



CONFIDENTIAL

August 30, 2021

Dear Pan American Membership:

We have received several requests for clarification regarding the situation of the currently suspended officers of PATU. It appears there is confusion due to:

- a) Misunderstanding the extent of the mismanagement that has taken place in PATU, where several hundred thousands of dollars of WT and GMS are undocumented and unaccounted for (this estimated amount does not include other funds that the administration appears to have collected that are not reflected in their accounting such as cash payments for events, memberships, etc.); and
- b) Inaccurate information circulated insinuating that the suspension is politically motivated.

To help clarify the situation and to fulfill the responsibility of informing the membership regarding issues affecting the organization of PATU, the Interim Management Committee will provide you with a summary of problems discovered pertaining with the management of PATU. Due to the severity of the issues discovered preventive temporary suspension was required to begin implementing corrective measures; however, it is important to emphasize that the individuals suspended are innocent until proven guilty. While details of any process handled through the WT Disciplinary and Appeals Code (the "Code"), must remain confidential, we have the obligation to inform the membership of issues discovered that affect PATU as an organization. Therefore, we will only reveal information related to public corporate records and responsibilities under our organization's governing documents and applicable local laws.

1. Governance Failures:

For a non-profit organization to function properly it requires that the officers in charge of its administration faithfully carry-out their responsibilities. Each officer's

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responsibility is determined by the organization's statutes, by-laws, operating procedures, and local government regulations applicable to non-profit entities. Based on our laws, regulations and procedures, each administrative officer has the following fiduciary duties to the membership in Pan America:

- a. President (and Interim President): Has the responsibility to conduct PATU business in the best interest of the Members in PATU. Part of that responsibility required that any entity registered to represent PATU is a non-profit governed by the membership of PATU.
- b. Secretary General. SG is responsible for managing the Secretariat affairs, submits reports to the Executive Council and General Assembly of the activities of the Secretariat and keeps copies of official documents of PATU, which includes copies and information of the corporate records for PATU.
- c. Treasurer: Has the responsibility of managing the funds and books of account of PATU; this means knowing exactly how funds are managed and documented and ensures the funds are used for the purposes claimed.
- d. Auditor: Has the responsibility of carrying out annual audits of all financial matters related to PATU and render reports of the audits to the General Assembly and Executive Council, along with recommendations for corrective measures. His responsibility is to ensure that any information provided to external auditors has accurate information and provided a truthful account of the organization's financials.

Information discovered shows that PATU (also referred to as WTPA) was privately incorporated and operated in violation of PATU's own statutes for several years. The corporate records available for all the entities show that ownership was granted solely to a few managers that registered the company since there is no mention of the membership. Why is this important? It is a matter of who owns the assets and benefits of PATU. For members of a company to have a legal right to the assets and benefits of a company they need to be named in the incorporation documents. If the membership is not named, any legal claim to the assets of PATU would be denied. Summary of the public records of PATU entities in the past 12 years is as follows:

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- a. PATU registered as a non-profit New Jersey (2008 to 2011) where the only individuals registered as owners were Mr. Ji Ho Choi and Mr. Helder Navarro. There is no mention of the membership. The entity was dissolved by the government for failure to file annual reports for 2 consecutive years. See attachment 1
- b. PATU operated without a legal entity for several months between 2011 to 2012
- c. PATU was registered as a non-profit without members in Oregon (2012 to 2018) where the only registered owners were Mr. Choi and Mr. Shin. It was closed by Mr. Shin without requiring approval of the membership. See attachment 2
- d. WTPA was registered as a for-profit in New Jersey (2018 – current) where the only registered owners are Mr. Choi and Mr. Shin with control of 100 shares. See attachment 3
- e. WTPA was registered as a for-profit in Oregon (2020-2021) where the only registered owners were Mr. Navarro, Mr. Shin and Mr. Hristescu with control of 1000 shares. It was closed shortly after WT discovered information that the entity was not compliant with PATU statutes. See attachment 4

These governance failures, together with the inability to provide financial transparency led the WT Council to invoke Article 9.3.1 upon the recommendation of the MRD Commission to intervene and take over the management to prevent further errors or possible misconduct that could further damage the interest of the members in Pan America. This was notified to the membership of Pan America in a letter from Dr. Choue letter dated Jun 26, 2021.

2. **WT's authority to suspend members.** All individuals and organizations participating in World Taekwondo are subject to its rules and regulations. Those rules and regulations set parameters of conduct that need to be followed to remain part of World Taekwondo and its member organizations. Therefore, PATU is subject to WT rules and regulations and if it appears those are violated WT has the authority to investigate and implement corrective actions. This is the process that was followed for the issues discovered in PATU. Anyone that does not follow those requirements can be suspended from its membership. Whether the suspension is temporary or permanent depends on the severity of the actions (or inactions) and final adjudication of the Tribunal after the individuals charged have been given an opportunity to defend themselves against the charges and evidence brought against them. The individuals

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involved in the management are currently temporarily suspended from managing PATU or holding office. In the case of the upcoming elections, they can submit applications, but those applications will not be approved unless they can clear the charges brought against them in their appeals. The outcome of any appeal will be informed to the members of PATU when it becomes available. Until that happens, the suspended individuals should not contact the membership to discuss the issues related to their cases.

3. **Comments and communications to the Interim Management Committee:** In its initial communications to the PATU membership, the Interim Management Committee (IMC) also stated that questions and comments needed to be addressed directly to the Interim Management Committee and that those communications were to be treated confidentially. All the individuals who are currently sending communications to the IMC, copying members of Pan America and informing the general public are violating the confidentiality requirement. If this was in error, we remind you to suspend such communications and limit them to the confidential format. If these emails were sent in an effort to create doubt and mistrust in the system to favor certain individuals, those could be subject to review by WT for possible violations of the Integrity Code.

Hope this helps clarify the misinformation that has been circulated. The Interim Management Committee will continue to be available for any questions or comments; please send them to:

admin.panam@worldtaekwondo.org

Sincerely,

Handwritten signature of Ivan Dibos in black ink.

Mr. Ivan Dibos
Director IMC

Handwritten signature of Sharon Jewell in black ink.

Ms. Sharon Jewell
Miembro IMC

Handwritten signature of Hoss Rafaty in black ink.

Mr. Hoss Rafaty
Miembro IMC

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