to obtain Chase's help in financing business investments in the United States.

It was during that same period, a few months prior to the investments in the Diplomat National Bank, that Pak Bo Hi was having problems in getting bank financing for the construction of the Little Angels School and performing arts center in Seoul.

Sources of DNB funds

The subcommittee was unable to get convincing answers to questions about the sources of funds for the investments in the bank. The subcommittee traced the source of Moon's funds for his stock purchase to a time deposit in his name at Chase Manhattan Bank which had been set up in January 1974, with deposits totaling \$555,931. This time deposit was closed out at Moon's request on September 2, 1975. The proceeds were then deposited to a checking account at Chase in Moon's name and funds for Moon's purchase (\$80,000) were then shifted through two more checking accounts in his name, also at Chase, before he wrote his check to DNB for his stock. These funds transfers through four Chase accounts in Moon's name took place within 7 days prior to his purchase of the stock.⁵⁸⁰

Takeru Kamiyama obtained the money (\$75,000) for his stock purchase came mostly from a loan to him from the Unification Church in New York. The subcommittee traced the source of those funds (\$70,000) back also to Moon's time deposit. Shortly before his purchase of stock, Kamiyama opened a checking account in his own name at Citibank in New York. Four days before his purchase, Clifford Yasutake, a church official associated in various ways with managing church finances, endorsed a check for \$285,000 from Moon's checking account at Chase over to a Chemical Bank check-

379

ing account in the name of the Unification Church, New York. The source of this \$285,000 was Moon's time deposit proceeds from which Moon's own stock purchase funds were derived. Two days before Kamiyama wrote his check for \$75,000 to DNB for the stock purchase, Komiyama wrote a check to himself from this Unification Church, New York checking account and deposited the check to his newly opened Citibank account. Two days later, he wrote a check for his stock from this Citibank account.

In effect, both Moon's and Kamiyama's stock purchase money came from the same source, namely, cash deposits to Moon's time account at Chase which, though the time deposit was in his name, Moon has characterized in testimony before the SEC as being "church funds."

Though the funds came from the same source, the checks presented by Moon and Kamiyama for their actual stock purchases came from two apparently unrelated checking accounts in their own names. Certain other stock purchases made by Unification Church members which were arranged by Pak Bo Hi were also made through personal checking accounts in the names of the church members and were based on deposits of cash to those accounts just prior to the actual stock purchase. One couple who invested at Pak's suggestion purchased cashier's checks which they deposited to their checking account less than a week before their purchase. Other church members or persons closely associated with Pak Bo Hi who wrote checks for their purchases based on infusions of untraceable cash (or cashier's checks drawn on other accounts to which untraceable cash had been deposited) included Kook J. Seuk, Neil Salonen,⁵⁸¹ Pak Bo Hi himself, and David S. C. Kim. Jhoon Rhee's \$100,000 investment apparently came from personal resources.

Pak Bo Hi's explanation of how he obtained almost \$1 million for bank stock purchases was complex and unconvincing. He testified that \$90,000 came from a loan from Mitsuharu Ishii. Ishii gave him the money in cash in New York in November 1974, but he did not know how Ishii obtained it or brought it into the country.⁵⁸² Pak kept the money at his home for nearly 10 months--for "no particular reason." (583) Some days before purchasing

the stock, Pak deposited most of the money in his Riggs account--but in three separate installments, described as follows: On September 3, he bought a \$50,000 cashiers check at the National Savings and Trust Co. which he later deposited in Riggs. On September 5, he bought a \$15,000 cashiers check, also at National Savings and Trust, and again deposited it at Riggs. Finally, he deposited \$10,000 in cash directly into the Riggs account.

Following these deposits Pak was able to write a check to pay for his \$75,000 stock purchase.⁵⁸⁴ Pak said there was "no particular reason" for this circuitous method of transferring the money into his account.⁵⁸⁵

380

The money used to buy stock in the names of 13 fellow Unification Church members came from the "Unification Church Pension Fund International," according to Pak's testimony. Initially he said this fund was begun around 1971 as a result of Moon's order to start a "family assistance program" for elder church members.⁵⁸⁶ Pak delegated responsibility for it to Mitsuharu Ishii in Tokyo. According to Pak, only he, Ishii, and Shimba (Ishii's assistant) had any control over the fund, and, so far as he knew, no one else was aware of its existence:

"It was formally founded in 1971 and assigned to a program officer of our church for the responsibility, and it was named the Unification Church Pension Fund International. Over a period of years, from around 1971 to 1975, it accumulated enough funds so that we were able to consider establishing a good program." (587)

When questioned, Pak was unable to provide much detail. He said the fund "generally" was maintained in New York, where it was founded "generally" in 1971, but that later it was moved to Japan. He backed off the statement that the fund was "formally founded" by saying it was started "informally and very loosely," and that

"* * * there was not any legal paper drawn up or any formal kind of meeting or registration kind--it is not founded as a legal entity at all." 588

Pak further testified that he did not know exactly where the fund was kept from 1971 to 1975, whether the fund was ever kept in a bank, how much money was in it, or what happened to it:

Mr. FRASER [chairman of the subcommittee]. "I am having difficulty understanding. You say this [the fund] started informally and loosely; that you gave Mr. Ishii direction to start the fund. You don't seem to know anything about the fund thereafter."

Mr. PAK. "No, sir." (589)

Pak testified that the pension fund was built up over a long period of time from contributions of UC members traveling into the United States. He himself had never contributed to it, did not know of anyone who had, and never actually saw the fund until cash was delivered to him for the DNB stock purchases. Pak was also uncertain how the fund got its name:

Mr. FRASER. "What is the name of the fund, Colonel?"

Mr. PAK. "If I define that fund, I define as I told you already: Unification Church Pension Fund International."

Mr. FRASER. "When did that name get attached to it?"

Mr. PAK. "I have no memory, no recollection. I don't have any idea."⁵⁹⁰

Pak also had no idea whether there were any written records on the fund.

Despite his asserted lack of knowledge, Pak gave the subcommittee prepared statements which were widely circulated in Moon Organization public relations campaigns that contained the following declaration:

"The money for the Unification Pension Fund International comes from the contributions of our members; not a penny comes from the Korean Government or certainly not from Korean CIA." 591

381

The subcommittee found Pak's description of the pension fund to be implausible on its face.

Pak testified that he received the \$738,000 from the fund to loan to church members so they could purchase stock. He received the money, mostly in \$100 bills, over a period of approximately 1 month, from late August to late September or early October 1975. It came directly from Mr. Shimba, Ishii's assistant. Pak had drawn up "a list of names of those who would qualify for a loan" and contacted each person:

"If I remember correctly, I made sure to explain the following to each person:

One, I asked if they would like to obtain a loan in order to invest in a bank. I explained that the loan came from Unification Church Pension Fund International, which had accumulated for the purposes of helping elder members settle their families. I also explained that the loan would be noninterest and would be repayable within 10 years if the money was available, so it would be there for other members to use.

Two, I explained that they would be buying the stock as outright owner and they had the right to do with the stock as they pleased. They could either keep it or sell it whenever they wanted. The purpose of the stock was to help them gain financial security." (592)

Pak indicated to the SEC that the 10-year repayment period was not to be taken seriously:

"You know in order to make them relax and enjoy the fund benefit coming, I explained to them it is almost indefinite thing until you really come up with the money to pay back. If it takes ten years or more than ten years, that will be perfectly all right.

So ten years may not be that clearly registered in their understanding. But it was the understanding between Mr. Ishii and myself." 593

The Securities and Exchange Commission and Federal Reserve Board attempted to question the UC members in whose name Diplomat National Bank stock was purchased with funds provided by Pak. Some of these persons could not be located, while others claimed their fifth amendment privilege and refused to testify. Those who did respond did not support Pak's testimony before the subcommittee.594

Not only was the 10-year period "not clearly registered" in their minds, these persons had only a vague idea of the terms under which they received funds. One thought he was supposed to return the money to Pak or the church once the stock was sold. They received no promissory notes as evidence of any loans, nor was there any mention of a "pension fund." None knew the source of the funds provided by Pak.

Use of the Diplomat National Bank

The opening of the Diplomat National Bank gave the Moon organization the opportunity to exercise great influence-if not outright control--over a newly organized American bank. Bank chairman Charles Kim told the subcommittee that he was unaware of Pak Bo Hi's close connection with Moon when they discussed the stock purchases. However, after the bank opened, he said Pak requested that he segregate a number of proxies. They belonged to UC members who had bought stock with the money provided by

382

Pak. Instead of being mailed to the individuals, they would presumably be delivered by Pak. (595)

The Moon Organization's ability to influence and control the DNB was enhanced by opening the UCI account, which made it one of the single largest depositors.596 Pak and Moon denied any intention to control the DNB, and said the decision to move the UCI account to Washington was made for other reasons. According to Moon, it was because UCI was located in Washington. (597) However, UCI stationery showed its location to be Tarrytown, N.Y.; nor was UCI incorporated in Washington until February 1977.

Whatever the reasons for opening it, the account satisfied one of Moon's purposes for wanting to establish an international bank: "so that the currency will be freely coming back and forth." (598) Over \$7 million went into the UCI from December 1975 to March 1977. The money was disbursed largely among other entities in the Moon Organization. Payments to News World and the Moon fishing companies alone accounted for over \$2,710,000. Other payments went for legal fees for Pak Bo Hi, Moon, and other church officials; a recording studio owned by Pak (\$30,000); \$200,000 to KCFF's branch accounts in Korea, including \$50,000 to one of UCI's directors, Kim Won Pil (also president of I1 Hwa Pharmaceutical); and payments to other Moon organization business ventures. (599)

In addition to the UCI account, Pak had several KCFF accounts moved to the Diplomat National Bank in early 1976.

Shortly after the bank opened in December 1975, Pak applied for \$250,000 in loans, the proceeds of which were to be wired to Korea for construction of the performing arts center for the Little Angels. One loan for \$100,000 went to Pak himself; it was secured by shares in "Grace and Park Corp.," the corporation formed by Pak and his wife to hold title to their real estate (property substantially encumbered by mortgages). The other loan (\$150,000) was for the KCFF and was secured by KCFF accounts at the Diplomat National Bank--accounts which had been partially funded by the first loan. (600)

The loans were initially approved on December 16, the day after the bank opened, without a meeting of the loan committee, which was a violation of the bank's own rules. Then, on December 31, the board of directors approved them at a meeting. The minutes of the meeting stated that "Mr. Barr's vote would be 'nay' to the Korean Cultural and Freedom Foundation loan if Reverend Sun Moon was associated with the group." 601

In February 1976, as a result of a routine audit, the U.S. Comptroller of the Currency notified the bank that the loans to Pak and the KCFF had to be considered as one loan, according to banking laws. Since the combined total exceeded the bank's lending limit, the loans had to be curtailed by \$25,000. 602

383

Pak paid off the loans in late 1976--after public controversy had begun over his and Moon's role in the stock purchases--but only after borrowing the \$400,000 from Union First. The collateral for that loan was put up by the International Cultural Foundation in Japan, part of the Moon Organization. Later, when it became apparent that KCFF would not be able to repay the Union First loan, the ICF treated the \$400,000 collateral as a "donation" to the KCFF.

In the spring of 1976, media reports had begun to appear concerning Diplomat National Bank stock purchases by Moon and church members. As a result, the bank decided to encourage Moon and his followers to sell their stock. Charles Kim conveyed this request to Pak, who was upset.603 Moon agreed to sell his stock, Pak to contact church members who owned stock to persuade them to sell. Pak, however, told Kim he wanted to dictate the order of the members' sales so as to minimize adverse publicity.604 Thereafter, 12 owners tendered their shares back to the bank for resale.

Only six members' shares were eventually resold. The reason was that the addresses of record at the bank for a number of them were invalid by the time of the resale (hence the shares are still held by the bank in their names) and because the bank experienced difficulty in reselling the shares. A seventh church member's shares were partially resold.

The bank issued cashiers checks to those members whose shares were resold. These were negotiated in ways which made the funds difficult to trace. For example, Duk Moon Aum, a long-time church member in Korea and the architect for the Little Angels performing arts center in Seoul, had

purchased \$50,000 of the stock with money provided by Pak. After talking with Pak and Kim, Aum agreed to sell his stock. The next day he went to the DNB and received a \$50,000 cashier's check from the bank, which he promptly converted to cash (the bank did not report this cash transaction to the Treasury, in violation of banking laws and regulations.)⁶⁰⁵ On the same day, a Korean businessman named Choi Che Yung bought the shares Aum had sold to the bank. Choi used money he got from Yang Doo Won, a high-ranking KCIA official in Seoul.

Choi denied consulting with Yang before buying the stock; Kim said he did not know Choi was using KCIA money. However, Kim did say that earlier in 1976, during a trip to Korea, he had discussed the Diplomat National Bank with Yang Doo Won and the KCIA director, and had later received, letters from them.⁶⁰⁶

When reports of the UC investment in the bank first became public, Pak and other church members met to consider ways to deal with the bad publicity. The subcommittee received conflicting versions of what was discussed:

(1) Clyde Wallace (also known as Walter Riley) told subcommittee staff that since Moon, Pak Bo Hi, and Neil Salonen sometimes asked for his advice, he was invited to a meeting at Pak's office in Washington on June 19, 1976. Also present were Neil Salonen, Michael Runyon, and Cha Han Joo, a church leader from Baltimore. Pak expressed concern that the church

384

had brought in large amounts of cash from foreign countries, specifically Japan, Germany, and Korea, for its investment in DNB and had used church members as fronts.⁶⁰⁷ Wallace suggested the Unification Church make up phony notes to imply that the money was borrowed.

(2) Neil Salonen testified under oath that he was present at a meeting during which there was a discussion about funds being brought in from abroad for investments in the Diplomat National Bank. He refused to give further details, claiming attorney-client privilege because, he said, a lawyer was also present at the meeting.⁶⁰⁸

(3) Pak Bo Hi testified under oath that Wallace had been present at a meeting in Pak's office at about the time of newspaper stories on the bank investments. However, he denied there had been any discussion about the source of funds for the stock purchases.⁶⁰⁹

Tongsun Park and the Diplomat National Bank

A total of \$250,000 in stock was purchased in the names of three senior employees of Tongsun Park: \$84,000 for Spencer Robbins, Park's executive vice president; \$83,000 for Dick Staples, Park's financial adviser; and \$83,000 for Milton Nottingham, Park's shipping consultant. They used money Park had "loaned" them.

Tongsun Park told the subcommittee staff that Charles Kim suggested in the summer of 1975 that he invest in the bank Kim was organizing. Park decided to do so partly out of a desire to help the young Korean-American businessman, but also because he intended eventually to acquire a controlling interest in the bank, since "Whenever I made any investment at all, I always wanted to have a majority position." (610) Kim advised Park that the maximum stock purchase for one person was 5 percent, or \$100,000. Park, using his own money, decided to buy his stock through three nominees so as to avoid the limitation. He said, "I was going to maneuver later and acquire more and more *** I was going to own the Diplomat National Bank by myself." (611) He intended to achieve his goal by 1981 or 1982. Tongsun Park said he was unaware of any involvement by the ROK Government in the Diplomat National Bank and that he never discussed the bank with an official of the Government. He surmised, however, that it was "highly conceivable" that Kim would have tried to interest the Government in the bank: Korea "is a country where, if you want to do well, undoubtedly you should have a blessing from the political sector, especially people in power ***." (612)

Tongsun Park also stated that, at the time of his investment in the Diplomat National Bank, he was unaware that Rev. Moon and followers were also buying stock.

385

Summary

The Moon Organization directly provided at least \$1,078,000 to purchase shares in the Diplomat National Bank's original stock issue. This was about 45 percent of the eventual capitalization of \$2,424,525 and represented 43,120 shares. In addition to funds directly provided, \$207,000 worth of stock was purchased by Unification Church members or persons with clear ties to the Moon Organization or persons with family ties to Pak Bo Hi, to whom he strongly recommended the investment. These funds derived from private sources or from obscure sources which could not be definitely linked to the Moon Organization.

The subcommittee found no evidence of collaboration between Tongsun Park and the Moon Organization in the purchase of stock.

Both the Moon Organization and Tongsun Park used similar methods to avoid the 5-percent limitation on stock purchases by a single individual or organization. Park bought \$250,000 of stock in the names of his business associates, using funds from one of his companies. The Moon Organization, though it financed its purchases in several ways, principally bought its stock--\$738,000 worth--in the names of 13 church members. Pak Bo Hi coordinated their investments and paid for the stock in cash which he said he received from the "Unification Church Pension Fund International." The subcommittee was unconvinced that such a fund was ever established or used for that purpose. Both Tongsun Park and Pak Bo Hi characterized the transfer of funds to purchasers as no-interest, no-collateral, 10-year loans.

In September 1977, the SEC charged Tongsun Park, Pak Bo Hi, and the Diplomat National Bank with securities violations arising from the bank's representations that no individual owned or had a beneficial interest in more than 5 percent of the bank's stock. The SEC charged that Tongsun Park had bought approximately 10 percent through three nominees, and Pak Bo Hi approximately 43 percent through 18 nominees. The charges were eventually settled by consent decrees.

The SEC complaint was filed prior to the disclosures by Pak Bo Hi and Charles Kim in testimony they made under grants of immunity. Pak in effect denied that he had been acting as an individual in the purchase. Although Pak was unable to name any legal entity in control of the fund, he suggested that the Unification Church or some other component of the Moon Organization was the actual owner of the funds used to purchase the bank stock. If so, the Moon Organization, in addition to violating the Diplomat National Bank's 5-percent limitation, may have violated banking laws which prohibit an organization or "holding company" from owning more than 25 percent of the stock in an American bank. 613

The Korean Government, particularly the KCIA, participated in the establishment and operation of the Diplomat National Bank. The KCIA station chief in Washington, Kim Yung Hwan, was in frequent contact with Charles Kim beginning in the summer of 1975. It was Kim Yung Hwan who negotiated the opening of an account for the Korean Embassy; likewise Kim Yung Hwan helped Charles Kim make arrangements to go to Seoul, shortly after the

386

bank opened, to establish a correspondent relationship with Korean banks. Kim met with the KCIA Director in Seoul, and the KCIA apparently smoothed the way for him to meet the appropriate banking officials in the Government. Kim worked through the KCIA because "it is customary that no business can be done unless the Government opens the door for you * * *."(614)

The subcommittee found no evidence that money of the Korean Government helped finance initial investments in the bank. However, the government may have provided the \$50,000 later invested by

Choi Che Yung, who bought stock sold back to the bank by Duk Moon Aum. He used some of the funds Yang Doo Won sent to the KCIA in Washington with instructions that it be given to Choi. The money, according to Choi and Kim Sang Keun, could have been Yang's private funds, which he--perhaps along with others--sought to invest in the United States. Choi told subcommittee staff that he invested the money in the Diplomat National Bank without Yang's knowledge.

Although the subcommittee could not interview Yang and had no evidence to contradict Choi's statement, it should be noted that Choi's company had business dealings with the KCIA during this period and that Choi once told Charles Kim that the money to buy the bank stock came from a research contract with the Korean Government. Moreover, the purchase of stock with Yang's money occurred only a few months after Yang and Charles Kim had discussed the Diplomat National Bank during Kim's trip to Korea. Taking all of these factors into consideration, the subcommittee could not dismiss the possibility that the \$50,000 invested by Choi was KCIA money, although it is more probable that Yang Doo Won regarded the money as his own.

There was no evidence that the money invested by Tongsun Park came from Korean Government sources, although it is noteworthy that at the time he made the investment, Park was acting as a KCIA agent in other respects.615 Likewise, there was no evidence that the funds invested in the bank by the Moon Organization came from the Korean Government.

Until the true source of the cash used in these purchases is documented and it is known how the cash was brought into the United States, it will not be possible to make a definitive statement about whether or not the Moon Organization received aid and direction from the Korean Government in connection with its investment in the Diplomat National Bank.

Whether the Moon Organization did or did not invest in the bank in cooperation with the Korean Government, it was clear to the subcommittee that control over the bank was the Moon Organization's objective. It would have helped the organization keep currency "freely coming back and forth," in Moon's own words, without attracting the attention of neutral bank officers, and would have facilitated loans for business investments.

By early 1976, both the Moon Organization, through its investments and deposits, and to a lesser extent the Korean Government,

387

through its control over correspondent banking relationships, were in a position to influence the future course of the Diplomat National Bank. Adverse publicity beginning in the spring of 1976 interrupted whatever plans either the Government or the Moon Organization might have had to use and control the bank. Since then, the Moon Organization has been preoccupied with explaining its investment and the sources of funds to investigating authorities, and minimizing the adverse publicity arising from its attempt to gain control of an American bank.

Conclusions and Recommendations

The subcommittee findings regarding the Moon Organization may be summarized as follows:

- (1) The UC and numerous other religious and secular organizations headed by Sun Myung Moon constitute essentially one international organization. This organization depends heavily upon the interchangeability of its components and upon its ability to move personnel and financial assets freely across international boundaries and between businesses and nonprofit organizations.
- (2) The Moon Organization attempts to achieve goals outlined by Sun Myung Moon, who has substantial control over the economic, political, and spiritual activities undertaken by the organization in pursuit of those goals.
- (3) Among the goals of the Moon Organization is the establishment of a worldwide government in which the separation of church and state would be abolished and which would be governed by Moon and his followers.
- (4) In pursuit of this and other goals, the Moon Organization has attempted, with varying degrees of success, to gain control over or establish business and other secular institutions in the United States and elsewhere, and has engaged in political activities in the United States. Some of these activities were undertaken to benefit the ROK Government or otherwise to influence U.S. foreign policy.

(5) While pursuing its own goals, the Moon Organization promoted the interests of the ROK Government, and at times did so in cooperation with, or at the direction of, ROK agencies and officials. The Moon Organization maintained mutually beneficial ties with a number of Korean officials.

(6) The Moon Organization established the KCFF ostensibly as a nonprofit foundation to promote Korean-American relations, but used the KCFF to promote its own political and economic interests and those of the ROK Government.

(7) The Moon Organization extensively used the names of Senators, Congressmen, U.S. Presidents, and other prominent Americans to raise funds and to create political influence for itself and the ROK Government.

(8) A Moon Organization business is an important defense contractor in Korea. It is involved in the production of M-16 rifles, antiaircraft guns, and other weapons.

(9) Moon Organization agents attempted to obtain permission from an American corporation to export M-16's manufactured in Korea. The M-16's are manufactured under a coproduction

388

agreement approved by the U.S. Government, which puts M-16 production under the exclusive control of the Korean Government. Despite this, Moon Organization representative appeared-apparently on behalf of the Korean Government--to negotiate an extension of the agreement.

(10) The Moon Organization attempted to obtain a controlling interest in the Diplomat National Bank by disguising the source of funds used to purchase stock in the names of UC members.

(12) The Moon Organization used church and other tax-exempt components in support of its political and economic activities.

(13) Although many of the goals and activities of the Moon Organization were legitimate and lawful, there was evidence that it had systematically violated U.S. tax, immigration, banking, currency, and Foreign Agents Registration Act laws, as well as State and local laws relating to charity fraud, and that these violations were related to the organization's overall goals of gaining temporal power.

Despite the Moon Organization's cooperative relationship with the ROK Government the UC was far less influential as a religious movement in Korea than elsewhere. A large proportion of the hundreds of Koreans interviewed in the course of the investigation said that they had never heard of Moon or the UC until the early or mid-1970's, when their activities became widely publicized. In the United States, the UC appears to have had little success in attracting followers from the Korean community. Most Korean-Americans interviewed expressed varying degrees of embarrassment or hostility toward Moon and the UC; few saw them as a positive factor in Korean-American relations.

The subcommittee found that the Moon Organization has had a number of influential allies in the Korean Government, including Kim Jong Pil, Pak Chong Kyu, and others.

Although investigations and publicity in the 1976-78 period appeared to have had an effect on the degree of influence Moon's supporters had with the Korean Government, there were continuing indications that the Moon Organization retained significant support.

Many of the activities of the Moon Organization would not raise questions of impropriety if carried out openly and without violations of laws. The subcommittee does not fault the many Americans, Koreans, and others who identified themselves with Moon Organization-sponsored activities such as the Little Angels, or who shared the Moon Organization's expressed concerns about communism and South Korean security.

However, the Moon Organization's ulterior motives behind even its most benign activities tended to negate its positive contributions. For example, the Little Angels, a highly accomplished children's dance group, undoubtedly improved the image of Koreans around the world and in particular contributed to Americans' understanding of Korean culture. The Korean Government's decision to bar the Little Angels from traveling outside Korea was a loss for Korean-American relations. The demise of the Little Angels as a touring group followed growing public awareness of its ties to

389

Moon, who--after founding and quietly backing the group--increasingly used it to further his political and economic goals. In his own speeches to followers, Moon made it clear that the Little Angels, the annual science conference, and other seemingly philanthropic projects were in reality geared toward his ambitious and carefully thought out plans for winning control and influence over political and other secular institutions.

Moon, like Tongsun Park, showed a keen understanding of the use of imagery in building political influence. Just as Tongsun Park used his close relationship with a few Congressmen to attract others, Moon used the names and pictures of prominent Americans, Japanese, Koreans, and others to create an image of power and respectability for himself and his movement. The multifaceted Moon Organization thereby obtained the help and cooperation of numerous Americans who had no idea they were contributing to Moon's plan for world theocracy.

Like Tongsun Park and others who conducted pro-ROK influence activities in the United States, Moon and his organization acted from a mixture of motives and objectives. Service to Korea was combined with a desire to advance personal and organizational goals. Like Tongsun Park and others, Moon and his organization attempted to gain influence in Seoul through activities in the United States; to this end, the Moon Organization exaggerated its successes in the United States to create influence in Korea and elsewhere. Thus, although the Moon Organization often acted for the ROK Government even to the point of accepting money for its services--control and influence over Korean political institutions was no less a goal there than in the United States. In this respect, the Moon Organization was not an agent of influence for the ROK Government so much as it was a volatile factor in Korean-American relations, capable of distorting the perceptions each country held of the other.

In the United States, for example, Moon has aroused widespread antipathy. To the extent that his organization's activities here are associated with Korea or the Korean Government, there is potential harm to Korean-American relations. Recent attempts by the ROK Government to dissociate itself from Moon seemed to recognize this problem. However, these attempts at dissociation came only in the context of a public controversy over Moon, investigations into Korean influence activities, and strained relations between the two countries.

The misuse of the names of prominent Americans by the KCFF was of concern to U.S. Government agencies as early as 1966. Much of the executive branch's early awareness of Korean influence activities in the United States--including those of Tongsun Park--arose from State Department and congressional inquiries into KCFF publicity and fundraising activities. However, these activities were not then perceived to be linked to Moon. Later, when Moon's activities generated publicity in the United States, there were numerous requests to the executive branch, as well as to the Congress and to State and local authorities, for information about Moon and for investigations of his organizations' activities. The response to these inquiries was fragmented. Numerous investigations were launched by agencies such as the SEC, INS, and Depart-

390

ment of Justice which involved one or another component of the Moon Organization. The subcommittee's investigation led it to conclude that these investigations were justified and should continue. However, the subcommittee believes that these investigations will be inconclusive and redundant unless they are coordinated with one another and treated as an investigation of essentially one organization. The subcommittee concludes that the following objective could be met by combining investigative activities related to the Moon Organization into an interagency task force:

- (1) Consideration could be given as to whether apparently unrelated immigration, FARA, currency, banking, and other violations were in furtherance of a common scheme or plan.
- (2) All existing information bearing upon the same subjects could be brought together and analyzed; earlier investigations which failed to do this allowed improper influence activities to continue until they caused a major public scandal affecting Korean-American relations.
- (3) Maximum resources could be employed toward tracing cash and obtaining evidence from outside the United States.
- (4) Tax money could be saved by combining related investigations and eliminating duplication of effort.

Executive branch task force

- (1) The Department of Justice, the SEC, the IRS, and other executive branch agencies currently investigating allegations relating to Sun Myung Moon, Pak Bo Hi, the UC, the KCFF, and other individuals and organizations comprising the Moon Organization (as described in this report) should coordinate their efforts and form an interagency task force.
- (2) In addition to continuing present investigations, the task force should address itself to the following issues:
 - (a) Whether there have been systematic and planned violations of U.S. immigration laws and regulations in connection with the importation of large numbers of foreign nationals for the purposes of fundraising, political activities, and employment in the Moon Organization business enterprises.
 - (b) Whether there have been systematic and planned violations of U.S. currency and foreign exchange laws in connection with the movement of millions of dollars of cash and other financial assets into and out of the United States without complying with appropriate reporting requirements.
 - (c) Whether U.S. tax laws have been violated through large cash transfers to individuals which were characterized as loans.
 - (d) Whether tax-exempt organizations such as the Unification Church, Freedom Leadership Foundation, Korean Cultural and Freedom Foundation, and International Cultural Foundation, have engaged in political, business, and other activities inconsistent with their tax-exempt status; and whether these organizations are so closely affiliated with each other and with non-tax-exempt businesses and organizations so as to render them ineligible for tax-exempt status.
- (e) Whether there have been systematic violations of the Foreign Agents Registration Act by the Moon Organization.

391

- (f) Whether there have been violations of currency, immigration, banking, and tax laws in connection with Moon Organization investments in the Diplomat National Bank and other businesses in the United States.
- (g) Whether there have been instances of charity fraud, violations of currency and immigration laws, and abuse of tax-exempt status in connection with the Moon Organization's control over the Korean Cultural and Freedom Foundation.
- (h) Whether there have been attempts to violate, or violations of, the Arms Export Control Act in connection with the manufacture, sale, or attempted sale of M-16 rifles or other armaments by agents of the Moon Organization.

- (3) The task force should use the resources of the following agencies:

Department of Justice (including the FBI, Anti-Trust Division, and INS);

Department of Treasury;

Securities and Exchange Commission;
Federal Reserve Board;
Internal Revenue Service; and
Department of State.

(4) The Department of State should assist the task force in attempting to obtain witnesses, financial data, and other cooperation from foreign governments, particularly Japan and South Korea.

(5) The task force should seek information from appropriate State and local governments and should make information available to State and local governments for use in appropriate proceedings involving enforcement of their laws.

The subcommittee also recommends that appropriate committees of the Congress review certain information pertaining to the Moon Organization. Current U.S. tax laws and regulations made it impractical for the subcommittee to examine the tax returns of such Moon Organization components as the Unification Church International, which was denied tax-exempt status by the IRS. However, there is reason to believe that taxable Moon Organization components derive tax advantages from transfers to tax-exempt components. Since both taxable and tax-exempt organizations are used interchangeably in the Moon Organization, such tax advantages would enable the Moon Organization to pyramid economic power and achieve a substantial advantage over competing organizations. The subcommittee therefore suggests a review by the House Ways and Means Committee and the Senate Finance Committee which have access to tax returns--to determine whether transfers of funds within the Moon Organization raise issues which point to the need for legislation to prevent the abuse of tax-exempt status. More specifically, the subcommittee recommends that the House Ways and Means Committee and the Senate Finance Committee review the applications for tax-exempt status (where applicable) and the tax returns of Moon Organization entities, including:

Unification Church; Freedom Leadership Foundation; Unification Church International; International Cultural Foundation; Korean Cultural and Freedom Foundation; Tong-II Enterprises; One-Way Productions; International Oceanic Enterprises; and News World Communications.

392

and determine whether:

(a) Income from abroad is properly reported.

(b) Deductions are taken by businesses for charitable contributions to tax-exempt organizations, the actual control of which is in the hands of the same persons and organizations in control of the businesses.

(c) New legislation or regulations are needed to prevent tax avoidance and pyramiding of economic power by means of recycling funds through an international organization, part of which is tax-exempt.

The subcommittee has also referred its findings to the Armed Services and Intelligence Committees of the House and Senate, and to the Munitions Control Board of the State Department, with the suggestion that more precise information be obtained about the Moon Organization's role as a Korean defense contractor. During the investigation, the subcommittee found it very difficult to obtain reliable information about the extent to which Moon industries were involved in weapons production and sales. The Moon Organization has self-proclaimed goals of controlling political and secular institutions and a strident ideology which envisions the formation of a "Unification Crusade Army." Moon's speeches foresee an apocalyptic confrontation involving the United States, Russia, China, Japan, and North and South Korea, in which the Moon Organization would play a key role. Under these circumstances, the subcommittee believes it is in the interest of the United States to know what control Moon and his followers have over instruments of war and to what extent they are in a position to influence Korean defense policies.

Of particular concern is the Moon Organization's involvement in the production and sale of M-16 rifles and other weapons provided to Korea under U.S. aid programs and subject to the Arms Export Control Act. In late 1977, Moon Organization representatives tried to renegotiate a coproduction agreement between Colt Industries and the ROK Government. The circumstances suggested they were secret envoys of the Korean Government which, under the coproduction agreement, has exclusive control over M-16 production. Although the ROK Government said it wanted to produce 300,000 extra M-16's because of the need to equip its own forces. Moon Organization representatives tried to get Colt's agreement to export guns to third countries.

The subcommittee therefore recommends:

That the House International Relations Committee, the House Armed Services Committee, and the corresponding committee of the Senate ascertain whether businesses operated by the Moon Organization are engaging in the production or sale of armaments supplied to the ROK Government through U.S. military aid programs, including coproduction agreements. Information about the role played by Moon Organization industries in Korean defense production should be sought from the appropriate U.S. defense and intelligence agencies.

[Back to Moon Information Page](#)
