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Toronto

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

WANSOO CHAI and EUNHEE CHAI

Plaintiffs

and

CANADA CHRISTIAN COLLEGE AND SCHOOL OF GRADUATE  
THEOLOGICAL STUDIES, CANADIAN NON-DENOMINATIONAL  
ASSOCIATION FOR EDUCATION AND EVANGELISM, CANADA  
CHRISTIAN COLLEGE – KOREAN DEPARTMENT, CHARLES McVETY,  
JENNIFER McVETY and RYAN McVETY

Defendants

**STATEMENT OF CLAIM**

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff.  
The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES,

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LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date \_\_\_\_\_ Issued by \_\_\_\_\_  
Local Registrar

Address of Superior Court of Justice  
court office: 330 University Avenue  
Toronto, ON M5G 1R7

TO: **CANADA CHRISTIAN COLLEGE AND SCHOOL OF GRADUATE AND  
THEOLOGICAL STUDIES**

300 Water Street  
Whitby, ON L1N 9B6  
Tel: 416-391-5000  
Fax: 416-391-3969

Defendant

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AND TO: **CANADIAN NON-DENOMINATIONAL ASSOCIATION FOR EDUCATION  
AND EVANGELISM**

300 Water Street  
Whitby, ON L1N 9B6  
Tel: 416-391-5000  
Fax: 416-391-3969

Defendant

AND TO: **CANADA CHRISTIAN COLLEGE – KOREAN DEPARTMENT**

300 Water Street  
Whitby, ON L1N 9B6  
Tel: 416-391-5000  
Fax: 416-391-3969

Defendant

AND TO: **CHARLES McVETY**

300 Water Street  
Whitby, ON L1N 9B6  
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Defendant

AND TO: **JENNIFER McVETY**

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Defendant

AND TO: **RYAN McVETY**

300 Water Street  
Whitby, ON L1N 9B6  
Tel: 416-391-5000  
Fax: 416-391-3969

Defendant

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## CLAIM

1. The Plaintiffs claim for:

- (a) A declaration that all funds received by the Canada Christian College – Korean Department from September 2000 to date are impressed with a trust in favour of Wansoo Chai, among others, in accordance with the Agreement, as described below;
- (b) A declaration that the Defendants, or any of them, are in breach of trust for knowingly misappropriating funds impressed with a trust;
- (c) An order tracing the misappropriated funds;
- (d) An order disgorging all funds improperly removed by the Defendants or any of them and paying the disgorged funds to Dr. Chai;
- (e) An interim and permanent mandatory order requiring any person, bank, financial institution, accounting firm, brokerage, investment house, credit union or trust company having knowledge of this order to forthwith provide to plaintiffs' counsel particulars of any and all bank accounts and/or other accounts held by the Defendants, whether solely or jointly, since January 1, 2014, including accounts that have been closed since that time;
- (f) An interim and permanent order in the nature of a Norwich Order requiring any bank, financial institution, trust company, credit unit, accounting firm, brokerage, investment house, credit union or trust company having knowledge of this order to

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provide plaintiffs' counsel with copies of bank statements, cheques, deposit slips or bank records, as plaintiffs' counsel may require, in respect of any account or accounts held by or on behalf of the Defendants, whether solely or jointly, from January 1, 2014 to the present, including accounts that have been closed since that time;

- (g) An interim and permanent order that the Defendants deliver up to the Plaintiffs audited financial statements from January 1, 2014 to the present for Canada Christian College – Korean Department, and a complete accounting for the Canada Christian College – Korean Department with full production of all bank statements, invoices, receipts, cancelled cheques, vouchers, general ledgers, working papers, credit card statements, source documents, and original books of entry that are in their power, possession and control;
- (h) An interim and permanent order prohibiting the Defendants or any other employees, agents or third parties who are employed by or who work for or on behalf of, or at the direction of any of the Defendants, from removing or destroying any financial, electronic or any other records which are relevant to the issues raised in this action;
- (i) An interim and permanent order that the Defendants provide an inventory of all computer equipment, musical equipment and/or instruments, and audio-video equipment that is in the possession of the Canada Christian College – Korean Department and deliver up to the Plaintiffs any items belonging to them;

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- (j) Damages in the amount of \$2,000,000 for breach of contract, breach of the duty of good faith, breach of trust, breach of fiduciary duty, and/or unjust enrichment;
- (k) In the alternative to the relief sought in paragraph 1(j), damages in the amount of \$500,000 for the wrongful dismissal of Wansoo Chai;
- (l) In the further alternative to the relief sought in paragraph 1(j), damages in the amount of \$500,000 for the constructive dismissal of Wansoo Chai;
- (m) Damages in the amount of \$78,625.40 for unreimbursed business expenses incurred by Wansoo Chai between 2019 and August 2021 and outstanding compensation owing to Wansoo Chai from 2021;
- (n) Damages in the amount of \$700 for outstanding compensation owing to Eunhee Chai from 2021;
- (o) Damages in the amount of \$150,000 for the wrongful dismissal of Eunhee Chai;
- (p) Punitive damages in the amount of \$500,000;
- (q) Pre-judgment and post-judgment interest in accordance with the provisions of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (r) The costs of this proceeding on a substantial indemnity basis, plus all applicable taxes; and
- (s) Such further and other relief as this Honourable Court may deem just.

### *Overview*

2. This action concerns the Defendants' ouster of the Plaintiffs from the college department they operated together under a revenue sharing arrangement. The ouster followed years of self-dealing by the Defendants, through which tuition revenues were misappropriated and the college department was left unable to pay its ordinary operating expenses.

3. In 2000, Dr. Wansoo Chai ("**Dr. Chai**") entered into an agreement with Charles McVety ("**Charles**") to form an independent Korean Department that was to be affiliated with Charles's Canada Christian College (the "**College**"). The College was a private, non-denominational, degree-granting college.

4. Under their agreement, the Korean Department operated independently from the College. It maintained its own bank account and Dr. Chai was responsible for the Korean Department's operations. The Korean Department had access to the College's infrastructure, including a classroom and offices. Dr. Chai and Charles agreed to a revenue sharing formula whereby the College would receive 35% of the Korean Department's tuition revenues collected after the 10<sup>th</sup> student. To cover necessary overhead, the Korean Department retained 100% of tuition revenues for its first ten students. The 65% of tuition revenues allocated to the Korean Department would be used for all expenses, including faculty and staff salaries.

5. Over time, the Korean Department became successful and profitable. In about 2014, Charles and his family began removing funds from the Korean Department accounts for their personal benefit. Through this self-dealing, around \$2 million was withdrawn from the Korean Department's account, causing a direct loss to the Plaintiffs. Despite assurances that funds would

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be replaced and an accounting provided, the funds were not fully restored. These funds were impressed with a trust. Charles, Jennifer, and Ryan were in breach of that trust and of their fiduciary duties by misappropriating funds that they knew to be impressed with a trust.

6. In August 2021, nearly twenty years after entering into this agreement, Charles unilaterally cancelled the contract. The purported termination followed a period of several months of Dr. Chai urgently raising issues with Charles about funds that were missing from the Korean Department's accounts and not available to support its operations.

7. In a meeting between them on August 19, 2021, Charles said that, going forward, Dr. Chai would have to work as an employee of the College and that Dr. Chai would no longer have control over the Korean Department's operations. Charles presented Dr. Chai with a verbal offer of employment. Dr. Chai never agreed to the offer.

8. A few days later, Charles terminated Dr. Chai's "employment". Charles removed any access Dr. Chai had to the Korean Department, including to his email account. No notice period, or pay in lieu of notice, was offered.

9. At the same time, the College terminated the employment of Eunhee Chai ("**Mrs. Chai**"), who is Dr. Chai's wife. For twenty years, she had been an employee of the Korean Department. The College asserted cause for Mrs. Chai's termination, however it did not disclose any particulars of the cause. As such, Mrs. Chai received no notice period or pay in lieu of notice.

10. Charles had no authority to unilaterally terminate the revenue share agreement. In so doing, he breached that agreement. Dr. Chai has suffered, and will continue to suffer, damages as a result

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of that breach. The Defendants have been and will continue to be unjustly enriched as a result of this breach.

11. Alternatively, Dr. Chai was either wrongfully dismissed or constructively dismissed, without notice or pay in lieu of notice. Dr. Chai has suffered damages as a result.

12. Mrs. Chai was wrongfully dismissed, without notice or pay in lieu of notice, and has suffered damages as a result.

*The parties*

13. The Plaintiff, Dr. Wansoo Chai, is 65 years old. He is a sacred music teacher, conductor, pastor, and was, from 2000 until August 2021, the founder, Dean, and directing mind of the Korean Department.

14. The Plaintiff, Mrs. Eunhee Chai, is Dr. Chai's wife. She is 61 years old. She is a sacred music teacher and was, from 2000 until August 2021, the Administrator of the Korean Department.

15. The Defendant, Canada Christian College and School of Graduate and Theological Studies, is a private, evangelical, degree-granting post-secondary institution now located in Whitby, Ontario. From the time of the parties' agreement until 2018, the College was located in Toronto.

16. The Defendant, the Canadian Non-Denominational Association for Education and Evangelism aka the Evangelical Association (the "**Association**"), is an inter-denominational and non-sectarian evangelical association. The Association founded the College, ordains and licenses the College's graduates, and operates out of the College's campus in Whitby, Ontario. The Korean

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Department's Canada Revenue Agency accounts are registered under the Association's business name. From the time of the parties' agreement until 2018, the Association was located in Toronto.

17. The Defendant, Canada Christian College – Korean Department (the “**Korean Department**”), is an independent department, with its own accounting system, that is affiliated with the College. It is located in Whitby, Ontario. From the time of the parties' agreement until 2018, the Korean Department was located in Toronto.

18. The Defendant, Charles McVety, is an Ontario resident who was at all material times the President of the College.

19. The Defendant, Jennifer McVety (“**Jennifer**”), is an Ontario resident who was at all material times the Vice President and Registrar of the College.

20. The Defendant, Ryan McVety (“**Ryan**”), is an Ontario resident who has been the Vice President of the College since 2016.

### ***The Chai family***

21. Dr. Chai was born in South Korea. After completing his schooling, he worked as a music teacher, choir conductor, and operations manager of a regional music association. He moved to Canada in 1998 with his wife, mother, and two sons.

22. Upon arriving in Canada, Dr. Chai worked as a conductor at a Korean church in Toronto. In 1999, Dr. Chai became the president of the Council of Korean Canadian Church Music. He also opened and operated the New York Praise Biblical Institute – Toronto Campus, a private religious school for the study of advanced church music and theology.

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23. In a few short years, Dr. Chai built a significant profile and became a leader in the Korean Canadian Christian community. He developed an extensive network of professors of Christian music and theology, and with Korean Christians at large.

24. In South Korea, Mrs. Chai worked as a music teacher and choir conductor. When the family moved to Canada in 1998, Mrs. Chai found work leading the women's choir at the Korean Garden Church in Toronto.

25. Dr. and Mrs. Chai are proud and devout Christians. Faith is fundamental to their lives. They live their lives, and make choices, based in faith and the Christian values of empathy, trust, and honesty.

***Dr. Chai partners with Canada Christian College***

26. In the summer of 2000, Dr. Chai began exploring options for a partnership with a theological college with degree-granting capabilities. The New York Praise Biblical Institute was not accredited to do so. This brought Dr. Chai to the College, which offered English-language post-secondary studies covering a broad spectrum of religious topics and interests and was accredited to grant degrees.

27. In or about August 2000, Dr. Chai and Charles met at the College's campus, located at 50 Gervais Drive in Toronto, to discuss joining forces. The discussion was productive. They finalized an agreement at that first meeting.

28. The terms of the contract, which took the form of a revenue share agreement (the "**Agreement**"), were as follows:

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- i. an independent Korean Department would be established at the College;
- ii. the Korean Department would have access to the College's infrastructure, including classrooms, information technology, offices, etc.;
- iii. Dr. Chai would be responsible for managing and controlling the Korean Department, including with respect to hiring faculty members, designing programs, overseeing expenses and operations, and recruiting students;
- iv. the Korean Department would have a self-supporting accounting and financial system, with its own bank account, payroll, and finances; and
- v. the Korean Department would keep 100% of tuition revenues for its first 10 students. All tuition revenues from the 11<sup>th</sup> student on would be shared with the College on a 65/35 split: the Korean Department would keep 65% of revenues and 35% would be paid to the College. The Korean Department would manage its own payroll and expenses, all of which it would pay out of its share of tuition revenues.

29. This Agreement was later confirmed at a meeting in March 2001 and memorialized in a letter from Dr. Chai following that meeting.

30. In September 2000, Charles and Dr. Chai opened the Korean Department's bank account. The account had three signing officers—Charles, Dr. Chai, and Rev. Seungmin Yang (soon replaced by Mr. Youngjo Chung, and later by Mrs. Chai)—but only two signatures were needed on cheques. For the Korean Department's first 15 years, Charles rarely signed any cheques. Signing cheques, as with all other operational tasks, was Dr. Chai's responsibility.

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31. The terms of the Agreement remained intact until the events giving rise to this proceeding.

***The Korean Department grows under Dr. Chai's leadership***

32. The Korean Department launched in January 2001, in time for Winter Semester. The Korean Department had 27 students during its first semester of operations. During its early years, most of the Korean Department's students came from in or around Toronto, many of them recruited through Dr. Chai's personal network and from the sacred music scene.

33. Dr. Chai built the Korean Department from the ground up. Some Korean students had previously graduated from the College or from one of its affiliated institutions in Korea, but the Korean Department as an independent entity did not exist until Dr. Chai founded it.

34. The Korean Department's first graduation took place in June 2003. That year, the department had about ten graduates.

35. Many of the Korean Department's first sets of graduates struggled to find employment because of a poor reputation that the College had developed. Rumours circulated in many Korean churches and seminaries that the College's degrees were illegitimate and granted to unqualified students.

36. In the early going, Dr. Chai approached several reputable theological universities to establish a joint-degree program, including Sungkyul University, the Asian Center for Theological Studies and Mission University (ACTS), Daegu Arts University, Korea Christian University, and Sungkyul Pastoral Theological College. In each case, Dr. Chai's proposal was either rejected or failed to get off the ground because of the College's reputational issues.

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37. Between 2001 and 2014, in part because of these reputational issues, the Korean Department experienced little growth. The number of students ranged from 30 to 60 in most years. In 2012, there were only four new students.

38. As was the case throughout their tenure, neither Dr. Chai nor Mrs. Chai received a fixed salary. The College exercised no control over their salaries. Dr. Chai and Mrs. Chai's pay depended entirely on tuition revenues, and thus by extension on how many students were registered with the Korean Department. Dr. Chai determined his and his wife's salary once all other expenses, and all other faculty and staff salaries, had been paid. In some years, such as in 2012, this meant that Dr. and Mrs. Chai each made less than \$25,000. Dr. Chai often had to reduce his family's food budget because of how little money the Korean Department was bringing in. In later years, the McVetys' self-dealing limited Dr. Chai's compensation by wrongfully removing funds to which Dr. Chai should have had access.

39. Dr. Chai was the directing mind of the Korean Department in every sense of the word. He recruited students, set up musical instruments and camera equipment, designed the website, hired faculty, drafted curricula, and oversaw daily operations. Dr. and Mrs. Chai worked tirelessly, including late into the night and on weekends, with almost no support from the College.

40. To assist the Korean Department's students in finding work after graduation, Dr. Chai established the Don Valley Community Church. Dr. Chai was the church's head pastor. Many of the Korean Department's graduates used this church, and its network, as a starting point for employment.

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41. Around 2014, Dr. Chai began offering the Korean Department's lectures and curriculums to students in Korea online. Dr. Chai recruited professors in Korea, who were appointed as adjunct professors of the Korean Department. These professors, who were referred to as "Directors", recruited students locally in Korea and taught online classes. The students also learned online from the Korean Department's professors in Canada. The Directors received 50% of tuition revenues in exchange for their work. The remaining 50% was split between the College and the Korean Department in accordance with the Agreement. Charles approved of this arrangement.

42. By 2016, the Korean Department had around 140 students. It has continued to grow ever since. In 2019, it had 179 students. The Korean Department has also expanded its faculty to 27 professors and offers 10 different major designations, some of which—including the Master of Divinity in Christian Counselling and the Master of Divinity in Sacred Music—are unique to the Korean Department and are not available to the College's students. The Korean Department has over 1,200 alumni worldwide, many of whom work as Christian leaders in their respective fields.

43. The Korean Department's reputation has also improved over this period. The National Research Foundation of Korea ("NRF"), which publishes annual statistics on foreign doctorate degrees, ranks the College as one of the top institutions in Canada. This is almost entirely due to the Korean Department. All of the Korean Department's dissertations are listed in NRF's databases, for which there are strict selection criteria.

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*The Korean Department has always operated independently of Canada Christian College*

44. As per the Agreement, the Korean Department operated independently of the College. Dr. Chai had full authority over hiring and firing professors and staff members, recruiting and overseeing students and curricula, and paying salaries and expenses.

45. All salaries and expenses, including those of Dr. Chai and Mrs. Chai, came out of the tuition revenue that was allocated to the Korean Department as per the terms of the Agreement. In exchange for the use of classroom and office space, and access to the College's information technology infrastructure, the College received 35% of the Korean Department's revenues after the 10<sup>th</sup> student without bearing any responsibility for its expenses. Importantly for Dr. Chai, the affiliation with the College permitted his students to achieve degrees in their chosen religious vocation.

46. Charles had no role in the Korean Department's operations. He had no control over faculty salaries or any of the department's other expenses. The extent of Charles's knowledge about the Korean Department came via reporting emails from Dr. Chai and the end-of-semester tuition sharing breakdowns, which tallied up the amount owing to the College under the Agreement.

47. Examples of the Korean Department's independence from the College include, but are not limited to:

- i. unlike any other department at the College, the Korean Department has its own section on the College's homepage and maintained its own webpage;

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- ii. the Korean Department's operations were excluded from the Faculty Guide meetings held at the College every fall and the Korean Department maintained its own academic and faculty policies;
- iii. the Korean Department's programs, faculty, and staff were excluded from the College's annual orientation program;
- iv. the Korean Department's Canada Revenue Agency ("CRA") G.S.T/H.S.T. and payroll accounts were separate from those of the College;
- v. the College does not include the Korean Department's operations in Korea as part of its Registered Charity Information Return for CRA;
- vi. Dr. Chai was the only Dean at the College with signing authority over a separate bank account, and the Korean Department was the only department with a separate account;
- vii. Dr. Chai made decisions about student admissions and scholarships independently from the College's admissions process;
- viii. the Korean Department's faculty and staff salaries were not standardized alongside those of the College and were at Dr. Chai's discretion;
- ix. the Korean Department was not registered for OSAP along with the remainder of the College because it operated differently from the College's other programs, with different course and payment structures;

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- x. at the onset of COVID-19, the Korean Department, at Dr. Chai's direction, switched to remote learning without notice to and several weeks in advance of the College doing the same;
- xi. the Korean Department did its own janitorial work. Dr. Chai and Mrs. Chai were themselves responsible for such custodial tasks as vacuuming the classroom and changing lightbulbs;
- xii. the Korean Department was not renovated together with the College's other departments. At the Toronto campus, for example, the Korean Department did not receive new wooden flooring when the College did and had to use its own funds to install new flooring;
- xiii. for the most part, the Korean Department did not share the College's video and audio equipment, office supplies, and musical instruments. It purchased its own and stored them in the Korean Department's office. Some of these are the property of Dr. and Mrs. Chai; and
- xiv. Ryan McVety did not allow the Korean Department's books and publications to be placed in the College's library, so it has always maintained its own small library and provided its students with independent e-book access.

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***Mrs. Chai was a full-time employee of the Korean Department for over twenty years***

48. Mrs. Chai was involved in the Korean Department from its inception. Before the Korean Department was founded, she assisted Dr. Chai in setting up the Korean Department's accounting and management systems.

49. Once the Korean Department opened, and for twenty years thereafter, Mrs. Chai worked as the Korean Department's Administrator. Mrs. Chai's primary responsibilities included student enrolment services, transcript and academic documents management, assisting with academic administration and class preparation, and office and facility management.

50. Through this role, Mrs. Chai served as *de facto* admissions and academic counsellor. Mrs. Chai counseled new students, addressed student complaints and grievances, and fielded admissions inquiries. She also performed such tasks as visiting students in hospital and giving rides to students who could not make it to campus on their own. Mrs. Chai also helped students settle into their new lives in Canada, assisting them with housing, transit, healthcare, and the public school system.

51. Mrs. Chai also served as *de facto* alumni relations officer, maintaining a connection with each of the Korean Department's graduates. She followed their careers and gathered feedback from each of them to improve the Korean Department's programs and student experience.

52. Mrs. Chai also assisted Dr. Chai with outreach, and specifically with the planning, budgeting, and management of outreach initiatives.

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53. In addition to these administrative roles, Mrs. Chai performed several hands-on tasks. She cooked meals for the Korean Department's worship teams, bands, and students on a regular basis. She was also responsible for such janitorial tasks as cleaning the Korean Department's classroom.

*Starting in 2014, Charles changed the Korean Department's accounting system*

54. In or around 2014, when the Korean Department began expanding rapidly, Charles suggested to Dr. Chai that the College's bookkeeper take over the Korean Department's accounting work. Previously, the Korean Department had employed its own accountant. Charles told him that doing so would save the Korean Department money. The Korean Department continued to maintain a separate bank account and Dr. Chai retained full authority and discretion over expenditures.

55. In or around the fall of 2016, Dr. Chai and Mrs. Chai's control over and access to the Korean Department's account was cut off. Around the same time, Charles added Jennifer and Ryan as signing authorities on the account. He did so without notice to Dr. Chai and without his permission.

56. Charles informed Dr. Chai that he had removed him as a signing officer because there were unexplained wire transfers coming out of the account. He said he was concerned that money was being stolen. These unexplained transfers were payments to the Directors in Korea. They were associated with the Korean Department's online programs and were legitimate. Upon Dr. Chai advising Charles of this, Charles agreed to fix the issue. Several weeks later, Dr. and Mrs. Chai's signing authority was restored. Jennifer and Ryan remained on the account as signing authorities moving forward.

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57. In the summer of 2018, the College moved from Toronto to a new campus in Whitby, Ontario. In the midst of that move, Dr. and Mrs. Chai were again removed as signing authorities from the Korean Department's account. Their authority has never been restored.

58. Dr. Chai raised this issue several times in the years that followed, but Charles either ignored or deflected his requests. Dr. Chai asked that his signing authority be restored as a solution to the Korean Department's operational difficulties, something which he believed would help Charles and the McVetys, but he was unsuccessful. Up until August 2021, Dr. Chai hoped that he would be restored as signing authority. In the meantime, he continued operating the Korean Department as best he could.

59. From August 2018 onwards, Dr. Chai has had to go through the College's bookkeepers to receive cheques and account statements. Despite continuing to be responsible for overseeing expenses and ensuring that salaries are paid, Dr. Chai lost the ability to do so himself. Moreover, without ready access to the account statements, he could never be sure how much money was in the account at any given time. All cheques had to be signed by Charles, or one of his family members.

60. Despite these administrative changes, the Korean Department continued to operate independently from the College. Dr. Chai submitted receipts and required a signature to pay expenses, but Charles or Ryan always signed off on these expenses. Dr. Chai requisitioned all expenses, set salaries (including his own), and made operating and program development decisions. The Korean Department retained a separate bank account. Tuition revenues were still distributed according to the Agreement.

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***Charles and his family engage in self-dealing by making unauthorized withdrawals from the Korean Department's account***

61. Starting in January 2014, the McVetys began withdrawing funds from the Korean Department's account for the benefit of either themselves or the College. They did so without notice to Dr. Chai and without Dr. Chai's permission. Nothing in the Agreement, to which Charles had agreed and under which he had performed for almost fifteen years, permitted Charles to withdraw any funds from the Korean Department's account. Neither Charles, Jennifer, Ryan, or any of their family members were personally entitled to any funds from the Korean Department. The only funds to which the College was entitled were those that came via their share of tuition revenues.

62. These unauthorized withdrawals have been for, among other things, such personal expenses as animal hospitals, pet stores, hair and nail salons, spas, golf expenses, pet grooming, jewellers, women's fashion stores, and many unrecognizable foreign exchange ATM and VISA expenses.

63. This self-dealing caused significant harm to the Korean Department. Its scale was such that the Korean Department could not always meet its obligations—including the 35% of revenue share payments owing to the College and its employees' salaries—in a timely fashion. It also caused direct harm to Dr. Chai, who had to reduce his salary because of the limited funds available in the account.

64. These withdrawals totaled at least \$2,180,332.34 between January 2014 and July 2021, well over the \$1,083,749.81 to which the College was entitled under the Agreement during that

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period. Full financial production and an accounting is required to determine the total loss to the Korean Department and to Dr. Chai as a result of these withdrawals.

65. There were also unexplained deposits into the Korean Department's account during this period. Some of these deposits were promptly transferred to other accounts, while others were not. These funds were not used for the Korean Department's operations and Dr. Chai has no knowledge of what these deposits were for, why they were deposited in the Korean Department's account, or which accounts they were transferred to.

66. Because of these withdrawals, and the need to go through the College's bookkeepers for cheques, payments to the Korean Department's professors and Directors were increasingly delayed. Beginning in about early 2019, payments to third parties were delayed by many months, and some payments to Directors in Korea were delayed by as much as one year. Dr. and Mrs. Chai's salary cheques were also significantly delayed on several occasions.

67. Dr. Chai bore the criticism for these delays, both from professors in Toronto and the directors in Korea. He had hired these employees and was the face of the Korean Department. As time wore on, Dr. Chai was increasingly concerned about the Korean Department's ability to operate from one semester to the next.

68. Dr. Chai attempted to raise these issues with Charles on multiple occasions, in person and via email. Charles either ignored Dr. Chai, provided excuses (which included, at various times, the move from Toronto to Whitby, COVID-19, ongoing audits, and an application for university status), or promised that all would be made well and that he would ensure that the Korean Department's account was always in good standing.

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69. As of August 6, 2021, the Korean Department's account balance stood at \$4,829.01. At that time, there were thirteen professors and teaching assistants who had not been paid for the summer semester. As of August 2021, Dr. Chai was also owed \$78,625.40 for unreimbursed business expenses.

***Charles breaches the Agreement and purports to terminate Dr. and Mrs. Chai's employment***

70. On August 19, 2021, Dr. Chai attended a meeting with Charles, Ryan, and Andrew Joo, one of Charles's staff members who speaks Korean and assisted with translation. Charles called this meeting after several emails from Dr. Chai expressing serious concerns about the Korean Department's finances. Several staff had not been paid in several months and Dr. Chai was concerned about the account's low balance.

71. At this meeting, Charles announced that the Agreement was no longer good business. He acknowledged that it had worked 20 years ago but no longer worked today.

72. He purported to terminate the Agreement and offered Dr. Chai a contract of employment.

73. Under this new employment contract, Dr. Chai would be paid \$100,000 per year and would no longer have control over the Korean Department. Ryan would assume responsibility for program management decisions.

74. At this meeting, Charles professed to have no knowledge of what Mrs. Chai did for the Korean Department. He acted as if he did not know that she was an employee. He extended no employment offer to Mrs. Chai and instead asked for more information about her role.

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75. On Friday, August 20, 2021, Dr. Chai sent Charles an email to thank him for the meeting and asked for some time to think about the offer. Charles told Dr. Chai that he needed to sign the contract by Tuesday, August 24, 2021.

76. Over the weekend, Dr. Chai fell ill. On August 24, Dr. Chai sent Charles a text message informing him that he was unwell and that he needed more time to consider the offer.

77. Despite having responded to this text message, and in full knowledge of Dr. Chai's illness, Charles terminated Dr. Chai by voicemail on August 25. A formal termination letter was sent on August 26, although it was sent to Dr. Chai's work account to which he had lost access on that date. The letter was forwarded to Dr. Chai's personal account on August 28. The stated reason for termination was that Dr. Chai had failed to respond to the employment offer. Dr. Chai was not offered any pay in lieu of notice.

78. Mrs. Chai was terminated by letter that same day. Mrs. Chai was informed that she had been terminated for cause, but this cause was not specified at the time. Like her husband, Mrs. Chai was not offered any pay in lieu of notice.

***The Defendants breached the revenue share agreement and their contractual duty of good faith***

79. Dr. Chai and Charles, who was acting on behalf of the other College Defendants, entered into an agreement in August 2000 establishing the Korean Department as an independent arm of the College and setting out a 65/35 revenue share agreement to distribute tuition revenues between the two entities.

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80. Charles and Dr. Chai confirmed the terms of this Agreement at a meeting in March 2001. Dr. Chai memorialized these terms in a subsequent letter, to which Charles raised no issue. For twenty years, Charles performed the terms of the Agreement.

81. Dr. Chai did not authorize the Defendants to use the Korean Department's funds for any purpose. Dr. Chai did not authorize the Defendants to withdraw any funds from the Korean Department's account. The Agreement provided no mechanism by which any of the Defendants could lawfully do so. Charles assured Dr. Chai on several occasions that all unlawfully withdrawn funds would be returned to the Korean Department's account.

82. By withdrawing funds from the Korean Department's account far in excess of the 35% of tuition revenues to which they were entitled, and by not returning those funds prior to terminating the Agreement, the Defendants breached the Agreement.

83. Nothing in the Agreement gave the Defendants the authority to unilaterally amend or terminate the Agreement. Dr. Chai did not agree to either amend or terminate the Agreement.

84. By taking away Dr. Chai's control over the Korean Department and unilaterally changing the terms of the arrangement between the Korean Department and College, the Defendants breached the Agreement.

85. In addition, the Defendants breached their duty of good faith and honest performance by terminating the Agreement without discussion or without any attempt to amend it. The Defendants were under an obligation to perform the contract and, if that performance was rendered impossible by economic realities, to amend the terms of the Agreement with Dr. Chai.

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***The Defendants knowingly misappropriated funds impressed with a trust***

86. Funds held in the Korean Department's account were impressed with a trust in favour of Dr. Chai, among others. Those funds were only to be distributed in accordance with the Agreement. 35% of these funds were held in trust for the College, while 65% were held in trust for the Korean Department, to be distributed as Dr. Chai saw fit.

87. In withdrawing funds in violation of the terms of the Agreement, Charles, Jennifer, and Ryan misappropriated funds which they knew to be impressed with a trust for their family's personal benefit.

88. Through this self-dealing, Charles, Jennifer, and Ryan are *prima facie* in breach of this trust. Money that should have been available to contribute to the revenue share under the Agreement and that should have been available to support the Korean Department's operations and growth on an ongoing basis was taken and, as of August 2021, was not returned to the Korean Department's account.

89. Through this self-dealing, Charles, Jennifer, and Ryan are also *prima facie* in breach of the fiduciary duties they owed to Dr. Chai as signing authorities on the Korean Department's account.

***The Defendants have been unjustly enriched***

90. In taking away Dr. Chai's control over a Korean Department that he was wholly responsible for building, and that he built in the face of the College's negative reputation, the Defendants have been and will continue to be unjustly enriched at Dr. Chai's expense.

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91. In misappropriating the Korean Department's funds for their family's personal benefit, Charles, Jennifer, and Ryan have been unjustly enriched at Dr. Chai's expense.

92. The Defendants have now received the benefit of Dr. Chai's twenty years of tireless efforts and hard work to build the Korean Department. The Korean Department exists because of Dr. Chai's personal network, outreach efforts, innovative joint programs, and sweat equity.

93. The Defendants have benefited from this, at no cost to themselves beyond a modest allocation of physical and information technology space, under the Agreement, for twenty years. They will continue to benefit from Dr. Chai's efforts for many years to come, now without any obligation to share tuition revenues with the person responsible for building those revenues. The Defendants have not compensated Dr. Chai for this privilege. It would be unjust for the Defendants to retain such benefits.

***In the alternative, Dr. Chai was wrongfully dismissed from his position as Dean of the Korean Department***

94. In the alternative, if Dr. Chai was an employee of the College, he was wrongfully dismissed as Dean of the Korean Department. There was no cause for Dr. Chai's termination, and he was provided neither notice nor pay in lieu of notice.

95. Dr. Chai asked for time to consider this offer of employment. Dr. Chai was terminated before he had the chance to fully consider and respond to this offer.

96. Dr. Chai served as Dean for over twenty years. His position was that of an executive. Dr. Chai was 65 years old at the time of termination.

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97. Dr. Chai had never signed an employment contract with the College. Apart from the terms set out in the Agreement, his employment – and termination of that employment – was governed by the common law.

***In the further alternative, Dr. Chai was constructively dismissed from his position as Dean of the Korean Department***

98. Under the Agreement, which governed Dr. Chai's role within the Korean Department, Dr. Chai had full control over the Korean Department's operations, including his compensation structure.

99. The employment contract Charles offered Dr. Chai set his salary at \$100,000 and removed his control over the Korean Department. This demonstrated a clear intention by the Defendants to no longer be bound by the terms of the Agreement. It represented a fundamental change to Dr. Chai's compensation and role, and thus to the Agreement.

100. Dr. Chai did not accept these changes and this new role. He was not given sufficient time to consider how to respond. The changes and/or the purported termination that followed amounted to constructive dismissal.

***Mrs. Chai was wrongfully dismissed from her position as Administrator of the Korean Department***

101. Mrs. Chai served as Administrator of the Korean Department for over twenty years. She was 60 years old at the time of termination. She was not presented with a new employment contract

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before being terminated. Despite what was written in her termination letter, there was no cause for termination, and she was provided neither notice nor pay in lieu of notice.

102. Mrs. Chai had never signed an employment contract with either the College or the Korean Department. Her employment was governed by the common law.

***Dr. and Mrs. Chai have suffered and will suffer damages and irreparable harm***

103. Although he is no longer young, Dr. Chai ought to have been able to spend many more years running, growing, and profiting from the Korean Department. Mrs. Chai ought to have been able to do the same alongside her husband.

104. Dr. Chai has lost out on what would have been several more profitable years at the helm of the Korean Department. The Korean Department is a profitable venture. It is of great value to the College and to Dr. Chai and, as of August 2021, had considerable future value to both parties. Dr. Chai has suffered and will continue to suffer damages as a result of the Defendants' breach of contract, breach of trust, and breach of fiduciary duty, which damages will be further particularized in advance of trial.

105. Moreover, Dr. Chai has suffered damages from the McVetys' self-dealing. Because Dr. Chai's salary was set after all other expenses and salaries had been fulfilled, that salary was dependent on the amount of money available in the Korean Department's account. The McVetys' self-dealing depleted the account, and thus Dr. Chai took home significantly less than he would otherwise have done. Full financial production and an accounting will be required to particularize these damages.

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106. Further, and in the alternative, Dr. Chai has suffered damages as a result of wrongful dismissal or constructive dismissal. At 65 years old and with over twenty years of service in an executive position, Dr. Chai is entitled to damages equal to two years pay in lieu of notice. Dr. Chai's compensation package, although modest in the Korean Department's early years, included by 2021 an attractive package of salary, subsidies, and a housing allowance. Even as an employee, Dr. Chai's salary was affected by the Defendants' unauthorized withdrawals, as described above. The full extent of these damages, and thus the quantum of pay in lieu of notice to which Dr. Chai is entitled, will be further particularized in advance of trial.

107. Mrs. Chai has suffered damages as a result of wrongful dismissal. Mrs. Chai is 61 years old and worked in an administrative position for over twenty years. Mrs. Chai's compensation consisted of a salary and subsidies. Like her husband, Mrs. Chai's salary was affected by the Defendants' self-dealing. The full extent of these damages, and thus the quantum of pay in lieu of notice to which Mrs. Chai is entitled, will be further particularized in advance of trial.

108. Dr. Chai and Mrs. Chai seek financial production and an accounting to particularize their damages. The Plaintiffs also require interim productions from third party financial institutions to locate the misappropriated funds. The Plaintiffs also require an interim order prohibiting the Defendants from destroying any relevant documents. These orders are necessary for this action to proceed.

109. There is a real risk of irreparable harm to the Plaintiffs without this interim relief. The Defendants have a demonstrated history of self-dealing, failing to account, and abstracting

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financial transactions through money transfers. Every indication is that they will continue to do so.

110. Dr. Chai has sought to mitigate his damages. Among other things, Dr. Chai has attempted to establish a similar Korean Department at other religious institutions in and around Toronto. To date, Dr. Chai has been unsuccessful in so doing. Seeing as he was not an employee, Dr. Chai is not eligible for employment insurance.

111. One of the barriers to Dr. Chai forming a new partnership is the McVetys' poor reputation. Dr. Chai suffers by association. Recent media coverage and investigations have uncovered evidence that the McVetys use the College as a private bank. Dr. Chai has suffered, and will continue to suffer damages, as a result of this reputational harm.

112. Dr. and Mrs. Chai have not been given the chance to remove their personal belongings from the College's campus. These include personal effects and several musical instruments and pieces of audio and video equipment that were being used by the Korean Department, but which belong to Dr. and Mrs. Chai. Dr. and Mrs. Chai seek an inventory of all items in the possession of the Korean Department in order to recover their personal belongings.

113. The Defendants' actions were and are reprehensible, high-handed, and deserving of punishment. They have appropriated for their own benefit a department that owes its existence to the efforts and goodwill of Dr. Chai and Mrs. Chai. The Defendants' conduct was undertaken consciously and in full knowledge that such conduct was improper, in breach of contract, and was likely to injure Dr. Chai and Mrs. Chai. The Defendants' actions should be sanctioned through an award of punitive damages.

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114. The Plaintiffs request that the trial of this action take place in Toronto.

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-and- **Court File No./N° du dossier du greffe:** CV-22-00680754-0000  
CANADIAN CHRISTIAN COLLEGE AND SCHOOL OF  
GRADUATE THEOLOGICAL STUDIES et al.  
Defendants

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT  
TORONTO

**STATEMENT OF CLAIM**

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