

Court File No. CV-22-00680754-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

WANSOO CHAI and EUNHEE CHAI

Plaintiffs

and

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

Defendants

STATEMENT OF DEFENCE AND COUNTERCLAIM

1. The Defendants admit the allegations in paragraphs 7 (except that Wansoo Chai was only an employee of Canada Christian College & School of Graduate Theological Studies), 15 (except that there was no such “agreement” as alleged), 18 - 20, 42 (except that no degree programs were ever offered that were not available to non-Korean language students), 57, 70 (only to the extent that the meeting occurred), 73 (only in respect of the salary offered of \$100,000.00 per annum), 74 (except that Charles McVety in fact did not know what work Eunhee Chai allegedly did for the Korean Department), 75 (except that Charles McVety advised that he needed a response by Tuesday, August 24, 2021) and 102 of the Statement of Claim, except as set out herein.

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2. The Defendants deny the allegations in paragraphs 1 – 6, 8 - 14, 16, 17, 28 - 31, 33, 35, 38, 39, 41, 44 - 47(i) through (xiv), 49 - 51, 54 - 56, 59 - 64, 66, 68 - 70 (other than that the meeting occurred), 71, 72, 77 - 99, 101 and 103 - 113 of the Statement of Claim, except as set out herein.

3. The Defendants have no knowledge of the allegations in paragraphs 21 - 27, 32, 34, 36, 37, 40, 43, 48, 52, 53, 58, 67, 76 and 100 of the Statement of Claim, except as set out herein.

4. The Plaintiff, Wansoo Chai (“**Dr. Chai**”) is the former dean of the Korean Department of the Defendant, Canada Christian College & School of Graduate Theological Studies (the “**College**”).

5. The Plaintiff, Eunhee Chai (“**Mrs. Chai**”) is Dr. Chai’s wife.

6. The College was founded in 1967 and has been a comprehensive degree-granting institution in Ontario since 1999. The College operates under the authority of the Ontario Legislature, via Bill Pr4 1999 “*The Canada Christian College and School of Graduate Theological Studies Act.*”

7. The College is a non-profit organization, registered as a charity in Ontario, with Charitable Tax Number 869541540 RR 0001.

8. The Defendant, “Canada Christian College – Korean Department”, is not a separate legal entity and has no capacity to sue or be sued. The Plaintiffs have no legal

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standing to assert claims either on behalf of or against the College's Korean Department (hereinafter referred to as the "**Korean Department**").

9. The Defendant, Canadian Non-Denominational Association For Education And Evangelism, founded the College. The Plaintiffs have no cause of action against this entity.

10. The Defendant, Charles McVety, is president of the College. The Defendants, Jennifer McVety and Ryan McVety, are senior officers and administrators within the College. The Plaintiffs had no contractual relationship with any of Charles, Jennifer or Ryan McVety (the "**McVetys**"). The McVetys did not owe any fiduciary duties or other duties to the Plaintiffs. The Plaintiffs have no standing to assert alleged claims by the College or the Korean Department against the McVetys. The Statement of Claim fails to set out a cause of action by the Plaintiffs against any of the McVetys.

11. The Defendants specifically deny the "Agreement" alleged in paragraphs 1(a), 3, 4, 6, 10, 15 - 17, 27 - 29, 31, 41, 44 - 46, 60, 61, 64, 71, 72, 79, 80 - 88, 93 and 97 - 99 of the Statement of Claim. The Korean Department is and always was a department of the College. The Korean Department provides the same courses to students as the rest of the College, except that the courses are provided in the Korean language. Dr. Chai was hired as dean of the Korean Department.

12. As dean of the Korean Department, Dr. Chai reported to the Academic Dean and ultimately to the Chief Executive Officer, the President and the Board of Directors of the College.

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13. The Korean Department maintained a separate bank account at the College's bank, The Toronto-Dominion Bank ("**KD Bank Account**"). Contrary to the Plaintiffs' allegations, the KD Bank Account was opened by the College and belonged to the College. This is reflected on the face of the cheques for the KD Bank Account. The signing authorities on the KD Bank Account were appointed by the College. Dr. Chai and Mrs. Chai had no legal right or entitlement to be or remain signatories on the KD Bank Account.

14. The Korean Department was never intended to be and could not be operated as a "for profit" enterprise, as alleged by the Plaintiffs. This would have been contrary to the College's not-for-profit and charitable status.

15. Dr. Chai was not and never could be a shareholder or "owner" of the Korean Department and Dr. Chai was not entitled to the revenue or "profits" of the Korean Department. The revenue from the Korean Department belonged to the College.

16. Dr. Chai was an employee of the College, not the Korean Department.

17. He was issued T4's by the College, as were Mrs. Chai and their son, Jusung Chai, although Mrs. Chai and Jusung Chai were not providing meaningful services to the College.

Termination of the Plaintiffs

18. During the years 2018 through 2021 (up until August 25, 2021), the Plaintiffs received cheques totalling \$934,446.01 from the College (written on the KD Account), pursuant to cheque requisitions submitted by Dr. Chai, as follows:

YEAR	Pay to	Sum of Amount (CAD)
2018	Eunhee	34,878.01
	Jusung	33,461.04
	Wansoo	193,364.68
2018 Total		261,703.73
2019	Eunhee	44,850.00
	Jusung	37,757.63
	Wansoo	252,299.42
2019 Total		334,907.05
2020	Eunhee	66,500.00
	Jusung	11,325.00
	Wansoo	151,438.44
2020 Total		229,263.44
2021	Eunhee	42,900.00
	Wansoo	65,671.79
2021 Total		108,571.79
Grand Total		934,446.01

19. The payments to Dr. Chai and his family members were substantially in excess of the amounts for which the Plaintiffs and their son received T4's from the College.

20. Among other things, pursuant to requisitions submitted by Dr. Chai, Dr. Chai and his family members received reimbursement from the College for personal automobile expenses (including lease payments, gas, insurance and service/maintenance), housing costs, meals, Uber transportation, clothing, personal electronics, family vacations to

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Mexico, Europe, Japan, Philippines and Finland and many other personal living expenses, in addition to the salaries paid to Dr. Chai, Mrs. Chai and their son, even though Mrs. Chai and her son were not providing meaningful services to the College.

21. The Plaintiffs and their son had no legal right or entitlement to receive funds from the College, except for salary for services actually provided to the College or reimbursement of legitimate expenses incurred on behalf of the College.

22. On July 20, 2021, Dr. Chai sent a Departmental Memo on the College's letterhead to Charles and Ryan McVety, with a litany of complaints about the operations of the Korean Department. Among other things, Dr. Chai stated in the Departmental Memo the following:

4) As per the established partnership between CCC and KD, I would like to reiterate that I will have to directly manage and control KD's financial accounts as before. This is the best way I can properly operate KD and effectively plan our future growth.

23. There was no "partnership" between the College and the Korean Department. Rather, the Korean Department was a department of the College. Dr. Chai was dean of the Korean Department. Dr. Chai had no right to dictate to the College how the Korean Department should be run.

24. On August 2, 2021, Dr. Chai sent a further "Interdepartmental Memo" on the letterhead of the College to Charles and Ryan McVety. In his August 2, 2021 memo, Dr. Chai made the following statements, among others:

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I am not nor have I ever been a direct employee of CCC. I established a relationship with a privately funded school CCC in 2000 and operated as the owner of the Korean Department.

25. This was absolutely not true. Dr. Chai was not and could not be the “owner” of the Korean Department, as he alleged. This position raised very serious concerns about the relationship between the College and Dr. Chai, given that the College is a non-profit registered charity.

26. Dr. Chai’s improper conduct, demands and accusations ruptured the relationship between the College and the Plaintiffs.

27. Dr. Chai demanded a meeting with Charles and Ryan McVety. The meeting took place on August 19, 2021. Dr. Chai did not disclose to Charles and Ryan McVety that he was audio recording the meeting (or indeed that he had been secretly recording meetings with Charles McVety since at least 2016).

28. At the August 19, 2021 meeting, Charles McVety responded to Dr. Chai’s allegation that he “owned” the Korean Department and informed him that he was not the owner of the Korean Department. Charles McVety also confronted Dr. Chai with the fact that Dr. Chai and his family members had drawn nearly \$1 million out of the College since 2018, even though neither Dr. Chai’s wife nor his son appeared to work at the College. Dr. Chai was informed that this conduct had to stop.

29. As a compromise with respect to these serious concerns, Charles McVety offered a path forward on behalf of the College. The College offered to hire Dr. Chai as dean of

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the Korean Department at a fixed salary in the amount of \$100,000.00 per annum and on the basis that only legitimate expenses would be reimbursed. This offer was made on the basis that the College would not “look backward”, i.e. that the College would waive Dr. Chai’s prior misconduct.

30. Dr. Chai did not accept this proposal. This left the College in an impossible position. Dr. Chai could not remain as an employee of the College when he denied that he was an employee of the College and when he claimed that he “owned” the Korean Department and would not follow directions from the College.

31. Mrs. Chai could not remain as an employee of the College when she was not in fact providing services for the College.

32. On August 25, 2021, the College formally terminated the Plaintiffs’ employment for cause.

Relief Claimed by the Plaintiffs

33. The Defendants deny that the Plaintiffs have any cause of action against any of the Defendants with respect to the operations of the College or the Korean Department.

34. The Defendants specifically deny that the Plaintiffs have any cause of action or standing to complain about the change of signing authorities on the KD Account, any changes in the Korean Department’s accounting system, any alleged transfers of funds from the KD Account to the College or other matters related to the operations or finances of the College, or the Korean Department in particular.

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35. Further, and in any event, the Plaintiffs themselves plead that they were aware of these alleged claims since at least 2014. If any such conduct was in breach of the alleged “Agreement” pleaded in the Statement of Claim, the existence of which the Defendants deny, then the limitation period for bringing an action had long since expired prior to the Plaintiff’s issuing the Statement of Claim herein on May 5, 2022. The Defendants plead and rely on the *Limitations Act, 2002*, SO 2002, c 24, Sch B.

36. The Defendants plead that the Plaintiffs, by accepting T4’s from the College, are estopped from alleging that their relationship was anything other than an employer/employee relationship.

37. The Defendants deny that the Plaintiffs are entitled to an accounting with respect to the operations of the College, or the Korean Department in particular.

38. As a registered charity, the College obtains annual audited financial statements, which are publicly available.

39. The Korean Department, as a department of the College, does not and has never prepared independent financial statements.

40. The Plaintiffs have no right to seek a “Norwich Order” or similar order against the College or to seek production of the College’s or any of the other Defendants’ confidential banking or accounting records from their financial institutions, financial advisors, accountants or anyone else.

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41. The Defendants deny that they owed any fiduciary duties to the Plaintiffs, or that that the Plaintiffs have or had any ownership interest in any of the assets of the College, including the Korean Department's bank account.

42. The Plaintiffs have failed to provide any evidence that they personally owned the Korean Department's computer equipment, musical equipment and/or instruments and audio-video equipment or that they have any legal entitlement to same.

43. The Defendants deny that the Plaintiffs have any legal basis to claim damages for breach of contract, breach of the duty of good faith, breach of trust, breach of fiduciary duty, and/or unjust enrichment.

44. The Defendants specifically deny that the Plaintiffs are entitled to any equitable relief. The Plaintiffs do not have clean hands.

45. The Defendants deny that the Plaintiffs or either of them incurred unreimbursed business expenses in the amount of \$78,625.40 or any other amount.

46. The Defendants deny that the Plaintiffs are entitled to damages for wrongful dismissal. The College was not obligated to continue employing Dr. Chai in circumstances where, among other things:

(a) Dr. Chai expressly denied that he was an employee of the College;

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- (b) Dr. Chai took the position that he owned and controlled the Korean Department and that he was personally entitled to the “profits” from the operations of the Korean Department;
- (c) Dr. Chai made demands as to how the Korean Department should be run;
- (d) Dr. Chai was insubordinate;
- (e) Dr. Chai appropriated funds belonging to the College; and
- (f) Dr. Chai paid his wife and son alleged salaries for non-existent work.

47. Not only did Dr. Chai take such positions prior to his termination, but Dr. Chai has maintained such positions after his termination, and continues to do so in this lawsuit.

48. The Defendants plead that the College had just cause to dismiss Dr. Chai.

49. The Defendants deny that Mrs. Chai was providing services to the College at the time of her termination or that she has any cause of action against the College. The College does not owe any money to Mrs. Chai for outstanding compensation for 2021.

50. The Defendants plead that the damages claimed by the Plaintiffs are excessive, remote, and not recoverable at law against any of the Defendants.

51. The Defendants further plead that the Plaintiffs have failed to mitigate their damages.

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52. Further, or in the alternative, the Defendants plead that they are entitled to set-off in respect of funds misappropriated by the Plaintiffs from the College.

53. The Defendants ask that this action be dismissed with costs.

COUNTERCLAIM

54. The Defendants claim against the Plaintiffs/Defendants by Counterclaim:

- (a) An accounting of all funds received by the Plaintiffs/Defendants by Counterclaim from the College;
- (b) Reimbursement of any expenses which were not *bona fide* incurred for the benefit of the College;
- (c) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*;
- (d) postjudgment interest in accordance with section 129 of the *Courts of Justice Act*;
- (e) the costs of this counterclaim, plus all applicable taxes; and,
- (f) such further and other relief as to this Honourable Court may seem just.

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55. The Defendants repeat and rely upon the allegations contained in the Statement of Defence.

August 5, 2022

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CANADA CHRISTIAN COLLEGE & SCHOOL OF
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Proceeding commenced at Toronto

STATEMENT OF DEFENCE AND COUNTERCLAIM

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