

To: Hon Dr David Clark, Associate Minister of Finance
Hon Eugenie Sage, Minister for Land Information

ASSESSMENT REPORT: Seung Heun Lee, Double Pine Investment Limited and Meditation Tour Limited

Date	5 March 2020	Classification	IN CONFIDENCE: Commercially sensitive
OIO reference	201900066, 201900446, 201900447, 201900501, 201900526, 201900530, 201900531	Priority	Medium
Report number:	1505	Briefing number:	BRF 20-406

Action Sought

Minister	Action	Suggested Deadline
Hon Eugenie Sage, Minister for Land Information	<ol style="list-style-type: none"> Review the attached report and decide whether to grant consent to the applications Forward the report and attachments to the Associate Minister of Finance 	1 April 2020
Hon Dr David Clark, Associate Minister of Finance	<ol style="list-style-type: none"> Review the attached report and decide whether to grant consent to the applications Forward the report and attachments to the Overseas Investment Office 	1 April 2020

LINZ Contacts

Name	Position	Contact number	First contact
[s 9(2)(g)(ii)]	Manager Applications, OIO	[s 9(2)(g)(ii)]	<input checked="" type="checkbox"/>
[s 9(2)(g)(ii)]	Senior Solicitor	[s 9(2)(g)(ii)]	<input type="checkbox"/>

Minister's office to complete

1 = Was not satisfactory 2 = Fell short of my expectations in some respects 3 = Met my expectations
4 = Met and sometimes exceeded my expectations 5 = Greatly exceeded my expectations

Overall Quality	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Comments					
<input type="checkbox"/> Noted	<input type="checkbox"/> Seen	<input type="checkbox"/> Approved	<input type="checkbox"/> Overtaken by events		
<input type="checkbox"/> Withdrawn	<input type="checkbox"/> Not seen by Minister	<input type="checkbox"/> Referred to:			

ASSESSMENT REPORT: Seung Heun Lee, Double Pine Investment Limited and Meditation Tour Limited

Overview

Purpose

1. We seek the Ministers' decision on whether applications by Seung Heun Lee and companies he owns, Double Pine Investments Limited and Meditation Tour Limited, under the Overseas Investment Act 2005 (the **Act**) to acquire sensitive land meet the investor test under the Act.
2. These transactions require consent for the retrospective acquisition of:
 - a freehold interest in approximately 0.5109 hectares of land at 88 Reinga Road, Kerikeri, Northland;
 - a freehold interest in approximately 24.7645 hectares of land at Whangaroa Road, Totara North, Kaeo, Northland;
 - a freehold interest in approximately 0.6744 hectares of land at 8-10 Riverstone Lane, Kerikeri, Northland;
 - a freehold interest in approximately 4.7978 hectares of land at 85 Access Road, Kerikeri, Northland;
 - a freehold interest in approximately 6.6613 hectares of land at 34 Macadamia Lane, Kerikeri, Northland;
 - a freehold interest in approximately 156.2941 hectares of land at 1112 Pungaere Road, Kerikeri, Northland;
 - a freehold interest in approximately 1.7830 hectares of land at Old Wharf Road, Paihia, Northland.
3. Although some of these applications can be decided on delegated authority, we consider that it is appropriate that Ministers consider all seven applications together given: several of them are Ministerial; they are interrelated; and all raise the issue of whether the investor test has been met.
4. We have considered whether the investor test has been met first as, if Ministers were to conclude that it had not, it would be unnecessary to go on and consider the benefits test. If the applications are found to meet the investor test, return them to the Overseas Investment Office (**OIO**) so that assessment of the benefit to New Zealand test can take place.

Key information

Applicants	Seung Heun Lee, Double Pine Investment Limited and Meditation Tour Limited (South Korea 100%)
Vendors	Various New Zealand vendors (New Zealand 100%)
Consideration	\$10,382,420
Application type	Sensitive land - not residential (Benefit to New Zealand - S&I)
Relevant tests	Investor test (s16(1)(a) and s16(2) of the Act)

5. Please refer to the **A3 in Attachment 5** for overview tables summarising the applications and the OIO's assessment.

Provisional recommendation

6. Our provisional recommendation is to **decline consent**. This is based on our view that there are doubts whether decision makers can be satisfied that an individual with control (Mr Lee) is of good character. However, whether or not the good character test has been met is ultimately a matter to be decided by Ministers and involves the exercise of their Ministerial judgement.
7. Our assessment of good character is discussed at paragraphs 36-98 and in **Attachment 4**.
8. If you decide to **decline consent**, we recommend you make the determinations set out in paragraphs 9 to 12 below.

[s 9(2)(g)(ii)]

[s 9(2)(g)(ii)]

Manager Applications, Overseas Investment Office

Date: 05 / 03 / 2020

Decision

9. I determine that:

- 9.1 the '**relevant overseas person**' is (collectively):

ROP	Role
Seung Heun Lee	Applicant
Double Pine Investment Limited	Applicant
Meditation Tour Limited	Applicant

- 9.2 the '**individuals with control of the relevant overseas person**' are:

IWC	Role
Seung Heun Lee	Applicant and director of Applicant
Yewon Hwang	Applicant

10. In relation to the investor test I am **satisfied** that the following criteria for consent in section 16(2)(a),(b) and (d) have been met:

- 10.1 the individuals with control of the relevant overseas person collectively have business experience and acumen relevant to the overseas investment;
- 10.2 the relevant overseas person has demonstrated financial commitment to the overseas investment; and
- 10.3 each individual with control of the relevant overseas person is not an individual of the kind referred to in section 15 or 16 of the Immigration Act 2009 (which sections list certain persons not eligible for visas or entry permission under the Immigration Act).

Associate Minister of Finance

Minister for Land Information

Satisfied

Satisfied

Not satisfied

Not satisfied

11. In relation to the investor test, I am **not** satisfied that the following criteria for consent in section 16(2)(c) have been met:

- 11.1 all the individuals with control of the relevant overseas person are of good character.

Associate Minister of Finance

Minister for Land Information

Satisfied

Satisfied

Not satisfied

Not satisfied

12. Either:

- 12.1 Consent is **declined** as per draft decision notice in **Attachment 1**.

Associate Minister of Finance

Minister for Land Information

Consent declined

Consent declined

OR

- 12.2 Further information is requested:

Associate Minister of Finance

Minister for Land Information

Request further information from the OIO

Request further information from the OIO

OR

12.3 The applications are returned to the OIO to assess the benefits test and resubmit.

Associate Minister of Finance

Return to OIO to continue processing.

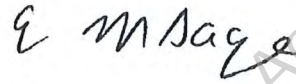


Hon Dr David Clark
Associate Minister of Finance

Date: 19/3/20

Minister for Land Information

Return to OIO to continue processing



Hon Eugenie Sage
Minister for Land Information

Date: 17/3/20

Released under the Official Information Act 1982

Executive summary

13. Seung Heun Lee, Double Pine Investment Limited, and Meditation Tour Limited (the **Applicant**) seek retrospective consent to acquire a freehold interest in the following sensitive land (collectively comprising the **Land**) for purchase prices totalling \$10,382,420 (the **Investment**):
- approximately 0.5109 hectares of land at 88 Reinga Road, Kerikeri;
 - approximately 24.7645 hectares of land at Whangaroa Road, Totara North, Kaeo;
 - approximately 0.6744 hectares of land at 8 -10 Riverstone Lane, Kerikeri¹;
 - approximately 4.7978 hectares of land at 85 Access Road, Kerikeri;
 - approximately 6.6613 hectares of land at 34 Macadamia Lane, Kerikeri;
 - approximately 156.2941 hectares of land at 1112 Pungaere Road, Kerikeri; and
 - approximately 1.7830 hectares of land at Old Wharf Road, Paihia.
14. The Land is shown outlined in blue in Figure 2 to Figure 8 below:

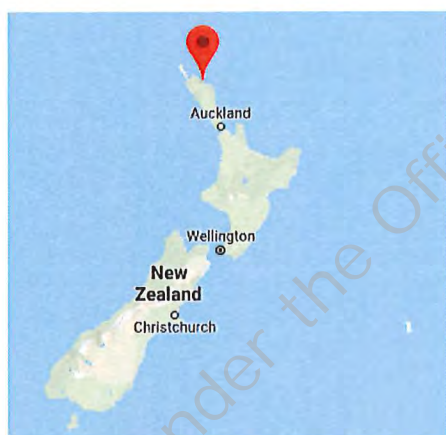


Figure 1 - Location of Land



Figure 2 -88 Reinga Rd



Figure 3 – Whangaroa Rd



Figure 4 – 8-10 Riverstone Lane

¹ The house in the south-eastern corner of Figure 4 is 5 Riverstone Lane, which was purchased by Meditation Tour Limited. This purchase did not require OIO consent because it was not sensitive land at the time of the transaction.



Figure 5 - 85 Access Rd



Figure 6 - 34 Macadamia Lane



Figure 7 - Pungaere Rd



Figure 8 - Old Wharf Rd (Haruru Falls Resort)

15. The Applicant acquired the Land between 2014 and 2016 without OIO consent, relying on the advice of his then agent Mr Kim. These applications are for retrospective consent for those acquisitions.
16. The Applicant uses the properties for meditation tours where groups of largely South Korean tourists meditate in natural settings. Mr Lee is the creator and high-profile proponent of Brain Education which promotes a mixture of exercise and meditation in order to promote a healthy lifestyle.
17. The benefits to New Zealand that may result from this investment have not yet been assessed, due to our provisional conclusion (for the reasons detailed below at paragraphs 36-98 and in **Attachment 4**) that the investor test has not been met.
18. If Ministers take a different view on the investor test, then return this application to the OIO for further processing.
19. Guidance for applying the Act is set out in **Attachment 2**.

Timing

20. The OIO Enforcement team began its investigation into the Applicant in early 2017. The OIO concluded that the property acquisitions were likely to have breached the Act, but may have been inadvertent. The OIO advised the Applicant that they had a right under the Act to apply for retrospective consent, provided that any breach of the Act was inadvertent. The OIO noted that there were concerns regarding the investor test and advised the Applicant to carefully consider whether the investor test could be met. The Applicant elected to apply for retrospective consent and took

a considerable amount of time preparing the applications. This process was protracted due to the complexities inherent in preparing seven applications and an intervening investigation by Immigration New Zealand.²

21. The current application was accepted on 1 August 2019. The Applicant sought a decision from the OIO by November 2019. The quality assurance process took longer than usual because there were seven applications rather than just one and there were a number of follow-up questions for the Applicant.
22. A notice of intention to decline was sent to the Applicant on 13 September 2019. The Applicant was given time to make submissions in response and sought an extension of time to 10 December 2019 due to the difficulties of obtaining information from the United States. The requested information was provided on 10 December 2019. This information did not sufficiently address our concerns and two additional extensions were granted to the Applicant to obtain further information, with the last of the information being provided on 17 January 2020.
23. Processing days for the application to 5 March 2020 are:

Quality Assurance	OIO Processing	Waiting for Applicant / Vendor	Third party consultation
24	41	97	

² The results of this investigation are discussed in paragraphs 40-46 below.

Applicant and investor test

24. This section describes the Applicant, and whether the investor test criteria in the Act are likely to be met.

Who is making the investment

25. The investments are being made by Seung Heun Lee, Double Pine Investment Limited, and Meditation Tour Limited (the **Applicant**).
26. Mr Lee is the sole shareholder of both Double Pine Investment Limited and Meditation Tour Limited. Ms Hwang is the sole director of both companies. A structure diagram of the two companies is below:



Figure 9 -Ownership of Double Pine

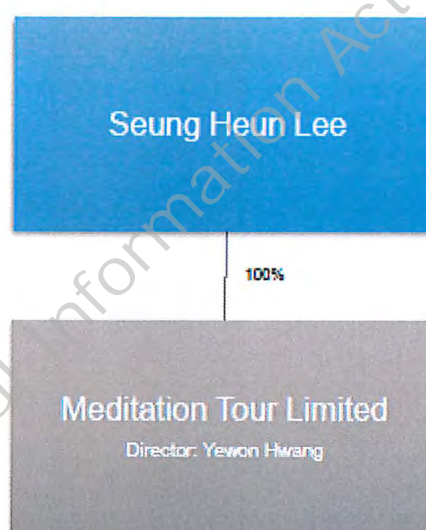


Figure 10 - Ownership of Meditation Tour Ltd

Overview of assessment: investor test

Element of investor test	OIO assessment of strengths and weaknesses		Cross-references
	Risk Barometer	Summary	
Relevant overseas persons (ROP) and individuals with control (IWC) confirmed	IWC/ROP identified	ROPs and IWCs identified.	Paras 27-30 Section 15 of the Act.
Collectively have business experience and acumen relevant to the investment	Some concerns	The expertise of the IWCs is limited, but they have recently supplemented this by engaging local managers.	Paras 31-35 Section 16(2)(a) of the Act.
ROP demonstrated financial commitment	Test met	The ROP has demonstrated financial commitment in connection with this investment by engaging professional advisors and purchasing the Land.	Section 16(2)(b) of the Act.

Element of investor test	OIO assessment of strengths and weaknesses		Cross-references
	Risk Barometer	Summary	
Good character	Concerns requiring attention	<p>Matters were disclosed by the Applicant or identified through open source searches that gave rise to character concerns as follows:</p> <ul style="list-style-type: none"> • a finding by Immigration New Zealand that a previous criminal conviction was not disclosed; • failure to obtain OIO consent to purchase properties (seven times); • class action litigation in the United States which claimed that Mr Lee ran an organisation that was "a totalistic, high-demand cult group"³; and • a [s 9(2)(a)] against Mr Lee and associated litigation in the United States. 	<p>Paras 36-98 and Attachment 4.</p> <p>Section 16(2)(c) of the Act.</p>
Not an individual of the kind ineligible for a visa or entry permission under ss 15 or 16 of the Immigration Act 2009	Test met, but potential issues if conditions of suspension not satisfied	<p>None of the individuals with control of the relevant overseas person are individuals of the kind referred to in section 15 or 16 of the Immigration Act 2009.</p> <p>Mr Lee would be ineligible under section 15 of the Immigration Act had had been deported under s158(1)(b)(ii) of the Immigration Act; however on 5 July 2018 the Minister of Immigration suspended Mr Lee's liability for deportation for a period of three years pursuant to s172(2) of the Immigration Act. This suspension was subject to the following conditions:</p> <ul style="list-style-type: none"> • that Mr Lee is not convicted of any offence committed during the suspension period; and • that Mr Lee does not provide false or misleading information, in his interactions with any government agency during the suspension period. <p>If Mr Lee complies with the conditions, his liability for deportation will be cancelled at the end of the suspension period.</p>	<p>Sections 16(2)(d) of the Act.</p>

³ Paragraph 30, Second Amended Complaint Barba & Ors v Lee & Ors

Ownership and control of the Applicant

27. The current owners of the Land are Mr Lee, Double Pine Investment Limited, and Tour Limited. They acquired it between 2014 and 2016 without consent. The Land was previously owned by various New Zealand owners.

28. We have determined that the '**relevant overseas person**' (ROP) is (collectively):

ROP	Relationship
Seung Heun Lee	Applicant
Double Pine Investment Limited	Applicant
Meditation Tour Limited	Applicant

29. Mr Lee was the person who originally approved the acquisition of the properties and, as the sole shareholder of both ROP companies, he is the only person who could approve of their divestment. Ms Hwang is now responsible for the day to day management of all of Mr Lee's New Zealand investment. Both Mr Lee and Ms Hwang can approve significant capital and operating expenditure.

30. We have determined that the '**individuals with control of the relevant overseas person**' (IWC) are:

IWC	Role
Seung Heun Lee	Applicant and director of Applicant
Yewon Hwang	Applicant

Business experience and acumen

s16(2)(a) of the Act.

The relevant overseas person, or the individuals with control of the relevant overseas person, must have business experience and acumen relevant to the overseas investment. There is considerable flexibility in determining what is relevant and more or less specific expertise may be required depending on the nature of the investment. Business experience and acumen that contributes to an investment's success may be treated as relevant even though the investor may have to supplement its experience and acumen by utilising the experience and acumen of others to ensure the investment succeeds.

31. The proposed investment activities on the Land are to conduct meditation tours with a focus on the international market, including constructing and operating various tourist accommodation and meditation facilities.

32. Ms Hwang and Mr Lee are providing the required business experience and acumen relevant to meditation and tourism connections with South Korea. The business has now employed a general manager who supports Ms Hwang and Mr Lee with the day to day management. [s 9(2)(a)] is the general manager for Double Pine and also oversees the management of Meditation Tour. Further, Double Pine has recently employed a full time project manager who will provide experience with property development, projects and construction. The management team are supported by lawyers and accountants.

33. We had some concerns about the management ability of Mr Lee and Ms Hwang: given the error in judgment in engaging Mr Kim; the failure to acquire OIO consent; and some self-reported issues relating to breaches of employment standards.⁴ It was unclear whether Mr Lee and Ms Hwang's qualifications were up to industry standards, because many of the qualifications Mr Lee and Ms Hwang provided were issued by entities associated with Brain Education. Ms Hwang came from a medical background and did not appear to have experience with business management.

⁴ These were investigated by the Labour Inspectorate and considered by the OIO as part of its investigation.

34. Mr Lee relied upon individuals like Mr Kim who provided him with substandard advice about his obligations under the Act (discussed further in paragraphs 47-54 below). This reliance on Mr Kim stands in contrast with Mr Lee's business dealings in the United States, where Mr Lee's practice was to engage properly qualified professional advisors. The decision to engage Mr Kim seemed to us to indicate a degree of poor judgement on the part of Mr Lee, which exacerbated the difficulties caused by Mr Lee's inability to speak English.
35. We are, however, satisfied that the engagement of a general manager, project manager and professional advisors is likely to appropriately address any deficiencies there may have been in business experience and acumen.

Good character assessment

s16(2)(c) of the Act.

The decision maker must be satisfied that the individuals with control are of good character. Section 19 of the Act specifies that the decision maker must take the following factors into account (without limitation):

- offences or contraventions of the law by A, or by any person in which A has, or had at the time of the offence or contravention, a 25% or more ownership or control interest (whether convicted or not);
- any other matter that reflects adversely on the person's fitness to have the particular overseas investment.

36. When drawing conclusions about character we try to consider what specific matters may tell us about the general character of an individual. The context of the behaviour matters. For example, a pattern of difficulties with regulatory compliance may show poor judgment or disorganisation.
37. We also try to consider the proximity of the character issues to the investment, including the role the individual plays within the investment, and how the character issues could affect New Zealand's image and reputation. In this case the character of Mr Lee as an individual who plays a key role in interacting with tourists to New Zealand is a matter of greater relevance than the character of an individual whose engagement with the public and employees is more limited.
38. Matters were disclosed by the Applicant or identified through open source searches that gave rise to character concerns as follows:
- a finding by Immigration New Zealand that a previous criminal conviction was not disclosed;
 - failure to acquire OIO consent to purchase properties (seven times);
 - class action litigation in the United States claiming claimed that Mr Lee ran an organisation which was "a totalistic, high-demand cult group"⁵; and
 - [s 9(2)(b)(ii)] and civil litigation in the United States.
39. We discuss each of these matters in detail below and in **Attachment 4**. In addition, the complete responses from Mr Lee and his legal counsel can be found in the attached bundle. Copies of the legal pleadings are also available (several hundred pages) if you wish to review these too.

Immigration offence

40. Immigration New Zealand found that a previous criminal conviction (in South Korea) was not disclosed by Mr Lee. This is a strict liability offence and resulted in Mr Lee being convicted under s158(1)(b)(ii) of the Immigration Act and made subject to a suspended order for deportation pursuant to s172(2) of the Immigration Act. This three year suspension was subject to conditions, and provided Mr Lee complies with

⁵ Paragraph 30, Second Amended Complaint *Barba & Ors v Lee & Ors*

these conditions, the liability for deportation will be lifted at the expiry of the three year period.

What is the concern?

41. This matter falls into the category of 'disclosure issues' and relates to an offence under the Immigration Act in 2015, which was investigated in 2018. Its relevance to this particular investment is that it relates to Mr Lee's compliance with the immigration regime and dealings with a New Zealand government agency. The credibility of the source is high, given that it comes directly from Immigration New Zealand.
42. The offences in South Korea were punishable by imprisonment for a term exceeding 12 months. The offences that Mr Lee failed to disclose to Immigration New Zealand involved trading in herbal remedies without the proper authorisation and providing educational seminars without the proper authorisation. Mr Lee submits that the sentences imposed were disproportionate to the seriousness of the offences, but we note that the offences also relate to non-compliance with a regulatory regime.

Who does it involve?

43. This matter involves an individual with control (Mr Lee) directly. Mr Lee provided a document to Immigration New Zealand that was prepared by an agent (Mr Kim) giving information about Mr Lee.

How was it resolved or explained?

44. Mr Lee acted to mitigate the problem, by voluntarily disclosing the conviction in 2017, which is what prompted the Immigration New Zealand investigation.
45. Mr Lee submits that the offence was unintentional and arose through Mr Kim being unaware of Mr Lee's previous conviction. Mr Lee claims that he believed that he did not have an obligation to disclose the conviction due to South Korea's 'clean slate' laws. We note that ignorance of the law does not absolve Mr Lee of individual responsibility for his actions.

Why do we consider it relevant?

46. We consider this to be a relevant matter when assessing good character because it involves the breach of a New Zealand regulation.⁶ For this reason, even though the matter was voluntarily disclosed and may have been inadvertent, it is considered.

Failure to obtain OIO consent

47. An investigation by the OIO found that companies and individuals associated with Mr Lee failed to obtain OIO consent to purchase sensitive land on seven occasions, that land being the Land that is the subject of these retrospective applications.

What is the concern?

48. This matter falls into the category of 'OIO compliance history' and relates to non-compliance with the Overseas Investment Act. Its relevance to this particular investment is that it relates to compliance with sections 10 and 11 of the Act. The credibility of the source is high, as we have direct knowledge of it.

⁶ Mr Lee's failure to disclose his South Korean conviction may have affected his ability to obtain his New Zealand residence visas.

Who does it involve?

49. This matter involves an agent (Mr Kim) who was in close proximity to an individual with control (Mr Lee). The various properties were purchased in the names of Mr Lee, and his associates and entities:
- Mr Kim purchased 88 Reinga Road and 85 Access Road;
 - Ms Lee (no relation to Mr Seung Lee) purchased 8 Riverstone Lane;
 - Mr Lee purchased 10 Riverstone Lane;
 - 88 Reinga Road, 85 Access Road and 8 Riverstone Lane were then acquired on 30 June 2015 by Mr Lee from Mr Kim and Ms Lee. Because Mr Lee was not ordinarily resident in New Zealand in June 2015, these transactions likely breached the Act;
 - The remaining properties were purchased by either Meditation Tour Limited or Double Pine Investment Limited.
50. Mr Kim appears to have been instrumental in advising about the structure of the transactions.

When did it occur

51. The properties were purchased from 2014 - 2016. The purchases are part of a pattern of repeated behaviour on the part of Mr Kim at the direction of Mr Lee. The matter came to the attention of the OIO after an Official Information Act request in December 2016. The OIO began its investigation in March 2017.

How was it resolved or explained?

52. Mr Lee acted to mitigate the problem by co-operating with the OIO and making these retrospective applications for consent.
53. Mr Lee argues that the breaches arose through negligence on the part of Mr Kim (who was acting as a real estate agent), and through Mr Lee's reliance on Mr Kim's expertise. Mr Kim appeared to have an inadequate understanding of the scope of the Overseas Investment Act and which transactions were subject to it. We note that ignorance of the law does not absolve Mr Lee of individual responsibility for his actions.

Why do we consider it relevant?

54. This is a relevant matter. It involves multiple breaches of the Overseas Investment Act and may foreshadow future compliance issues with the Act. For this reason, even though the matter has been mitigated (and may have been caused by third party negligence) it should be considered.

United States litigation

55. In Barba & Ors v Lee twenty-seven plaintiffs alleged the Dahn Hak Yoga organisations (Dahn Hak is the former name for Brain Education) demanded large sums of money from its trainees. They alleged that Dahn Hak Yoga subjects its trainees "to an intensive program of psychological manipulation, indoctrination and various techniques of coercive thought reform designed to induce them to become Mr Lee's 'disciples' and devote themselves to serving him and his 'vision.'⁷"
56. Similar allegations were made in the independent case of Myers v Lee.

⁷ Paragraph 30, Second Amended Complaint Barba & Ors v Lee & Ors

57. In the case of Siversl-Dunham v Lee an allegation of wrongful death was made after a 41 year old woman collapsed and died from heat stroke and exhaustion during a desert hike. She was allegedly carrying a backpack full of rocks on a 20 mile endurance trek which was part of her training to become a 'Dahn Hak master'. The case was settled (by another defendant) without any admission of liability.

What is the concern?

58. This is a matter under the category of 'fraud, dishonesty and corruption'. These were allegations which lead to the filing of lawsuits in the United States. The credibility of the source is high, as we have sighted and analysed the legal pleadings and the matter was extensively reported in the media (including on CNN and in the Forbes magazine).
59. The credibility of the allegations themselves is classed as moderate, due to the fact that multiple plaintiffs went to the trouble and expense of filing legal proceedings. When assessing credibility, we are not assessing the veracity of the allegations, as this is the role of the courts concerned.
60. The Barba & Ors v Lee and Myers v Lee proceedings were struck out at an interlocutory (pre-hearing) stage, principally, it seems, because the plaintiffs ran out of money and their legal counsel was not able to continue. It also appears that there were deficiencies in the pleadings that allowed the defendants' counsel to narrow the scope of potential remedies and reduce the pool of potential defendants.
61. The Myers v Lee case failed because the plaintiff failed to make out the elements of a Racketeer Influenced and Corrupt Organisations Act (**RICO**) federal proceeding. RICO proceedings require proof of a criminal organisation operating across state lines.
62. Mr Lee and all other defendants denied the allegations in their pleadings. When we followed the matter up with Mr Lee, he specifically denied all the plaintiffs' allegations and directed us to recent information about Dahn Yoga and its practices that is inconsistent with the plaintiff's descriptions. Mr Lee claims that the abandonment of the claims vindicates him and notes that some (but not all) of the plaintiffs later recanted or entered into settlement agreements.
63. The difficulty in reaching a determination on credibility about these matters is that the veracity of the allegations was never determined by any court. Neither Mr Lee, the plaintiffs, nor any of the other defendants were ever cross-examined under oath. The matters that resulted in the cases being struck out did not go to the heart of the allegations, but related to technical or ancillary legal matters. Mr Lee submits that the plaintiffs were motivated to raise false and sensational allegations against him to wage (effectively) 'trial by media' and thus force a settlement. He has expressed frustration that the matter has not been resolved, even though the case has ended with a costs award in his favour.

Who does it involve?

64. The question of whether an individual with control was involved is an open one. The plaintiffs claimed that Mr Lee was "the founder and self-appointed absolute ruler of the Dahn organisation".⁸ Several of the plaintiffs give accounts of Mr Lee making cameo appearances at events organised by Dahn Yoga.
65. Mr Lee argues that his involvement was limited to creating and licensing the intellectual property used by Dahn Yoga and Brain Education. Mr Lee was not a director or shareholder in most of the entities accused of malfeasance.

⁸ Paragraph 36, Second Amended Complaint Barba & Ors v Lee & Ors

66. In any event, Mr Lee denies that those entities engaged in the alleged activities. He states that "I created Dahn Yoga to help people become healthy, happy and peaceful. Dahn Yoga is not psychological manipulation, indoctrination, coercion or mind control. I have never engaged in psychological manipulation, indoctrination, coercion or mind control towards any individual, nor have I ever instructed other individuals or entities to do so."⁹
67. The question then arises whether Mr Lee ought reasonably to have known of the alleged activities, if they occurred. This again, is an open question depending upon whether Brain Education/Dahn Hak was an 'organisation' at all (as opposed to a loose group of fellow licensees), and, if it did have a formal hierarchy, the degree of control Mr Lee was able to exert over entities within that hierarchy.

When did it occur?

68. The class actions occurred in 2009, which is outside the usual timeframe that it is the OIO's policy to consider (being ten years prior to an application). However, it is being assessed because there are multiple persons making allegations and the allegations made are serious. They also potentially relate directly to the sort of investment that is being made here, which is a tourist operation with a meditation focus.

How was it resolved or explained?

69. Mr Lee has denied any wrongdoing, knowledge or liability in respect of the alleged matters.
70. If the allegations had been made out, Mr Lee's level of culpability would be high, because of his role in the organisation, which requires a succession of deliberate acts over a long period of time.

Why do we consider it relevant?

71. We consider this matter a relevant matter to be taken into account when assessing good character. These are widely publicised allegations that resulted in multiple court proceedings and extensive media coverage. The proceedings ended at interlocutory stage before any findings of fact could be made. These are very serious allegations with high degree of culpability if they had been made out. They also relate to employment issues and we note that the Applicant has already been the subject of an investigation by the Labour Inspectorate. The Applicant's future plans involve having employees in New Zealand.

Matter summary – [s 9(2)(a)]

72. [s 9(2)(a)]

What is the concern?

73. [s 9(2)(a)] This allegation led to the filing of two lawsuits in the United States. The credibility of the source is high, as we have

⁹ Extract from letter from Mr Lee to OIO dated 16 January 2020

sighted and analysed the legal pleadings and the matter was extensively reported in the media (including on CNN and in Forbes magazine).

74. The credibility of the allegations themselves is classed as moderate, due to the fact that the plaintiff went to the trouble and expense of filing legal proceedings and appearing before the national media [s 9(2)(a)]. It is not higher than 'moderate', because the court did not make any determination on the allegations. When assessing credibility, we are not assessing the veracity of the allegations, as this is the role of the courts concerned.

75. [s 9(2)(a)] case in the [s 9(2)(a)] was struck out because the limitation period in Arizona (two years) had expired. She refiled in Massachusetts in the case of [s 9(2)(a)] but also had her case struck out due to limitation period issues. The Court noted that various social media postings made by [s 9(2)(a)] shed doubt upon her claim that she was unable to file proceedings in South Korea and, therefore, declined to grant her a time extension.

76. We followed up matters with Mr Lee. He denied [s 9(2)(a)] allegations. [s 9(2)(a)]

77. The difficulty in reaching a determination on credibility is that the veracity of the allegations was never determined by any court. [s 9(2)(a)] and Mr Lee's accounts of events are mutually inconsistent. Neither Mr Lee, nor [s 9(2)(a)] were ever cross-examined under oath. The matters that resulted in the cases being struck out did not go to the heart of the allegations, but related to technical legal matters. Consequently, the striking out of the case does not necessarily equate to a lack of culpability.

78. Mr Lee argues that [s 9(2)(a)] was motivated to raise [s 9(2)(a)] allegations against him to wage (effectively) 'trial by media' and thus force a settlement. [s 9(2)(a)]
[s 9(2)(a)] Mr Lee has expressed frustration that the matter has not been resolved, even though the case has ended with a costs award in his favour.

Who does it involve?

79. The allegation involves [s 9(2)(a)] by Mr Lee.

When did it occur?

80. The [s 9(2)(a)] was alleged to have taken place in 2007, which is outside the usual timeframe it is OIO's policy to consider (being ten years prior to an application). However, it is being assessed because it involves the allegation of a [s 9(2)(a)] and because Mr Lee's role within the tourist operation means that he is in likely to be in contact with tourists and employees.

How was it resolved or explained?

81. [s 9(2)(a)]

Why do we consider it relevant?

82. We consider this matter a relevant matter to be taken into account when assessing good character. [s 9(2)(a)]
[redacted] The proceedings ended at interlocutory stage before any findings of fact could be made. [s 9(2)(a)]
[redacted]

Principles relevant to our assessment

Onus on the Applicant to satisfy the good character test

83. The onus is ordinarily on the applicant to satisfy the good character test at the time of the application. Only those of good character are afforded the privilege of owning or controlling New Zealand's sensitive assets.
84. If there are doubts about the character of an individual with control which result in the decision maker not being satisfied that the test for good character has been met, then the application for consent must be declined.
85. The assessment of whether doubt remains requires the exercise of judgment on the part of the decision maker.

How we analyse allegations

86. Allegations must have a sufficiently credible basis to alert decision-makers to the likelihood that an applicant has behaved in a manner which would disqualify him or her from being considered to be of good character.
87. All serious allegations will ordinarily be assessed regardless of the source credibility. In considering the credibility of any allegation of wrongdoing, an assessor will ordinarily consider (but is not limited to) what was alleged and the credibility and scale (for example, the number of claimants) of allegations.
88. Where doubt exists (eg, an individual is presumed innocent under law but has not been cleared by a competent investigating body), then an assumption of innocence will not automatically be made. Consequently, it is not enough for an individual with control to simply deny the allegations raised against them. The allegations must be addressed.

Relevance to the investment

89. We assess how relevant the particular matter is by considering its relevance to the current investment. For example, a dangerous driving conviction by an individual with control would have low relevance in connection with the acquisition of a dairy farm, whereas a conviction for discharging farm effluent into a waterway would have a high relevance to the acquisition of a dairy farm. In the present case, because the investment relates to a tourist operation, we consider matters potentially relating to interactions with tourists and the general public to be both relevant and proximate.

Our assessment

The immigration offence and failure to obtain OIO consent

90. As noted in our discussion in paragraphs 40 - 54 above, these were concerns that directly involved Mr Lee or his agent relating to repeated regulatory non-compliance in the very recent past. While Mr Lee's explanation is plausible, it also demonstrates a degree of lack of judgment when instructing his agents (we note that Mr Lee has

remedied this by engaging new advisers).¹² While Mr Lee has mitigated the matters by taking appropriate action with the proper authorities (including the OIO) this does not necessarily remedy the original wrongdoing.

The United States litigation

91. As part of our analysis, we have read the detailed legal submissions and evidence. We sought clarification from the Applicant about the central issues in the legal proceedings and tested those submissions against our own reading of the documentation. The Applicant clearly won the interlocutory arguments and had the proceedings dismissed with costs awards. However, the problem is that most of the allegations were never properly examined by the court. [s 8(2)(a)]
92. The United States litigation involved serious matters which were not satisfactorily resolved. The accounts of the various plaintiffs and Mr Lee are mutually inconsistent and none of the individuals involved have ever been (at least to our knowledge) examined or cross-examined under oath. It is almost impossible now, over a decade after the events allegedly occurred, to re-assemble all the witnesses and expect to get a useful result.
93. The Applicant has argued that Mr Lee (and Brain Education generally), suffers because of the prejudice of Westerners when faced with unfamiliar Eastern ideas and teachings. The Applicant points out that yoga, mindfulness and meditation are practices that are backed up by a growing body of scientific data. While this may be the case, Mr Lee's character is not being called into question because he has unconventional beliefs. His character is being called into question because of allegedly criminal conduct.

Provisional conclusion – Investor test

94. Mr Lee's character has been impugned and he is faced with direct allegations which threaten a project that has been the focus of his attention for several years. We accept that Mr Lee feels a deep connection to New Zealand and that he now feels that Northland is his home. We accept that this process must seem deeply distressing to him.
95. The function of the good character test is not to assess whether Mr Lee is guilty or innocent of the allegations about him. The OIO does not have the resources or the mandate to do this. That is why the onus is upon the Applicant to satisfy the decision maker that Mr Lee is of good character by adequately addressing any credible allegations made against him.
96. It is our assessment, on the basis of the information the Applicant has provided to us, that the lack of a conclusive result to the United States litigation means that there will always be a shadow of doubt hanging over Mr Lee which will not be able to be dispelled. The concerns that arise from the United States litigation about the treatment of trainees and employees within the Dahn Yoga organisation cannot safely be disregarded. They raise doubt as to how Mr Lee will run his New Zealand operations and about Mr Lee's character generally.
97. We are reinforced in this conclusion by Mr Lee's repeated failure to comply with New Zealand regulatory requirements in respect of the immigration and overseas

¹² These appointments occurred after the OIO began investigating the property transactions.

investment regimes. In our view, the cumulative effect of all four of the good character concerns is to raise doubt as to Mr Lee's character.

98. Our provisional conclusion is that the investor test is not met.

Provisional recommendation

99. Our provisional recommendation is to **decline consent**, as we consider that the investor test has not been met.
100. If you agree, we refer you to **Attachment 1** to review the Proposed Decision, and to paragraphs 9 to 12 of this Assessment Report to record your decision.

List of Attachments

1. Attachment 1 – Draft public decision notice
2. Attachment 2 – Guidance for applying the Act
3. Attachment 3 – Sensitive land details
4. Attachment 4 – Good character searches and analysis
5. Attachment 5 – Overview tables

List of other documents in the Bundle

- A. Application for retrospective consent
- B. Letter from Bell Gully to OIO dated 1 March 2019
- C. The Scary Yoga Obsession – Glamour magazine dated 8 December 2009
- D. Dahn Yoga: Body, Brain and Wallet - Forbes magazine dated 16 July 2009
- E. Letter from OIO to Bell Gully dated 13 September 2019
- F. Letter from Bell Gully to OIO dated 10 December 2019
- G. Letter from Bell Gully to OIO dated 23 December 2019
- H. Letter from Mr Lee to OIO dated 9 January 2020
- I. Letter from Mr Lee to OIO dated 16 January 2020
- J. Statement of [s 9(2)(a)] dated 15 January 2020

ATTACHMENT 1 – DRAFT PUBLIC DECISION NOTICE

Notice of Decision

Cases:

201900066; 201900446; 201900447; 201900501;
201900526; 201900530; and 201900531

Decision Date

[]

Decision

1. Consent is **declined** under the Overseas Investment Act 2005 to Seung Heun Lee, Double Pine Investment Limited and Meditation Tour Limited to give effect to the following overseas investments in sensitive land:
 - (a) A freehold interest in approximately 0.5109 hectares of land at 88 Reinga Road, Kerikeri, Northland;
 - (b) A freehold interest in approximately 24.7645 hectares of land at Whangaroa Road, Totara North, Kaeo, Northland;
 - (c) A freehold interest in approximate 0.6744 hectares of land at 8-10 Riverstone Lane, Kerikeri, Northland;
 - (d) A freehold interest in approximately 4.7978 hectares of land at 85 Access Road, Kerikeri, Northland;
 - (e) A freehold interest in approximately 6.6613 hectares of land at 34 Macadamia Lane, Kerikeri, Northland;
 - (f) A freehold interest in approximately 156.2941 hectares of land at 1112 Pungaere Road, Kerikeri, Northland;
 - (g) A freehold interest in approximately 1.7830 hectares of land at Old Wharf Road, Paihia, Northland.

Associate Minister Clark and Minister Sage were not satisfied that all of the criteria in section 16(2) of the Overseas Investment Act 2005 were met.

ATTACHMENT 2 - GUIDANCE FOR APPLYING THE ACT

1. You¹³ must grant consent to this overseas investment if you are satisfied that all of the applicable criteria in the Overseas Investment Act 2005 (**Act**) and the Overseas Investment Regulations 2005 (**Regs**) are met. You must decline to grant consent if you are not satisfied that all of the applicable criteria are met. You must not take into account any criteria or factors other than those identified as applying to this application in the table below.
2. The type of application you are considering is an application under the Sensitive land - not residential (Benefit to New Zealand - S&I) pathway.
3. The following table sets out the criteria and factors that apply to this application:

Pathway	Criteria and factors (pre-October 2018)
Substantial and identifiable benefit	Investor test – s16(1) and Substantial and identifiable benefit test – s16(1)(e)(ii) and 16(1)(e)(iii) and Benefit factors – s17 and Reg 28

4. Where the criteria under sections 16 and 18 are the same, Ministers need only consider each criterion once.
5. In the attached Report the Overseas Investment Office identifies each of the criteria and factors under sections 16, 17 and 18, and regulation 28 that Ministers are required to consider in this case.
6. Following is guidance in relation only to the criteria and factors that apply to this application.

Investor test – good character criterion

7. You must be satisfied that the relevant overseas person or (if that person is not an individual) all the individuals with control of the relevant overseas persons are of good character.
8. The term “good character” is not defined in the Act. The majority of the Select Committee reporting back on the Bill in 2005 confirmed that the “good character” test was needed as it is important to ensure that all persons investing in New Zealand are people unlikely to act inappropriately and bring New Zealand into disrepute.
9. When undertaking the good character assessment, you must be satisfied that the character of all the individuals with control of the relevant overseas person is sufficient so that they should be granted the privilege of owning or controlling sensitive New Zealand assets.

¹³ 'You' here refers either to the decision-maker, being the relevant Minister(s) for a Ministerial application or the delegated decision-maker for a delegated application

10. The good character test is applicable to individuals, not entities such as body corporates. However, where the investment is to be carried out by a body corporate, the character of the relevant individuals who control the body corporate will need to be considered. Where an offence or contravention is committed by a body corporate to which an individual had a 25% or more ownership or control interest, this is a mandatory consideration. Where the individual's interest in the body corporate is less than this, there generally must be other grounds to reasonably infer participation by the individual in the alleged wrongdoing.
11. Section 19(1) of the Act states that the following factors must be taken into account (without limitation) in assessing whether or not a person is of good character:
 - (a) offences or contraventions of the law by the person, or by any person in which the individual has, or had at the time of the offence or contravention, a 25% or more ownership or control interest (whether convicted or not);
 - (b) any other matter that reflects adversely on the person's fitness to have the particular overseas investment.
12. All relevant matters must be weighed up before you make a decision that an individual is of good character. If you wish to rely on a matter to which the applicant has not had an opportunity to respond, then such an opportunity to respond needs to be given in order to meet the requirements of natural justice.
13. How much weight should be given to a particular matter depends on a number of factors, including how closely linked the particular matter is with the investment being made. While submissions on weighting given by the relevant overseas person or individual with control may be considered, the ultimate decision as to the weighting to be given to relevant matters is for you.
14. Matters which might be relevant include:
 - Credible allegations of offending or contraventions of the law (assessing whether the allegation is sufficiently linked to an individual with control or relevant overseas person);
 - Investigations, prosecutions or other enforcement action by regulatory or professional bodies;
 - Track record in New Zealand.
15. Matters which are unlikely to be relevant include:
 - Adverse information that does not relate to an individual with control (for example, offences or contraventions by a relevant overseas person which occurred before the particular individual became involved with the relevant overseas person);
 - Where the decision maker is satisfied that allegations about a relevant overseas person or individual with control have been fully investigated by the relevant regulatory or other authority and the person or individual has been cleared of any wrongdoing;
 - Adverse information that does not impact on the character of a relevant overseas person or individual with control.
16. Briefly, some of the things we consider when weighing up "good character" include:

- the seriousness of the matter, which may include considerations of: what the matter was and the level of actual or potential harm; whether the matter was established by a relevant regulator or the Court and attributed to an Individual with Control (IWC) or Relevant Overseas Person (ROP); what the penalty or other sanction was (if any); whether the matter was a one-off event or repeated breaches, including a pattern of non-compliance across a range of regulatory regimes; whether what occurred was inadvertent, negligent, reckless or deliberate; whether what occurred was legal in New Zealand but illegal in the jurisdiction in which it occurred, in which case we consider the culture and context of that country;
 - if a matter is an allegation, the credibility of the allegation including the reliability of the source and credibility of the information raised. Generally, if an allegation is reported in a number of sources and is not simply 'copy and pasted' it is likely to be regarded as having credibility;
 - connection to the Individuals with Control (IWCs) or Relevant Overseas Person (ROP): we assess the level of control between any of the IWCs of the ROP and the particular matter. For example, a breach of safety rules by an employee of subsidiary company where the company was fined would likely have a low (or no) connection with an IWC who was an executive director of the parent company, whereas an executive decision by a company to illegally collude with a competitor would likely have a high connection with that IWC.
 - relevance to this investment: we assess how relevant the particular matter is to the nature of this particular investment. For example, a dangerous driving conviction by an IWC would have low relevance in connection with the acquisition of a dairy farm, whereas a conviction for discharging farm effluent into a waterway would have a high relevance to the acquisition of a dairy farm.
 - what actions, if any, were taken to remedy the situation and reduce the chances of it reoccurring.
17. The onus is on the applicants to satisfy the decision maker that all the individuals with control are of good character.
18. If you have doubts about the character of an individual with control which result in it not being satisfied that the test for good character has been met, then the application for consent must be declined.

Decision

19. The decision that you are required to make should be based on information available to you that you consider is sufficiently reliable for that purpose. The information that the Overseas Investment Office has taken into account in making its recommendation is summarised in the attached Report.

ATTACHMENT 3 - SENSITIVE LAND DETAILS

1. 88 Reinga Road (201900066)

Land Interest	Freehold Interest (approximately 0.5109 hectares)
Record(s) of Title	NA91B/682 (North Auckland)
Sensitivity	Adjoins land that is over 0.4 hectares and is listed, or in a class listed, as a reserve, a public park, or other sensitive area by the regulator under s37 Adjoins land that is over 0.4 hectares that adjoins the sea or a lake and is an esplanade reserve or esplanade strip (within the meaning of s2(1) of the Resource Management Act 1991) Includes residential land

2. North Totara (201900446)

Land Interest	Freehold Interest (approximately 24.7645 hectares)
Record(s) of Title	CT 154171 (North Auckland)
Sensitivity	Is more than 5 hectares of non-urban land Includes the bed of a lake Adjoins the foreshore Adjoins land that is over 0.4 hectares and is a scientific, scenic, historic, or nature reserve under the Reserves Act 1977 that is administered by the Department of Conservation Adjoins land that is over 0.4 hectares and is listed, or in a class listed, as a reserve, a public park, or other sensitive area by the regulator under s37 Includes residential land

3. 8 Riverstone Lane (201900447)

Land Interest	Freehold Interest (approximately 0.3014 hectares and a 1/3 share in 0.0517 hectares)
Record(s) of Title	CT 303947 (North Auckland)
Sensitivity	Adjoins land that is over 0.4 hectares and is listed, or in a class listed, as a reserve, a public park, or other sensitive area by the regulator under s37 Includes residential land

4. 10 Riverstone Lane (201900447)

Land Interest	Freehold Interest (approximately 0.3213 hectares and a 1/3 share in 0.0517 hectares)
Record(s) of Title	CT 303946 (North Auckland)
Sensitivity	

5. 85 Access Rd, Kerikeri (201900501)

Land Interest	Freehold Interest (approximately 4.7978 hectares)
Record(s) of Title	CT NA129A/462 (North Auckland)

Sensitivity	Adjoins land that is over 0.4 hectares and is listed, or in a class listed, as a reserve, a public park, or other sensitive area by the regulator under s37 Includes residential land
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6. 34 Macadamia Lane (201900526)

Land Interest	Freehold Interest (approximately 6.6613 hectares)
Record(s) of Title	CT NA135D/31 (North Auckland)
Sensitivity	Is more than 5 hectares of non-urban land Includes residential land

7. Pungaere Road (201900530)

Land Interest	Freehold Interest (approximately 156.2941 hectares)
Record(s) of Title	CT NA132C/898 (North Auckland)
Sensitivity	Is more than 5 hectares of non-urban land

8. Haruru Falls Resort (201900531)

Land Interest	Freehold Interest (approximately 1.783 hectares)
Record(s) of Title	CT NA199D/947 (North Auckland)
Sensitivity	Adjoins land that is over 0.4 hectares and is listed, or in a class listed, as a reserve, a public park, or other sensitive area by the regulator under s37 Adjoins land that is over 0.4 hectares that adjoins the sea or a lake and is a road (as defined in s315(1) of the Local Government Act 1974) Includes residential land

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ATTACHMENT 4 - GOOD CHARACTER SEARCHES AND ANALYSIS

Statement of recommendation

Our provisional view is that we are not satisfied the ROP/IWCs are of good character. Matters were disclosed by the Applicant or identified through open source searches that gave rise to character concerns as follows: a finding by Immigration New Zealand that a previous criminal conviction was not disclosed; failure to obtain OIO consent to purchase properties (seven times); class action litigation in the United States; and [s 9(2)(a)] and civil litigation in the United States. We consider these matters raise doubt as to the good character of Mr Lee.

In the tables below an orange bar indicates a high risk rating, a blue bar indicates moderate risk, and a green bar indicates low risk

#	WHAT		WHO	WHEN	HOW	WHY
1	Disclosure issues	Offence/ Contravention	Seung Lee (IWC)	Offence 2018 (non disclosure in 2015)	Disclosed to immigration previous convictions in 2017, which prompted Immigration New Zealand investigation. Instructed agent to make application on his behalf	Breach of regulation, late disclosure and mitigated
	Finding by Immigration New Zealand that previous criminal conviction was not disclosed.	Dealing with NZ Govt entity regarding compliance with regulatory regime	Mr Lee provided documentation prepared by an agent (Mr Kim) as part of Immigration application process.			
#						
2	OIO compliance history	Offence/Contravention	Seung Lee (IWC)	2014 - 2016	Co-operation with OIO enforcement and retrospective application for consent made. Negligence on part of Mr Kim, who was acting as real estate agent	Pattern of contravention due to negligence on the part of real estate agent, remedial action taken leading to retrospective application
	Failure to obtain OIO consent to purchase properties x 7	Relates to compliance with OIA regulations	Purchases via real estate agent (Mr Kim) of properties by Mr Lee and his associates	Properties purchased in names of Mr Kim, Mr Lee and associates		

#	WHAT	WHO	WHEN	HOW	WHY	
3	<p>Fraud dishonesty & corruption</p> <p>Class action and other litigation in United States. Twenty-seven plaintiffs alleged the Dahn Hak Yoga organisations are “a totalistic, high-demand cult group” that demands large sums of money from its followers. They allege that Dahn Hak Yoga subjects recruits to an intensive program of psychological manipulation, indoctrination and various techniques of coercive thought reform designed to induce them to become Mr Lee’s ‘disciples’ and devote themselves to serving him and his ‘vision.’</p>	<p>Allegation</p> <p>IWC is alleged to be leader and principal beneficiary of ‘cult’</p>	<p>Seung Lee (IWC)</p> <p>Plaintiffs alleged Lee was ‘mastermind’ behind operations of the Dahn Yoga organisations. Defendant’s attempts to distance Lee from proximity to allegations at interlocutory stage largely successful, although based on technical legal arguments</p>	<p>2009</p> <p>Multiple cases making similar allegations: Barba & Ors v Lee; [s 9(2)(a)] v Lee; Myers v Lee; and Siversl-Dunham v Lee</p>	<p>Culpability only relevant if claim made out, Lee denied knowledge or liability</p>	<p>Widely publicised allegations that resulted in multiple Court proceedings. Proceedings ended at interlocutory stage before any findings of fact. Very serious allegations with high degree of culpability if made out. Allegations are relevant to operation of a tourism venture.</p>

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#	WHAT		WHO	WHEN	HOW	WHY
4	Criminal history	Allegation	Seung Lee (IWC)			
	[s 9(2)(a)]	[s 9(2)(a)]	[s 9(2)(a)]		[s 9(2)(a)]	[s 9(2)(a)]

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ATTACHMENT 5 - OVERVIEW TABLES FOR SEUNG HEUN LEE 201900066



Figure 11 - Location of Land



Figure 12 - 88 Reinga Rd



Figure 13 - Whangaroa Rd



Figure 14 - 8-10 Riverstone Lane



Figure 15 - 85 Access Rd

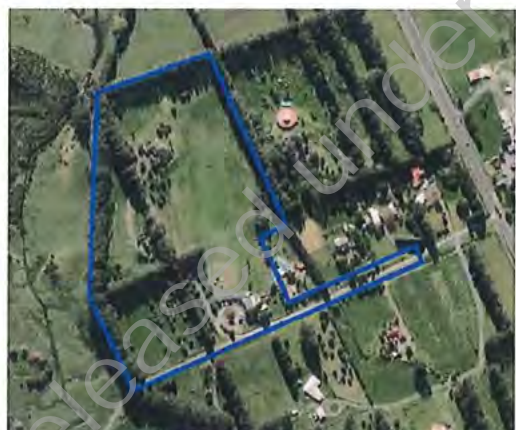


Figure 16 - 34 Macadamia Lane



Figure 17 - Pungaere Rd

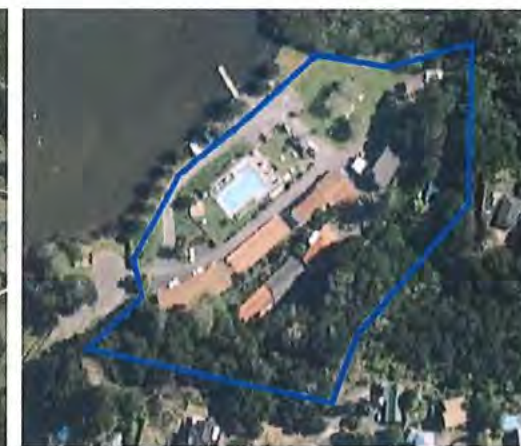


Figure 18 - Old Wharf Rd (Haruru Falls Resort)

Application

- Seung Heun Lee, Double Pine Investment Limited and Meditation Tour Limited seek retrospective consent to acquire interests in sensitive land in and around Kerikeri, Northland.
- Mr Lee is a high profile proponent of Brain Education which promotes a mixture of exercise and meditation in order to promote a healthy lifestyle.
- The three entities use the properties for meditation tours where groups of largely South Korean tourists meditate in natural settings.
- The vendors are various New Zealand persons, and the properties were purchased during the 2014 – 2016 period. OIO consent was required (but not obtained) for these purchases.
- OIO enforcement investigated the matter and recommended that the Applicant seek retrospective consent.
- There are a number of matters arising in respect of the good character element of the investor test that require a decision in order for the application to be further progressed.
- If the applications are found to meet the investor test, then return them to the OIO so that further assessment can take place in order to determine whether the applications are likely to meet the benefit to New Zealand test.

Provisional recommendation

- Our provisional recommendation is to **decline consent** because there is doubt as to whether the good character criterion of the investor test has been satisfied.
- Relevant tests for this transaction:
 - Investor Test (s16)
 - Benefits Test – substantial and identifiable
- **Factors for Ministers to particularly consider:**
 - Whether you are satisfied that the relevant overseas person and/or all the individuals with control of the relevant overseas persons are of good character.
 - Matters were disclosed by the Applicant or identified through open source searches that gave rise to character concerns:
 - a finding by Immigration New Zealand that a previous criminal conviction was not disclosed;
 - failure to obtain OIO consent to purchase properties (seven times);
 - class action litigation in the United States which claimed that Mr Lee ran an organisation that was “a totalistic, high-demand cult group”¹⁴; and
 - [s 9(2)(a)] and associated litigation in the United States.

¹⁴ Paragraph 30, Second Amended Complaint *Barba & Ors v Lee & Ors*

Overview of assessment: Investor test

Element of investor test	OIO assessment of strengths and weaknesses		Cross-references
	Risk Barometer	Summary	
Relevant overseas persons (ROP) and individuals with control (IWC) confirmed	IWC/ROP identified	ROPs and IWCs identified.	Paras 27-30 Section 15 of the Act.
Collectively have business experience and acumen relevant to the investment	Some concerns	The expertise of the IWCs is limited, but they have recently supplemented this by engaging local managers.	Paras 31-35 Section 16(2)(a) of the Act.
ROP demonstrated financial commitment	Test met	The ROP has demonstrated financial commitment in connection with this investment by engaging professional advisors and purchasing the Land.	Section 16(2)(b) of the Act.
Good character	Concerns require attention	Matters were disclosed by the Applicant or identified through open source searches that gave rise to character concerns as follows: <ul style="list-style-type: none"> a finding by Immigration New Zealand that a previous criminal conviction was not disclosed; failure to obtain OIO consent to purchase properties (seven times); class action litigation in the United States which claimed that Mr Lee ran an organisation that was "a totalistic, high-demand cult group"¹⁵; and [s 9(2)(a)] and associated litigation in the United States. 	Paras 36-98 and Attachment 4. Section 16(2)(c) of the Act.
Not an individual of the kind ineligible for a visa or entry permission under ss 15 or 16 of the Immigration Act 2009	Test met, but potential issues if conditions of suspension not satisfied	None of the individuals with control of the relevant overseas person are individuals of the kind referred to in section 15 or 16 of the Immigration Act 2009. Mr Lee would be ineligible under section 15 of the Immigration Act had had been deported under s158(1)(b)(ii) of the Immigration Act, however on 5 July 2018 the Minister of Immigration suspended Mr Lee's liability for deportation for a period of three years pursuant to s172(2) of the Immigration Act. This suspension was subject to the following conditions: <ul style="list-style-type: none"> that Mr Lee is not convicted of any offence committed during the suspension period; and that Mr Lee does not provide false or misleading information, in his interactions with any government agency during the suspension period. If Mr Lee complies with the conditions, his liability for deportation will be cancelled at the end of the suspension period.	Sections 16(2)(d) of the Act.

¹⁵ Paragraph 30, Second Amended Complaint *Barba & Ors v Lee & Ors*

Application for Consent to Acquire Sensitive New Zealand Assets

(One-off and Standing Consents)

Application for Retrospective Consent to Purchase Sensitive Land and Consent to Purchase Sensitive Land

Use this template for all applications for consent (including standing consents) other than applications made under the home to live in New Zealand pathway (commitment to reside).

See our website for other application templates including for home to live in, exemption, and variation applications.

It is important that you provide us with accurate and complete information. It is an offence to make a false or misleading statement or material omission in any information or document provided to the Overseas Investment Office (OIO).

Instructions:

- **Please do not remove the instruction text from this template.**
- Download this template from our website before each use to ensure you have the latest version.
- Ensure that your application is complete before submitting it to the OIO (we will not commence our [Quality Assurance](#) process until we have received *all* of your documents).
- Review the guidance in each section of this template to ensure you supply us with all required information.
- Be concise and write in plain English - use sub-headings, tables and diagrams where appropriate and explain industry specific terminology.
- Documents in a foreign language must be accompanied by full certified translations (unless otherwise agreed with the OIO in advance).
- This is a living document and must be updated during the assessment process if further information is provided. Updated versions of this document must be recorded in the table below and with [tracked changes](#) so the OIO can easily identify those updates.
- Contact the OIO if you have any questions about this template or your application generally (+64 4 462 4490, oio@linz.govt.nz).

Electronic Filing Requirements

Your application and supporting information must be submitted electronically using our Application Submission Webform. The Webform is a secure upload site and provides details of our electronic filing requirements. Please refer to the relevant application pathway on our website.

Please do not provide hard copy versions of your documents.

Version control

Record the details of each version of the application below.

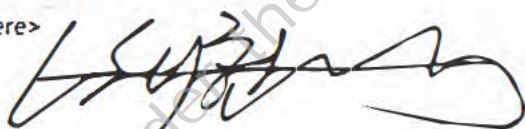
Version	Date	Name	Description
1.0	28/06/2019	Seung Heun Lee Double Pine Investment Limited Meditation Tour Limited	First version submitted to OIO

Applicant signature – Version 1.0

Only version 1.0 and the final version of the application must be signed. **Sign version 1.0 of the application below.**

Version 1.0

<Sign here>



Seung Heun Lee

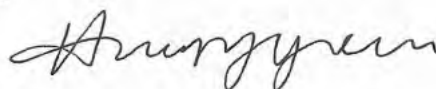
e.g. 01/01/2018

28 June 2019

Date

Version 1.0

<Sign here>



Yewon Hwang

Director for Double Pine Investments Limited and Meditation Tour Limited

e.g. 01/01/2018

28 June 2019

Applicant signature – Final version

Do not sign the final version of the application below until the OIO requests you to.

<Sign here>	e.g. 01/01/2018
Seung Heun Lee	Date

<Sign here>	e.g. 01/01/2018
Yewon Hwang Director for Double Pine Investments Limited and Meditation Tour Limited	Date

Released under the Official Information Act 1982

Summary of Key Information

We use the information in this table to quickly identify the nature of the application, enter the application into our case management system and commence our quality assurance process.

If you are applying for a standing consent, complete as much of the table as you can and state N/A in rows which are not relevant.

Date	28 June 2019
Case number	201620080
Applicants	Seung Heun Lee Meditation Tour Limited Double Pine Investment Limited
Target entity (if any)	N/A
Vendor/Lessor	88 Reinga Road Property: Andrew Peter Milton and Susan Margaret Milton 8 Riverstone Lane Property: Stevtrac Limited 10 Riverstone Lane Property: Tracey Elizabeth Spruit, Stephen William Spruit and BOI Taxation Trustee Company Limited 85 Access Road Property: Robert John Mitchel and Merilyn Ellen Mitchel Haruru Falls Resort Property: Sapphire Effect Limited and others Pungaere Road Property: Paul Richard Vincent Marley North Totara Property: Simon Willsher Knight and Ruth Barbara Knight Macadamia Lane Property: Tee Tree Holdings Limited
Decision type	Sensitive land decision
Transaction type	Acquisition of assets
Assets/Investment	Acquisition of freehold interests in: <ul style="list-style-type: none"> • 88 Reinga Road Property; • Riverstone Lane Properties; • 85 Access Road Property; • Haruru Falls Resort Property; • Pungaere Road Property; • North Totara Property; and • Macadamia Lane Property.
Application type	One-off consent application

	Consent pathway(s) (sensitive land applications only): Benefit to NZ test.
<u>Decision maker</u>	<p>88 Reinga Road Property: OIO</p> <p>Riverstone Lane Properties: OIO</p> <p>85 Access Road Property: OIO</p> <p>Haruru Falls Resort Property: OIO</p> <p>Pungaere Road Property: Ministers</p> <p>North Totara Property: Ministers</p> <p>Macadamia Lane Property: OIO</p>
Application Fee	The application fee will be paid by direct credit after the correct amount has been confirmed by the OIO. Please send the GST receipt to Andrew.Petersen@bellgully.com .
Contact details: Applicants' adviser(s)	<p>Andrew Petersen</p> <p>Bell Gully</p> <p>Address: Level 21, 48 Shortland Street, Auckland CBD, Auckland</p> <p>Phone: 09 916 8622</p> <p>Email: Andrew.Petersen@bellgully.com</p>
Contact details: Applicants	<p>Mr Lee: 79 Reinga Road, Kerikeri, 0230, New Zealand.</p> <p>Double Pine: 126 Kerikeri Road, Kerikeri, 0230, or PO Box 218, Kerikeri 0230. Attention: Yewon Hwang.</p> <p>Meditation Tour: 4 Cobham Road, Kerikeri, 0230, New Zealand, Attention: Yewon Hwang.</p> <p>Applicants to be cc'd on OIO correspondence? Yes</p> <p>Yewon Hwang: drsooah@gmail.com</p>
Contact details: Vendor	Not applicable
NZ Service Address	<p>Bell Gully</p> <p>Level 21 Vero Centre</p> <p>48 Shortland Street</p> <p>PO Box 4199</p> <p>Auckland 1140</p>
Requested decision date	29 November 2019

Defined terms

Extend this table to list all the defined terms you have used in your application. Use meaningful terms that are easily remembered and are consistent across this document and (if applicable) your Investment Plan.

10 Riverstone Lane Property	<i>means the property at 10 Riverstone Lane, Kerikeri comprised in record of title 303946</i>
8 Riverstone Lane Property	<i>means the property at 8 Riverstone Lane, Kerikeri comprised in record of title 303947 (North Auckland Registry)</i>
85 Access Road Property	<i>means the property at 85 Access Road, Kerikeri comprised in record of title NA129A/462 (North Auckland Registry)</i>
88 Access Road Property	<i>means the property at 88 Reinga Road, Kerikeri comprised in record of title NA91B/682 (North Auckland Registry)</i>
Act	<i>means the Overseas Investment Act 2005</i>
Applicants	<i>means Mr Lee, Meditation Tour and Double Pine</i>
Double Pine	<i>means Double Pine Investment Limited</i>
FTE	<i>means full time equivalent staff</i>
Historic Transactions	<i>means the historic transactions being the subject of the retrospective consent applications as set out in Section 2 below</i>
IWC	<i>means individuals with control of the relevant overseas person</i>
Macadamia Lane Property	<i>means the property at 34 Macadamia Lane, Waipapa comprised in record of title NA135D/31 (North Auckland Registry)</i>
Haruru Falls Resort Property	<i>means the property at 6A-6Z Old Wharf Road, Haruru comprised in records of title NA100B/925, NA100B/926, NA100B/927, NA100B/929, NA100B/930, NA100B/932, NA100B/933, NA100B/934, NA100B/935, NA100B/936, NA100B/938, NA100B/939, NA100B/940, NA100B/941, NA100B/942, NA100B/946, NA100B/947, NA100B/948, NA100B/949, NA100B/950 NA100B/952, NA100B/953 NA105D/379, NA105D/380, NA105D/381, NA105D/382, NA119D/947 (North Auckland Registry)</i>
Mr Kim	<i>means Simon Kim, who is an associate of Mr Lee</i>
Mr Lee	<i>means Seung Heun Lee</i>
Ms Lee	<i>means Ester Lee, who is an associate of Mr Lee but is of no family relation to Mr Lee</i>
Meditation Tour	<i>means Meditation Tour Limited</i>
North Totara Property	<i>means the property at North Totara comprised in record of title 154171</i>

	<i>(North Auckland Registry)</i>
Pungaere Road Property	<i>means the property at Pungaere Road comprised in record of title NA132C/898 (North Auckland Registry)</i>
Riverstone Lane Properties	<i>means 8 Riverstone Lane Property and 10 Riverstone Lane Property</i>
Regulations	<i>means the Overseas Investment Regulations 2005</i>
ROP	<i>means relevant overseas person</i>

Section 1: Introduction

Investment Summary

Required Content:

Provide a brief description of the 'who, what, where' for the investment and consent sought.

Lead up to 2014 purchases

1. Seung Heun Lee (also known as Ilchi Lee, referred to as Mr Lee in this application) is the founder of Dahnhak, the modernisation of a traditional Korean mind-body training method adapted for today's lifestyle, and he is also the founder of Brain Education, a Korean-style meditation practice developed by combining Dahnhak with new research findings from neuroscience, pedagogy, and positive psychology. He established companies that teach Brain Education in Korea as well as the US, which he has handed down to his students. Since then he has been completely focused on spreading Brain Education and expanding the Earth Citizen Movement. As part of that effort, and as the founder of the International Brain Education Association and the Earth Citizen Movement Alliance in various countries such as the US and South Korea, his activities also include speaking engagements and writing. At the same time, he holds the position of Chancellor at both the Global Cyber University and the International Graduate University of Brain Education in Korea.
2. Simon Kim (also known as Sungmin Kim, referred to in this application as Mr Kim) encountered Dahnhak and Brain Education in Korea in 1997, and regarded Mr Lee as his "Seuseungnim," (*seuseung* means "guru" or spiritual guide and mentor). With the intention of becoming an instructor who would teach Brain Education, Simon went to Sedona, Arizona in the US, where Mr Lee had often been staying at the time. However, Mr Kim could not become an instructor due to personal reasons and returned to South Korea.
3. In or around February 1999, Mr Kim moved to New Zealand. He studied at Otago Polytechnic before moving to Auckland. He obtained permanent residency in New Zealand in around 2000 – 2001.

4. Throughout his time in New Zealand, Mr Kim remained interested in Mr Lee's teachings and believed it would be positive to have Body and Brain Yoga sessions available in New Zealand. For a period, he taught yoga out of a community centre. Mr Kim worked as a real estate agent for around ten years, between approximately 2002 and 2012. He then transitioned to working as an immigration advisor. Most of his work in real estate was with Barfoot & Thompson's West Harbour branch. Mr Kim sold smaller residential properties and did not deal with many overseas clients. It is apparent that he had a very limited understanding of the Act and the Regulations, although he was in the practice of asking purchasers if they were New Zealand residents (not citizens). It appears Mr Kim incorrectly believed that, if a purchaser was a New Zealand resident, no other restrictions or issues would arise.
5. In or around 2011, Mr Kim emailed Mr Lee directly, advising that Body & Brain Yoga had changed his life and asking to meet Mr Lee. Mr Lee responded to this email by inviting Mr Kim to visit him in Korea. During his visit, Mr Kim spoke positively of New Zealand and suggested that Mr Lee visit New Zealand.
6. In or around March or April 2014, Mr Lee contacted Mr Kim and indicated he may travel to New Zealand. Mr Lee visited New Zealand and travelled throughout the North and South Island. Mr Lee was immediately impressed with New Zealand and, in particular, was attracted to Kerikeri.
7. During this time, Mr Kim again emphasised to Mr Lee that he admired Mr Lee's vision and wanted to bring Body & Brain Yoga to New Zealand.
8. Prior to meeting Mr Kim, Mr Lee had no particular interest in New Zealand. He was nearing retirement age and was not immediately focused on expanding Body & Brain Yoga in this area of the world. However, he was impressed by New Zealand and particularly its environment, and had developed trust in Mr Kim. Mr Lee became very passionate about New Zealand very quickly. On that basis, he was prepared to let Mr Kim introduce Body & Brain Yoga to New Zealand by setting up a business arranging meditation tours in New Zealand.
9. Mr Lee's expectation and understanding was that Mr Kim would be in charge of running all operations in New Zealand. Mr Lee does not speak much English and therefore he heavily relied on Mr Kim in the business operations. Further, he had no desire to be actively involved in the initiative, other than by directing people to New Zealand and attending from time to time to give lectures and teach, and being the reason for people wanting to tour to New Zealand. He left all of the details of the operations to Mr Kim.
10. Mr Lee gave Mr Kim funds to purchase property and to set up the meditation tours through Meditation Tour. Mr Lee also helped select the properties that he considered were best suited for the meditation tour business.
11. The 88 Reinga Road Property was purchased in April 2014 in part to be a place of residence for Mr Kim, as he needed a base in Kerikeri from which to operate the meditation tour business and reside in while living in Kerikeri (having previously been based in Auckland).
12. The Riverstone Lane Properties were purchased in August 2014 because of their desirable attributes for meditation (i.e. being near a river and bush).

13. The 85 Access Road Property, which is in close proximity to the Riverstone Lane Properties, was identified as an optimal location to hold meditation tours (again, being near a river and bush). It was purchased in November 2014.
14. Mr Lee was aware that Mr Kim had worked for many years in real estate and had more recently worked as an immigration advisor. Accordingly, he left the details of the purchases to Mr Kim. He did not receive legal advice about how, and why, the purchases were structured in the way they were. He trusted that Mr Kim had the knowledge to arrange the necessary affairs in accordance with any relevant legislation.
15. Because he viewed the purchases as for the benefit of expanding the meditation business, and not for his own personal benefit, it did not matter to Mr Lee who owned the properties. As a result, he did not question any of the decisions made by Mr Kim relating to the purchases.
16. Accordingly, because each of Mr Kim, Mr Lee, and Ms Lee were to be involved in varying degrees in the operation of the meditation tour business, Mr Kim decided that the properties would be divided between them. Because of his incorrect, and unsophisticated, understanding of the legislation:
 - (a) Mr Kim put the 88 Reinga Road Property and 85 Access Road Property in his name. He appears to have incorrectly assumed that, because he was a New Zealand citizen, there would be no restrictions around him acquiring those properties. Each property was sensitive land and, as discussed, Mr Lee accepts that Mr Kim was an "associate" of Mr Lee for the purposes of the Act.
 - (b) Mr Kim put the Riverstone Lane Properties in the names of Ms Lee and Mr Lee respectively. This appears to have been based on an incorrect assumption that smaller parcels of land could be purchased by permanent resident visa holders irrespective of how long they spend in New Zealand each year.
17. At the time when the 88 Reinga Road Property, the 85 Access Road Property, and the Riverstone Lane Properties were purchased in 2014, Mr Lee's expectation was that Mr Kim would remain in charge of the New Zealand operation for many years – he had sought assurances in this regard from Mr Kim in advance. This reflected the fact that, because he was nearing retirement, Mr Lee did not have any particular interest in having to manage the New Zealand operations (although he was interested at the time in the success of the introduction of Body and Brain Yoga, the related meditation experience and the Earth Citizen program to New Zealand).
18. Mr Kim negotiated with hotels, restaurants, and chartered bus companies and organised meditation tour groups. Mr Lee also applied for a working visa, which he was issued in November of 2014. From around that time, meditation tour groups started to visit New Zealand. Mr Kim ran the operation and Mr Lee also provided some support, primarily by giving lectures to the meditation tour groups. Ms Lee received a working visa in May 2015, after which she began working as a marketer who inspired members of Dahnworld Korea to come and participate in the New Zealand meditation tours.

19. However, the operation of the meditation tours was more difficult than Mr Kim expected. Among the meditation tour participants, there were people who lodged complaints due to poor hotel and restaurant services, and there were also instances of difficulty in the work agreements with the staff of Dahnworld and the meditation tour company in Korea who were sending meditation tour groups. This caused a great deal of stress for Mr Kim, which adversely affected his health. The turning point was when his house was broken into while his wife and his children were home alone, he realised that he needed to be with his family. Around the same time, Mr Kim's wife's sister and her spouse, who had been running a wholesale and retail store for materials for plumbing equipment, recommended that he help at their store and learn the work and then take over the store and run it. Mr Kim thought about it deeply, and around the beginning of June 2015, he advised Mr Lee that he could no longer continue managing the meditation tour business. Mr Kim advised Mr Lee that as he had failed to keep his promise, he would not ask for anything in return and he would hand over the rights to the meditation tour business and related real estate to Mr Lee.
20. Mr Lee tried several times to persuade Mr Kim to stay, but he had already made up his mind. After confirming that there was nothing else he could do about it, Mr Lee had to find another person who could lead the business forward in Mr Kim's absence and also the transfer of duties and responsibilities would require time. Mr Lee asked Mr Kim to stay until August 2015, and he offered Mr Kim \$10,000 as compensation for giving up his shares in Meditation Tour. Mr Kim said that he would continue working until August 2015 as Mr Lee requested, but did not accept the \$10,000 offered as compensation for the transfer of shares because he was a *jeja* (student) who had failed to keep his promise to his *seuseung* (mentor).
21. Mr Lee left Mr Kim to handle the details of his departure. Given the unsettled situation, Ms Lee also felt it was appropriate that her property was also transferred to Mr Lee.
22. Mr Lee was issued a New Zealand residence class visa on 26 June 2015. On 30 June 2015, the 88 Reinga Road Property, the 85 Access Road Property, and the 8 Riverstone Lane Property were transferred from Mr Kim and Ms Lee respectively into Mr Lee's name.
23. Mr Kim advised that, because he was aware Mr Lee was on a working visa, he was aware that Mr Lee could only undertake the jobs listed in his working visa application. Accordingly, Mr Lee could not take over Mr Kim's role running the operation itself. Because no one else in New Zealand had the capacity to take on Mr Kim's role, Mr Kim felt that he was trapped.
24. However, when Mr Lee applied for his residence class visa, Mr Kim believed his concerns about Mr Lee's ability to take over the operation would be resolved. He determined that, as soon as Mr Lee had residency, he would move on from the business. Given the importance of the land to the operation, transferring the land to Mr Lee was Mr Kim's immediate priority.

25. It is apparent that Mr Kim's unsophisticated and incorrect understanding of the Act and the Regulations have led him to believe that once Mr Lee was granted a residence class visa, the properties could be transferred to Mr Lee without issue. Mr Kim did not discuss this with Mr Lee but it appears that, for the reasons above, this drove the timing of the transfers arranged by Mr Kim. Again, at no time was Mr Lee aware of the requirements of the Act or that there was any suggestion the Act may be breached.
26. We summarise the acquisition of the properties set out in the table below:

Property	Original Purchaser	Original settlement date	Current owner	Settlement date
88 Reinga Road Property	Mr Kim	30/04/2014	Mr Lee	30/06/2015
8 Riverstone Lane Property	Ms Lee	22/08/2014	Mr Lee	30/06/2015
10 Riverstone Lane Property	Mr Lee	22/08/2014	-	-
85 Access Road Property	Mr Kim	06/11/2014	Mr Lee	30/06/2015

27. After that, Mr Lee resolved to give his attention to the meditation tour business until a new qualified candidate appeared, and he connected the meditation tour business with the Korean meditation tour company and Dahnworld and continued its operations. Upon determining the need for a Brain Education centre that would connect with the meditation tours and the Earth Citizen program, in August 2015, he opened in Auckland a Body & Brain Yoga Centre (Body & Brain Yoga Center Limited), which is a business that teaches Brain Education to the local people (so that local people can be trained as a Brain Education instructor and become part of the meditation tour business by working as tour guides); recruited Yewon Hwang and another person who had worked as Brain Education trainers in the US and Korea; and entrusted them with running the centre, including providing healing treatment and teaching classes to train locals to deliver the Brain Education method.
28. In addition, after establishing Double Pine in November 2015 as part of building the meditation business and solidifying Mr Lee's investment in New Zealand, he carried out the following under the company's name:
- (a) At the end of searching for a resort for the meditation tour participants to use, in January 2016, Double Pine completed the purchase of a significant portion of the Haruru Falls Resort Property in Paihia. Double Pine completed the additional purchase of the remaining portion of Haruru Falls Resort Property in August and November 2016 (note there are a small number of units at Haruru Falls Resort that are still owned by third parties);

- (b) In April 2016, based on plans to use it for the headquarters of the Earth Citizen program and as an educational centre and sports and athletics centre for Earth Citizen youth leaders, Double Pine completed the purchase of a forest block (156.294 ha), being the Pungaere Road Property.
- (c) In June 2016, Double Pine completed the purchase of a house and forest (24.7645 ha), being the North Totara Property which is to be developed as accommodation for VIP guests.
- (d) In November 2016, Double Pine completed the acquisition of a business called the "Woodlands Motel" and took over the lease in the motel business in Kerikeri (this was not a sensitive land transaction).
- (e) In March 2017, Double Pine completed the purchase of a building (0.0248 ha) in downtown Kerikeri for various uses, including as a Brain Education centre and an office space for the Earth Citizen program (again this was not a sensitive land transaction).

29. Also, under the name of Meditation Tour:

- (a) In October 2016, it completed the purchase of a golf driving range (including a house and café; 6.6613 ha) in Waipapa, being the Macadamia Lane Property.
- (b) In December 2016, it completed the purchase of a house at 5 Riverstone Lane, Kerikeri (0.3000 ha) (this was not a sensitive land transaction).

30. We summarise the sensitive land purchases as follows:

Property	Purchaser	Settlement date(s)
Haruru Falls Resort Property	Double Pine	January 2016 to November 2016. Refer to paragraph 49 below.
Pungaere Road Property	Double Pine	01/04/2016
North Totara Property	Double Pine	03/06/2016
Macadamia Lane Property	Meditation Tour	17/10/2016

31. The acquisition of the Haruru Falls Resort Property, the North Totara Property, the Pungaere Road Property and the Macadamia Lane Property arise from Mr Lee's lack of knowledge of the Act and the Regulations, and his incorrect understanding that he could purchase sensitive land because he had a New Zealand residence class visa.

32. After seeking further legal advice, Mr Lee is now aware of the mistakes and the lack of knowledge about the application of the Act. Mr Lee (and his related entities Double Pine and Meditation Tour) wish to rectify this position through this application for retrospective consent.
33. The Applicants believe that they are good candidates for retrospective consents for the following reasons:
- (a) Mr Lee has made a home in New Zealand. While he travels around the world for his work, it is his desire to retire permanently here in New Zealand. He is well known in Kerikeri and has many friends in the community. He oversees the operation of the Taekwondo Club and shares his teachings and methods with the local residents.
 - (b) Mr Lee has demonstrated financial commitment to New Zealand. He is keenly interested in the success of his business interests in and around Kerikeri. Until the Act issues arose, he had a number of plans to continue investing in New Zealand. If this matter can be resolved, that investment will be able to continue. He anticipates that investment will take place over a number of years. In addition to the \$10 million that Mr Lee deposited into the bank as part of obtaining his residence class visa, Mr Lee estimates he has invested a further \$17 million (approximately) in New Zealand through his property purchases (and related infrastructure / development upgrade works) and business activities. Please refer to the details of Mr Lee's investment in the Investment Plan attached as Appendix 1.
 - (c) Based on Mr Lee's business activities to date, he has created a number of benefits for New Zealand, particularly in relation to increased employment and tourism, and the introduction of additional investment for development purposes. Mr Lee has a compelling case for retrospective consent based on his intention to reside in New Zealand indefinitely, and also on a "benefit to New Zealand" basis, particularly in respect of the development plans he has for the near future. The likely capital expenditure on the various projects is budgeted to be \$618,075 within the next three years (with a planned budget for projects of a further \$2.5 million subject to obtaining resource consent and undertaking further feasibility).
 - (d) Mr Lee's failure to seek consent was inadvertent. He has not deliberately, recklessly or negligently broken the Act or the Regulations nor tried to disguise the behaviour. Rather, he naively placed his trust in Mr Kim because of Mr Kim's background as a real estate agent and immigration advisor, who he regarded as an expert with land purchases. Until receipt of the OIO's original investigation letter, it never occurred to Mr Lee that there were any issues with the purchases. Mr Lee has been very open about his activities in Kerikeri which have generated a reasonable amount of media publicity. That openness is consistent with the fact that he was unaware of any issues with the purchases.
 - (e) While the issue arises in relation to multiple properties, given the inadvertence there has not been repeated breaches nor ongoing disregard for the Act and the Regulations. Rather, from his perspective there was a single series of transactions (albeit where mistakes were made). Mr Lee is candid about those mistakes, which he finds very concerning. He wishes to work openly with the OIO and, now that he is aware of the Act and the Regulations, will comply with them in future.

- (f) Mr Lee has not made any previous retrospective applications for consent and has not been subject to previous enforcement action by the OIO.
34. The Applicants have been in various discussions with the OIO, including Yewon Hwang and Andrew Petersen (Bell Gully) attending a pre-application meeting with the OIO.
35. The Applicants hereby file the below retrospective applications for:
- (a) the acquisition of the following properties by Mr Lee (including associates of Mr Lee):
 - (i) the 88 Reinga Road Property;
 - (ii) the 85 Access Road Property;
 - (iii) the Riverstone Lane Properties;
 - (b) the acquisition of the following properties by Double Pine:
 - (i) the Haruru Falls Resort Property;
 - (ii) the North Totara Property;
 - (iii) the Pungaere Road Property; and
 - (c) the acquisition of the Macadamia Lane Property by Meditation Tour.
36. The Application is reasonably complex given the number of properties involved, their use as part of the meditation tour and related businesses, and the dedicated purpose of each property in the context of Mr Lee's Brain Education program. Mr Lee has been privileged to have various dignitaries (including Hon Shane Jones and Hon Kelvin Davis) visit the properties to see the investments made by Mr Lee in the Northland region. Bell Gully also visited a number of the properties earlier this year to assist with the preparation of this application and the investment plans. Mr Lee is very happy to host the OIO application assessment team for an inspection of the properties, to assist with their understanding of Mr Lee's investments to date and his future intentions. Please let Bell Gully know if you wish to take up this invitation.

Key Dates

Required Content:

Provide the following:

- The date by which consent is required - explain any consequences should the date not be met (e.g. the vendor is entitled to cancel the agreement).
- The details of the OIA condition in the agreement for sale and purchase - reference the relevant clause(s), state the condition date, and note any rights of extension (if not already addressed above).
- Any request for urgency – ensure you provide the supporting information set out on our website (avoid requesting urgency without first discussing it with the OIO).

37. The Applicants seek a decision from the OIO by 29 November 2019.
38. Mr Lee is anxious to resolve the inadvertent breaches as soon as possible. He is a well-known figure internationally and he does not wish to have an unresolved regulatory breach which could impact his reputation. In addition, he is keen to progress his investment plans in New Zealand as soon as possible.
39. Part of that includes a further development on a property at 443 Kerikeri Road, Kerikeri. The purchase of this property relates to the Earth Citizen School, which is intended to be a registered private training establishment. Earth Citizen Organisation is currently in the process of applying to the NZQA to become a private training establishment, which will lease the site from Double Pine. Pending the outcome from NZQA, the property at 443 Kerikeri Road will most likely be used for accommodation purposes for students to complement the various business operations undertaken by Meditation Tour and the Earth Citizen program at the Pungaere Road Property. A separate application for consent will be filed in relation to this purchase as it is a sensitive land transaction (the property at 443 Kerikeri Road is 6 hectares of non-urban land and residential land).

Section 2: Investment

Use this section to confirm: The particulars of the overseas transaction(s), the consent(s) requested and why, and that the transaction has not already been given effect without consent.

This section does not apply to applications for a standing consent (state NA and move on to the next section).

Required Content:

Provide the following:

- A description of the proposed transaction – identify all parties to the transaction including the entity/individual(s) acquiring the investment, target entity, vendor etc.
- A statement about whether you have any existing interest in the sensitive assets and/or existing relationship with the vendor.
- A description of the target entity/business (if relevant).
- A description of relevant agreements and steps involved in the transaction – include:
 - details of any pre-conditions to the completion of the acquisition other than OIO consent.
 - diagrams if this will assist in explaining the transaction.
 - details of any pre-consent arrangements such as short-term leases, management agreements, etc.

Required attachments:

Attach relevant transaction agreements/ documents (full executed copies without redactions) – for example: Agreement for sale and purchase, lease agreements, forestry rights agreement, profit à prendre agreement, independent advisers report, scheme book. Provide draft agreements if executed copies are not available.

40. Details of the Historic Transactions are set out below. Copies of the agreements for sale and purchase are attached in the relevant appendix.

88 Reinga Road Property

41. The transaction in relation to the 88 Reinga Road Property took place in 2014. On 4 April 2014, Mr Kim entered into an agreement for the purchase of the 88 Reinga Road Property from the previous owners, Andrew Peter Milton and Susan Margaret Milton, and this transaction settled on 30 April 2014. The agreement was conditional upon the expiry of a prior agreement and Mr Kim's solicitor's approval.
42. On 26 June 2015, Mr Lee entered into an agreement for the purchase of the 88 Reinga Road Property from Mr Kim, and this transaction settled on 30 June 2015. The agreement was not subject to any conditions.
43. Mr Kim is an associate of Mr Lee. However the previous owners, Andrew Peter Milton and Susan Margaret Milton, are not related to Mr Lee nor Mr Kim.

85 Access Road Property

44. The transaction in relation to the 85 Access Road Property took place in 2014. On 25 July 2014, Mr Kim entered into an agreement for the purchase of the 85 Access Road Property from the previous owners, Robert John Mitchel and Merilyn Ellen Mitchel, and this transaction settled on 6 November 2014. The agreement was conditional upon Mr Kim approving the LIM report and Mr Kim's solicitor's approval.
45. On 26 June 2015, Mr Lee entered into an agreement for the purchase of the 85 Access Road Property from Mr Kim, and this transaction settled on 30 June 2015. The agreement was not subject to any conditions.
46. Mr Kim is an associate of Mr Lee. However the previous owners, Robert John Mitchel and Merilyn Ellen Mitchel, are not related to Mr Lee nor Mr Kim.

8 Riverstone Lane Property

47. The transaction in relation to the 8 Riverstone Lane Property took place in 2014. On 27 July 2014, Ms Lee entered into an agreement for the purchase of the 8 Riverstone Lane Property from the previous owner, Stevtrac Limited, and this transaction settled on 22 August 2014. The agreement was conditional upon Ms Lee approving the LIM report and Ms Lee's solicitor's approval.
48. On 26 June 2015, Mr Lee entered into an agreement for the purchase of the 8 Riverstone Lane Property from Ms Lee, and this transaction settled on 30 June 2015. The agreement was not subject to any conditions.
49. Ms Lee is an associate of Mr Lee. However the previous owner, Stevtrac Limited, is not related to Mr Lee nor Ms Lee.

10 Riverstone Lane Property

50. The transaction in relation to the 10 Riverstone Lane Property took place in or around 2014. Unfortunately Mr Lee cannot locate a copy of the agreement for purchase of the property, and the solicitors who acted for Mr Lee on this transaction advised that the agreement for sale and purchase was lost during the Christchurch earthquake. We therefore cannot confirm if there were any conditions in the agreement.
51. However, we understand that Mr Lee settled the purchase of the 10 Riverstone Lane Property on 22 August 2014.

Haruru Falls Resort Property

52. Double Pine (through Brandon Lee, who was a lawyer involved in the purchase of the Haruru Falls Resort Property at the time) entered into 10 agreements for sale and purchase in acquiring the Haruru Falls Resort Property. We have summarised these agreements in the table below.

Unit	Vendor	Purchase Price	Agreement Date	Settlement Date	Conditions
Units AC, AD, AE	Sapphire Effects Limited	\$1,786,724	20 November 2015	20 January 2016	This agreement was conditional on the purchaser satisfying the LIM report condition, building inspection condition and due diligence condition, as well as obtaining various approvals from the solicitors for the vendor and the purchaser and from the body corporate.
Units A, B, D, K, L, N, T, U, V, Q, R, Y, Z, AB	Sapphire Effects Limited	\$733,276.25	20 November 2015	20 January 2016	Same as above.
Unit E	Jillian Johnston	\$47,460	20 November 2015	20 January 2016	This agreement was conditional on the solicitors acting for both parties approving the agreement.
Unit J	Raewyn Jayne McKay and	\$47,460	23 November 2015	20 January 2016	This agreement was conditional on the solicitors acting for both parties approving the agreement.
Unit M	Cheryle Helena Ricketts and Peter William	\$55,000	29 July 2016	18 August 2016	This agreement was conditional on the solicitors acting for both parties approving the agreement and the

	Ricketts				purchaser satisfying the due diligence condition.
Unit P	Owen Shephard and Beverly Shephard	\$42,000	29 July 2016 <i>*There was a typo at the date of the agreement in the actual agreement.</i>	25 August 2016	This agreement was conditional on the solicitors acting for both parties approving the agreement and the purchaser satisfying the due diligence condition.
Unit S	Stephen Lipsham and Bernice Lipsham	\$42,000	29 July 2016	18 August 2016	This agreement was conditional on the solicitors acting for both parties approving the agreement and the purchaser satisfying the due diligence condition.
Units G and H	Melville & Ellis Limited	\$124,000	29 July 2016	19 August 2016	This agreement was conditional on the solicitors acting for both parties approving the agreement.
Units X and AA	Stephen Gould	\$118,500	29 July 2016	19 August 2016	This agreement was conditional on the solicitors acting for both parties approving the agreement and the purchaser satisfying the due diligence condition.
Unit C	Perry Donald Reed as executor of the Estate of Peter Albert Cronovich	\$42,000	4 October 2016	21 November 2016	This agreement was conditional on the purchaser satisfying the due diligence condition.

53. B S Lee (Brandon Lee) was a lawyer involved in the purchase of the Haruru Falls Resort Property on behalf of Double Pine. However none of the previous owners are related to Mr Lee nor Double Pine.

North Totara Property

54. The transaction in relation to the North Totara Property took place in 2016. On 21 February 2016, Double Pine entered into an agreement for the purchase of the North Totara Property from the previous owner, Simon Willsher Knight and Ruth Barbara Knight, and this transaction settled on 1 April 2016. The agreement was conditional upon Double Pine being satisfied with the outcome of due diligence investigation.

Pungaere Road Property

55. The transaction in relation to the Pungaere Road Property took place in 2016. On 22 January 2016, Double Pine entered into an agreement for the purchase of the Pungaere Road Property from the previous owner, Paul Richard Vincent Marley, and this transaction settled on 1 April 2016. The agreement was conditional upon a prior agreement being cancelled.

Macadamia Lane Property

56. The transaction in relation to the Macadamia Lane Property took place in 2016. On 3 August 2016, Meditation Tour entered into an agreement for the purchase of the Macadamia Lane Property from the previous owner, Tee Tree Holdings Limited, and this transaction settled on 17 October 2016. The agreement was conditional upon Meditation Tour obtaining a resource consent for the purpose of building a dormitory building and interdependent with the purchase of the vendor's golf and café business, being Marty's Golf and Archery Range. We understand that the condition was satisfied, notwithstanding the fact that Meditation Tour's application for resource consent did not proceed due to feedback that Mr Lee received from the owners of the neighbouring properties. Mr Lee filed a resource consent for building a dormitory building on the Macadamia Lane Property, however he subsequently withdrew the application due to the neighbours' concerns.

Consideration and Financing

Required Content:

Provide details of the consideration and financing for the transaction. For international transactions, also state the consideration or asset value for the New Zealand assets.

57. All of the purchases were fully funded by Mr Lee. We set out the consideration for the acquisition of the properties in the table below.

Property	Purchase Price
88 Reinga Road Property	\$1,600,000
85 Access Road Property	\$980,000
8 Riverstone Lane Property	\$109,000
10 Riverstone Lane Property	\$230,000

Haruru Falls Resort Property	\$3,038,420
North Totara Property	\$2,100,000
Pungaere Property	\$1,125,000
Macadamia Lane Property	\$1,200,000
Total	\$10,382,420

Consent(s) requested

Required Content:

Provide the following:

- An explanation why the transaction requires consent.
- Confirmation of all transactions for which consent is sought and when they are likely to occur (consider whether the consent is required for linked transactions such as the grant and exercise of options).

58. The Applicants seek retrospective consent in respect of the Historic Transactions on the basis that the Historic Transactions required consent pursuant to section 10(1)(a) of the Act, being an overseas investment in sensitive land under section 12(a) of the Act. The Applicants were an "overseas person" at the time when the Historic Transactions took place under section 7(2)(a) and 7(2)(c) of the Act.

Section 3: Applicant

Use this section to provide full ownership and control information for the applicant. This information will help us understand the individual or entity making the investment and identify who we should focus our assessment on (i.e. identify the ROP and IWC for the investment).

Ownership and control

Required content:

Provide the following:

- Full information on ownership and control of the acquiring entity tracing back to ultimate owners/controllers including:
 - The role and significance of any intermediary entities and other parties (including associates) holding a direct or an indirect interest in the acquiring entity.
 - A description of all share classes on issue (and who owns them) and any trust arrangements.
 - Incorporation, shareholder and director information for all entities (or equivalent information if the applicant is not a company).
- An explanation of decision making as it relates to the proposed investment - address the following questions (with reference to relevant documents where appropriate):
 - Who is providing the required business experience and acumen?
 - Where is the financial commitment coming from (funding)?

- Who approved the acquisition of the investment and who could approve its divestment?
- Who is responsible for the day to day management of the investment?
- Who can approve significant capital and operating expenditure?
- Are there formal (or informal) decision making delegations in place? Who controls those delegations?

Required attachments:

Attach the following:

- Structure diagram(s) showing full legal and beneficial ownership of the sensitive assets (pre and post transaction where helpful). Provide an additional simplified ownership structure diagram for complex ownership structures.
- Certificate(s) of incorporation.
- A breakdown of beneficial ownership of Applicant by Country (see Appendix Template).
- A list of persons beneficially owning 5% or more of the Applicant (see Appendix Template).
- Formation documents (e.g. trust deeds, constitutions).

59. We advise that, at the date of this application:

- (a) Meditation Tour is a company incorporated in New Zealand under Companies Act 1993 (NZBN 9429041206614). It was incorporated on 24 April 2014;
- (b) Double Pine is a company incorporated in New Zealand under Companies Act 1993 (NZBN 9429042083269). It was incorporated on 26 November 2015;
- (c) Mr Lee is the sole shareholder of both Meditation Tour and Double Pine; and
- (d) Ms Hwang is the sole director of both Meditation Tour and Double Pine.

60. Set out below is a summary as to the decision making power as it relates to the Historic Transactions, as at the date of this application:

- (a) Ms Hwang and Mr Lee are providing the required business experience and acumen relevant to meditation and tourism connections with South Korea. The business has a general manager who supports Ms Hwang and Mr Lee on the day to day management. [s 9(2)(a)] who is the general manager for Double Pine also oversees the management of Meditation Tour. Further, Double Pine has recently employed a full time project manager who will provide experience with property development, projects and construction given Mr Lee's proposed plans for the properties);
- (b) Mr Lee has provided the necessary financial commitment and will continue to provide financial support as required to implement the overall investment plans;
- (c) Mr Lee originally approved the acquisition of the properties and as the sole shareholder he is ultimately the only person who could approve of their divestment;
- (d) Mr Kim was originally responsible for the day to day management of the meditation tour business. Ms Hwang is now responsible for the day to day management of all of Mr Lee's New Zealand investments;
- (e) Mr Lee and Ms Hwang can approve significant capital and operating expenditure; and

(f) there are no formal decision making delegations in place.

61. We **attach**:

- (a) an ownership structure diagram for Meditation Tour and Double Pine in the relevant appendix;
- (b) copies of the certificates of incorporation of Meditation Tour and Double Pine in the relevant appendix; and
- (c) a breakdown of the beneficial ownership of Meditation Tour and Double Pine by country and lists of persons beneficially owning 5% or more of Meditation Tour and Double Pine in the relevant appendix.

62. We confirm that neither Meditation Tour nor Double Pine have a company constitution.

Relevant overseas person

Who is the relevant overseas person for the investment (refer OIO [guidance](#))?

Required content:

Identify the ROP and explain the rationale for your selection (if relevant, explain why you have excluded entities or individuals with an ownership or control interest from the ROP).

Note - ROP is a collective term that may cover more than one individual / entity.

63. The Applicants consider that for the purposes of this application and section 15 of the Act, the ROPs are:

- (a) Meditation Tour;
- (b) Double Pine; and
- (c) Mr Lee.

Individuals with control

Who are the individuals with control of each relevant overseas person for the investment (refer OIO [guidance](#))?

Required content:

Identify the IWCs and explain the rationale for your selection (if relevant, explain why you have excluded members of the governing body of an ROP or individuals with a 25% or more ownership or control interest).

Required attachments:

Attach the following:

- A completed ROP/IWC table (see Appendix template).
- Copies of passports for each IWC or written confirmation from the OIO that it has waived this requirement.

64. The Applicants consider that for the purposes of this application, the IWCs comprise:

- (a) Ms Hwang, being the director of Meditation Tour and Double Pine; and
- (b) Mr Lee.

65. We attach as in the relevant appendix a completed ROP/IWC table which sets out details of each IWC, being Ms Hwang and Mr Lee.
66. We attach as:
- (a) In the relevant appendix copies of the relevant pages of the passports for each of the IWCs; and
 - (b) In the relevant appendix the curriculum vitae and work experience of the IWCs.

Business activities

Required content:

Provide the following:

- A description of applicant's business activities generally.
- A description of any current or past business operations in New Zealand - address whether the applicant is a new investor or has a track record in New Zealand.
- Details of any previous consent applications by the applicant or related entities including OIO case numbers.
- A summary of financial position (e.g. market capitalisation, gross revenue, net profit, net asset value).
- A link to applicant website and annual report (if available online).
- Information on the business activities of individuals if the investor is effectively an individual (or a few individuals).

Note – If you are required to provide any of the above information in your investment plan (e.g. for standing consent applications), then you can state this and reference the relevant part of that document.

Required attachments:

Attach the following:

- Latest financial accounts, audited where available.
- Annual report.

Note – do not provide these attachments if the information is available online.

Mr Lee

67. Mr Lee is the founder of Dahn Yoga or Dahn Hak, also known as Body & Brain Yoga, which is a modern form of traditional Korean mind and body training, involving both meditation and yoga (see www.bodynbrain.com and www.bodynbrain.co.nz). Body & Brain Yoga is taught internationally. It has centres in Korea, the United States, Canada, Japan, China, the United Kingdom, Belgium, Poland, Russia and Spain. Body & Brain Yoga provides a progressive convergence of traditional eastern practices for energy development and mindfulness and new findings from neuroscience, education and positive psychology. Brain education is taught in schools and youth organisations in Korea, the United States, China, Japan and several countries in Latin America. In the United States, 400 schools have introduced brain education to their students and teachers. Brain education was endorsed by superintendents and principals of New York public schools and recognised by the New York City Department of Education.
68. Mr Lee is the author of a number of books, including a *New York Times* bestseller. He has penned 42 books and his books have been translated into 15 languages worldwide. His books have been honoured by established book awards, including IndieFab, Nautilus and Living Now.
69. Mr Lee is the founder of the University of Brain Education which, among other things, is a research oriented graduate school in South Korea that conducts research projects on plants and trees to assess their potential health benefits.
70. Mr Lee has established ChangeYourEnergy.com and Change TV, a conscious media and online education platform dedicated to empowering people to make positive changes, and developed innovative lines of lifestyle products that are focused on natural health and mindful living.
71. In addition, Mr Lee has produced two award-winning educational documentary films: *Change: The LifeParticle Effect* and its sequel *Change: The Brain and Divinity*. *Change: The LifeParticle Effect* was a winner at the International Film Festival for Spirituality, Religion and Visionary 2013 (14 categories), Costa Rica International Film Festival, and VisionFest14: The Other Festival.
72. We **attach** a biography about Mr Lee that provides further detail in the relevant appendix. For further information on Mr Lee, please refer to www.ilchi.com or www.ilchi.co.nz. Mr Lee is also a founder of Earth Citizens Organization (www.earthcitizens.org and www.earthcitizens.org.nz).

Meditation Tour

73. Meditation Tour was incorporated in 2014 for the purpose of operating the meditation tour business for overseas tourists coming to New Zealand. Meditation Tour was incorporated by Mr Kim. Upon Mr Kim's departure (in 2015), Mr Kim transferred the shares in Meditation Tour to Mr Lee. Meditation Tour is currently in the process of updating its website, which will be available in the next few weeks. See www.meditationtour.co.nz.

74. Meditation Tour provides tour and mediation sessions as part of the Brain Education program, which are designed for participants to focus and connect with their “inner peace” in order to access their full potential. The experience offered by Meditation Tour is different from the ordinary sightseeing tours. Meditation Tour offers a journey to find people’s “true potentials” through the meditation practice and experience. It is solely dedicated to self-exploration and transformation. Mr Lee has helped many people worldwide in finding new perspectives and a renewed sense of purpose in the form of mediation tours and retreats.
75. The tours conducted by Meditation Tour are connected to the different levels in Brain Education principles. Set out below is a table and a diagram indicating the different level of uses in Brain Education principles:

Level	Level description
Level 1: Brain sensitising	<p>Awakening all of the body’s senses to develop the brain’s heightened awareness.</p> <p>In this step, practitioners awaken their primary senses and develop an awareness of the body-brain connection. Through this process, they acquire tools to regulate the stress response system. Stretching, energetic movement, and breath-training exercises improve cardiovascular circulation and fine-tune the balanced functioning of the autonomic nervous system.</p>
Level 2: Brain versatilising	<p>Develop flexibility in body and awaken the multifaceted brain.</p> <p>At this stage, practitioners develop flexibility of body and mind. Through careful observation and self-discipline, can adjust their behaviour to create healthier, more productive habits. This step relies and builds upon the brain’s plasticity (changeability).</p>
Level 3: Brain refreshing	<p>Allowing healing and renewal by learning to release emotions.</p> <p>Practitioners become acutely aware of the influence of stored emotions and preconceptions on the quality of their lives. Through learning to release the memories and ideas that are no longer useful, they are able to face any situation with a clear, fresh mind. Fully developed emotional control and awareness allow one to create emotions as a matter of choice.</p>
Level 4: Brain integrating	<p>The process of functionally using the whole brain.</p> <p>This step integrates the different functional areas of the brain to release latent capabilities. It improves communication and cooperation between the brain’s right and left hemispheres, as well as between the cerebral cortex and subcortical structures.</p>

Level 5: Brain mastering	<p>Building, refining and mastering the brain.</p> <p>By applying and re-applying the first four steps of Brain Education toward specific, concrete goals, practitioners develop the executive control of their brain, resulting in a process of continuous personal and quality-of-life improvement. They develop the power of choice and volition to become the conscious authors of their lives.</p>
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76. Set out below is a table indicating the use of the relevant property by different levels of participants:

Property	Level of Participants
88 Reinga Road Property	VIP guests only (level 4 participants)
85 Access Road Property	Middle level participants (level 2-4 participants)
Riverstone Lane Properties	Middle level participants (level 2-4 participants)
Haruru Falls Resort Property	All tour participants (all level participants)

North Totara Property	VIP guests only (level 5 participants)
Pungaere Property	All tour participants (all level participants, in particular the level 1 and 2 participants)
Macadamia Lane Property	All tour participants (all level participants)

77. Over 7,600 people from overseas have participated in New Zealand meditation tours organised by Mr Lee and his companies since 2014.

Double Pine

78. Double Pine was incorporated in 2015 for the purpose of investing in properties and operating these properties that were seen as a further development of the meditation tour business. Double Pine has a website for its Woodlands Motel business (see www.woodlandskerikeri.co.nz) and is in the process of creating a new website for the Haruru Falls Resort business.

79. The Earth Citizen program founded by Mr Lee, being a global initiative that promotes grass-root actions based on Earth Citizenship operates from the Pungaere Road Property (owned by Double Pine), and essentially is a learning centre where participants can stay for a short period of time, and learn natural health practices and life skills so that participants can be self-sufficient in health, happiness and peace. The program aims to promote natural health and mindful living for a sustainable world.

80. None of Mr Lee, Meditation Tour or Double Pine has previously applied for consent under the Act.

81. We set out in the table below an overview of the Applicants' financial position in respect of its current operations (based on the most recent financial information for the year ending 31 March 2019 for the companies and 31 March 2018 for Mr Lee).

Applicant	Gross income	Net profit	Net assets
Mr Lee	\$1,116,919.02	-	-
Double Pine	\$1,537,963	(\$84,162)	\$61,947
Meditation Tour	\$3,853,707	\$68,960	\$1,533,280

82. Copies of the most recent tax returns for Mr Lee are attached in the relevant appendix. Draft copies of the financial statements for year ended at 31 March 2019 for Double Pine and Meditation Tour are attached in the relevant appendix. The Applicant's accountants are currently in the process of finalising the financial statements for year ended at 31 March 2019, and we will provide finalised copies to the OIO as supplementary information on receipt.

Section 4: Vendor

Use this section to add vendor / lessor information. If the vendor has provided a Vendor Information Form (VIF) then you can complete this section by referring to that document. The vendor must provide a VIF for all one-off consent applications other than applications for residential (not otherwise sensitive) land and where we have waived the requirement for a VIF (e.g. hostile takeovers). The VIF must be submitted at the same time as your application.

This section does not apply to applications for residential (not otherwise sensitive) land and applications for standing consents (state NA and move on to the next section).

Required content:

Refer to the VIF or, if the VIF requirement has been waived, provide:

- Confirmation that the OIO waived the VIF requirement (refer to the relevant OIO email).
- The vendor information that would normally be contained in the relevant VIF (to the best of your knowledge).

83. Given that this is a retrospective application, we understand that the OIO has waived the requirement for a Vendor Information Form.

Section 5: Investor Test

Use this section to address the investor test criteria. Set out your submissions for each criterion below using the ROP and IWCs you identified above.

Note – the onus is on you to demonstrate the investor test is satisfied. We must decline your application if we are not satisfied that all of the relevant criteria are met.

Do the ROP/IWC individuals collectively have business experience and acumen relevant to that overseas investment (refer OIO [guidance](#))?

Required content:

Provide the following:

- Submissions on why the individuals making up the ROP and IWCs collectively have the required business experience and acumen for the proposed investment(s) (e.g. reference to qualifications, specific industry experience). It is not enough to simply refer to CVs provided with the application.
- Confirmation whether the individuals intend to supplement their own expertise with that of others (e.g. farm manager, winemaker, forest manager) – if yes, provide information about the business experience and acumen of those other individuals.

Required attachments:

Attach curriculum vitae for each IWC and for other key individuals (e.g. farm manager, winemaker).

84. As set out in the previous sections of this application, Mr Lee has global influence in meditation and yoga. Mr Lee has developed many mind-body training methods, including the Dahn Yoga and Brain Education. He is a key factor for drawing interests, including his followers to New Zealand from all over the world.

85. However, Mr Lee does not operate the travel and tourism ventures himself. When the 88 Reinga Road Property and the 85 Access Road Property were purchased in 2014, Mr Kim was the key person who assisted Mr Lee at the time to operate the companies. Typically, Mr Kim would negotiate with hotels, restaurants and chartered bus businesses, and organised meditation tour groups.
86. Following Mr Kim's departure in 2015, Mr Lee took over the directorship role in the companies himself. However, he soon realised that he needs someone that shares the same value to assist him to oversee the operations. In 2017, Ms Hwang, who is an experienced individual involved with Mr Lee's business in the United States from 2008 to 2014, joined Mr Lee in his operations. Ms Hwang joined Mr Lee's company in New Zealand in 2015 and was subsequently appointed as the director for both Meditation Tour and Double Pine in April 2017, and has been assisting Mr Lee on the administrative and operational aspects of the New Zealand business.

Has the ROP demonstrated financial commitment to the overseas investment (refer OIO [guidance](#))?

Required content:

Provide submissions on how the ROP has demonstrated financial commitment to the proposed investment(s) (e.g. by securing funding, engaging professional advisers, incurring due diligence costs, entering into agreements, paying a deposit under an agreement, acquiring other business assets linked with the investment).

Note – the ROP must have taken actions that demonstrate financial commitment to the investment (intentions are not sufficient).

87. The Applicants have demonstrated financial commitment to the Historic Transactions. All acquisitions were 100% funded by Mr Lee from his personal resources initially. In addition to the \$10 million that Mr Lee deposited into the bank as part of obtaining his residence class visa, Mr Lee has invested more than \$17 million in New Zealand through various property purchases (and related infrastructure / development upgrade works) and business activities.
88. During a transaction involving the purchase of units in the Haruru Falls Resort Property, Double Pine borrowed around \$1.9 million from ANZ Bank New Zealand Limited, and Mr Lee has guaranteed Double Pine's obligation by providing mortgages in favour of ANZ Bank New Zealand Limited against the 88 Reinga Road Property, the Riverstone Lane Properties and the 85 Access Road Property. Around \$1 million has been repaid and the residual balance on Double Pine / Mr Lee's loan account is approximately \$900,000 as of the date of this application.
89. If the retrospective applications in respect of the Historic Transactions are approved by the OIO, Mr Lee has plans to expand his current operations in New Zealand, which is currently budgeted for \$618,075 within the next three years (with a planned budget for projects of a further \$2.5 million collectively across the properties owned by Mr Lee, Meditation Tour and Double Pine, subject to obtaining resource consent and undertaking further feasibility). Please refer to the Investment Plan for details.

Are all the ROP/IWC individuals of good character (refer OIO [guidance](#))?

Required content:

Provide the following:

- Submissions on why the individuals making up the ROP and IWCs are of good character. It is not enough to simply attach a good character declaration(s).
- You must disclose all matters potentially relevant to the good character of the IWC (the OIO determines what is actually relevant). Refer to the 'ROP/IWC Details and Good Character' Appendix Template for further guidance on the information we require. We will request a good character declaration after your application has been assessed.

Required attachments:

- Completed 'ROP/IWC Details and Good Character' Appendix Template.
90. Please refer to our good character cover letter to the OIO dated 1 March 2019, which is attached in the relevant appendix.
91. The Applicants have confirmed that there is no further relevant information to be disclosed regarding the good character of the IWCs other than as disclosed in the tables set out in the relevant appendix and that the IWCs will sign a good character declaration when requested by the OIO.

Is each ROP/IWC individual not an individual of the kind referred to in section 15 or 16 of the Immigration Act 2009 (refer OIO [guidance](#))?

92. None of the IWCs is an individual of the kind referred to in section 15 or 16 of the Immigration Act 2009.

Section 6: Investment plan

Use this section to attach your Investment Plan. Your investment plan will identify the assets you wish to acquire, your investment plans for those assets and how you meet any additional consent criteria (including the relevant test – e.g. intention to reside in NZ test, benefit to NZ test, special forestry test, modified benefit test for forestry, increased housing test, the non-residential use test, or the incidental residential use test).

This section does not apply to applications for significant business assets only (state NA and move on to the next section).

93. Refer to Investment Plan attached at Appendix 1.

Section 7: General

Use this section to add additional information and comment including any special requirements regarding confidentiality.

The OIO is subject to the Official Information Act 1982. If you wish to request confidentiality you must make direct reference to the provisions of the Official Information Act 1982 that you consider justify the withholding of the information. Review our [website](#) and the [practice guidelines](#) issued by the Office of the Ombudsman before making a request. Our standard process is to consider any request you make, and to consult with you, before releasing or publishing your information.

94. The information provided in this application (including the Appendices) and any information relating to this application which is subsequently provided to the OIO (together, the **Application Information**) is strictly confidential and commercially sensitive.
95. Pursuant to sections 9(2)(b)(ii) and 9(2)(a) of the OIA, the Applicants request that all Application Information be kept strictly confidential indefinitely. The release of any of that information (in whole or part only) is likely to prejudice the interests of the Applicants and, in respect of personal information regarding individuals, would fail to protect the privacy of those individuals.
96. If the OIO receives a request under the OIA Act for the disclosure of any Application Information, the Applicants must be notified of that request (at the contact details in the Summary of Key Information) in accordance with the OIO's usual policy and given an opportunity to be heard before any decision is made by the OIO regarding the release of such information.

Released under the Official Information Act 1982

List of Appendices

Use this table to list all appendices attached to your application. Please name your appendices beginning with 'Appendix 01' etc.

88 Reinga Road Property

Appendix 1	Investment Plan
Appendix 2	Passports of IWCs
Appendix 3	Curriculum Vitae of IWCs
Appendix 4	Biography of Seung Heun Lee
Appendix 5	Financial Statements
Appendix 6	Good Character Letter to the OIO dated 1 March 2019
Appendix 7	Current and Historic Records of Title
Appendix 8	Locale and Planning Maps
Appendix 9	Aerial Maps
Appendix 10	Sensitive Land Certificate
Appendix 11	Sale and Purchase Agreement Documentation
Appendix 12	Average Working Hours Per Week

Riverstone Lane Properties

Appendix 1	Investment Plan
Appendix 2	Passports of IWCs
Appendix 3	Curriculum Vitae of IWCs
Appendix 4	Biography of Seung Heun Lee
Appendix 5	Financial Statements
Appendix 6	Good Character Letter to the OIO dated 1 March 2019
Appendix 7	Current and Historic Records of Title
Appendix 8	Locale and Planning Maps
Appendix 9	Aerial Maps
Appendix 10	Sensitive Land Certificate
Appendix 11	Sale and Purchase Agreement Documentation
Appendix 12	Average Working Hours Per Week

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85 Access Road Property

Appendix 1	Investment Plan
Appendix 2	Passports of IWCs
Appendix 3	Curriculum Vitae of IWCs
Appendix 4	Biography of Seung Heun Lee
Appendix 5	Financial Statements
Appendix 6	Good Character Letter to the OIO dated 1 March 2019
Appendix 7	Current and Historic Records of Title
Appendix 8	Locale and Planning Maps
Appendix 9	Aerial Maps
Appendix 10	Sensitive Land Certificate
Appendix 11	Sale and Purchase Agreement Documentation
Appendix 12	Average Working Hours Per Week
Appendix 13	Notice of intention to Offer Back

Haruru Falls Resort Property

Appendix 1	Investment Plan
Appendix 2A	Ownership and control structure diagram
Appendix 2B	Beneficial Ownership Table
Appendix 3	Certificates of Incorporation
Appendix 4	Passports of IWCs
Appendix 5	Curriculum Vitae of IWCs
Appendix 6	Biography of Seung Heun Lee
Appendix 7	Financial Statements
Appendix 8	Good Character Letter to the OIO dated 1 March 2019
Appendix 9	Current and Historic Records of Title
Appendix 10	Locale and Planning Maps
Appendix 11	Aerial Maps
Appendix 12	Sensitive Land Certificate
Appendix 13	Sale and Purchase Agreement Documentation
Appendix 14	Average Working Hours Per Week

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Pungaere Road Property

Appendix 1	Investment Plan
Appendix 2A	Ownership and control structure diagram
Appendix 2B	Beneficial Ownership Table
Appendix 3	Certificates of Incorporation
Appendix 4	Passports of IWCs
Appendix 5	Curriculum Vitae of IWCs
Appendix 6	Biography of Seung Heun Lee
Appendix 7	Financial Statements
Appendix 8	Good Character Letter to the OIO dated 1 March 2019
Appendix 9	Current and Historic Records of Title
Appendix 10	Locale and Planning Maps
Appendix 11	Aerial Maps
Appendix 12	Sensitive Land Certificate
Appendix 13	Sale and Purchase Agreement Documentation
Appendix 14	Average Working Hours Per Week
Appendix 15	Notice of intention to Offer Back

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North Totara Property

Appendix 1	Investment Plan
Appendix 2A	Ownership and control structure diagram
Appendix 2B	Beneficial Ownership Table
Appendix 3	Certificates of Incorporation
Appendix 4	Passports of IWCs
Appendix 5	Curriculum Vitae of IWCs
Appendix 6	Biography of Seung Heun Lee
Appendix 7	Financial Statements
Appendix 8	Good Character Letter to the OIO dated 1 March 2019
Appendix 9	Current and Historic Records of Title
Appendix 10	Locale and Planning Maps
Appendix 11	Aerial Maps
Appendix 12	Sensitive Land Certificate
Appendix 13	Sale and Purchase Agreement Documentation
Appendix 14	Average Working Hours Per Week
Appendix 15	Notice of intention to Offer Back

Macadamia Lane Property

Appendix 1	Investment Plan
Appendix 2A	Ownership and control structure diagram
Appendix 2B	Beneficial Ownership Table
Appendix 3	Certificates of Incorporation
Appendix 4	Passports of IWCs
Appendix 5	Curriculum Vitae of IWCs
Appendix 6	Biography of Seung Heun Lee
Appendix 7	Financial Statements
Appendix 8	Good Character Letter to the OIO dated 1 March 2019
Appendix 9	Current and Historic Records of Title
Appendix 10	Locale and Planning Maps
Appendix 11	Aerial Maps
Appendix 12	Sensitive Land Certificate
Appendix 13	Sale and Purchase Agreement Documentation
Appendix 14	Average Working Hours Per Week

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Appendix 6: Good Character Letter to the OIO dated 1 March 2019

Released under the Official Information Act 1982

By email [s 9(2)(g)(ii)]
[REDACTED]

Overseas Investment Office

Attention [s 9(2)(g)(ii)]
[REDACTED]

FROM Andrew Petersen / Tim Smith
DDI +64 9 916 8622 / +64 4 915 6520
MOBILE +64 21 684 533 / 64 21 102 7398
EMAIL andrew.petersen@bellgully.com
EMAIL tim.smith@bellgully.com
MATTER NO. 402-3661
DATE 1 March 2019

Seung Heun Lee, Meditation Tour Limited and Double Pine Investment Limited - Good Character Submission

1. Introduction

- 1.1 Thank you for your letter dated 14 September 2018 and subsequent emails in relation to possible retrospective applications by Seung Heun Lee (Mr Lee), Meditation Tour Limited (Meditation Tour), and Double Pine Investments Limited (Double Pine).
- 1.2 As indicated in our previous correspondence, our client wishes to pursue retrospective applications, to resolve the Overseas Investment Office's investigation. However, our client would like to make a detailed submission on good character addressing the OIO's concerns in your letter dated 14 September 2018 ahead of the proposed retrospective application(s) being filed.
- 1.3 We have also completed the ROP / IWC good character table for Mr Lee and Ms Yewon Hwang (Ms Hwang) as IWCs, and Meditation Tour and Double Pine as ROPs. A copy of that table is **attached as Appendix A**, along with copies of the documents it refers to.
- 1.4 We address Mr Lee's good character in the following order:
 - (a) the Immigration New Zealand (INZ) investigation / Minister's decision;
 - (b) the 1993 Korean convictions; and
 - (c) supplementary information in support of Mr Lee's good character.

2. INZ investigation / Minister's decision

- 2.1 By way of background, Mr Lee applied for and was granted residence under the Investor Plus category in June 2015. In November 2014 Mr Lee had, on application, been granted a work visa.
- 2.2 Mr Lee neither speaks nor reads English. He relied on the help of an associate, Mr Simon Kim, to compile and record the information on his visa applications. A police certificate was required to be provided to INZ together with Mr Lee's work visa application. Mr Kim reviewed the police certificate issued by the Korean authorities. This made no mention of any criminal record. Mr Kim completed the application forms accordingly. Unbeknown to Mr Kim, more than 25 years earlier Mr Lee had been convicted in Korea of regulatory breaches that were subsequently erased by 'clean slate provisions' under Korean law.

2.3 The 1993 Korean convictions were brought to our attention in 2017. We advised Mr Lee that despite having been 'wiped clean' by Korean clean slate provisions, they were required to be disclosed in his immigration applications. Understandably, Mr Lee was distressed and instructed us to notify INZ as soon as possible. We did this in September 2017 and an investigation was commenced.

2.4 Our thorough submission to the Minister was that liability for deportation under section 158(1)(b)(i) of the Immigration Act 2009 (the Act) requires knowledge i.e. that to be liable an applicant must knowingly have provided false information or must knowingly have concealed relevant information. However, the Minister's determination makes no finding in relation to Mr Lee's knowledge or intention and so by inference applies a 'strict liability' test where Mr Lee's innocent non-disclosure of relevant information in his immigration applications meant that he was found to have provided false information or concealed relevant information under section 158(1)(b)(i) of the Act. The Minister's determination that Mr Lee was liable for deportation under the Act should not be taken as a determination by the Minister that Mr Lee intentionally provided false information or concealed relevant information.

2.5 Copies of our submission to the Minister of Immigration, dated 17 May 2018, along with earlier submissions and previous correspondence with INZ, and the Minister's decision dated 5 July 2018, are **attached** as **Appendix B**.

2.6 We submit that the Minister's decision raises no issue with Mr Lee's good character. Mr Lee never intended to provide false information or conceal relevant information from his immigration applications. Once it was brought to his attention that the convictions should have been disclosed, Mr Lee promptly notified INZ. Furthermore, the finding by the Minister that Mr Lee was liable for deportation does not assume any culpability and was based on a 'strict liability' test.

3. 1993 Korean convictions

3.1 These matters are dealt with more fully in our previous correspondence with INZ. However, we summarise them here.

3.2 Mr Lee is the founder of *Dahnhak*, otherwise known as *Dahnworld*. Mr Lee founded the company in Korea in 1992.

3.3 In 1993, charges were brought against Mr Lee and two other company officials on the basis that the company had contravened a number of regulations including:

- (a) holding a weekend lecture without a licence – a breach of the *Education Act*; and
- (b) manufacturing and selling traditional Korean health supplements – breaching the *Special Measures for the Control of Public Health Crimes Act*, the *Food Sanitation Act* and the *Special Measures on Real Estate Registration Act*.

3.4 The limited relevant documents which are available from the Seoul Eastern District Public Prosecutor's Office are attached to our letters to INZ dated 15 and 16 February 2018.

3.5 We are advised that the health supplements were innocuous, having been made from plants readily available from the local markets or countryside, and that the supplements were really no more than what was often made by the older generation for their families' consumption.

3.6 Mr Lee was sentenced to 2.5 years in prison, suspended for 3 years, and fined KRW 105,000,000 – calculated as a multiple of the company's turnover, to deter future unlicensed sales.

- 3.7 Although the sentence seems harsh and severe, especially in light of the contraventions, we understand that in Korea at the time (just after the end of military rule) this was considered a light sentence and reflects the Court's opinion that the contraventions were not serious. To put things into perspective, we are advised that an unauthorised sale of oriental medicine or the sale of unsanitary food in a market carried life sentences.
- 3.8 Mr Lee's 3 year suspension period lapsed with no further contraventions and Mr Lee's record was 'wiped clean'.
- 3.9 The OIO's guidance on good character notes that the factors relevant to the weighting of offences and contraventions include:
- (a) the nature of the offence or contravention including:
 - (i) the seriousness of the offending;
 - (ii) whether the offence or contravention of the law was deliberate;
 - (b) the time since the offence or contravention; and
 - (c) absence of any re-offending.
- 3.10 The Korean convictions relate to events that happened over 25 years ago, would be considered minor infringements in New Zealand, and were errors made by what was then a new venture.

4. Good character information

- 4.1 We have undertaken good character searches according to the OIO's guidelines and the results of those searches are **attached** to this letter in the ROP / IWC good character table at **Appendix A**.
- 4.2 In addition, we **attach** for your reference in **Appendix C** a letter to the Minister of Immigration dated 21 June 2018, attaching a letter of explanation from Mr Lee as well as various letters of support in favour of Mr Lee's business venture.
- 4.3 Mr Lee has a most unusually high-standing reputation around the world through his involvement in meditation, yoga and other charitable activities. In support of this, we further **attach** the following awards and information in support of Mr Lee's good character in **Appendix D** (in the same order):
- (a) a certificate dated 9 April 2007, issued by the Lieutenant Governor of the State of New Mexico recognising Mr Lee as an Ambassador for Goodwill;
 - (b) a Certificate of Congressional Recognition dated 30 August 2015, presented to Mr Lee by the United States Congress;
 - (c) a Certificate of Commendation dated 13 September 2003 issued by the City of Los Angeles presented to Mr Lee;
 - (d) a description of the IBREA FOUNDATION program in El Salvador, which is a global non-profit organisation established by Mr Lee;
 - (e) a House Memorial of the State of New Mexico declaring 27 February 2017 "Brain Education Day" in the House of Representatives;

- (f) a certificate dated 1 August 2017 for the Pioneer Award granted to Mr Lee by the United States Office of Public Health;
- (g) a list of, and copies of some of, the proclamations issued by 19 US States or cities in recognition of Mr Lee's contributions to improving health, wellness and the quality of life of their citizens, including a number of proclamations for Ilchi Lee Day;
- (h) a list of, and copies of some of, the proclamations issued by US States or cities in relation to Brain Education;
- (i) a letter dated 8 August 2017 from the United States Department of the Interior – National Park Service thanking him for his "outstanding work to promote parks and public lands as places for people to derive physical, mental, and spiritual health, and social well-being;
- (j) a certificate dated 28 February 2017 expressing appreciation and gratitude to Ilchi Lee and Staff issued by the House of Representatives of the State of New Mexico; and
- (k) a Certificate of Merit dated 9 October 2002 issued by the Republic of Korea for the Presidential Award of Civil Merit and an award of commendation from the Minister of Culture and Tourism dated 31 December 2007.

4.4 Further, a number of New Zealanders have also already attested to Mr Lee's good character and contribution to New Zealand and the Northland Community in particular. In support of this, we further **attach** the following documents in **Appendix E**:

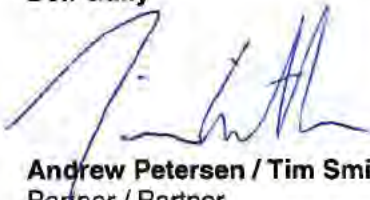
- (a) a letter from Charles Hohaia of *Te Waka Whaanui Services Limited* dated 5 August 2017;
- (b) a letter from A. G. McNaughton dated 8 September 2017;
- (c) a letter from Mark Klinac of *Keriland Earthworks Limited* dated 18 January 2018;
- (d) a letter from Tim Couling of *Okaihau Primary School* dated 7 September 2017;
- (e) a letter from Peter Heath of *Due North* dated 18 August 2017;
- (f) a letter from Andrew Abercrombie of *Site Scope Limited* dated 22 January 2018;
- (g) a letter from Peter Hendl dated 18 January 2018;
- (h) a letter from Shirley Millar of *Kerikeri Tool Hire 2015 Limited*;
- (i) a letter from Dr Lily George of *Western Institute of Technology Taranaki* dated 22 August 2017;
- (j) a letter from Aleksandra Petrovic dated 9 June 2017; and
- (k) a letter from Richard Eley of *Renton Motors 1976 Limited* dated 19 January 2018.

4.5 For completeness, also **attached** at **Appendix F** are two letters from the Labour Inspectorate, dated 2 February 2018, which note that all of the requirements of Improvement Notices provided to Meditation Tour and Double Pine have been complied with and the relevant files closed.

- 4.6 As the OIO may be aware, Mr Lee is a public figure who, like many other public figures, has from time to time attracted controversial comments from the media and has occasionally been the subject of civil litigation. We address those comments and that litigation in the following ROP/IWC Good Character Table – noting the general failure of the money motivated claims against him and the judgments which highlight the judicial scepticism of the claims against him. We are very happy to work with the OIO to discuss any concerns that the OIO may have in relation to Mr Lee's good character, and provide relevant information or explanation as the case may be where appropriate.

Please do not hesitate to contact us if you have any questions in relation to the above.

Yours faithfully
Bell Gully



Andrew Petersen / Tim Smith
Partner / Partner

Enc.

Appendix A – ROP / IWC Good Character Table

Applicant Name	Seung Heun Lee, Meditation Tour Limited and Double Pine Investment Limited
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The purpose of this appendix is to record ROP / IWC identification and good character information in one place to allow us to undertake our background checks as efficiently as possible. It is important that you identify and disclose all information potentially relevant to the ROP / IWC individuals in your application (the decision-maker will determine what is actually relevant). We require applicants to undertake their own internet background checks to help ensure that all potentially relevant information is disclosed and commented on.

Complete this appendix by following the instructions provided. Because the actions of an entity can be relevant to the character of an individual (e.g. where the individual owns 25% or more of the entity), you must complete the following tables for both the entities and the individuals comprising the ROP / IWC.

Note – if we reach a different view about who the ROP / IWCs are for a particular investment you may be asked to update the table to reflect this. [See here](#) for more information about the ROP / IWC selection process. The information we request in this document is what we require in the first instance. We may request further information from you during our assessment of the application.

ROP / IWC individuals

Complete the table for each individual you have identified as a relevant overseas person or individual with control.

ROP/IWC individuals						
Full legal name (include native characters)	Other names (e.g. maiden name)	Role	Joined ROP	Nationality	Resides in	D.O.B.
Seung Heun Lee 이승헌	Il-Chi Lee, or Ilchi Lee 일지 리	Shareholder of Meditation Tour Limited and Double Pine Investment Limited	April 2014	Republic of Korea	New Zealand	01/04/1952
Yewon Hwang 황예원	None	Director of Meditation Tour Limited and Double Pine Investment Limited	April 2017	Republic of Korea	New Zealand	26/12/1976

ROP / IWC entities

Complete the table for each entity you have identified as a relevant overseas person.

ROP/IWC entities				
Full legal name (include native characters)	Other names (e.g. trading / former names)	Type of entity	Jurisdiction	Unique identifier (e.g. ACN/NZBN)
Meditation Tour Limited	N/A	Limited liability company	New Zealand	NZBN 9429041206614
Double Pine Investment Limited	N/A	Limited liability company	New Zealand	NZBN 9429042083269

Good character disclosures

Complete the following tables for both the individuals and the entities making up the ROP / IWC. Create additional tables as necessary. Disclose and comment on:

- All matters potentially relevant to good character; and
- The results of the applicant's internet background searches; and
- Whether an IWC/ROP is listed in the ICIJ Offshore Leaks Database.

Note - you do not have to disclose parking, speeding or other traffic offences that did not result in a conviction being entered by a court.

When commenting on adverse information:

- Avoid vague statements. For example, responding to an allegation of offending by saying that the individual was never convicted is inadequate (offences are a mandatory consideration *whether the person is convicted or not – refer s19*) as is simply stating that the person making the allegation is a 'disgruntled former employee'. Ensure you address the allegation itself – is it true? Has it been investigated? If so, by who and what was the outcome? Address the relevance of the allegation to the good character assessment and the appropriate weighting it should be given.

- For allegations relating to ROP entities rather than individuals, ensure you address the relevance of the allegation to the ROP/IWC individuals. Were the ROP/IWC individuals involved with the entity at the relevant time (e.g. as directors)? Did any IWC have a 25% or more ownership or control interest in the entity at the time the alleged offence or contravention occurred? If not, are there any other grounds to reasonably infer participation or knowledge of the alleged wrongdoing? Were the ROP/IWC individuals involved with the entity at the relevant time (e.g. as directors)?
- Anticipate our questions – ensure your answer does not raise more questions than it answers.

Background internet searches

We suggest using the following parameters as a starting point for your internet searches:

[IWC / ROP] allegation OR complaint OR investigation OR fraud OR lawsuit.

In Google, the above parameters will search using those keywords (and variations) in connection with the IWC / ROP. We suggest starting your search with variations of the ROP / IWC names within quotation marks and then removing them to broaden your search. Consider adding additional search terms that are relevant to the applicants business activities. For common names, it may assist to include country only searches. You can do this in Google by starting your search using the local google page for the county you want to search and then limiting results to that country (i.e. to limit your results to the UK, go to www.google.co.uk, click 'Tools', 'Any Country', 'Country: UK').

SEUNG HEUN LEE	
Disclosures / search results	Comment
<u>ICIJ</u> Seung Heun Lee (or Il-Chi Lee) is not listed on the ICIJ database.	NA
<u>Google Search</u> Immigration New Zealand is investigating into Mr Lee's residency and Mr Lee could face deportation. It also appears that Mr Lee and his associated business, Mediation Tour Limited and Double Pine Investment Limited were in breach of immigration rules (such as record-keeping obligations and holiday pay). Both companies have been issued improvement notices, which had been partially complied with.	One of the staff members employed by the companies reported to Immigration New Zealand (INZ) that there were two illegal workers at Haruru Falls. This incident occurred due to management's limited understanding of immigration law. Once the management realised that they were in breach of the relevant immigration law, action was taken immediately and the two workers went back to their own country as a result. There were further investigations by the Labour Inspectorate in relation to

https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11977304

https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11790246

Google Search

In 2009, a lawsuit was filed in federal court in Arizona by the former employees of Dahn Yoga accusing it of being "a totalistic, high-demand cult group" that demands large sums of money from its followers and enshrines Lee as an "absolute spiritual and temporal leader". The lawsuit also alleges that Mr Lee [s 9(2)(a)]

<http://edition.cnn.com/2010/CRIME/01/05/yoga.lawsuit.lee/index.html>

[https://\[s 9\(2\)\(a\)\]](https://[s 9(2)(a)])

<https://www.forbes.com/forbes/2009/0803/fraud-dahn-yoga-centers-body-brain-and-wallet.html#4aab4e662b12>

<https://www.glamour.com/story/the-scary-yoga-obsession>

payments for holiday and leave. This happened because there was a lack of capable management staff who would be able to oversee payroll. New director was subsequently appointed to the companies and a new system was put in place. Grant Thornton was appointed as the accounting firm and payments for holiday and leave are now compliant. It appears that the discrepancy due to miscalculation amounted to \$14,562.61 for Double Pine and \$4,663.03 for Meditation Tour.

As noted in the accompanying letter, **attached at Appendix F** are two letters from the Labour Inspectorate, dated 2 February 2018, which note that all of the requirements of Improvement Notices provided to Meditation Tour and Double Pine have been complied with and the relevant files closed.

This lawsuit was brought by 27 individuals against Mr Lee and various corporate entities which, at one time, employed these individuals. Mr Lee was not an employer of these individuals. All of the plaintiffs were represented by a single attorney. While the second amended complaint filed by the plaintiff's attorney contained several causes of action against the group of defendants, the gravamen of the complaint was essentially employment related wage claims (brought, in part, pursuant to the Fair Labor Standards Act). The claims for damages were largely predicated on issues relating to hourly wages, overtime payments and reimbursement for courses and other educational services provided by the corporate defendants.

In a calculated effort to [s 9(2)(a)] these claims, make excuses for the 27 plaintiff's failure to raise any contemporaneous protests, and attempt to force the defendants into offering quick cash settlements, the plaintiff's attorney embarked on a media-driven smear campaign alleging all types of [s 9(2)(a)] [s 9(2)(a)] including cult-like activities and [s 9(2)(a)] (relating to one of the plaintiffs).

When the calculated efforts of plaintiffs' attorney's media campaign failed to bring about quick settlements (and it was made clear that the defendants would strongly contest these unfounded allegations) the plaintiffs' case began to stall and drag on. The plaintiffs were incapable of producing meaningful

discovery required by the Federal Rules in support of their claims and unable to prosecute them in any way. The plaintiffs inability to proceed was so great that the defendants, including Mr Lee, received costs taxed and Judgment against some plaintiffs, including the plaintiff [§ 9(2)(a)] who had alleged [§ 9(2)(a)] for about \$10,000. Copies of the judgments on taxation of costs dated 20 April 2012 and 16 July 2012 are **attached**. Eventually, the plaintiffs' case began to unravel, with their attorney essentially giving up and walking away. That attorney, in his motion to be relieved (which was eventually granted by the Judge) admitted to the Arizona Federal Court Judge that he filed this lawsuit because he expected it "would settle prior to protracted litigation. As it turns out, I was mistaken in that belief." A copy of that attorney's "Motion to withdraw as Attorney of Record for Plaintiffs", along with an accompanying declaration by him, is **attached**.

The [§ 9(2)(a)] claim was dismissed. This lawsuit was filed again in Massachusetts and was dismissed again (see below). Mr Lee confirms that this claim was unfounded and had no grounds to proceed.

All of the plaintiffs in this case had their claims dismissed or withdrawn in anticipation of being faced with the penalty of Court costs and fees. None of the defendants (including Mr Lee) contributed in any way to any settlement of any of the plaintiffs.

We note that one order dated 29 March 2012 states "Defendants having filed a Notice of Settlement with plaintiffs Marjory Garsoh, Chun Hwa Ha, Woo Seok Jang, Hun Kim, Seung Hee Lee, Nina Miller, Liza Miller, Ariadne Nevin, Meredith J. Potter, Alexandro Romero and Amy Shipley". The settlement was that the plaintiffs would drop the lawsuit since by that time their attorney withdrew from the case – nothing was given by the defendants. A simple notice form was filed with the court - no formal written settlement agreement was drawn up. Copies of the relevant orders are **attached**.

Google Search

[§ 9(2)(a)]

[§ 9(2)(a)]

Released under the Official Information Act

[§ 9(2)(a)]
[Redacted text block]

https://[§ 9(2)(a)]

https://[§ 9(2)(a)]

https://[§ 9(2)(a)]

https://v[§ 9(2)(a)]

https://[§ 9(2)(a)]

Google Search

In 2010, the plaintiff filed a civil fraud and racketeering lawsuit in U.S. District Court against Dahn Yoga, Ilchi Lee and several other affiliated groups, alleging that the group took part in a scheme to defraud the plaintiff and others similarly situated through false promises of healing, self-awareness and brain education. The Plaintiff failed after 1) not sufficiently alleging an enterprise distinct from the Defendants, 2) not properly alleging a RICO Conspiracy Claim, and 3) the Court declined to exercise supplemental jurisdiction over the State Law Claims.

<https://alextimes.com/2010/03/he-was-sort-of-like-a-zombie/>

[§ 9(2)(a)]
[Redacted text block]

None of the claims raised against Mr Lee in the lawsuits in the United States alleged any violations of criminal statutes in the U.S. No governmental authorities have brought these claims, only private individuals seeking monetary damages for certain business related and tort based disputes. There have been no [§ 9(2)(a)] or "fraud" charges brought against him.

The plaintiff in this case was the son of a lawyer in a large law firm. The plaintiff's father was not happy with the son's involvement in Dahn Yoga and wanted him to quit.

This case against Mr Lee was dismissed at an early stage at the case had no merit as a matter of law and a copy of the judgment of Judge Trenga dated 21 September 2010 is **enclosed** The remaining defendants, Dahn Yoga and other health centres resolved the matter shortly thereafter regarding allegations of violation of the Fair Labor Standards Act. Mr Lee was not an employee or director of Dahn Yoga at that time and did not contribute towards any settlement in any way.

<p>https://www.leagle.com/decision/infdco20100922b17</p> <p>http://www.localkicks.com/community/news/alexandria-man-calls-yoga-centers-front-for-a-cult</p>	
<p><u>Google Search</u></p> <p>From 2006 to 2009 the Department of Education (US) spent nearly \$400,000 for 44 schools to participate in "Brain Education" program run by a group with ties to an alleged cult. Former employees of Dahn Yoga said the school program is run by a group that is part of a vast web of interrelated companies conning participants into investing their time and money in unproven health and healing activities. The Department of Education subsequently dropped the program after the NY Post inquired about it and the controversy surrounding Lee.</p> <p>https://nypost.com/2009/11/09/cult-program-in-nyc-schools/</p>	<p>Brain Education was being taught in many New York Public Schools prior to 2009. A newspaper, The New York Post, ran a negative article in 2009 and quoted the attorney who brought the Julia Siverls case referred to below. After this article, the New York Public schools did not renew the contract to have Brain Education taught in the classrooms despite no complaints from the teachers or students.</p>
<p><u>Google Search</u></p> <p>In September 2005 the New York Supreme Court dismissed an \$84 million wrongful death lawsuit against Seung Huen Lee. The lawsuit was filed by the sister of Julia Siverls, who died in July 2003 during a Dahnhak retreat in Arizona. The hike she was on was supposed to achieve heightened spiritual awareness and become a "master" of Fahnha. Siverls' family accused the group of forcing her to continue the hike and engaging in brainwashing that included lacing her food with drugs.</p> <p>http://www.religionnewsblog.com/11934</p> <p>https://www.equip.org/articles/dahn-hak/</p>	<p>In July 2003 Julia Siverls attended a retreat in Arizona and died from heat exposure. In 2005 the family of Julia Siverls filed a lawsuit in New York alleging she had been drugged and died due to negligence of the "Dahn Cult". Mr. Lee and eight allegedly affiliated corporate defendants were sued for wrongful death. In 2006, Mr. Lee and six of the corporate defendants were dismissed from the case due to lack of personal jurisdiction. The Siverls family eventually settled the matter with the two remaining corporate defendants and Mr. Lee was not implicated in any way in the settlement or contributed any amount to the settlement. The case against the remaining two defendants was dismissed in 2008 based upon stipulation of all plaintiffs involved.</p>

YEWON HWANG

Disclosures / search results	Comment
<u>ICIJ</u> Yewon Hwang is not listed on the ICIJ database.	NA
<u>Google Search</u> Nothing of relevance.	

MEDITATION TOUR LIMITED	
Disclosures and search results	Comment
<u>ICIJ</u> Meditation Tour Limited is NOT listed on the ICIJ database.	NA
<u>Google Search</u> Immigration New Zealand was investigating into Mr Lee's associated business and uncovered breaches of employment and immigration rules. One person at Double Pine and one person at Body and Brain Yoga have been found to be in breach of their visas. Double Pine and Meditation Tours have both been issued improvement notices, which had been partially complied with. https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11977304	Refer to the above.

DOUBLE PINE INVESTMENT LIMITED	
Disclosures and search results	Comment
<u>ICIJ</u>	

Double Pine Investment Limited is NOT listed on the ICIJ database.	NA
<p><u>Google Search</u></p> <p>Immigration New Zealand was investigating into Mr Lee's associated business and uncovered breaches of employment and immigration rules. One person at Double Pine and one person at Body and Brain Yoga have been found to be in breach of their visas. Double Pine and Meditation Tours have both been issued improvement notices, which had been partially complied with.</p> <p>https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11977304</p>	Refer to the above.

Released under the Official Information Act 1982

The Scary Yoga Obsession

Thousands of young women have turned to the popular Dahn Yoga practice, and many say they love it. But now some former members are making shocking charges of greed, psychological manipulation and sexual assault. Who's right?

By **Catherine Elton**

December 8, 2009



Moving on from Dahn, from left: Liza and Nina Miller, Jade Harrelson and Lucie Vogel

Moving on from Dahn, from left: Liza and Nina Miller, Jade Harrelson and Lucie Vogel

Lucie Vogel tells a harrowing story, but it begins with a scene of complete serenity. Nine years ago, she says, she lay stretched out on a woven mat in a dimly lit room, breathing in the scent of incense. On the walls around her, posters bore the graceful strokes of Korean calligraphy. A man in a cotton tunic and loose-fitting pants was giving Lucie, then 20, what he called an energy evaluation, firmly applying pressure to various points on her body. This wasn't exactly what she'd envisioned when she called to sign up for an introductory yoga class, but it felt good—really good—so she was going with the flow. And why not? Lucie, a sophomore at the intensely competitive Massachusetts Institute of Technology (MIT), had been feeling anxious lately, not like her usual outgoing and confident self. The product of a loving family, she'd always excelled in academics and just about everything she tried: She was an accomplished double bass player, a strong skier and a fearless mountain biker. But the rigors of studying to be an environmental engineer had become overwhelming, and she feared she would fall behind. Then she'd spotted a flyer for yoga and tai chi. "I thought it might help me feel more grounded and happy," she says.

At the end of that first session in September 2000, Lucie says the instructor told her she had "energy blockages" that were likely contributing to her unhappiness. He said he believed she was seeking more from life. "Here I am, 20 years old, feeling the most relaxed I've ever been," Lucie says, "and this mystical dude tells me he can help me find enlightenment. I'm like, OK!"

WATCH THIS

Body Activist and Yoga Instructor Jessamyn Stanley on Defying Yoga Stereotypes

Lucie registered for a Dahn membership and started taking yoga classes several times a week. Within a month, she felt happier and less stressed; the lower back pain she'd had from a bike fall disappeared. But that's where Lucie's account of her experience with Dahn takes a turn. Her yoga practice, she says, quickly became more intense. She was taken under the wing of a "master" at the center, in whom she confided her growing fears about falling behind at school and her struggle to figure out what she was meant to contribute to the world. According to Lucie, the master said that she could solve all of her problems with more Dahn Yoga training. Intrigued, Lucie signed

up for a series of workshops at Dahn centers. At the workshops, she says, she was taught that the path to her enlightenment lay in Dahn, but that the process of finding her true self would be painful and difficult. It was a challenge that Lucie, who'd always been competitive, found potently seductive. And so she began to turn away from her old routines—the long walks with her dog, the dinner parties with friends, the weekend ski trips and movie nights with her boyfriend—in favor of the new world she'd found within Dahn. "With most people, you encounter boundaries, a wall or distance," says Lucie. "In Dahn, I felt genuine connections. People were so open and honest. They got to know me and advised me on how to manage things that felt unmanageable."

ADVERTISEMENT

Encouraged, she says, to focus her energies on her spiritual growth, she dismantled her old life piece by piece. She broke up with her boyfriend, traded in her jeans and T-shirts for traditional Korean clothing, chopped off her long curly hair, dropped out of MIT and began amassing huge debts to pay for classes and workshops. "Behind that sweet honey I was fed at the start," says Lucie, "came, little by little, drops of poison." Ultimately, she says, her seven years in Dahn damaged her family relationships, cost her nearly \$85,000 and left her profoundly traumatized.

Lucie isn't the only one raising serious questions about the organization—others echo her experience and allege traumas of their own. But a vocal opposing camp extols the virtues of Dahn. What's really going on in this popular yoga chain?

"It felt like falling in love"

Say the word cult and many people think of Waco's Branch Davidians or the horrific mass suicide in Jonestown, Guyana. It hardly seems likely that the term would apply to a chain of clean, airy yoga studios—a brand hyped on some local TV news shows, no less. Yet noted cult experts such as Steven Hassan, Cathleen Mann, Ph.D., and Joseph Szimhart say that Dahn fits the profile. "It's very aggressive," says Szimhart, an author of numerous studies on cults. "There's an indoctrination process that quickly undermines free will." Adds Hassan, author of *Combatting Cult Mind Control*, who's talked to 85 former Dahn devotees: "Dahn has been flying under the radar. But it is one of the more destructive and harmful cults out there." Hassan also believes that, because Dahn uses yoga to attract members, it has been successful at recruiting young

women. "Many women use Dahn centers like regular yoga studios and go home to their normal lives when class is over," Hassan says. But "a small portion become enmeshed like Lucie did. Of those true believers, many are young, bright, upper-middle-class women looking for their place in the world."

Last May, 27 of these former devotees—22 women (including Lucie) and five men—banded together to file a complaint. Among their accusations: Dahn persuaded them to "disconnect from their previous life, including friends and family." They charge "psychological manipulation, thought reform and undue influence" to coerce them into "becoming disciples" and "donating" all their money to the organization. It's money, they say, that Ilchi Lee, who founded Dahn in his native Korea in 1983, used to fund his "extravagant lifestyle." One woman is also accusing Lee of "sexual assault," a claim Dahn denies along with the rest of the allegations. Just before press time, many of their accusations were "dismissed without prejudice" by a judge in a pretrial ruling. (The judge let the sexual assault charge stand, however.) That means the plaintiffs have 30 days to try to provide enough additional details for the claims to move forward. Dahn fights on, trying to get all the complaints dismissed. Meanwhile, the plaintiffs say they will persist because they want to expose Dahn for the harmful group they believe it to be.

Just what are these women and men up against? A powerful international brand. Documents obtained by the plaintiffs' lawyer indicate that Dahn, which boasts nearly 1,000 centers worldwide, including 139 in the U.S., may have earned between \$25 million and \$30 million in 2009 in this country alone. Driving that revenue stream are fees paid by about 10,000 U.S. members—77 percent of whom are female—and 537 salaried leaders or "masters."

Meantime, Dahn has many passionate devotees. A typical class features meditation and gentle exercises derived from an ancient Korean form of training. In almost 300 testimonials on Dahn's website, women and men rave about the program's benefits. "My Dahn practice has helped me grow mentally, physically and spiritually," posts Robyn Smith. Some users report it even heals diseases: "My doctor says I'm a miracle!" posts Jerrie, who writes that Dahn helped her recover from crippling fibromyalgia. Several Dahn followers interviewed by Glamour offer varying degrees of praise. Says Polina Yagudayev, an ex master from Denver who invested \$40,000 in her training and still takes classes a few times a week: "I recommend the classes. If you want to go further, it's a lot of money; you should choose consciously."

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Many of the young women involved in the complaint acknowledge that Dahn benefitted them initially, which is why they say they were willing to overlook the vaguely uneasy feeling they got from their first encounters with the organization. "The whole thing felt weird," says plaintiff Jade Harrelson (known in the suit by her given name, Jessica), 27, a former master who joined Dahn while studying at the University of Massachusetts, Amherst. "But after my first class, I had a smile on my face. I was so hopeful it was going to be great." And once she shelled out the \$100 fee for her first weekend workshop, it was. "You are always made to feel so special," she says. "I met all these people who immediately included me as one of them." Among the leaders who welcomed her and nurtured her growing devotion was Lucie.

A few months later Jade attended a Shimsung workshop led by a high-level Dahn trainer and staffed by Dahn masters. These workshops, according to Jade and some of the other plaintiffs in the suit, take on the air of group therapy, with participants sharing their deepest, darkest insecurities with a roomful of strangers. Masters are quick to offer a box of tissues or a supportive embrace during emotional moments. At the end of the workshop, the lights dim, loud drumming music is turned on and the participants chant, weep and shout, "Who am I? What do I want?" Lucie remembers that some people walked out midworkshop, unnerved, but she and others felt as if their hearts had opened.

Recalls Lucie, "It felt like you were falling in love, only much bigger, because you weren't just falling in love with a person, but with a community, a practice and a lifestyle, all in one. It was everything. I felt like the luckiest person in the world."

Cult experts call that lavish attention "love bombing," a common recruitment technique. "As social beings, we respond well to people who make us feel welcome and secure," notes Janja Lalich, Ph.D., a professor of sociology at California State University, Chico, and a cult expert. "Love bombing also tends to make the person feel more obligated to comply with requests from the group—requests to come back again, to give more, to bring friends and so forth." The technique doesn't work on everyone, which may explain why many people can practice Dahn Yoga without being consumed by it. "Dahn is especially appealing to anyone who is anxious, vulnerable or struggling with personal issues like a breakup or questions about career direction," says cult expert Szimhart.

Six months into her Dahn experience, Lucie dropped out of college to dedicate her&self completely to Ilchi Lee's "vision" of spreading the word about Dahn Yoga.

When her MIT tuition refund check came, she cashed it to pay for a course at Dahn's National Retreat Center in Sedona, Arizona. "You feel good when you write the check or swipe your card," says Lucie. "Like you just bought a present for your soul."

At Sedona retreats, Lucie says, participants typically did yoga, meditated and danced for hours to loud music. "It was like a rave without drugs, the most fun you'd ever had," says plaintiff Nina Miller, 28, who was 24 and a recent Smith College grad when she discovered Dahn. "I was trying to decide what to study in graduate school, and where the rest of my life would take me," says Nina. Wherever that would be, Dahn seemed like a great start. Nina's sister, Liza Miller, also a plaintiff, was a 22-year-old senior at Hampshire College when she attended the Sedona retreat with Nina. As she recalls: "The masters bounced around the room like balls of light and joy; you'd look at them and think, I want to be like that." The end of the retreat, Nina says, felt like the last day of summer camp: "You wish you didn't have to go back to your real life. And that's when they tell you this can be your life if you become a Dahn master."

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To become a master, say some women, they were asked to make increasingly serious financial commitments. Jenifer & McAtee, a 27-year-old former master who is not involved in the complaint, says she had already signed up for a \$5,500 course, and when it was recommended that she purchase \$2,000 worth of other sessions, "I said I didn't have the money," she says. "So a master handed me the phone and suggested I call my credit card company and ask them to raise my credit limit. The master said I'd make the money back. And I trusted this person." Responds Dahn Yoga's vice president of communication, Joseph Alexander: "I don't know if this story is true or not...but sometimes people weren't supervised as they should be."

"I was disappearing"

Some of the women in the complaint say friends and family members asked them hard questions about their new obsession. Lucie says her sister e-mailed her information she'd found that said Dahn was a cult, but Lucie was not swayed. Nor was she alarmed by the cult allegations surfacing on the Internet. She and other Dahn members dismissed them. "We were young, and we wanted to be the best in everything," says Jade. "It was as if it became a contest to see who would be the most devoted." Another plaintiff, Lisa Morehouse, worked for a breast cancer foundation

when she joined Dahn at 33. She describes the process of losing herself in the group this way: "You learn to disregard your inner voice and follow what the practice tells you. We silenced our intuition until we were like zombies."

In 2003 Lucie completed her seven-day masters' training course. The workshop, she says, culminated in a 21-hour mountain hike, with participants carrying rock-filled backpacks. A few months later, Julia Siverls, a 41-year-old New York City college professor, died on a similar Dahn hike. But for Lucie, this test was well worth the payoff. "The day I became a sabumnim [Dahn's word for master] was one of the best of my life," she says. "I knew what I was living for."

By this time, Lucie says she had shed nearly all her personal belongings, with the exception of a photo album with pictures of her prom, her sister and her late father as a relic of her past. "The album was absolutely irreplaceable," she says. But her Dahn training, she says, had made her see the album as an attachment to her former life and, as such, an obstacle to the growth of her soul. One day she grabbed the album out of the closet and threw it in a Dumpster. "It was bittersweet," she says. "Sweet in that I was furthering my commitment, and bitter in that I was disappearing."

Lucie reenrolled at MIT, but instead of living in the dorms, she bunked with other masters and premasters in an apartment. Inside, she says, they became carbon copies of one another: They slept in rows on the floor; spoke a brand of Korean-infused English they called Konglish; and worked, they say, up to 120 hours a week for Dahn. At that point, though, explains Lucie, whenever Dahn leaders spoke of "vision," it apparently meant how much money they could bring in each month. Sometimes, she says, toward the end of a month, her masters would instruct her to bow all night long to help her focus entirely on her goals. "When you finish something like that, you feel hyperalert and extraordinarily powerful," says Lucie. "Any thought or feeling you have that is not related to achieving your vision, you cut from your mind."

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After one such frenzy, Lucie says she made \$75,000 for Dahn in a single day by selling a package of private "healing" sessions to a wealthy couple. Although Lucie was at that point earning about \$30,000 a year working for Dahn, she says she was never given a commission; she claims she did earn a bonus that year for being the best recruiter in the country, and that she put the money back into her center.

Increasingly, though, Lucie's euphoria at Dahn was replaced with fatigue and stress. She gained weight and struggled with feelings of guilt. "As masters we were doing something that was a strange combination of exactly what we wanted, healing people, and the opposite—taking too much money from them," says Lucie. "People looked up to me as a model master. I smiled all the time, as I was trained to do. But inside I was rotting and dying."

In 2007 Lucie, Nina Miller and some other masters presented a proposal to Dahn officials; they suggested changes including that they stop wearing the Korean outfits, work fewer hours and reduce their monthly quotas. About a month later, Lucie says she was summoned to Sedona to do construction work under a master who'd been assigned to "reeducate" her and put a brake on her independent thinking. "Then someone I knew there suggested that I leave," says Lucie, with gratitude. "Amazingly, it had never occurred to me. Somewhere inside, I knew it was the right thing to do, and I said to myself, I have to go." That night, without telling anyone, Lucie got in her car and, in a state of shock and confusion, drove away.

"We are healing together"

Numb, doubting her decision and, in her darkest moments, contemplating suicide, Lucie returned to Massachusetts and hid out in a rented apartment. While Lucie's star in Dahn was falling, Jade's was on the rise. Having attained master's level, she'd dropped out of college to work for Ilchi Lee in Seoul, South Korea—a decision that deeply troubled her family. While teaching classes and serving as a spokesperson for Dahn Yoga, Jade says she met with Lee several times. "I felt honored to be singled out," she remembers. "I thought he must see great potential in me." But her delight in this special treatment changed, she says, when Lee's attentions became too personal. In her testimony for the case, Jade recounts: "Lee gave me my special soul name' of Dahn Soon, which means simple' in Korean.... He told me I was his daughter. Several weeks later he gave me a gold necklace with crystals." About a year later, in 2006, Jade claims she was summoned to Lee's apartment; he soon gestured for her to join him in his bed. "He pushed my head under the covers and held my head down until I stimulated him orally.... Then...[he] lay on top of me and penetrated me," claims Jade in her testimony, going on to recount, "I felt extremely uncomfortable with this, and told myself over and over that Ilchi Lee would never do anything to hurt me.... I was unable to resist his emotional and psychological dominance."

But when Jade sought help the morning after, she claims she was told she should "be ashamed for daring to question [Lee's] integrity." Distressed, she continues, she decided to quit Dahn.

For all they claim to have endured, some women involved in the complaint say leaving Dahn was the worst trauma yet. At first, says Lucie, "it was like your parents died; you lost your job, your home and your dog; and your husband walked out on you—all at once." But her conflicted feelings vanished on the day she heard about Jade's claims. "I was so, so angry," she says. She also felt guilty. "I felt so responsible for what had happened to her because I told her she could trust him.... I offered to buy her a ticket home immediately." Once Jade was back on U.S. soil, thanks to Lucie, the women began to reach out to other former members—and heard still more upsetting details about Ilchi Lee's lifestyle. They claim there were multiple boats and homes, plus luxury travel and high-stakes gambling. All this prompted their suit, in which they are seeking what their lawyer says amounts to millions in damages for financial harm and severe emotional distress.

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Mike Paul, a spokesperson for Dahn, says the complaint "is trying to take advantage of Americans' lack of understanding of Korean culture." Bowing, for example, is an ancient Asian meditative practice. He also points out that Dahn has had "excellent results helping millions worldwide with health and wellness," and calls at least some of the plaintiffs in the case "disgruntled former employees." Furthermore, says Paul, "they use one word that they hope will ruin the reputation of the organization so they can have a settlement: cult."

And many current members and masters are enraged by the charges. "Their allegations are unfounded," says Dahn master Dawn Quaresima, who joined Dahn while dealing with health problems following a C-section. "I invested a lot of money in my training too; it cost much less than my college education, and I got a lot more out of it." Says Genia Sullivan, a New Jersey-based master who's been in Dahn for more than a decade, "I've read the lawsuit and don't agree with any of it.... It's a wonderful organization. I've never seen so many people with such good hearts." And Dahn continues to thrive, attracting members through its studios and its new Body + Brain Centers. That's no surprise: Groups that offer meaning and spiritual solace become increasingly attractive in tough economic times, says cult expert Hassan.

Meanwhile the women taking a stand against Lee say they still struggle to find a new normal. Jade, now living in the Boston area, works at a health center—but says she

feels despair each time she passes her local Dahn franchise. "I want the word out," says Jade. "This is not a yoga studio."

Lucie now directs a ski school in New Hampshire and has paid off the debt she accrued while at Dahn. One good thing she says has come from her ordeal is a "beautiful friendship" with Jade, Liza and Nina. "We're healing together," says Lucie. While they say they may never see a penny—or an apology—from Dahn, they hope their complaint will save others. "The women who become sabumnims are incredible people; they are so smart and passionate and have so much to contribute to the world," Lucie says. "Ilchi Lee's bank account is not a cause worthy of all they have to offer."

Catherine Elton is a journalist in Boston.

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Dahn Yoga: Body, Brain and Wallet



Kai Falkenberg None ①

In September 2006 Amy Shipley was a bubbly junior at the University of Illinois at Chicago, majoring in education. A homecoming court princess in high school, Shipley worked evenings as a cocktail waitress to pay for college. Two years later Shipley says she was a "glassy-eyed train wreck" who had difficulty reading and suffered from post-traumatic stress disorder. She graduated with \$32,000 in loans--none of which went for tuition. What happened? She signed up for yoga at an outfit called Dahn Yoga & Health Centers, a Mesa, Ariz. national chain of 139 yoga centers.

Fifteen months and dozens of workshops later she says she was not only out a big chunk of change but, as she puts it, "fully cooked"--indoctrinated into a cult.

Shipley, now 25, is one of 27 former Dahn practitioners who filed suit in Arizona in May claiming the group subjected them to psychological manipulation and fraudulently induced them to spend thousands of dollars on Dahn yoga classes and retreats in Sedona, Ariz. and other places. The punishing techniques, they say, included forced isolation from friends and families, exercises like bowing 3,000 times all night long without breaks, disciplining members by sticking their heads in the toilet and making them lick other members' feet, and having them hold certain poses, like the push-up position, for 20 to 30 minutes at a time. On top of those charges, the suit alleges that Ilchi Lee, the 57-year-old Korean founder of Dahn and its spiritual leader, sexually preyed on young female disciples.

Dahn Yoga calls the suit frivolous and has filed a motion to dismiss on various grounds, including prior settlements with three of the plaintiffs. Two of those settlements included unusual provisions forbidding the former members from complaining about Dahn Yoga to any government agencies. Ilchi Lee is also seeking to dismiss counts against him personally, contending he wasn't directly involved.

Calling Dahn Yoga a cult, says company rep Joseph Alexander, "is laughable" and "culturally racist. ... It's no different from acupuncture when it came to this country. It just takes a lot more educating for people to accept it."

The explosive charges threaten what appears to be a highly lucrative enterprise. The charismatic Ilchi Lee (born Seung Heun Lee) founded the parent company, Dahn World, in 1985 in Seoul. Dahn ("energy" in Korean) is derived from an ancient Korean form of training that aims to maximize the health of body, mind and spirit through a combination of yoga, tai chi and martial arts.

Dahn, a.k.a. Dahn Hak, has 1,221 centers in nine countries. The company and its affiliates employ 5,053 people and claim 1.9 million people have practiced Dahn yoga. It also has 22 "Body and Brain" franchises in the U.S. at which it teaches a technique it calls brain wave vibration, a kind of "yoga for the brain" that uses rhythmic movements to "balance" your mind and reduce stress. Information on the firm's revenues is sketchy. A South Korean weekly magazine reported that Dahn World had global revenue of 170 billion won in 2003 (that's \$133 million today). Dahn World boasted in that publication that margins far exceeded those of Korean car manufacturers. Some internal documents seen by Forbes suggest Dahn will take in an estimated \$34 million this year in the U.S.

The lawsuit's allegations echo what many cult experts like Steven Hassan, Rick A. Ross and Cathleen Mann have been saying for years about Dahn. Hassan, a Somerville, Mass. mental health counselor who has helped scores of former Dahn members, says the group uses deceptive recruitment and mind-control techniques to create a dissociative disorder among followers,

splitting them off from their families and value systems. Dahn's spokesperson says these unfounded "rumors and innuendoes" are simply efforts to hurt a large and visible brand in yoga training.

The current suit isn't the first against the group. In 2002 former Dahn devotee and manager Sun Hee Park filed suit in California state court, alleging that Dahn brainwashed her and its other members for profit and that she was coerced into having sexual intercourse with Lee. The defendants settled the case for an undisclosed sum.

Three years later the siblings of Julia Margaret Siverls, a ccny professor, filed a wrongful death action in New York state court, charging that their 41-year-old sister "was drugged and killed by the Dahn Hak cult" during a training retreat in Sedona. The siblings claimed Siverls died of heat exhaustion during an endurance hike up a mountain in 90-degree weather with virtually no food or water and wearing a backpack filled with 40 pounds of rocks. The Dahn defendants denied any wrongdoing. After three years the two remaining Dahn-affiliated defendants settled the action.

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The litigation hasn't seemed to dent Ilchi Lee's reputation as a spiritual leader. Twelve U.S. cities have proclaimed Ilchi Lee days in recognition, Dahn says, of their founder's contributions to brain education. Lee lectures around the world at brain education conferences sponsored by his foundations, the International Brain Education Association and the Korea Institute of Brain Science.

Lee has written that he rediscovered the long lost art of Dahn training while in his early 30s on a 21-day fast on Korea's Moak Mountain in 1980. He began teaching the methods in a public park and opened the first Dahn Center in downtown Seoul in 1985. Lee later opened centers across Korea, and corporations like GoldStar (now LG Electronics), SK Group and Daewoo Group invited Lee to teach Dahn to their employees. Corporate clients now include such companies as Posco , a Korean steel company, and

Rockwell Samsung Automation, a Korean division of the Wisconsin company.

Lee opened his first U.S. center in Philadelphia in 1991 and left subordinates to run it while he returned to Korea, where he soon faced criminal charges. In 1993 Lee was convicted of distributing medicine without a license and violating real estate, food sanitation and education laws. Sentenced to two and a half years and a fine of 105 million won (\$82,000 today), Lee spent 70 days in jail. Dahn spokesman Alexander says the offenses would not be illegal in the U.S. and are no longer criminal in Korea.

The U.S. operations struggled at first. An incident in 1993 didn't help matters: a Korean-American Dahn member fatally strangled his wife during a psychotic episode and then fled to a Dahn center, where he was arrested. Membership among Korean-Americans dropped sharply, prompting Lee to court other Americans. He soon decided to set up operations in the New Agey town of Sedona. In 2001 Dahn added "yoga" to the name to pick up on the craze.

Dahn practitioners pay fees ranging from \$89 to \$180 per month. But the plaintiffs allege that the organization pressures members to take intensive training courses, enabling them to become paid "Dahn Masters" who work for one of the Dahn centers or affiliated companies. The workshops, anywhere from a day to three weeks, cost up to \$10,000 each. Plaintiffs say Dahn induces students to take out loans and max out their credit cards to pay for the classes. Marjory Gargosh, 61, took out a home equity loan to pay for training; she says she ultimately sold her house to pay for \$69,000 in Dahn classes.

On average the non-Korean plaintiffs owe \$30,000 as a result of their Dahn experience. Dahn's spokesperson says the organization doesn't encourage members to take loans and that the plaintiffs are hurting because "they didn't manage their money well."

Shipley says she spent some \$45,000 on Dahn-related programs (including the \$32,000 in loans still unpaid). Obtaining these funds, Shipley says, was

part of her "money training," a means of showing her commitment to Dahn. Shipley says her Dahn mentor spent countless hours helping her research potential sources of funding and accompanying her to banks. Among the loans she received was a \$5,500 Sallie Mae loan paid directly to a Dahn affiliate, the Sun Institute, a New Jersey massage school, for "DahnMuDo" training, a 12-day course in noncombative martial arts she attended in Sedona.

The plaintiffs say that as they progressed to the more intensive training, they were coerced into recruiting new members. Members who become Dahn Masters are required to help satisfy revenue and recruitment quotas set for their center, known as "vision." To make "vision," plaintiffs say they were forced to work up to 120 hours a week at Dahn Yoga centers. Failure to hit their quotas, the suit alleges, subjected them to anything from expulsion to physical punishment.

Dahn centers sell a variety of products it deems healing-related. Nina Miller, a plaintiff in the Arizona suit, is seeking reimbursement for the \$1,800 she spent on a gold painted "Okum turtle"--an item purportedly made from "living metallic materials" that "optimizes harmony within the body." For \$450 Dahn sells a kit that includes a Brain Respiration Quotient, a transmitter that uses light and sound to supposedly stimulate the brain, and Power Brains, a brain-shaped handheld vibrator that is said to increase awareness during meditation.

Testimonials on the company's Web site claim brain wave vibration has lowered high blood pressure, corrected lazy eyes and healed the symptoms of multiple sclerosis. But the company cannot point to any independent peer-reviewed studies vouching for its effectiveness. Brian Cummings, a neuroscientist at the University of California, Irvine, says calling it pseudoscience would be generous. "Exercising, stretching and meditating may be beneficial to health. But there is no science behind the claim that vibrations in the body alter brain activity in a meaningful way," says Cummings.

Dahn claims that founder Ilchi Lee is no longer directly involved in the company but instead runs a consulting firm, BR Consulting, which owns the intellectual property used by Dahn Yoga. (Lee is seeking to dismiss the suit against him on this basis as well.) But according to the plaintiffs, Ilchi Lee controls them all. They claim Dahn's profits are transferred to Lee and used to fund a lifestyle that includes a horse ranch in Arizona, high stakes gambling, a yacht and a private jet. Forbes confirmed that BR Consulting owns the jet, the horse ranch and some residential properties.

Dahn also has dozens of Body & Brain clubs on college campuses scattered across the country, including at the Massachusetts Institute of Technology, the University of Oregon, Harvard and Columbia. It's moving into the nation's school systems as well. The group's latest effort is the Brain Education School Project, which has kids using physical and cognitive exercises to supposedly improve their attention and confidence. Dahn's spokesperson says it's being used in 300 schools in such cities as Buffalo Grove, Ill. and Arlington, Mass.

Last January Ilchi Lee visited P.S. 65 in the South Bronx, which Dahn claims has incorporated brain education exercises into the curriculum. Students played with Lee's trademark wooden staff while teachers joined him in a brain vibration session. A spokesperson for the New York City Board of Education confirmed that brain education has been implemented in some fashion in 44 New York City public schools in the past year, all at the initiative of individual schools. The board was unaware of the allegations in the Arizona suit.

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Kai Falkenberg None

false

Our Ref: 201900066

13 September 2019
Bell Gully
PO Box 4199
AUCKLAND 1140

BY EMAIL

Attention: Andrew Petersen

Seung Heun Lee (Ilchi Lee) – Retrospective applications (various) for consent to acquire sensitive land – intention to recommend the application be declined – good character and business acumen

1. We refer to the application letter dated 28 June 2019 and the documents filed in support of these applications.
2. Although we note that the Ministers will make the final decision whether to grant consent to the application, for the reasons set out below, we are not currently satisfied that the application meets the criterion as set out in section 16(1)(a) and 16(1)(c)¹ of the Overseas Investment Act 2005 ("Act"). These criteria are required to be met before consent may be granted.
3. We have the following concerns:
 - (a) We do not have sufficient details about the corporate structure of the Brain Education organisation and how the various entities inter-relate. We are therefore unable to identify (or assess) all relevant overseas persons or individuals with control;
 - (b) The explanation Mr Lee has given regarding his failure to disclose previous convictions to Immigration New Zealand is unconvincing. We note that Article 65 of the Korean Criminal Law 14415 is expressed as affecting the sentence, rather than the conviction. Whether or not 'clean slate' provisions operated internally in Korea, the Korean convictions were matters that Mr Lee was required by New Zealand law to disclose. At the time of applying for his visa Mr Lee made no attempt to bring the conviction to the attention of either Immigration New Zealand or (it seems) Mr Kim. Withholding material information when applying for a New Zealand visa is a matter of character;
 - (c) The explanation Mr Lee has given regarding his repeated failure to obtain Overseas Investment Act consent is unsatisfactory. As the case of *Chief Executive of Land Information New Zealand v Carbon Conscious NZ Ltd* [2016] NZHC 558 noted, ultimate responsibility for legal compliance rests with the parties who must obtain consent. The onus was upon Mr Lee to obtain appropriate advice and ensure he was in compliance with all legal requirements;
 - (d) The explanation Mr Lee has given regarding his decision to rely upon Mr Kim (in preference to other professional advisors) is unconvincing;

¹ the contract for this transaction was entered prior to the commencement of the Overseas Investment Amendment Act 2018, so the version of the Act and the regulations in force immediately before its commencement continue to apply to this application as if the Overseas Investment Amendment Act 2018 had not been enacted.

- (e) We have concerns about Mr Lee's business acumen, the amount of time he is able to devote to the running of the business, and his ability to select appropriately qualified and competent advisors to assist him;
 - (f) It is difficult to determine the status of the Brain Education qualifications obtained by Ms Hwang, without relevant benchmarks. No information has been given regarding the qualifications of the general manager or the project manager;
 - (g) The viability of the business model is unclear. The Application projects increasing visitor numbers over time, but the performance of the business appears to be dependent upon the performance of other entities within the Brain Education organisation;
 - (h) There is an incomplete and unsatisfactory account of the litigation in the United States. Having proceedings struck out for want of prosecution does not necessarily amount to a vindication of the defendant. There may be allegations in the pleadings and affidavit evidence that are relevant to issues of character that have not been fully disclosed.
4. The further information we seek regarding these matters is set out from paragraph 47 below.
 5. We advise that we have not fully assessed the other criteria that the application for consent is required to meet under the Act. Therefore, the fact that we have only referred to two of the criteria in this letter does not mean that the application has met the other criteria for consent.
 6. A detailed analysis of the reasons for our intention to recommend the application be declined follows.

Overview – the Applicant's approach to investment in New Zealand

7. The materials provided by the Applicant present Mr Lee as a sophisticated chief executive and spokesperson of a successful global organisation. Mr Lee describes being captivated by the natural beauty of New Zealand and so deciding to relocate the base of operations of his international meditation business to this country.
8. Mr Lee's business practice in the United States, where he previously based his operations, was to engage suitably qualified lawyers and business advisors to inform his decision-making. The relocation of the Brain Education figurehead and spokesperson to a new country on the other side of the world was a decision we would expect to be the subject of multiple, high level discussions within the business.
9. Upon arriving in New Zealand, we would have expected to see Mr Lee engage appropriately qualified business and legal advisors to assist him.
10. Yet Mr Lee chose to rely completely on Mr Kim, a person who was not qualified for the task.
11. Mr Kim does not appear to have adequately briefed any of the local law firms he engaged for conveyancing work. The Applicant says that Mr Kim arrived at his own (erroneous) interpretation of the Applicant's obligations under the Act, resulting in numerous breaches.

A successful global organisation

12. Appendix 6 portrays Mr Lee as the head of a well-resourced multinational operation with a complex corporate structure. Unlike comparable 'New Age' businesses, 'Brain Education' has monetised its business model and has ambitious plans for expansion.
13. Mr Lee says (on his website www.ilchi.com):

"Ilchi Lee is a dedicated advocate for a peaceful, sustainable world, a New York Times bestselling author, and an innovative leader in human brain potential development. A true believer in the power of each person to change themselves and the world around them, Ilchi Lee has developed many mind-body training methods, including Body & Brain Yoga and Brain Education, and has helped millions of people globally find their true potential and develop it for the benefit of all"
14. The marketing materials for 'Brain Education' reveal a deep understanding of its target audience. Few businesses have expanded outside their 'home' market as successfully as 'Brain Education' says it has, which indicates a carefully structured marketing plan.
15. 'Brain Education' has influence extending from its home base in South Korea into organisations as diverse as: the New York public school system; the school system in El Salvador; and the United Nations. Several American cities have declared a 'Ilchi Lee Day'.
16. The material provided in Appendix 8 reveals that Mr Lee personally as well as "Dahn Yoga & Health Centers Inc.; Tao Fellowship; BR Consulting Inc.; Mago Earth Inc.; Vortex Inc.; CGI, Inc.; Oasis Arabiand LLC and Does 1 to 100" were named as co-defendants in a class action lawsuit in Arizona which was struck out (with costs) for want of prosecution. There was a further case (by [REDACTED] s 9(2)(a) [REDACTED] struck out by the Massachusetts District Court and a RICO application struck out by the Eastern Virginia District Court.
17. The American litigation shows that Mr Lee (or his advisors) were cognisant of the importance of obtaining competent legal counsel with local expertise. The fact that the American litigation gained no traction is also significant. Mr Lee's organisation was structured in such a way as to insulate Mr Lee from class action claims (whether or not they had merit). This indicates a degree of sophistication on the part of Mr Lee (or his advisors) and an awareness of the importance of protective corporate structures.
18. There was significant media attention surrounding the class action claim and the wrongful death claim concerning Ms Julia Siverls, including articles in the Rolling Stone and a three-part investigative special on CNN. A less robust business might not have weathered this degree of negative publicity.
19. Mr Lee has been operating his business since the early nineties and since that time he (or his advisors) must have been involved in scores of property and legal transactions while building his business empire. As many of these transactions have occurred in jurisdictions outside Korea, Mr Lee (or his advisors) will be no stranger to the fact that different states have different legal requirements.
20. The overall impression this gives is that Mr Lee (or his advisors) are intelligent and capable business leaders who appreciate the importance of good legal advice and the importance of due diligence.

A disconnect that requires an explanation

21. On the information provided, there is a disconnect between how Mr Lee (or his advisors) managed his businesses activities overseas and the way the New Zealand operations were handled.
22. Mr Lee claims that:

"[he] trusted that Mr Kim had the knowledge to arrange the necessary affairs in accordance with any relevant legislation".
23. Mr Lee's decision to entrust principal responsibility for the successful relocation of his base of operations to Mr Kim raises questions about Mr Lee's business acumen and, in particular, his ability to select appropriately qualified and competent advisors to assist him.

The part played by Mr Kim

24. The account provided in paragraphs 2 to 16 of the Application for retrospective consent names Mr Kim (rather than Mr Lee) as the driving force behind the Northland acquisitions. The Applicant asserts that it was due to failings on Mr Kim's part that breaches of the Act occurred.
25. According to the Applicant:

"Mr Lee was aware that Mr Kim had worked for many years in real estate and had more recently worked as an immigration advisor. Accordingly, he left the details of the purchases to Mr Kim. He did not receive legal advice about how, and why, the purchases were structured in the way they were. He trusted that Mr Kim had the knowledge to arrange the necessary affairs in accordance with any relevant legislation.

Because he viewed the purchases as for the benefit of expanding the meditation business, and not for his own personal benefit, it did not matter to Mr Lee who owned the properties. As a result, he did not question any of the decisions made by Mr Kim relating to the purchases."

26. For Mr Lee to entrust primary responsibility for the successful relocation of his base of operations to the underqualified Mr Kim seems inconsistent with Mr Lee's prior business practice. We query whether Mr Lee had other, more qualified legal and business advisors available to him (or at the very least had the resources and contacts that would allow him to engage such advisors).
27. In a letter from your office to Immigration New Zealand dated 17 May 2018 it is implied that Mr Kim was aware of Mr Lee's convictions in South Korea and turned his mind to the question of whether they needed to be disclosed:

"The associate knew Mr Lee well and knew him to be an honorable [sic] man. Understandably in our view, he did not probe or identify to Mr Lee that convictions wiped by clean slate provisions needed to be disclosed."

yet in the detailed submissions that follow it is revealed that Mr Kim was probably unaware of the convictions:

"all of the information thought needed for Mr Lee's application had been collated by an associate [...] the Korean police certificate made no mention of an old conviction"

and that:

"Based on Kim's own impression of Mr Lee and reinforced by the clean police certificate, he had no reason to question whether, despite the police certificate, Mr Lee had any convictions"

28. Ultimately Mr Lee had the responsibility to ensure the documents that Mr Kim was preparing on his behalf were true and correct. Mr Lee ought to have known that to provide the Korean Police certificate to Mr Kim, without further context, could mislead Mr Kim into thinking there was nothing to report.
29. In respect of the property transactions, while it is understandable Mr Lee might wish to rely on a fellow Korean speaker where possible, it is unclear why Mr Lee would have chosen to repose such trust and confidence in Mr Kim, given his low level of relevant expertise.
30. Mr Lee knew that Mr Kim was not a lawyer and was not qualified to give him legal advice. Mr Lee does not appear to have taken any independent steps to verify whether the legal 'advice' he was being given by Mr Kim was correct.
31. When considered in the context of Mr Lee's global business empire and the resources Mr Lee had available to him, the decision to rely on Mr Kim requires further explanation.

Mr Lee's business acumen

32. Mr Lee's biography does not reveal any formal business training (he graduated in 1977 with a Bachelor of Science from Dan-Kuk University in Seoul). While Mr Lee has assumed the role of President or Chairman for a number of organisations, it is not clear whether this is as a figurehead, or whether he plays an active role in business management.
33. Mr Lee appears to be a prolific writer and has a number of other duties as the founder of Dahnhak and Brain Education. It is not clear whether Mr Lee will be playing an active role in the day-to-day management of the Investment. The Application notes:

"as the founder of the International Brain Education Association and the Earth Citizen Movement Alliance in various countries such as the US and South Korea, his activities also include speaking engagements and writing."

34. When Mr Lee assumed control of the New Zealand operations of the Applicant he apparently failed to engage competent advisors. Mr Lee seems to have relied upon his own understanding of the law:

"The acquisition of the Haruru Falls Resort Property, the North Totara Property, the Pungaere Road Property and the Macadamia Lane Property arise from Mr Lee's lack of knowledge of the Act and the Regulations, and his incorrect understanding that he could purchase sensitive land because he had a New Zealand residence class visa."

Status of Brain Education qualifications

35. We do not accept (on the basis of the material provided) that Mr Lee has a unique set of business skills. The material that we have been provided about Brain Education suggests that it is a repackaging of traditional Korean mysticism and 'New Age' spiritualism that draws upon mainstream contemporary research on the (widely accepted) benefits of meditation and mindfulness.

36. We do not accept (on the basis of the material provided) that 'Brain Education' qualifies as a new technology or science. We do not consider there is anything new about practicing meditation or mindfulness. Neuroscience is a well-established field of medicine. We accept that it is possible to have different skill levels in the practice of meditation, but we do not consider this demonstrates the introduction of new technology or business skills in terms of the relevant benefit factor under the Act.
37. Ms Hwang is the other identified individual with control. She has a background in medicine, working as a resident physician at St Mary's Hospital in Seoul until September 2004. Since then she has worked in a variety of roles within the Brain Education organisation and obtained a number of qualifications particular to Brain Education. We do not consider that being medically qualified necessarily guarantees that Ms Hwang will be a suitable business manager.
38. It is difficult to determine the significance of the roles played by Mr Lee and Ms Hwang or the status of the Brain Education qualifications obtained by Ms Hwang, without relevant benchmarks (for example, roles in mainstream New Zealand corporate entities that equate to those held by Mr Lee and Ms Hwang, and equivalent qualifications from established New Zealand educational providers).
39. No other individuals with control have been identified by the Applicant. There is reference to a general manager, [s 9(2)(a)] who has been engaged, but details of [s 9(2)(a)] business experience have not been provided. There is also reference to a full-time project manager, but details of this individual's business experience have not been provided.

Individuals with control

40. We have not been provided with any information regarding the overall Brain Education corporate structure.
41. It is not clear whether funding, business or management advice, or other business support is provided by other parts of the Brain Education organisation.
42. We consider it highly likely that there are other individuals with control who have not yet been identified.

Concerns about viability of business model

43. The Applicant's business model appears to be dependent upon the performance of other entities within the Brain Education organisation and their ability to direct 'meditation tourists' to New Zealand. No data has been provided about the performance of these entities. The only data available appears to be the historical records of visitor numbers.
44. Neither Mr Lee nor Ms Hwang appear to have any expertise in the tourist industry. No marketing plan has been provided. From the financial statements provided, only the Macadamia Lane property has been operating at a profit.
45. It is difficult, on the information provided, to test the Applicant's plans to expand visitor numbers. While we accept that the Kerikeri area has spectacular natural beauty, we consider meditation is an activity that can be undertaken in any quiet location. The information provided is insufficient to confirm what would be the likely market for 'meditation tourists'.

United States litigation

46. There have been a number of proceedings in the United States of America that need to be addressed in more detail. While we accept that these cases were struck out for want of prosecution, this does not necessarily mean that the defendants were vindicated, or that the claims were without substance. Some of the matters raised in the proceedings go directly to issues of character

[s 9(2)(a)]

Please provide further information

47. We require further information from the Applicant. For the avoidance of doubt, answering these questions will not necessarily result in us being satisfied that the criteria for consent are met, but the answers are required to assist our understanding. Please provide the following documents and information:

Corporate structure of Brain Education Organisation

- (a) A corporate structure diagram showing the relationship between all the entities in the Brain Education organisation.
- (b) Details about how the following entities relate to the Applicant:
- (i) Dahn Yoga & Health Centers Inc.;
 - (ii) Tao Fellowship;
 - (iii) BR Consulting Inc.;
 - (iv) Mago Earth Inc.;
 - (v) Vortex Inc.;
 - (vi) CGI, Inc.;
 - (vii) Oasis Arabiand LLC; and
 - (viii) Does 1 to 100.
- (c) Details of the degree of control Mr Lee has over each of the entities in the Brain Education organisation. In respect of each entity:
- (i) is Mr Lee a director, officer, shareholder, or part owner?
 - (ii) is Ms Hwang a director or officer, shareholder, or part owner?
 - (iii) does the entity (or its officers) report to Mr Lee?
 - (iv) is Mr Lee's consent or permission (for example for the use of his intellectual property) required for this entity to undertake its business?
 - (v) does the entity pay fees to Mr Lee or other entities under Mr Lee's control (including the Applicant)?
 - (vi) does the entity loan money to (or borrow monies from) Mr Lee or other entities under Mr Lee's control (including the Applicant)?
 - (vii) is there any business or contractual relationship between this entity and Mr Lee?
 - (viii) is there any business or contractual relationship between this entity and any other entity controlled by Mr Lee?
 - (ix) is there any referral or promotional arrangement between this entity and the Applicant?

- (x) to what extent does this entity operate autonomously from other entities in the Brain Education organisation?
- (xi) is the organisation owned or controlled by a person who is an adherent of Dahnhak or Brain Education?
- (d) Details of the Applicant's relationships with the entities in (c) above:
 - (i) the date and amount of loans or borrowings;
 - (ii) any licencing agreements;
 - (iii) any referral agreements;
 - (iv) any reporting arrangements; and
 - (v) any other contractual arrangements;

Advice given to Mr Lee regarding immigration and overseas investment

- (e) Who are Mr Lee's legal advisors?
 - (i) in Korea; and
 - (ii) in the United States of America (broken down by state if necessary).
- (f) Did any of the persons listed in (e) above give Mr Lee the advice that he was not required to disclose previous convictions to Immigration New Zealand? If so:
 - (i) who provided the advice?
 - (ii) when was that advice provided?
 - (iii) is Mr Lee prepared to waive privilege and provide us with a translated copy of this advice?
- (g) Are Mr Lee's convictions in Korea part of his 'origin story', or are the circumstances of his convictions not widely known amongst adherents of Dahnhak or Brain Education?
- (h) If the circumstances of Mr Lee's convictions were not widely known, then why did Mr Lee expect Mr Kim to know about them?
 - (i) Did Mr Lee tell Mr Kim that he had been convicted in Korea?
- (i) Does Mr Lee accept that he had the ultimate responsibility to ensure that documents that Mr Kim was preparing on his behalf were true and correct?
 - (i) What steps did Mr Lee take to ensure that the documents were accurate?
- (j) Who are Mr Lee's accountants?
 - (i) in Korea;
 - (ii) in the United States of America; and
 - (iii) in New Zealand
- (k) Which individuals, companies or businesses provide Mr Lee with business advice?
 - (i) in Korea;
 - (ii) in the United States of America; and

- (iii) in New Zealand.
- (l) Did any of the persons listed in (k) above give Mr Lee business advice about the Investment?
- (m) Did any of the persons listed in (e), (j) or (k) above give Mr Lee the advice that he did not require Overseas Investment Act permission if he had a New Zealand residence class visa? If not:
- (i) did Mr Lee obtain this advice from Mr Kim?
- (ii) did Mr Lee obtain this advice from some other person? or
- (iii) did Mr Lee come to this conclusion on his own?
- (n) Are any of the persons listed in (e), (j) or (k) adherents of Dahnhak or Brain Education?
- (o) Does Mr Lee accept that his special status within Dahnhak and Brain Education would make it difficult for someone who is an adherent of Dahnhak or Brain Education to give him impartial business or legal advice?
- (i) What steps does he take to avoid these problems?
- (p) Does Mr Lee accept that his special status within Dahnhak and Brain Education and his status as Mr Kim's spiritual advisor would make it impossible for Mr Kim to give him impartial business or legal advice?
- (q) Does Mr Lee accept that his special status within Dahnhak and Brain Education would make it impossible for Ms Hwang to give him impartial business or legal advice?

Individuals with control

- (r) Are any of the persons or entities listed in (e), (j) or (k) above individuals with control of the Applicant?
- (s) If there are any newly identified individuals with control, who are they?
- (i) are they of good character?
- (ii) what business experience do they have?
- (iii) Are they adherents of Dahnhak or Brain Education?
- (iv) Please provide current CVs and passports for these persons.

Extent of control exercised by Mr Lee

- (t) What degree of day-to-day control does Mr Lee have over the operations of the Meditation Tour Limited and Double Pine Investment Limited?
- (u) How is Mr Lee's input into the day-to-day control over the Investment affected by:
- (i) his commitments as a spokesperson for Brain Education?
- (ii) his speaking arrangements?
- (iii) His inability to read and speak English?
- (v) In regard to Mr Lee's books:
- (i) how much time does Mr Lee spend on writing books as opposed to other aspects of the meditation business?

- (ii) who translates them into English?
- (iii) is the translator present in New Zealand?
- (iv) what was the revenue from the sales of these books as a proportion of the Brain Education organisation's profit?
- (w) in the last 12 months, how many days has Mr Lee been present in New Zealand?
- (x) Are Mr Lee's wife and child still resident in the United States?

Ester Lee

- (y) What was the contractual arrangement between Mr Lee and Ms Ester Lee (the former owner of 8 Riverstone Lane):
 - (i) who introduced the funds?
 - (ii) was it an 'arms length' transaction?
 - (iii) what was the reason for the property being put in Ms Lee's name?
 - (iv) was Ms Lee aware that the transactions were in breach of the Overseas Investment Act?
 - (v) did Ms Lee make any profit on the on-sale to Mr Lee?
 - (vi) why is Ms Lee no longer involved in the Investment?

Brain Education qualifications

- (z) In respect of each of Ms Hwang's Brain Education qualifications, please describe what is involved in getting the qualification and what each qualification represents?
 - (i) In each case, is it equivalent to a diploma, a paper, an undergraduate degree or a post-graduate qualification?
 - (ii) Which organisations have certified these qualifications?
- (aa) Are there any qualifications obtained by either Mr Lee or Ms Hwang since 2005 that are granted by independent third parties and which are not honorary in nature? If so, what are they?
- (bb) What business experience do either Mr Lee or Ms Hwang have in running tourism and accommodation businesses?
- (cc) What business experience do either Mr Lee or Ms Hwang have in employing and managing staff in New Zealand or overseas?
 - (i) Please explain why, in the light of this experience, the Applicant was found to be in breach of New Zealand labour laws?
- (dd) To what extent (if any) does Mr Lee's knowledge of 'Brain Education' constitute a special business skill?
 - (i) What specific business advantage does Mr Lee's knowledge of Brain Education give him over his competitors?
- (ee) What aspects of Brain Education are claimed to constitute 'new technology or business skills' under the Act?
 - (i) how are these skills or technologies distinguished from skills or technologies already present in New Zealand?
- (ff) Does Mr Lee consider Dahnhak to be a religion or is it based on science?

- (gg) If it is submitted that Brain Education should be considered scientific, how can this be reconciled with repeated references in Mr Lee's written works to pagan deities such as Mago and mystical concepts such as chakras, energy vortexes and third eyes?

Charities

- (hh) Do any entities operated by Mr Lee or entities associated with Mr Lee operate as charities in Korea, the United States or New Zealand?
- (i) are these charities registered?
 - (ii) what are the objects of these charities?
 - (iii) how are these charities associated with the Applicant or the Investment?
 - (iv) Are any of these charities under investigation?
- (ii) What is the progress of the application of the Earth Citizen School to the NZQA to become a private training establishment?
- (i) what curriculum will the Earth Citizen School will be teaching?
 - (ii) what is the projected cost of tuition?
 - (iii) what qualifications will it grant?
- (jj) The Application refers to helping 'at risk' Māori youth in Northland. Please advise:
- (i) what skills the youth were taught?
 - (ii) whether the youth were invited to join the Brain Education or Earth Citizen Organisations?

Viability of business model

- (kk) For meditation tourists to Kerikeri in the first tier of Brain Education:
- (i) at which property does the tourist stay?
 - (ii) what is the cost per night?
 - (iii) what is the average cost of 'extras'?
 - (iv) what does the tourist get for this payment?
- (ll) For meditation tourists to Kerikeri in the second tier of Brain Education:
- (i) what is the difference in proficiency between a tourist in this tier and one in the previous tier (ie can a person 'upgrade' if they are willing to pay more)?
 - (ii) at which property does the tourist stay?
 - (iii) what is the cost per night?
 - (iv) what is the average cost of 'extras'?
 - (v) what does the tourist get for this payment?
- (mm) For meditation tourists to Kerikeri in the third tier of Brain Education:
- (i) what is the difference in proficiency between a tourist in this tier and one in the previous tier (ie can a person 'upgrade' if they are willing to pay more)?

- (ii) at which property does the tourist stay?
 - (iii) what is the cost per night?
 - (iv) what is the average cost of 'extras'?
 - (v) what does the tourist get for this payment?
- (nn) For meditation tourists to Kerikeri in the fourth tier of Brain Education:
- (i) what is the difference in proficiency between a tourist in this tier and one in the previous tier (ie can a person 'upgrade' if they are willing to pay more)?
 - (ii) at which property does the tourist stay?
 - (iii) what is the cost per night?
 - (iv) what is the average cost of 'extras'?
 - (v) what does the tourist get for this payment?
- (oo) For meditation tourists to Kerikeri in the fifth tier of Brain Education:
- (i) what is the difference in proficiency between a tourist in this tier and one in the previous tier (ie can a person 'upgrade' if they are willing to pay more)?
 - (ii) at which property does the tourist stay?
 - (iii) what is the cost per night?
 - (iv) what is the average cost of 'extras'?
 - (v) what does the tourist get for this payment?
- (pp) In how many days were properties in the fourth and fifth tier (respectively) occupied by tourists over the last 12 months?
- (qq) Do either Mr Lee or Ms Hwang reside in the fourth and fifth tier properties when they are not in use?
- (rr) What is the total breakdown of occupancy nights for each of the five tiers over the last 12 months?
- (ss) What is the mean average of occupancy nights per room for each of the five tiers over the last 12 months?
- (tt) What is the basis for the Applicant's projection that visitor numbers will increase over the medium term?
- (uu) Are all of the meditation tourists adherents of Dahnhak or Brain Education?
- (vv) In respect of the Kerikeri tours:
- (i) in what format or publications are they advertised? How frequent are the advertisements?
 - (ii) please provide a copy of one of the advertisements
 - (iii) is there a requirement that adherents of Brain Education or Dahnhak undertake the trip as part of their training?

Litigation in United States

- (ww) In respect of the American class action and RICO proceedings:

- (i) please provide a copy of the statement of claim (or equivalent);
 - (ii) please provide a copy of the primary affidavit for each of the claimants;
 - (iii) please provide a copy of the statement of defence (or equivalent);
 - (iv) please provide a copy of the most relevant affidavits in response.
- (xx) At a very general level of detail:
- (i) how did the claimants in the American class action and RICO proceedings attempt to link Mr Lee to their cause of action?
 - (ii) how did Mr Lee's counsel seek to distance him from the causes of action?
 - (iii) why were the American class action and RICO proceedings unlikely to succeed?
- (yy) It was alleged that there was evidence 'discrediting' [s 9(2)(a)] What was the nature of that information?
- (zz) Which entities or entities settled with the family of the late Ms Julia Siverls?
- (i) was there any admission of wrongdoing?
- (aaa) Does Brain Education still operate a base in Sedona, Arizona?
- (bbb) Is Mr Lee still affiliated with the United States operations?
- (ccc) Has there been any subsequent litigation in the United States?
48. If there are any matters raised by these questions that the Applicant would like to provide further submissions on, please feel free to do so.

Next Steps

49. For the reasons outlined above, we are not satisfied that the criteria under sections 16(1)(a) and (c) of the Act have been met.
50. We invite any further submissions that the Applicant may wish to make addressing the concerns set out in this letter. Any comments should be received by midday on 25 October 2019. Please contact me if you are unable to meet this timeframe.
51. Please provide your responses to the questions in the table format attached.
52. Once we receive any further submissions, we will review these and make our assessment on the criteria set out in sections 16(1)(a) and (c) of the Act. This is likely to occur within 20 working days of receiving any further submissions or as communicated to you.
53. If our assessment is unchanged we will make our recommendation at this stage. If our assessment is favourable, we may decide to proceed with assessing the application in regard to the remaining criteria for consent under the Act.
54. The application, along with any further submissions you make, will be provided to the decision maker to assist them with their assessment.

55. Please contact us if you have any questions about this process.

Yours sincerely

[s 9(2)(g)(ii)]

[s 9(2)(g)(ii)]
Senior Solicitor
Overseas Investment Office

DDI: [s 9(2)(g)(ii)]
Email: [s 9(2)(g)(ii)]

Released under the Official Information Act 1982

EXAMPLE RESPONSE TABLE

Qn No.	Question	Applicant's response	Cross references
47(d)(i)	The date and amount of loan borrowings	Loan of \$15,000 dated 4 July 2016 between Dahn Yoga and Health Centre's Inc (borrower) and Mr Lee (lender).	Appendix 6 Page 17 para 123
47(d)(ii)	Any licencing agreements	Intellectual property licencing agreement with Tao Fellowship allowing Tao Fellowship to use 'Brain Education' logo, educational materials and images of Mr Lee in its promotional work in exchange for payment of royalties on earnings of 0.5% pa.	Letter of 12 October 2019 para 16; Appendix 17 pages 14-32
47(d)(iii)	Any referral agreements	No referral agreements exist	
47(d)(iv)	Any reporting arrangements	Mago Earth Inc. is required to provide Mr Lee with details of the number of visitors to its Sedona, Arizona visitor centres quarterly. Details to be provided include: <ul style="list-style-type: none"> • Name of visitor; • Duration of stay; • Brain Education level of visitor. 	Letter of 12 October 2019 Attachment D
47(d)(v)	Any other contractual arrangements	No other contractual arrangement than those disclosed above.	
47(e)	Who are Mr Lee's legal advisors:		
47(e)(i)	in Korea?	Lee, Park & Moon, 123 Central Plaza, Seoul, South Korea.	Letter of 12 October 2019 Attachment E
47(e)(ii)	In the United States?	Carter, Reagan & Bush, 456 Elm Street, Atlanta, Georgia, United States of America.	Letter of 12 October 2019 Attachment F

By email [s 9(2)(g)(ii)]

Overseas Investment Office

Attention [s 9(2)(g)(ii)]

FROM **Andrew Petersen / Willy Sussman**
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MOBILE +64 21 684 533 / +64 21 300 600
EMAIL andrew.petersen@bellgully.com
EMAIL willy.sussman@bellgully.com
MATTER NO. 402-3661
DATE 10 December 2019

Seung Heun Lee (Ilchi Lee) - Further Information

1. We refer to your letter dated 13 September 2019 (your **letter**) and thank you for the opportunity to respond to your comments and questions.
2. We reply to your paragraphs 3 to 46 below, following your numbering and for ease of reference begin by restating your question or observation, in italics. We reply in tabular format to the questions in your paragraph 47 (**Response Table**).
3. We note that the Ministers will make the final decision whether to grant consent to the application but that you were not, at the time of writing, yet satisfied that the application met the criteria in section 16(1)(a) and 16(1)(c) of the Overseas Investment Act 2005 (**Act**). We trust that the information provided will assist you in your consideration of Mr Lee's position.

4. Paragraphs 3 to 46

4.1 Paragraph 3(a) – Corporate structure

We do not have sufficient details about the corporate structure of the Brain Education organisation and how the various entities inter-relate. We are therefore unable to identify (or assess) all relevant overseas persons or individuals with control

- (a) To clarify, there is no "Brain Education organisation" or Brain Education entity. Brain Education is a methodology. [s 9(2)(a)], [s 9(2)(b)(ii)] BR Consulting Inc. (**BR Consulting**), which owns the intellectual property in various Brain Education programmes and the copyright in books and other media written by Mr Lee. BR Consulting licences the intellectual property for its various programmes (which includes Brain Education) to various entities around the world including the Body & Brain Yoga centres. There are strong parallels with the likes of Les Mills, which licenses its programmes around the world.
- (b) In the interests of full disclosure, we have included details of Mr Lee's connection with various entities, both overseas and in New Zealand, in the Response Table - including those that are not for profit.
- (c) However, those entities are not relevant to your primary question: "who are the relevant overseas persons and the individuals with control" of the relevant investment in New Zealand.
- (d) Mr Lee was a relevant overseas person in respect of the properties purchased in Mr Kim's, Ms Lee's and Mr Lee's own name.

- (e) Mr Lee is the individual with control of Double Pine Investment Limited (**Double Pine**) and Meditation Tour Limited (**Meditation Tour**), for the purposes of the properties purchased by those companies in 2016, (this was after Mr Kim had decided to leave Meditation Tour and Mr Lee had to take over the business).
- (f) Mr Lee's financial support of Mr Kim was a very personal gesture. It was certainly not an investment by the wider "Brain Education organisation". There are no other relevant overseas persons for the purposes of the applications – no other person or entity has any interest whatsoever in the New Zealand businesses or properties. Ms Yewon Hwang is an individual with control of Meditation Tour and Double Pine because of her role as a director of those companies.

4.2 Paragraph 3(b) – Immigration New Zealand (INZ)

The explanation Mr Lee has given regarding his failure to disclose previous convictions to Immigration New Zealand is unconvincing. We note that Article 65 of the Korean Criminal Law 14415 is expressed as affecting the sentence, rather than the conviction. Whether or not 'clean slate' provisions operated internally in Korea, the Korean convictions were matters that Mr Lee was required by New Zealand law to disclose. At the time of applying for his visa Mr Lee made no attempt to bring the conviction to the attention of either Immigration New Zealand or (it seems) Mr Kim. Withholding material information when applying for a New Zealand visa is a matter of character

- (a) The 1993 conviction for what appear to be petty transgressions in Korea, (notwithstanding the draconian penalties imposed) gives rise to two separate, albeit related, questions:
 - (i) Can any significant character conclusions be drawn from the conviction?
 - (ii) What (if any) character inference can be drawn from the fact the conviction was only brought to INZ's attention late?
- (b) *Conviction:* To be able to draw character conclusions requires a detailed understanding of Korean society 30 years ago, the circumstances of the contravention itself, the evidence and other relevant matters.
- (c) There is little doubt that the conviction in Korea resulted from a breach of relevant Korean law at the time. However, laws in foreign jurisdictions cannot be assumed to be just. Our understanding is that the breach was, by our standards, minor and should not be taken to be significant in assessing Mr Lee's character.
- (d) *Non-disclosure:* The second question must then be considered.
- (e) The first point is that when the conviction came to our attention and we realised this was not disclosed and needed to be, Mr Lee instructed us to bring this to INZ's attention without delay, and this is what was done. Mr Lee did not conceal his conviction.
- (f) The second requires considering whether not having disclosed constitutes a contravention of the Immigration Act 2009. As explained in our detailed submissions to INZ (copy contained in our letter to the OIO dated 1 March 2019) the relevant immigration legislation was amended so as to impose strict liability, because it had been identified that secondary applicants could otherwise avoid liability for deportation

by showing they had no knowledge of – in the relevant case - a principal applicant's deceit (forgery and fraud in *Heng v Minister of Internal Affairs*¹).

- (g) The effect of the amendment is therefore that no intention need be proved. And, very importantly, no intention was in Mr Lee's situation ever proved.
- (h) To your comments regarding Mr Lee's "failure to disclose previous convictions", we note that dictionary definitions suggest that the word 'failure' means little more than:
 - (i) *failing to occur; non-performance; default.*
 - (ii) *a non-occurrence that involves the breach of a legal duty to take positive action.*

However, when seeking to draw conclusions as to a person's character on the strength on their having failed to do something, it goes without saying that unless the person knew what ought to have been done, failure remains colourless and character cannot be impugned.

- (i) As you know, after raising with Mr Lee the requirement to disclose the conviction, there was considerable discussion (and confusion) about the effect of Article 65 of the Korean Criminal Code Law and its effect relative to clean slate provisions. It is accepted that the conviction should have been disclosed but not that Mr Lee knew this. Detail about the operation of Article 65, is therefore of limited importance.
- (j) In the context of judging character, a person cannot be said to have withheld information unless the person knew that information was required to be disclosed, but decided to withhold it. That remains the position even when failure to disclose is a strict liability offence. You have the background explaining how Mr Kim had completed the initial application for a work visa and then relied on the information in his possession to complete the residence application and that Mr Kim did not ask about convictions – presumably feeling sufficiently confident there were none. It is also quite reasonable to assume that Mr Kim would have felt uncomfortable about asking what may have seemed an impertinent question.
- (k) The importance of the utmost respect for one's elders is a cornerstone of Korean culture – even to the point of such respect being required as between siblings. Where the elder is a teacher, the level of respect increases significantly. In return, a teacher is expected to assume an almost paternalistic role – taking on responsibility to guide, nurture and support their student. A student's failure reflects poorly on the teacher. Teachers take great pride in their students' successes.
- (l) As more fully explained in our 27 September 2017 letter (to INZ), it is our considered view that had the conviction been disclosed in the application, a waiver would have been granted and the application approved. The nature of the offence is therefore relevant – in this case the offence was an administrative breach and therefore less serious. The facts are not such that Mr Lee would have had good reason to want to 'fail to disclose' or 'withhold information'.

¹ *Heng v Minister of Internal Affairs* HC Auckland M616/95, 24 April 1996 at [11-14]

4.3 Paragraph 3(c) – ultimate responsibility

The explanation Mr Lee has given regarding his repeated failure to obtain Overseas Investment Act consent is unsatisfactory. As the case of Chief Executive of Land Information New Zealand v Carbon Conscious NZ Ltd [2016] NZHC 558 noted, ultimate responsibility for legal compliance rests with the parties who must obtain consent. The onus was upon Mr Lee to obtain appropriate advice and ensure he was in compliance with all legal requirements

- (a) You say that Mr Lee's explanation regarding his failure to obtain consent is unsatisfactory, citing *Chief Executive of Land Information New Zealand v Carbon Conscious NZ Ltd* and the proposition that ultimate responsibility rests with the parties who must obtain consent. Failure to obtain consent is therefore a breach of the requirements of the Act. That is not in dispute. The question to be addressed is: what character and acumen conclusions can fairly be drawn from failure to obtain consent - in the circumstances?
- (b) The statement that ultimate responsibility for legal compliance rests with the parties who must obtain consent needs to be read in context and so we reproduce the passage that includes the observation made:

Whether the breach was intentional, inadvertent or negligent

[39] The Chief Executive accepts that CCNZ did not intentionally or knowingly breach the Act. Both respondents relied on their legal advice that structuring the transaction in this manner was not a breach of the Act.

[40] Ultimate responsibility for legal compliance rests with the parties who must obtain consent. However, the very purpose of seeking legal advice in this situation was to overcome the timing difficulties posed by making an application under the Act in a way which was nevertheless in accordance with the law.

[41] I consider the complete reliance on legal advice puts CCNZ's culpability at the lower end of the range.

- (c) The following conclusions can be drawn from the passage cited above, that passage itself needing to be read in context:
- (i) The Court had already reached a view that a penalty was appropriate – there had been failure to obtain consent.
- (ii) It is clear (even) from the sub-heading: "Whether the breach was intentional, inadvertent or negligent", that intent, inadvertence or negligence i.e. the level of culpability has a bearing on the penalty.
- (iii) The Court accepted that reliance on advice – there that structuring in the manner undertaken - did not amount to intentionally or knowingly breaching the Act.
- (iv) While ultimate responsibility for legal compliance rests with the parties who must obtain consent, the Court in *Carbon Conscious* very much took into account the level of advice taken in assessing culpability.
- (d) The passage you cite relates to determining the quantum of a civil penalty not to whether failure to obtain consent implies the good character requirement is not satisfied, or the person in question does not have business experience and acumen.

- (e) Mr Lee sought advice from people whom he ought to have been confident were qualified to give appropriate advice such that he would be compliant in relation to land purchased by him and his companies.
- (i) *Purchases by Mr Kim:* In respect of the properties purchased by Mr Kim, Mr Lee had no reason at all to expect that his financial support required any regulatory approval. Establishing Meditation Tour in New Zealand was Mr Kim's project and as such Mr Lee would have had no expectation that he needed legal advice.
- (ii) *Purchases by Mr Lee and Ms Lee:* Mr Kim arranged all matters relating to the properties purchased by Mr Lee and Ms Lee (the Riverstone Properties). While Mr Lee had no familiarity with New Zealand's 'rules' it was quite reasonable to assume that Mr Kim could deal with the purchase of land in what seemed a fairly straightforward transaction bearing in mind that Mr Kim:
- (A) Was licenced to work in real estate;
 - (B) Gave no cause to appear less than competent and capable;
 - (C) Had Mr Lee's trust;
 - (D) Had completed Mr Lee's immigration application, so knew all the details.
 - (E) Spoke Korean

Had Mr Kim needed specialist assistance he could have asked for it. That he didn't may be attributable to Mr Kim being overly confident or not wanting to appear inadequate.

We have previously commented on the passage below that you have cited from *Carbon Conscious*:

ultimate responsibility for legal compliance rests with the parties who must obtain consent

That passage does not justify concluding that a person who did not obtain consent is not of good character.

- (iii) *Purchases by Mr Lee:* As for Mr Lee's purchase of the properties originally owned by Mr Kim and Ms Lee, again no mention was made to Mr Lee of the need to apply for approval under the Act.

On the day Mr Lee was granted a resident visa a Sale and Purchase Agreement was signed, with Mr Lee as the purchaser. New Zealand had become where Mr Lee hoped to settle. Mr Kim again took the lead in attending to all of the associated 'legalities'. With the benefit of hindsight, it seems that Mr Kim's knowledge of the Overseas Investment rules was scant at best.

The confusion caused by our legislation using 'resident' in multiple related context's, to different effect, is well known. The confusion is exacerbated given the application of the word to people relatively new to New Zealand – and compounded – as we see – when matters are dealt with by those whose mother tongue is not English. The fact we use Latin script and Koreans, Hangul adds yet further challenge.

Mistakes were made. There is little doubt of this. However, what happened certainly does not justify questioning Mr Lee's good character.

- (iv) *Purchases by Double Pine and Meditation Tour:* Mr Lee relied on New Zealand lawyers who failed to advise him of the application of the Act.

4.4 Paragraph 3(d) – Mr Kim

The explanation Mr Lee has given regarding his decision to rely upon Mr Kim (in preference to other professional advisors) is unconvincing

- (a) A significant volume of information was given to the enforcement team (including at the interviews with each of Mr Lee and Mr Kim) about the background to Mr Lee becoming involved with Mr Kim.
- (b) We refer to Mr Kim's interview (which we have an unofficial transcript of). Mr Kim's vision was to make people in New Zealand healthier, more peaceful and happier. He discussed this with Mr Lee and explained that he wanted to start a Meditation Tour business and to introduce the Earth Citizen concept to New Zealand. Mr Kim had given the idea considerable thought and went on to outline how his plan. Mr Lee would have been flattered by Mr Kim's keenness. However, Mr Lee had no interest in starting a new business in New Zealand, or for that matter anywhere else. He had retired. Mr Lee told Mr Kim that if he were that keen, he Mr Lee would provide financial support.
- (c) Mr Kim is respectful of Mr Lee: his senior, teacher and mentor. Mr Lee takes pride in his pupil. Mutual respect is a given, and trust is implicit. Mr Lee has no hesitation in providing financial support. Our rudimentary understanding of Korean culture reinforces that there is nothing whatsoever unusual about this.
- (d) The way things evolved is critical to an appreciation of how it came to be that Mr Lee relied on Mr Kim. Mr Lee visits New Zealand. He speaks no English. He meets up with Mr Kim who was once a pupil. The vision is Mr Kim's and Mr Lee would be have been flattered by Mr Kim wanting to introduce Brain Education to New Zealand through the meditation tours. Mr Lee offers financial assistance in buying land and Mr Kim, who is both a real estate agent and a government licenced immigration advisor certainly seems to 'know the ropes'.
- (e) Had Mr Lee been asked whether he felt more comfortable relying on Mr Kim or on other professional advisors he might well have chosen Mr Kim, given the background and context. This was not a case of a businessman coming to New Zealand to execute a plan and opting to rely on a real estate agent in preference to other advisors. That Mr Lee would have chosen Mr Kim is not to say (and cannot be taken to mean) that other professional advice was not sought and taken.

4.5 Paragraph 3(e) – business acumen

We have concerns about Mr Lee's business acumen, the amount of time he is able to devote to the running of the business, and his ability to select appropriately qualified and competent advisors to assist him

- (a) *Business acumen:* Mr Lee founded Dahnhak (otherwise known as Dahnworld) and established the operating company in Korea in 1992. He founded Dahnhak in the US in the early 1990s, which changed its name to Body & Brain Yoga. Mr Lee has

demonstrated that supported by his team he has established an impressive group of businesses.

- (b) *Time for running the business:* As described above, Mr Lee was responsible for founding a significant business in Korea and the US. He retired from those businesses some years ago and handed over management and ownership to third parties. Mr Lee has for some time now lived in New Zealand and he spends more time here than in any other country. His business focus is New Zealand though he travels abroad on speaking engagements and in promoting Brain Education programmes and the Earth Citizens philosophy globally.
- (c) Mr Lee supports the New Zealand businesses through funding, through his relationships in Korea and the US and through BR Consulting's ownership of Brain Education intellectual property. Mr Lee is very much involved in key decision-making, and in promoting New Zealand meditation tours. Mr Lee has appointed Ms Hwang as the director of both New Zealand companies.
- (d) Ms Hwang is a native Korean speaker, fluent in English and deeply knowledgeable about Brain Education methodology, which is key to running Meditation Tour's business. She also has experience in running tourism-based businesses, having previously managed the largest centre (the Mago Retreat center) which offers meditation tours at Sedona.
- (e) Since assuming control of the management of the New Zealand businesses, Ms Hwang has engaged external consultants and well-qualified and experienced managerial staff (e.g., Bell Gully, Law North Limited, Laurent Law, Grant Thornton, the general manager of the accommodation business and the project manager for the Earth Citizens development at Pungaere).
- (f) *Competent advisors:* Various solicitors were previously engaged. More recently Mr Lee engaged Bell Gully. Mr Lee has no hesitation in taking qualified and competent advice. As noted above, since Ms Hwang assumed control of the management of the New Zealand businesses, she too has had no hesitation in taking qualified and competent advice.

4.6 Paragraph 3(f) – qualifications

It is difficult to determine the status of the Brain Education qualifications obtained by Ms Hwang, without relevant benchmarks. No information has been given regarding the qualifications of the general manager or the project manager

- (a) *Ms Hwang:* Please refer to our comments in paragraph 4.5(d) above regarding Ms Hwang's business experience.
- (b) *General Manager:* See [s 9(2)(a)] CV attached.
- (c) *Project manager:* See [s 9(2)(a)] CV attached.

4.7 Paragraph 3(g) – viability of the business model

The viability of the business model is unclear. The Application projects increasing visitor numbers over time, but the performance of the business appears to be dependent upon the performance of other entities within the Brain Education organisation

- (a) The New Zealand businesses are certainly viable.

- (b) It is correct that many guests practice Brain Education in their home country but that simply enhances the clientele pool. The success of the New Zealand operation turns on the attractiveness of the New Zealand offering. There is no reason to expect that travel to New Zealand will decline. Not surprisingly, the New Zealand natural environment is a major drawcard and the fact that over 7,500 tourists that have already participated supports our assertions. Many other New Zealand businesses have benefited from these visitors. Indeed some have become quite reliant on them.

4.8 Paragraph 3(h) – US litigation

There is an incomplete and unsatisfactory account of the litigation in the United States. Having proceedings struck out for want of prosecution does not necessarily amount to a vindication of the defendant. There may be allegations in the pleadings and affidavit evidence that are relevant to issues of character that have not been fully disclosed

- (a) Litigation documents, accompanied by summaries, are attached. We comment on the litigation more fully when replying to your paragraph 47 questions.
- (b) Having proceedings struck out for want of prosecution may not amount to a vindication but we also do not draw adverse character conclusions based on unfounded claims.
- (c) With all due respect to the plaintiffs:
 - (i) All of the claims were civil claims - had the State considered it appropriate to do so, charges could have been brought.
 - (ii) The claim brought by [s 9(2)(a)] in Massachusetts (for [s 9(2)(a)]) failed because the plaintiff could not find an attorney to take the proceedings on a contingency fee basis, which may offer some insight into the merits of the claim.
- (d) The United States is a litigious society. The higher one's profile and the deeper one's pockets are perceived to be, the more likely someone will be prepared to 'have a go' and make a claim – very often assuming a settlement will emerge because the defendant doesn't have the time or energy to defend what may be a spurious claim.

Overview – the Applicant's approach to investment in New Zealand

4.9 Paragraph 7

The materials provided by the Applicant present Mr Lee as a sophisticated chief executive and spokesperson of a successful global organisation. Mr Lee describes being captivated by the natural beauty of New Zealand and so deciding to relocate the base of operations of his international meditation business to this country.

- (a) Our review of the information provided does not seem to support a conclusion that the applicant presents himself as a sophisticated chief executive.
- (b) Mr Lee is the creator of many programmes involving mind/body principles (one of which is Brain Education). As a strong advocate of the benefit of these principles, he regularly presents lectures and training sessions.
- (c) While we do not consider that anything turns on the point, it will be evident from other information provided in this letter and the Response Table that it is not correct to say that Mr Lee decided to "relocate the base of operations of his international meditation business to this country".

4.10 Paragraph 8

Mr Lee's business practice in the United States, where he previously based his operations, was to engage suitably qualified lawyers and business advisors to inform his decision-making. The relocation of the Brain Education figurehead and spokesperson to a new country on the other side of the world was a decision we would expect to be the subject of multiple, high level discussions within the business.

- (a) We reply to your observations seriatim:
- (i) *Mr Lee's business practice was previously based in the United States:* BR Consulting (Mr Lee's main investment) has always and continues to be based in the United States. Nothing was said to suggest otherwise.
 - (ii) *Mr Lee's business practice in the US was to engage suitably qualified lawyers and business advisors to inform his decision-making:* Mr Lee has engaged Michael McCann since 1997 and he has overseen all legal aspects of Mr Lee's affairs in the US. This has included engaging suitably qualified lawyers and business advisors as and when required to inform Michael McCann's decision-making.
 - (iii) *The relocation of the Brain Education figurehead and spokesperson to a new country on the other side of the world was a decision we would expect to be the subject of multiple, high level discussions within the business:* Mr Lee did relocate to New Zealand - in about 2015. He decided to make New Zealand home and this is what he has done. Indeed, he has spent considerably more time in New Zealand than anywhere else in the world, since 2014 and he remains committed to New Zealand. However, Mr Lee relocated in his personal capacity, not as the "Brain Education figurehead or spokesperson" and his relocation was progressive and it evolved. It began as little more than a visit which then developed into was essentially a personal project. As such there was no reason to involve Michael McCann or for this to be made "the subject of multiple, high level discussions within the business".

4.11 Paragraphs 9 and 10

Upon arriving in New Zealand, we would have expected to see Mr Lee engage appropriately qualified business and legal advisors to assist him.

Yet Mr Lee chose to rely completely on Mr Kim, a person who was not qualified for the task.

Our earlier explanations have addressed this.

4.12 Paragraph 11

Mr Kim does not appear to have adequately briefed any of the local law firms he engaged for conveyancing work. The Applicant says that Mr Kim arrived at his own (erroneous) interpretation of the Applicant's obligations under the Act, resulting in numerous breaches

The local law firms that Mr Kim briefed issued letters of engagement undertaking to peruse the contracts and to advise on the same. To peruse means to read something thoroughly or carefully, to examine something carefully or at length. Those local law firms made no mention of the possibility that the Act applied.

A successful global organisation

4.13 Paragraph 12

Appendix 6 portrays Mr Lee as the head of a well-resourced multinational operation with a complex corporate structure. Unlike comparable 'New Age' businesses, 'Brain Education' has monetised its business model and has ambitious plans for expansion.

- (a) You appear to have an impression that Mr Lee runs a multinational operation with a complex corporate structure, much along the lines that one might expect of an entrepreneur whose single minded focus was maximising shareholder returns.
 - (i) As already explained, Mr Lee established what were to become successful businesses in Korea, the United States, Japan and New Zealand. However, Mr Lee's focus has been on promoting the benefit to peoples' wellbeing through his programmes. Advocates of spiritual improvement may be the leaders of organisations promoting their programmes, but this does not imply that they are the equivalent of a stereotypical Fortune 500 chief executive. This is not to say that Mr Lee has no business experience or acumen, only that in his business dealings he has relied on good advisors whom he has trusted to deal with specialist areas such as legal matters.
- (b) As noted earlier, "Brain Education" is a methodology. Mr Lee is the founder of the techniques that make up the Brain Education methodology and other programmes, licensed by BR Consulting. In some cases the programmes are licensed at no cost.
- (c) Mr Lee and [s 9(2)(b)(ii)] do not have ambitious plans for expansion. Mr Lee has an ambition to promote the benefit of Brain Education.

4.14 Paragraph 13

Mr Lee says (on his website www.ilchi.com):

"Ilchi Lee is a dedicated advocate for a peaceful, sustainable world, a New York Times bestselling author, and an innovative leader in human brain potential development. A true believer in the power of each person to change themselves and the world around them, Ilchi Lee has developed many mind-body training methods, including Body & Brain Yoga and Brain Education, and has helped millions of people globally find their true potential and develop it for the benefit of all"

Noted.

4.15 Paragraph 14

The marketing materials for 'Brain Education' reveal a deep understanding of its target audience. Few businesses have expanded outside their 'home' market as successfully as 'Brain Education' says it has, which indicates a carefully structured marketing plan.

- (a) The observations made may all be perfectly correct but they are not relevant to what happened in New Zealand, or at least to understanding how the investments in New Zealand came about. As previously explained, New Zealand was not part of any Brain Education marketing plan. The New Zealand involvement began as support for an enthusiast whose personal vision was to start a Meditation Tour business and introduce Brain Education to New Zealand.
- (b) It is true that when Mr Kim's personal circumstances led him to need to give up on his involvement in that vision, Mr Lee had little option but to "pick up the pieces". That organic development is the antithesis of the implementation of a carefully structured marketing plan.

4.16 Paragraph 15

'Brain Education' has influence extending from its home base in South Korea into organisations as diverse as: the New York public school system; the school system in El Salvador; and the United Nations. Several American cities have declared a 'Ilchi Lee Day'.

Noted.

4.17 Paragraph 16

The material provided in Appendix 8 reveals that Mr Lee personally as well as "Dahn Yoga & Health Centers Inc.; Tao Fellowship; BR Consulting Inc.; Mago Earth Inc.; Vortex Inc.; CGI, Inc.; Oasis Arabiand LLC and Does 1 to 100" were named as co-defendants in a class action lawsuit in Arizona which was struck out (with costs) for want of prosecution. There was a further case (by [REDACTED] s 9(2)(a)] struck out by the Massachusetts District Court and a RICO application struck out by the Eastern Virginia District Court.

Noted.

4.18 Paragraph 17

The American litigation shows that Mr Lee (or his advisors) were cognisant of the importance of obtaining competent legal counsel with local expertise. The fact that the American litigation gained no traction is also significant. Mr Lee's organisation was structured in such a way as to insulate Mr Lee from class action claims (whether or not they had merit). This indicates a degree of sophistication on the part of Mr Lee (or his advisors) and an awareness of the importance of protective corporate structures.

- (a) Mr Lee did indeed obtain competent legal advice when faced with litigation commenced against him in the US. However, to imply that when he agreed to provide financial support to someone like Mr Kim in New Zealand it would be expected he would have done likewise seems to misunderstand the facts.
- (b) Mr Lee's business affairs are not "structured in a way to insulate Mr Lee from class action claims". In fact, Mr Lee was the co-defendant in a class action claim, albeit an unfounded one.

4.19 Paragraph 18

There was significant media attention surrounding the class action claim and the wrongful death claim concerning Ms Julia Siverls, including articles in the Rolling Stone and a three-part investigative special on CNN. A less robust business might not have weathered this degree of negative publicity.

If you are inviting feedback on this observation then please explain its relevance.

4.20 Paragraph 19

Mr Lee has been operating his business since the early nineties and since that time he (or his advisors) must have been involved in scores of property and legal transactions while building his business empire. As many of these transactions have occurred in jurisdictions outside Korea, Mr Lee (or his advisors) will be no stranger to the fact that different states have different legal requirements.

- (a) As explained earlier, there was no expectation that the financial assistance would require any regulatory approval.

- (b) While the point is actually irrelevant, we should advise that our enquiries as to whether there is an equivalent requirement in the United States or Canada suggests that there is not. This further supports the proposition that Mr Lee cannot be assumed to have expected there was a need for legal advice let alone regulatory approval.

4.21 Paragraph 20

The overall impression this gives is that Mr Lee (or his advisors) are intelligent and capable business leaders who appreciate the importance of good legal advice and the importance of due diligence

Your comments in paragraph 20 are addressed in the earlier paragraphs.

A disconnect that requires an explanation

4.22 Paragraph 21

On the information provided, there is a disconnect between how Mr Lee (or his advisors) managed his businesses activities overseas and the way the New Zealand operations were handled.

The information already provided has addressed the apparent “disconnect”.

4.23 Paragraph 23

Mr Lee’s decision to entrust principal responsibility for the successful relocation of his base of operations to Mr Kim raises questions about Mr Lee’s business acumen and, in particular, his ability to select appropriately qualified and competent advisors to assist him.

- (a) Mr Lee was not seeking to relocate his base of operations to New Zealand, and certainly was not entrusting that task to Mr Kim.
- (b) The information provided above satisfies the questions you have about Mr Lee’s business acumen and his ability to select appropriately qualified and competent advisors to assist him.

The part played by Mr Kim

4.24 Paragraph 24

The account provided in paragraphs 2 to 16 of the Application for retrospective consent names Mr Kim (rather than Mr Lee) as the driving force behind the Northland acquisitions. The Applicant asserts that it was due to failings on Mr Kim’s part that breaches of the Act occurred.

- (a) Your comments give the impression of Mr Lee acquiring properties but attributing failings to Mr Kim. The point that seems to be missing, and which provides context, is that the acquisitions began as Mr Kim’s idea. Mr Lee visited New Zealand after retiring. Mr Kim tried to persuade Mr Lee of the merits of starting a Meditation Tour business in New Zealand.
- (b) Having retired, Mr Lee was pleased at the idea of the meditation business being brought to New Zealand but he was not interested in being either a property investor or a franchisee of a Meditation Tour (or for that matter any other) business. Mr Kim was therefore not the driving force behind what might be thought of as an expansion of Mr Lee’s business. Mr Kim drove the introduction of the Meditation Tour business in New Zealand and he persuaded Mr Lee to support him. While we will comment on

this again in response to your observations in paragraph 26, it will be apparent that there simply was no “relocation of [Mr Lee’s] base of operations to New Zealand”.

- (c) It was Mr Kim who found the properties. Mr Lee provided funding support to purchase the properties and Mr Kim was left to arrange the legal requirements for the purchase, with the advice and assistance of solicitors engaged to do this. This was confirmed by Mr Kim in his interview with the enforcement team.
- (d) As you know, Mr Kim then ran the businesses until his family was burgled and he found that being separated from them put too much of a strain on his family life. Mr Lee reluctantly took over, to relieve Mr Kim.

4.25 Paragraph 26

For Mr Lee to entrust primary responsibility for the successful relocation of his base of operations to the underqualified Mr Kim seems inconsistent with Mr Lee’s prior business practice. We query whether Mr Lee had other, more qualified legal and business advisors available to him (or at the very least had the resources and contacts that would allow him to engage such advisors).

- (a) To the extent that it might be accurate to refer to [s 9(2)(b)(i)] as the base of his operations, those operations are, have always been and remain in the US.
- (b) As noted in our response to your paragraph 24, Mr Lee had retired, had no interest in owning land or operating businesses in New Zealand (or for that matter anywhere else) and he applied for residence in New Zealand under the Investor 1 category - intending to enjoy life in retirement in New Zealand.
- (c) It is significant that his \$10m investment (a requirement under the Investor 1 category) was in bonds and had nothing whatsoever to do with Brain Education, Meditation Tour or anything similar. Mr Lee had retired except from lecturing and teaching.
- (d) Properties bought by Mr Kim were bought by Mr Kim. Mr Lee offered Mr Kim financial support. Mr Lee took great pleasure from Mr Kim’s enthusiasm. When things did not work out for Mr Kim, Mr Lee felt he had little option but to come to the rescue. Nothing at all supports the notion of Mr Lee entrusting Mr Kim with primary responsibility for relocating operations.
- (e) When Mr Kim purchased the first properties - Mr Lee left it to Mr Kim to attend to whatever formalities might be required. Mr Kim was buying properties, he was a licensed real estate agent, he would know what he was doing and he was a man of integrity.
- (f) As to “whether Mr Lee had other, more qualified legal and business advisors available to him (or at the very least had the resources and contacts that would allow him to engage such advisors)”, Mr Lee did not have such advisors though we expect he would have had the resources to engage such advisors. However, this presupposes that Mr Lee would have seen the need to engage such advisors. It was Mr Kim (if anyone) who may have thought it necessary to engage advisors – he was buying land.

4.26 Paragraph 27

In a letter from your office to Immigration New Zealand dated 17 May 2018 it is implied that Mr Kim was aware of Mr Lee’s convictions in South Korea and turned his mind to the question of whether they needed to be disclosed:

You have drawn unintended inferences from our letter of 17 May 2018 and nothing in that letter supports the inference. The propositions are simply:

- (i) Mr Kim knew Mr Lee.
- (ii) Mr Kim knew Mr Lee to be an honourable man.
- (iii) Mr Lee is senior to Mr Kim and Mr Lee is a teacher and mentor.
- (iv) It is perfectly understandable in the circumstances that Mr Kim would not press Mr Lee to ask:

I see that the police certificate makes no mention of any convictions. Were there actually any convictions that may have been wiped by clean slate provisions – because, if so, these need to be disclosed.

4.27 Paragraph 28

Ultimately Mr Lee had the responsibility to ensure the documents that Mr Kim was preparing on his behalf were true and correct. Mr Lee ought to have known that to provide the Korean Police certificate to Mr Kim, without further context, could mislead Mr Kim into thinking there was nothing to report

- (a) Your observations assume Mr Lee knew something was required to be reported. You are of course correct that something was required to be reported and, though belatedly, it was. However, for the reasons already explained Mr Lee had no expectation anything was required to be reported.
- (b) As you will know, when we ourselves raised the question of the conviction we were told by Mr Lee's advisors that because the period of suspension had passed without incident, the effect of Korean law was that the conviction was expunged. After considerable debate and dialogue on the point with Korean lawyers, it emerged that interpretation was wrong.
- (c) Even if Mr Kim had raised with Mr Lee the small print in the INZ form about the clean slate provisions – which he did not do – no adverse character inference can be drawn because it cannot be said Mr Lee ought to have known that providing the certificate to Mr Kim, without further context, could mislead Mr Kim.

4.28 Paragraph 29

In respect of the property transactions, while it is understandable Mr Lee might wish to rely on a fellow Korean speaker where possible, it is unclear why Mr Lee would have chosen to repose such trust and confidence in Mr Kim, given his low level of relevant expertise.

- (a) Your comments are predicated on two assumptions:
 - (i) Mr Lee knew Mr Kim had a low level of relevant expertise;
 - (ii) If the first assumption was correct, Mr Lee knew of Mr Kim's low level of expertise but chose, nevertheless, to repose trust and confidence in him.
- (b) However, Mr Lee did not know Mr Kim had a "low level of relevant expertise". As a licensed real estate agent Mr Kim might be expected to know how to deal with land transactions and, at a minimum, to know if and when specialist knowledge may be required.

- (c) Given Mr Lee had confidence in Mr Kim's abilities, reposing trust and confidence in Mr Kim was quite natural. Nothing had caused Mr Lee to question or doubt his impression that Mr Kim was anything other than a trustworthy, knowledgeable and competent licenced real estate agent. Absent the benefit of hindsight, we are also not aware of anything that caused Mr Lee to conclude that, despite Mr Kim's 10 years as a licensed real estate agent, he should not repose trust and confidence in him.

4.29 Paragraph 30

Mr Lee knew that Mr Kim was not a lawyer and was not qualified to give him legal advice. Mr Lee does not appear to have taken any independent steps to verify whether the legal 'advice' he was being given by Mr Kim was correct.

- (a) Mr Kim was a licensed real estate agent, an immigration advisor and a Korean who had moved to New Zealand. Mr Lee assumed that what needed to be done in order for him to buy land was something a licenced real estate agent would know – and this was a fair assumption for a person not familiar with New Zealand's real estate rules to make.

It is not apparent what advice you refer to as having been given by Mr Kim to Mr Lee.

4.30 Paragraph 31

When considered in the context of Mr Lee's global business empire and the resources Mr Lee had available to him, the decision to rely on Mr Kim requires further explanation.

- (a) Mr Lee retired in 2012. At that time, he held a 64% interest in [s 9(2)(b)(ii)] Mr Lee continued (as is still the case) to be interested in Brain Education and has given a reasonable number of guest lectures. Your reference to "Mr Lee's global business empire" misrepresents the position. This is not to say that Mr Lee wasn't able to engage advisors. He did. However Mr Kim as a licensed real estate agent who spoke Korean and English provided a significant level of comfort and nothing suggested to Mr Lee that his "trust and confidence" in Mr Kim was inappropriate. In the context of the background and having regard to cultural differences, Mr Lee's actions are not unusual or unreasonable, as explained in the interviews with the enforcement team.

Mr Lee's business acumen

4.31 Paragraph 32

Mr Lee's biography does not reveal any formal business training (he graduated in 1977 with a Bachelor of Science from Dan-Kuk University in Seoul). While Mr Lee has assumed the role of President or Chairman for a number of organisations, it is not clear whether this is as a figurehead, or whether he plays an active role in business management.

- (a) Mr Lee does not play an active role in business management. His expertise is in developing and refining mind/body programmes such as Brain Education, and his involvement in the meditation tour business in the US and Body & Brain Yoga / Dahnhak businesses in the US and Korea.
- (b) It is of course not essential for an overseas person to have formal business training to show that they have the necessary business acumen to own land in New Zealand.

4.32 Paragraph 33

Mr Lee appears to be a prolific writer and has a number of other duties as the founder of Dahnhak and Brain Education. It is not clear whether Mr Lee will be playing an active role in the day-to-day management of the Investment. The Application notes:....

- (a) Mr Lee no longer plays an active role in the day-to-day management of the Mediation Tour business. This is in line with any investor in a business who relies on good managers to assist with day-to-day management requirements. Mr Lee brings skills relating to the meditation and Brain Education side of the business. This is no different to many listed companies that rely on the CEO and executive team to deal with the day-to-day management of the company.
- (b) Despite Mr Lee continuing to offer lectures abroad it is noteworthy that between late December 2014 and the end of July 2019 Mr Lee has, on a rolling 12-month basis, spent more time in New Zealand than in any other country.
- (c) A significant part of that time has seen Mr Lee in New Zealand for more than 183 days during those rolling 12-month periods. This has made it easier for him to be involved in strategic decisions in respect of the New Zealand operations.

4.33 Paragraph 34

When Mr Lee assumed control of the New Zealand operations of the Applicant he apparently failed to engage competent advisors. Mr Lee seems to have relied upon his own understanding of the law

- (a) It is axiomatic that not having been properly advised, there is now a problem that needs to be dealt with. The real issue is whether that evidences bad character or a lack of business acumen.
- (b) New Zealand's use of the word resident or residence in three highly related but quite different contexts is, in our experience, a source of frequent confusion, especially for new migrants. The Overseas Investment rules speak of ordinarily resident, immigration speaks in terms of having a resident visa and the Income Tax Act attributes significant tax consequences when a person, having spent 183 days or more in New Zealand in a 12-month period becomes resident in New Zealand. The opportunity for confusion is compounded by New Zealand offering new migrants the benefit of transitional resident rules. Many people of unquestionable good character and exemplary business acumen fall foul of the confusion this causes. Being told that one can only own land when one is resident in New Zealand and then being issued a resident visa seems like a perfectly understandable official endorsement of one's entitlement to own land.

Status of Brain Education qualifications

4.34 Paragraphs 35

We do not accept (on the basis of the material provided) that Mr Lee has a unique set of business skills. The material that we have been provided about Brain Education suggests that it is a repackaging of traditional Korean mysticism and 'New Age' spiritualism that draws upon mainstream contemporary research on the (widely accepted) benefits of meditation and mindfulness.

- (a) You begin by referring to the application letter of 28 June 2019 and say you are not yet satisfied the application meets the criterion as set out in section 16(1)(a) and 16(1)(c) of the Act. Business experience and acumen relevant to the overseas investment and good character are the criteria we are asked to address.

- (b) It is therefore not relevant to consider whether Mr Lee's business skills are unique.
- (c) What is relevant is whether the individuals with control, collectively, have business experience and acumen relevant to the overseas investment. Despite having retired, Mr Lee was central to the establishment of Brain Education and related programmes in numerous countries; and they have been very successful. Mr Lee and Ms Hwang (as the individuals with collective control) have relevant business experience and acumen as described in detail at paragraph 4.5.

4.35 Paragraph 36

We do not accept (on the basis of the material provided) that 'Brain Education' qualifies as a new technology or science. We do not consider there is anything new about practicing meditation or mindfulness. Neuroscience is a well-established field of medicine. We accept that it is possible to have different skill levels in the practice of meditation, but we do not consider this demonstrates the introduction of new technology or business skills in terms of the relevant benefit factor under the Act.

- (a) See paragraph 4.34(a).

4.36 Paragraph 37

Ms Hwang is the other identified individual with control. She has a background in medicine, working as a resident physician at St Mary's Hospital in Seoul until September 2004. Since then she has worked in a variety of roles within the Brain Education organisation and obtained a number of qualifications particular to Brain Education. We do not consider that being medically qualified necessarily guarantees that Ms Hwang will be a suitable business manager.

- (a) As noted, Ms Hwang has a background in medicine, working as a resident physician at St Mary's hospital in Seoul. While her background in medicine does not qualify her as a suitable business manager, it suggests, as a reasonable starting point that she is intelligent. As explained in paragraph 4.5(d) she has experience in running tourism-based businesses and previously managed the largest center (the Mago Retreat center) which offers meditation tours at Sedona.
- (b) Ms Hwang has been involved in the Body & Brain business, and with the Brain Education, for a number of years. She understands first-hand the key dynamics core to making tours successful and ensuring good feedback and repeat business. This is a key skill that is needed if the business is to remain successful.
- (c) Ms Hwang has had a substantial amount of training on key business management matters that might affect the business. She came into the business at a time when it was facing difficult times with the investigation by the Department of Labour. Ms Hwang has engaged appropriate consultants and advisers to assist with the elements of the business that she does not have expertise in (e.g., Bell Gully, Grant Thornton, etc).

4.37 Paragraph 38

It is difficult to determine the significance of the roles played by Mr Lee and Ms Hwang or the status of the Brain Education qualifications obtained by Ms Hwang, without relevant benchmarks (for example, roles in mainstream New Zealand corporate entities that equate to those held by Mr Lee and Ms Hwang, and equivalent qualifications from established New Zealand educational providers).

- (a) We agree that it would certainly be easier to evaluate overseas qualifications by benchmarking them to familiar New Zealand equivalents. However, the ability to benchmark is not a prerequisite. Nor for that matter is it necessary to have qualifications from educational providers. While we appreciate that you are not

suggesting such qualifications or an equivalent role in mainstream New Zealand corporate entities is necessary, there are of course countless examples of extremely successful business people with no qualifications or experience in mainstream New Zealand corporate entities.

4.38 Paragraph 39

- (a) Please find attached a CV for [s 9(2)(a)] the general manager of the accommodation properties, and [s 9(2)(a)] who is the project manager for the Earth Village development.

Individuals with control

4.39 Paragraph 40

We have not been provided with any information regarding the overall Brain Education corporate structure.

- (a) Please see the Response Table for further information that will assist you in understanding Mr Lee's investments. The intellectual property in the Brain Education methodology is owned by BR Consulting, which is owned by Mr Lee as to 64% with the balance owned by his two sons. There is no "overall Brain Education corporate structure" as such.

4.40 Paragraph 41

It is not clear whether funding, business or management advice, or other business support is provided by other parts of the Brain Education organisation.

- (a) The only funding provided to Meditation Tour or Double Pine is provided by Mr Lee personally. While having previously explained that there is no "Brain Education organisation" as such, no entity in that 'organisation' has provided funding to Mr Lee other than BR Consulting which pays Mr Lee dividends.
- (b) Michael McCann and Dami Kim, CEO and COO respectively of BR Consulting have, since the present issues were identified, been of significant support to Mr Lee.

4.41 Paragraph 42

We consider it highly likely that there are other individuals with control who have not yet been identified.

- (a) There are no other individuals with control who have not been identified. While Mr Lee obtains advice from Michael McCann and Dami Kim, Mr Lee ultimately makes all major decisions regarding the business and properties. Ms Hwang manages the day to day business with support from the management team and with the assistance of consultants such as Bell Gully and Grant Thornton.

Concerns about viability of business model

- 4.42 Business experience and acumen relevant to the overseas investment and good character are the criteria you indicate need to be addressed, having said that you are not yet satisfied

the application meets the criteria set out in section 16(1)(a) and 16(1)(c) of the Act. Our comments in response to your comments at paragraphs 43 to 45 are therefore brief.

4.43 Paragraph 43

The Applicant's business model appears to be dependent upon the performance of other entities within the Brain Education organisation and their ability to direct 'meditation tourists' to New Zealand. No data has been provided about the performance of these entities. The only data available appears to be the historical records of visitor numbers.

- (a) The Applicant's business offering is attractive to tourists interested in "traditional Korean mysticism and 'New Age' spiritualism that draws upon mainstream contemporary research on the (widely accepted) benefits of meditation and mindfulness." The fact that other 'Brain Education organisations' promote 'meditation tourists' to New Zealand is certainly helpful. Similar observations could be made of many New Zealand operations of worldwide conglomerates - *HSBC, FedEx, DHL, Microsoft or PWC* to name a few.

4.44 Paragraph 44

Neither Mr Lee nor Ms Hwang appear to have any expertise in the tourist industry. No marketing plan has been provided. From the financial statements provided, only the Macadamia Lane property has been operating at a profit.

- (a) Pigeonholing the business as a 'tourist' business and then saying neither Mr Lee nor Ms Hwang appear to have any experience in the tourist industry is inappropriate. The business certainly focuses (at present) on visitors to New Zealand, much as when the US business was established it focused on visitors from Korea. Both Mr Lee and Ms Hwang have extensive experience in operating their business.
- (b) A copy of the Meditation Tour marketing plan is attached.

4.45 Paragraph 45

It is difficult, on the information provided, to test the Applicant's plans to expand visitor numbers. While we accept that the Kerikeri area has spectacular natural beauty, we consider meditation is an activity that can be undertaken in any quiet location. The information provided is insufficient to confirm what would be the likely market for 'meditation tourists'.

- (a) OIO typically looks at a 5 year period for any conditions of consent. Meditation Tour has already introduced 7,500 tourists into New Zealand since 2015, creating export receipts of \$14.3m, showing that it has already benefited New Zealand and that it has a viable business model. The financial results of Meditation Tour and Double Pine have been impacted over recent years largely as a result of the OIO investigation and retrospective application process.

United States litigation

4.46 Paragraph 46

There have been a number of proceedings in the United States of America that need to be addressed in more detail. While we accept that these cases were struck out for want of prosecution, this does not necessarily mean that the defendants were vindicated, or that the claims were without substance. [s 9(2)(a)]

- (a) Further detail about the US litigation is provided in the Response Table.

[s 9(2)(a)]

Concluding observations

5. Mr Lee's level of financial commitment and the amount of time and energy he has dedicated to New Zealand, his very significant emotional ties to New Zealanders and New Zealand as his home amplify the importance to him of not just being granted retrospective consent but of it being accepted that he is indeed of good character.
6. It goes without saying that the outcome of these applications is also of significant importance to local staff and contractors who are understandably concerned that their jobs may be lost if Mr Lee is required to sell the properties.
7. Please do not hesitate to contact us if you have any further questions or require any further clarification of the further information provided. If you still intend to issue a recommendation to the Ministers to decline the consent, we request that you provide us with a full copy of the proposed recommendation for our review and comment.

Yours sincerely

[Sgd: Andrew Petersen / Willy Sussman]

Andrew Petersen / Willy Sussman
Partner / Partner

Enc.

BELL GULLY

By email [s 9(2)(g)(ii)]

[s 9(2)(g)(ii)]
Overseas Investment Office

FROM **Willy Sussman / Andrew Petersen**
DDI +64 9 916 8952 / +64 9 916 8622
MOBILE +64 21 300 600 / +64 21 684 533
EMAIL willy.sussman@bellgully.com
EMAIL andrew.petersen@bellgully.com
MATTER NO. 402-3661
DATE 23 December 2019

Dear [REDACTED]

Seung Heun Lee (Ilchi Lee)

Your letter of 13 September 2019 notes at 47(yy) that it was alleged there was evidence 'discrediting' [s 9(2)(a)] In relation to this you ask: What was the nature of that information?

[s 9(2)(a)]

[s 9(2)(a)]

[s 9(2)(a)]

[s 9(2)(a)]

[s 9(2)(a)]

[s 9(2)(a)]

[s 9(2)(a)]

[s 9(2)(a)]

[s 9(2)(a)]

[s 9(2)(a)]

[s 9(2)(a)]

[s 9(2)(a)]

Hopefully this more fulsome explanation answers your question.

Yours faithfully
Bell Gully

[Sgd: Willy Sussman / Andrew Petersen]

Willy Sussman / Andrew Petersen
Partner / Partner

Enc.

Released under the Official Information Act 1982

[s 9(2)(g)(ii)]

Overseas Investment Office
Wellington

9 January 2020

Dear Senior Solicitor [s 9(2)(g)(ii)]

My name is Seung Heun Lee. I have submitted to the OIO an "Application for Consent to Acquire Sensitive New Zealand Assets" for eight properties, including 88 Reinga Road, Kerikeri.

Although a detailed explanation and related materials have been provided by Andrew Petersen and Willy Sussman from Bell Gully in the document from 3 July 2019 and additional information on 10 December 2019, but I would like to share my perspective with you, in my own way, regarding these matters that are directly related to me.

1. The reason I bought the aforementioned eight properties without securing OIO permission in advance was because my English is very limited, and I trusted Simon Kim, who is a New Zealand citizen and real estate agent. If I had known that it was something that required consent, then of course, I would have applied for consent. I only discovered this much later, and when I did, I submitted a letter to the OIO through Bell Gully that described in detail everything that had happened up to that point. Myself, Simon Kim, and Esther Lee voluntarily attended interviews and each of us responded diligently to the many questions from [s 9(2)(g)(ii)] and [s 9(2)(g)(ii)] In the letter they sent to Andrew Petersen on 9 August 2017, they said they were considering allowing an application for retrospective consent, and they asked if he could review and provide an opinion about whether the requirements of the benefit test and good character criteria needed for the retrospective consent would be met. To me the letter means they realize the fact that missing this consent had not been intentional. When I went to have business dealings in other countries I always relied on and trusted key people who I thought had the proper skills and expertise to help with me any

legal requirements. Unfortunately, on this occasion, my trust and reliance on Simon Kim did not have a good result and created many big legal issues (and cost) for me that I did not expect. I do not believe this one mistake in trusting a person, properly reflects on my business experience and knowledge since I was able to have good results with good advisors in all other countries that I invested or had some business in.

2. Regarding the failure to include the 1993 conviction in the document submitted to New Zealand Immigration, that was because I simply provided paperwork, such as police certificate, to Simon Kim, who was also my immigration advisor, and I was never asked any questions by Simon Kim about whether there might be any convictions that were not noted in the police certificate. If I had known about this, then of course, I would have stated my 1993 conviction to the Immigration Office. When I learned about it later, I immediately communicated the information about the 1993 ruling through Bell Gully and explained how it came to be left out of the immigration papers, and on 5 July 2018, the Immigration Minister decided to suspend the deportation liability for 3 years. I feel that even the Immigration Minister understood that not noting the conviction was not intentional, and that that's why he made the decision to suspend deportation liability.

3. Since most of the various lawsuits in the US are matters related to the work of corporate entities in the US and Bell Gully has already submitted detailed responses and relevant paperwork, in this letter, I would like to address just [s 9(2)(a)] claim suit, which is the one that is directly associated with me. [s 9(2)(a)]

[s 9(2)(a)]
[s 9(2)(a)]
[s 9(2)(a)]
[s 9(2)(a)]
[s 9(2)(a)]
[s 9(2)(a)]

About the other big lawsuit with 27 people – as I remember those people complained about work conditions at their companies of which I was no longer managing. They tried to connect me to the lawsuit as their employer by saying

the corporations were fake. But after a long discovery process and many thousands of documents, this was shown to be false and all these documents only proved that the corporations were proper. I also remember the plaintiffs said they were “mind-controlled” and could not think for themselves. But I am sure this was disproven by the plaintiffs’ own bank records which showed they carried on a normal life by going to dinner, movies, vacations, stores, nightclubs, etc. This was many pages also and my lawyers can send to you if you want. I never mistreated any of those plaintiffs and I never told anyone to mistreat them. The results of the lawsuit show it was a very unjust lawsuit that treated me badly.

4. Since your letter from 13 September 2019 also included a little bit about Brain Education, as the founder of Brain Education, I’d like to share with you about it briefly.

Opinions about the extent to which Brain Education is valuable will certainly differ from person to person, but I think that a direct experience of Brain Education will provide a much better and deeper understanding than could have been had before. Since 1985, I have visited many countries to instruct and guide hundreds of thousands of people in Brain Education. To further the advancement of Brain education, in 1999, I founded the Korea Institute of Brain Science (KIBS), which was accredited by the Ministry of Science and Technology in Korea and where scientific studies have since been conducted on ways to utilize the latent potential of the brain more effectively (if you want I can send you these studies). In 2002, I established the International Graduate University of Brain Education, with accreditation from the Korean Ministry of Education, where master’s and doctoral degrees in Brain Education are offered. I have found it tremendously rewarding to see people awakening to their own innate value, developing greater awareness of the beauty of the world around them, and taking steps to actively change their lives for the better.

Over the years, there have been many cases of the value of Brain Education being recognized in Korea, the US, Japan, Europe, and more, but I’d like to share just two of them with you here.

Although there were some temporary challenges caused by hasty, careless reporting from certain media outlets before the judge gave the ruling for the lawsuit filed at the federal court in Arizona, the lawsuit was dismissed, and the many students and educators who had personally experienced the benefits of

Brain Education continued to speak highly of it as they worked to share Brain Education in American society. As a result of such efforts, in 2018, the US New Mexico state legislature approved a bill to allocate a budget of \$100,000 for public school faculty and staff to take Brain Education training, and when it was signed by the governor of New Mexico, the bill was passed for a budget for public school faculty and staff to be trained in Brain Education.

Meanwhile in the Central American country of El Salvador, Brain Education was introduced in a pilot program to a single school in 2011. After 8 years of consistent effort, Brain Education is currently being implemented in 1,500 schools. As the teachers who received Brain Education training in turn taught their students Brain Education, they witnessed amazing changes in their students, with fewer fights breaking out between them, improved academic performance, and the students having hopes and dreams about their futures. With a nomination from these Brain Education teachers, it was a great honor for me to be awarded the Order of the Slave Liberator José Simeón Cañas in 2018, the nation's highest award for a foreigner.

5. In hopes that you can find this a helpful reference in your review regarding good character and benefits, please allow me to describe a little about what brought me to New Zealand, provide a brief summary of the general circumstances over the years, and express my deep affection and gratitude toward New Zealand.

In 2014, spurred by a recommendation from Simon Kim, who at one time had been learning Brain Education in Korea and had immigrated to New Zealand in 1999, I made a visit to New Zealand. Traveling through various places in North Island and South Island, I was captivated by the pristine natural environment of the primeval forest; and I felt particularly uplifted and energised by the native bush near Kerikeri. I felt that the peace and tranquility of the surroundings would arouse a sense of personal courage and passion and would help to focus the mind of those practicing Brain Education. I was also attracted by the people of New Zealand, whom I found to be very welcoming, kind, and well-mannered. As it happened, Simon Kim had wanted to introduce Brain Education to people in New Zealand, and it seemed that the Meditation Tour business would be just the thing for that. So Simon established the Meditation Tour company, and when he was purchasing real estate necessary for the business, I was able to offer financial

support. For myself, as I spent time as a tour guide, teaching Brain Education and sharing the Earth Citizen spirit to New Zealand residents and the meditation tour groups that came to visit, my love for New Zealand grew bigger and deeper. That's why I decided to spend the remainder of my life in my new home of Kerikeri and applied for a residence visa in 2015.

Around that time, Simon Kim, who had been directing the Meditation Tour business, had to go back to his family in Auckland and pulled out of the business. I felt a responsibility for the staff and business at that time, so I took over the business since there was no one else at that time. In 2016, I purchased a forest and resort needed for the Meditation Tour and began renovation and development work on the properties; and the Earth Citizen Festival held in Kerikeri in January of 2017 was a great success. A few months after that, I appointed Yewon Hwang as the director to take over the business since I found her capable and it was never my intention to get so involved in the day to day business. However, as you already know, it was a few months later that the OIO investigation was started, and with the series of circumstances that followed, the renovation and development work that was in progress after being started with significant financial investment was suspended, and even the many employees working in our businesses are distressed. Director Yewon Hwang has employed General Manager [s 9(2)(a)] and Project Manager [s 9(2)(a)] and with consulting support from Bell Gully and Grant Thornton, we improved the system of operations for the company. In addition, we have poured our wholehearted effort into sharing Brain Education and the Earth Citizen spirit with the residents and meditation tour guests who have visited this place.

As a result, despite many difficulties, the cumulative total number of meditation tour participants who have visited New Zealand has reached about 8,000; and it's been a process of growth and change for our employees, too, who are gradually recovering stability, and now there is increased cooperation and everyone is working well together.

Almost as though in acknowledgement to our collaborative efforts with our neighbours, the MBIE recently decided to grant \$793,584 in Tourism Infrastructure Funds to pave Pungaere Road, which leads to one of the properties for which an application for consent has been submitted, Pungaere Road Forest. I am truly grateful to the New Zealand government and the MBIE officials and staff.

(The story about the MBIE funding appeared in the Northern Advocate 26th December 2019.)

6. Finally, I have a vision for myself in New Zealand that I'd like to share with you. My vision for myself is to spend the remainder of my life in my new home, Kerikeri, as I share Brain Education and the Earth Citizen spirit with the residents of New Zealand and the Meditation Tour guests who come to visit; and by doing that, I want to help them awaken to their value amidst the breathtaking natural environment here, and through gratitude toward the beauty of nature, to make their lives more fulfilling and abundant. I am confident that, by receiving consent from the OIO, we will be able to eliminate uncertainty regarding the continuity of the business, and if we use eco-friendly methods of construction to build amenities for visitors, even more meditation tour guests will come to visit New Zealand than before and make significant contributions to employment and the local economy. I believe we can balance well between the need to protect the NZ environment and generously share its beauty with the world. In doing so, I want to give hope to many people in the world and hand down a better world to our next generation.

Furthermore, I want to be helpful to New Zealand and Kerikeri in practical ways aside from the Meditation Tour business. I have a deep concern for the health of the Northland people and am worried about the lack of proper medical facilities. I recently saw an issue in the local media where the local St John's could no longer do their fundraising for cardiac defibrillators through sausage sizzles, so I thought I could help by funding the purchase of 10 cardiac defibrillators for placement in the Paihia / Kerikeri region as one way to help improve the medical situation. Other ideas I am looking at include a plan to donate 100 trees to the Te Hua o te Kawariki Trust (my first idea was to donate fruit trees to this Trust so that they can use the fruit to help feed underprivileged families served by the Trust), and I am considering sponsoring a fundraising event for Rawene Hospital in Hokianga. I am very interested in the mental health services offered at that hospital and how Brain Education can help patients. Director Yewon Hwang is also a trustee of ECO (Earth Citizens Organisation) and has held Brain Education workshops for youth suicide prevention and improving local residents' health in support of Maori communities, in addition to conducting research for development of Five Fingers, a plant native to New Zealand.

Dear Mr. [s 9(2)(g)(ii)]

As I know it is your duty to diligently protect the nation of New Zealand, let me thank you for giving me the opportunity to personally address the concerns you have raised.

I am sincerely thankful to New Zealand for giving me the opportunity to actualize my value. I hope that, in the future, I will continue to be given these opportunities to contribute to New Zealand and Kerikeri through the Meditation Tour business and other various activities. I feel very responsible for many people that I now support in the local community (like staff, contractors, suppliers and third party providers to the Meditation Tour business) and the large impact that your decision could have on those people. I want to do everything possible to show you that I have good character and that I now have the necessary support to make sure the business can focus on its goals and obey and comply with all New Zealand laws. To that end, I want to invite you to visit the properties at your convenience to help assist you in making your decision. It would be a pleasure to make your acquaintance. Thank you.

Sincerely,



Seung Heun Lee

Dear Senior Solicitor [s 9(2)(g)(ii)]

I have been told by my lawyers that I need to clarify some residual points about past lawsuits in the U.S. In order to address your questions accurately, I asked my lawyers to go through the details of the claims written in the plaintiffs' complaints with me. Before today, I thought after many years, I have almost forgotten the painful memories of how I was accused of things that I have never done. However, as my lawyers reminded me of the detailed claims, I realized that the pain was still here and didn't get easier. However, I've decided to write this letter so you can know the truth, instead of the false accusations made by troubled people who were prepared to be dishonest in the pursuit of money.

Class action claim

I created Dahn Yoga to help people become healthy, happy and peaceful. Dahn Yoga is not psychological manipulation, indoctrination, coercion, or mind control. I have never engaged in psychological manipulation, indoctrination, coercion, or mind control towards any individual, nor have I ever instructed other individuals or entities to do so.

From my earliest days in teaching Dahn Yoga in a public park in Korea, I have always enjoyed teaching members of the same family – fathers and sons, mothers and daughters, sometimes I would have sessions with the whole family. I have a wife, two sons and three grandchildren. I have always stressed the importance of family to my students. I have never caused anyone to be disconnected from their families.

I have made it no secret that my business philosophy is based on three virtues: honesty, sincerity and responsibility. I believe among these three, honesty comes first and is the most important. Therefore, from my early days in starting up my

business, I insisted on using honest business practices. I have never engaged in fraud or misrepresentation.

Although I believe that Dahn Yoga has many health benefits, I have never instructed anyone to say that Dahn Yoga cures health problems. I do not present Dahn Yoga as a cure but as a training program that is beneficial for people to maintain a good mind-body balance.

I have never engaged in high pressure sales practices such as causing anyone to spend all their money on Dahn Yoga programs or items related to my teachings, nor have I ever instructed other individuals or entities to do so. There were no selling programs or seminars conducted by me for high pressure selling. I never found this approach necessary and would have been deeply disappointed if any of my students had done so.

I always complied with US laws and I was never accused by the US or any state government of breaking any laws. I never caused any individual or entity to violate any US or state law.

I formed corporations properly and they have always had a good accountant overseeing their operations. I have never operated a "shell" corporation, nor have I operated any corporation as my "alter ego".

My roles in corporations were always clear and public knowledge. I never improperly concealed or misrepresented my role or ownership in any US corporation and I have not used complicated trust structures to disguise my ownership interests.

I have always believed people are a precious resource and I have never caused anyone to work without lawful compensation.

To speak frankly, I do not know about the circumstances surrounding most of what the plaintiffs said in the lawsuit. Lucie Vogel was in charge of the Boston area Dahn Yoga centre where the allegations arose and she was employed by an entity that I had no day-to-day control over. My only role in Boston at the time was to give lectures as creator of the program method in a group setting. As the President of BR Consulting at the time I would occasionally hear reports on how licensees were doing in a general financial sense. But I was not informed about

how operations were being carried out on a day-to-day basis. I did not know anything about the allegations made until the time of the litigation.

As noted in the Second Amended Complaint filed in Arizona, [s 9(2)(a)] claimed that Lucie Vogel pressured her to sign up to classes and that the Boston centre was going through some financial difficulties. This is the first I knew about these types of issues. [s 9(2)(a)]

[REDACTED] The report confirmed that she was a person obsessed with vanity and being number one. She was very proud of her intelligence. It is my understanding that when the business situation collapsed under her supervision that she denied to take responsibility and sought to blame others. This understanding comes from my lawyers – some of whom had interviews with some of Lucie Vogel's co-workers at the time. I was also informed by my lawyers at the time that she was the main driver of the lawsuit and that she tried to get many people to join the lawsuit but some refused. As you will have seen from the documents provided by my lawyers, some plaintiffs also withdrew their claims because they didn't fully understand what they had signed up when the claims were brought.

I understand that you have some concerns about bowing – which is a form of moving meditation involving eight steps, rather than a form of bowing to anyone – as described in the article at the following link:

<https://www.patheos.com/blogs/ilchilee/2017/08/01/bowing-moving-meditation-busy-minds/>.

Please also see the video at the following link:

<https://youtu.be/Nq0KqTqBmxc>

There is such a thing as bowing training and some people can do 1,000 or even 3,000 bows with proper training. But you start with a small number of bows and then move on to 50 bows, then 100 bows, then (possibly) 200 bows and so on. You must treat it as athletic training and not try to do 1,000 bows on your first try. This is not healthy and could be dangerous. I never heard of anyone being able to do 1,000 bows without the proper buildup training. There should be proper supervision as well. I have written a book on bowing that is available on Amazon. I

did not force anyone to do 1,000 bows – it is entirely voluntary and I would not encourage someone to do that many bows without the proper training.

I also understand that you are concerned about suggestions of people being hit in the stomach. I never heard of hitting anyone in the stomach as a form of training. That is more martial arts style and not related to Dahn Yoga.

My trainings are very gentle in nature and appropriate for very young and very old people. Any hitting or martial arts type training is simply not part of what I have taught and I never instructed people to do so. However, I did develop a method called Dahn Jon tapping which involves tapping on your stomach with open palms or loosely closed fist – but this is not intended to be hitting with strong force. Links to explanations of this sort of tapping are at:

<https://www.changeyourenergy.com/blog/689/20131011-power-up-your-second-chakra-by-strengthening-your-lower-abdomen>

https://www.prweb.com/releases/dahn_yoga_news/meridian_06/prweb10823753.htm

Finally, I also understand that you may have some concerns about youth camps. Again, to answer any concerns, I direct you to the following links showing the sorts of activities that are engaged in such camps. As you will see, these are positive experiences for the people involved – as I always hoped that they would be:

<https://youtu.be/c2R6oYfMKh0>

<https://youtu.be/iNY8Bn-DC7E>

I understand that the current price to attend such camps is around \$400 for 2 nights and 3 days including accommodations and food. But it was cheaper at the time of allegation. I have never suggested that anyone be pressured to attend such camps – and to do so would be entirely contrary to the fun and friendly atmosphere that we want to generate and which can be seen in the above video links.

[s 9(2)(a)] matter

[s 9(2)(a)]
[REDACTED]
[REDACTED]
[REDACTED]

[s 9(2)(a)]
[Redacted text block]

[s 9(2)(a)]
[Redacted text block]

[s 9(2)(a)]
[Redacted text block]

[s 9(2)(a)]
[Redacted text block]

[s 9(2)(a)]
[Redacted text block]

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[s 9(2)(a)]
[Redacted]

[s 9(2)(a)]
[Redacted]

[s 9(2)(a)]
[Redacted]

[s 9(2)(a)]
[Redacted]


[s 9(2)(a)]
[Redacted]

[s 9(2)(a)]
[Redacted]

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[s 9(2)(a)] It would be a very unfair outcome if I am found to not be of good character in the circumstances.

I am very happy to answer any further specific questions on this matter. Thank you.

Seung Heun Lee 

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Statement

[s 9(2)(a)]
[Redacted text block]

[s 9(2)(a)]
[Redacted text block]

[s 9(2)(a)]
[Redacted text block]

[s 9(2)(a)]
[Redacted text block]

[s 9(2)(a)]
[Redacted text block]

[s 9(2)(a)]
[Redacted text block]

[s 9(2)(a)]
[Redacted text block]

Released under the Official Information Act 1982

Correction to Paragraph 40 of the Overseas Investment Office's Report to Ministers

The Overseas Investment Office acknowledges that the reference in paragraph 40 of the assessment report dated 5 March 2020 to Mr Lee being “convicted under s158(1)(b)(ii) of the Immigration Act” is in error. By way of correction Mr Lee was found to have been in breach of s158(1)(b)(ii) of the Immigration Act, but was not convicted. The Overseas Investment Office does not consider that there are any other material errors in its report, and therefore has declined to make the other corrections requested by the Applicant.

Released under the Official Information Act 1982

Bell Gully's, the legal advisors for Seung Heun Lee, request under the Privacy Act 1993 for corrections to the OIO's Report to Ministers

Released under the Official Information Act 1982

The Overseas Investment Office's (OIO) 13 May 2020 letter acknowledges Bell Gully's letter of 24 April 2020, concerning OIO's Assessment Report in respect of Seung Heun Lee, Double Pine Investment Limited and Meditation Tour Limited. OIO has responded saying that corrections are not able to be made to OIO's Assessment Report (the **Report**) (because "the Report in this form has been sent to Ministers and a decision made on it by Ministers") but agrees to make "appropriate redactions" and invites a summary of the alleged errors requiring correction to be submitted in tabular form.

That table (which follows) must be read in conjunction with a redacted version of Bell Gully's letter of 24 April 2020 appended as an **Annexure** to this table.

Location	Error
Paragraph 15	By saying that the Applicant acquired the Land relying on his then agent Mr Kim, the reader is left with the misleading impression that the Applicant did no more than rely on an immigration advisor and real estate agent and, in so doing, should be taken to have acted in a cavalier manner lending support to the proposition he had limited business acumen and that this may even impugn his good character. The reality is that NZ solicitors acted on each transaction.
Paragraph 22	By saying that a notice of intention to decline was sent to the Applicant who, though given time to make submissions in response "did not sufficiently address our concerns" implies that the information provided was not sufficiently on point. It is considered that the information provided was absolutely on point and that OIO may have intended to say that the information provided did not sufficiently allay OIO's concerns.
Paragraph 34	By saying that Mr Lee relied upon individuals like Mr Kim who provided him with substandard advice about his obligations the reader is left with the impression it was Mr Lee's habit to rely on people who offered substandard advice when in reality advice was provided by New Zealand qualified solicitors whom Mr Lee ought to have had every reason to expect would provide him with advice that was anything but "substandard".
Page 10 and paragraph 38	Saying "a <u>finding by Immigration New Zealand</u> that a previous criminal conviction was not disclosed" (our emphasis) in the list of matters disclosed by the Applicant or identified through open source searches that gave rise to character concerns leaves the reader with an incomplete and misleading impression. The failure to disclose was volunteered by the applicant; it was not "a finding" and this was abundantly clear from the material made available to the OIO.
Page 10 and paragraph 38	<p>The third bullet point in the summary of matters disclosed by the Applicant or identified through open source searches that gave rise to character concerns raises the apparent concern, stated as being: class action litigation in the United States which claimed that Mr Lee ran an organisation that was "a totalistic, high-demand cult group". The Report offers the reader nothing by way of context. While the plaintiffs managed to achieve absolutely nothing (see for more detail our comments in respect of paragraph 60) the pleadings ran to 314 pages. They allege 10 causes of action including one which, by way of a mixed jumble of assertions, says of Mr Lee that he ran an organisation that was a totalistic, high demand cult-group.</p> <p>Seen in that context, the decision to select those words to sensationally refer to litigation that did not eventuate in anything leaves the reader with an absolutely misleading impression of the applicant's character.</p>
Page 10 and paragraph 38	The Report, in the passages referred to in the column to the left, asserted absolutely incorrectly that a very serious allegation had been made against Mr Lee with associated litigation in the United States. OIO has now agreed to redact that error. This does not alter the fact that OIO produced a Report

	<p>knowing how likely Ministers would be to place significant reliance on that allegation and knowing it would be a document that risked being made available pursuant to an OIA request placed officials under an obligation to check and re-check facts, if nothing else. OIO could not have known or therefore relied on the Applicant exercising its right to request correction under the Privacy Act and the Official Information Act. The fact that a redaction has now been agreed, of course does not alter what it is was reported to the relevant Ministers and the consequence of what was reported. Failure to be scrupulously accurate is inexcusable.</p> <p>Even if all of the errors had inadvertently been missed, conspicuously absent is any clarification to the reader that the allegation was made in the civil context and that no complaint to any authority was ever made (as is even more understandable given that the allegation is not what OIO said it was). The Ministers were left with the impression that either it was a matter taken up by the state or, at least, that there was sufficient evidence for an allegation to be made in the context of a state prosecution.</p>
Page 10	<p>The Report unnecessarily and hence gratuitously offers the view that had Mr Lee been deported he would have been ineligible. However, the fact of the matter is that he was not deported nor, in our view, were there ever grounds for deportation. But in any event Mr Lee's liability for deportation was suspended. The position is simply that none of the individuals are of a kind referred to in sections 15 or 16 of the Immigration Act.</p>
Paragraph 31	<p>Describing the investment activities on the land as "proposed" describes to the reader that these are no more than investment activities that may occur in the future rather than activities undertaken and detailed in submissions to the OIO which have seen thousands of visitors brought to New Zealand, millions of dollars invested, scores of businesses in the Kerikeri region supported and real benefit being derived by the local economy.</p>
Paragraph 36	<p>The statement was made that when drawing conclusions about character, the OIO tries to consider what specific matters may tell it about the general character of an individual. The example given is that a pattern of difficulties with regulatory compliance may show poor judgement or disorganisation. It seems totally inappropriate to draw character conclusions from "difficulties with regulatory compliance" absent being able to show knowledge of what is expected and, where that expectation is not met, some element of intent.</p> <p>It seems difficult to understand how character conclusions can be drawn from contraventions of strict liability offences – unless the person can be shown to have had, at the very least, knowledge as to the compliance required. Using this example means that the reader is left with the conclusion that a pattern of difficulties with regulatory compliance did include intent or knowledge of what was expected but that being disregarded (at a time when third party professionals were relied upon) implying questionable character; which is quite incorrect.</p>
Paragraph 40	<p>Stating that Immigration New Zealand found that a previous criminal conviction was not disclosed by Mr Lee is not correct. This was not something that Immigration New Zealand "found". It was a matter that Mr Lee brought to the attention of Immigration New Zealand as soon as he was made aware of the mistake.</p> <p>The immigration matter is also a strict liability offence but OIO nevertheless goes on to draw adverse character inferences from this which is, again, inappropriate.</p>

	<p>Finally, but very significantly, it is simply wrong to have reported that Mr Lee was convicted under the Immigration Act. He was not convicted.</p>
Paragraph 41	<p>This paragraph suggesting to the reader that a “disclosure issue” having been investigated by Immigration New Zealand raises concern. Further, that the “credibility of the source is high, given that it comes directly from Immigration New Zealand” is misleading. The truth of the matter is that the source was Mr Lee himself who volunteered this information.</p>
Paragraph 45	<p>Merely stating “Mr Lee claims that he believed that he did not have an obligation to disclose the conviction due to South Korea's 'clean slate' laws” omits critical information leaving Ministers and other readers with a false impression of what happened. Details were provided to the OIO, which also has the records from Immigration New Zealand.</p> <p>The facts are that Mr Kim identified information that he needed in order to complete a work visa application for Mr Lee, which included Mr Lee’s South Korean police record. Mr Kim simply did not ask Mr Lee whether, despite the ‘clean’ police record, Mr Lee had any convictions.</p> <p>Subsequently, when Mr Lee asked Mr Kim to prepare a residence visa application Mr Kim identified supplemental information he would need. Again, no question was asked about convictions because Mr Kim had already seen the ‘clean’ police record which had been provided to Immigration New Zealand with the work visa application and was not required to be re-submitted.</p> <p>When we became aware of the conviction and that this had not been identified in Mr Lee’s application forms but ought to have been, Mr Lee instructed us to advise Immigration New Zealand of this, without delay. When we queried Mr Lee’s Korean advisors why the police record made no mention of the conviction they explained their understanding that the manner in which relevant provisions operated in Korea was to expunge the conviction after a period of time.</p> <p>Further investigation led to concluding that in fact the Korean provisions were not substantially different to New Zealand’s clean slate provisions and that expungement was not the correct legal analysis. All of this was brought to the attention of Immigration New Zealand.</p> <p>It is therefore not at all the case that “Mr Lee claims that he believed that he did not have an obligation to disclose the conviction due to South Korea’s ‘clean slate’ laws”. The primary reason the conviction was not disclosed was because Mr Lee’s licensed immigration advisor did not ask Mr Lee about convictions.</p>
Paragraph 46 footnote	<p>Saying that “Mr Lee’s failure to disclose a South Korean conviction may have affected his ability to obtain his New Zealand residence visas” invites the reader to infer that it is a real possibility that disclosure of his convictions in respect of what are, in reality, somewhat trivial offences committed many years ago would likely have prevented his ability to obtain his New Zealand residence visa. Having dealt with many applications for migrants with character blemishes we consider it most unlikely disclosure would have prevented Mr Lee from obtaining his residence visa.</p>
Paragraph 60	<p>Reporting that the reason the Barba and Myers proceedings were struck out was “principally, it seems, because the plaintiffs ran out of money and their legal counsel was not able to continue”, and that there were “deficiencies in the pleadings that <u>allowed</u> the defendants’ counsel to narrow the scope of potential remedies and reduce the pool of potential defendants” (our emphasis): is likely to misread the reader.</p>

	<p>The first passage quoted above is drafted in a way that leaves the Ministers and other readers encouraged to empathise with the plaintiffs and to feel that, if only the plaintiffs had not 'run out of money', they would have succeeded in their claim. In fact, the Court gave their attorney ample time to find an assistant or replacement counsel but he was not able to do so. The plaintiffs' attorney stated in an affidavit that he filed the lawsuit because he expected it "would settle prior to the protracted litigation". The paragraph should more accurately say the proceedings were struck out, principally, it seems, because the plaintiffs were not able to find counsel willing to argue the case.</p> <p>Further, the question might validly be posed: was it that the plaintiffs were not able to persuade any counsel of the merits of their case and that none saw real prospect of succeeding and therefore of being paid for their services out of any settlement.</p> <p>But more significantly, the fact is the plaintiffs did not run out of money:</p> <ul style="list-style-type: none"> • In Barba the attorney took the case on a contingency basis but then found he could not meet discovery obligations and the case was taking too much of his time so he asked to withdraw. This is made clear in attorney Ryan Kent's Declaration which was made available to the OIO. • In Myers the matter was settled without any admission of liability for an amount of about \$2,000 paid by one of the corporate defendants. The Plaintiffs then could not meet discovery obligations imposed by the Federal Rules of Court. No fewer than seven plaintiffs were found liable for costs in excess of \$10,000 – Judgment on Taxation of Costs dated 16 July 2012 by Chief Deputy Clerk Brian Karth. <p>The second passage is written in a manner that invites the Ministers and other readers to conclude that the defendants capitalised on deficiencies in the pleadings rather than that the plaintiffs sought to advance claims without merit and reliant on deficient pleadings.</p>
<p>Paragraphs 66 and 67</p>	<p>The manner in which these paragraphs has been written seeks to establish propositions that are tenuous at best but nevertheless appear designed to leave the reader with doubt as to Mr Lee's involvement in "psychological manipulation, indoctrination, coercion or mind control".</p> <p>Paragraph 66 begins by explaining that Mr Lee denies that entities he is involved with were engaged in any of those activities explaining that he created Dahn Yoga "to help people become healthy, happy and peaceful". However, in the immediately subsequent paragraph (67) the question is posed: "whether Mr Lee ought reasonably to have known of the alleged activities, if they occurred". Rather than offering a view on the remoteness of it being reasonable to know about alleged activities, if they occurred, the paragraph simply continues saying: "This again, is an open question depending upon whether Brain Education/Dahn Hak was an organisation at all (as opposed to a loose group of fellow licensees) and, if it did have a formal hierarchy, the degree of control Mr Lee was able to exert over entities within that hierarchy."</p> <p>This simply does not answer the question and, whether by design or otherwise, leaves the Ministers and other readers with a misleading and incomplete impression as to the likelihood of Mr Lee having been involved in psychological manipulation, indoctrination, coercion and the like.</p>
<p>Paragraph 71</p>	<p>This paragraph makes absolutely inappropriate suggestions.</p>

	<p>It builds, without much concern as to its tenuous foundations, on unproven allegations - referring to them, nevertheless, as:</p> <p>“very serious allegations with a high degree of culpability if they had been made out” and identifies that:</p> <ul style="list-style-type: none"> • they also relate to employment issues; • the Applicant has already been the subject of an investigation by the Labour Inspectorate; • the Applicant’s future plans involve having employees in New Zealand. <p>The Ministers and other readers are invited to draw conclusions based on unproven allegations apparently because they would have a high degree of culpability (if they had been made out).</p> <p>The Labour Inspectorate investigation had nothing whatsoever to do with these allegations and related to companies in respect of which Mr Lee had no day-to-day involvement.</p> <p>The invitation to draw these conclusions is in our view embarrassing.</p>
Paragraph 74	<p>Directing the Ministers and other readers to treat the allegations as having moderate credibility seemingly ignores the finding of Judge Stearns that: “On August 9, 2011 Lee filed a Motion to Reconsider, pursuant to Federal Rule of Civil Procedure 54 (b), providing the Court with a number of exhibits that tended to disprove, or at the very least, shed serious doubt, on [Plaintiff’s] substantive claims”. (Order of 12 January 2012)</p> <p>Presenting the allegations as having moderate credibility is simply not consistent with those findings of the US Judge and is not a reasonably available conclusion in light of the view expressed by the Judge on the apparent lack of merit of [Plaintiff’s] claims.</p>
Paragraph 80	<p>Referring to a 13 year earlier alleged claim (the details of which OIO has now agreed to redact as being incorrect) and saying that this is outside the period OIO policy usually considers but that part of the reason it is being considered is “because Mr Lee’s role within the tourist operation means that he is likely to be in contact with tourists and employees”, this invites Ministers and other readers to infer that Mr Lee poses a real risk to tourists and employees.</p> <p>The proposition is preposterous. As noted, the accusation was made not just against Mr Lee but against his wife and numerous other defendants, most of which were corporate entities. Further, contrary to the suggestion in the Report, there was no such allegation and what was alleged was strenuously denied. Nothing was proved.</p> <p>No prosecution was taken or even suggested. Mr Lee has worked with tourists and employees for decades and for 13 years without any allegation but the paragraph suggests that he poses a real risk to tourists and employees.</p> <p>This is totally unjustified and has the real risk of creating a misleading impression in the minds of Ministers and other readers that Mr Lee poses a risk to tourists and employees.</p>

██████████
Overseas Investment Office

FROM **Willy Sussman / Tim Smith**
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MATTER NO. 402-3661
DATE 24 April 2020

Dear ██████████

Official Information Act 1982 / Privacy Act 1993

We write with reference to the Overseas Investment Office Report of 5 March 2020 entitled – Assessment Report: Seung Heun Lee, Double Pine Investment Limited and Meditation Tour Limited addressed to the Honourable Dr David Clark, Associate Minister of Finance and to the Honourable Eugenie Sage, Minister for Land Information.

The Report relates to applications for retrospective consent for the acquisition of land and makes the provisional recommendation to the above named Associate Minister and Minister that the application be declined because there are doubts whether decision-makers can be satisfied that an individual with control (Mr Lee) is of good character.

We have a number of serious concerns with the way in which the Report presents its recommendations and further consideration is being given to these matters. Consideration of these concerns and how best they are dealt with will take some time. In the interim, being mindful that the Report may be made publically available pursuant to the Official Information Act we are requesting certain corrections be made - in advance of any public release.

Relevant legislation

Section 26 of the Official Information Act 1982 and Principle 7 of the Privacy Act 1993 make provision for the correction of personal information held by an agency. In the case of the Official Information Act this is to the effect that:

(1) Every person who is given access under section 24(1) to personal information may, by letter addressed to the department or Minister of the Crown or organisation,—

(a) request correction of the personal information where the person believes that the information—

(i) is inaccurate; or

(ii) is incomplete and gives a misleading impression; and

(b) require that a notation be attached to the information indicating the nature of any correction requested but not made.

(2) Where a department or Minister of the Crown or organisation receives a letter pursuant to subsection (1), it or he shall inform the person by whom or by which the letter was sent

of the action taken by the department or Minister of the Crown or organisation as a result of the letter.

Principle 7 of the Privacy Act is to similar effect:

- (1) Where an agency holds personal information, the individual concerned shall be entitled—
 - (a) to request correction of the information; and
 - (b) to request that there be attached to the information a statement of the correction sought but not made.
- (2) An agency that holds personal information shall, if so requested by the individual concerned or on its own initiative, take such steps (if any) to correct that information as are, in the circumstances, reasonable to ensure that, having regard to the purposes for which the information may lawfully be used, the information is accurate, up to date, complete, and not misleading.
- (3) Where an agency that holds personal information is not willing to correct that information in accordance with a request by the individual concerned, the agency shall, if so requested by the individual concerned, take such steps (if any) as are reasonable in the circumstances to attach to the information, in such a manner that it will always be read with the information, any statement provided by that individual of the correction sought.

Section 48 of the Official Information Act affords the Crown (or any other person in respect of the making available of official information) immunity from civil or criminal proceedings in respect of the making available of that information, or for the consequences that follow from the making available of that information – where that information is made available in good faith pursuant to the Official Information Act. (our emphasis)

Corrections required

References to paragraphs are to paragraphs of the Report. In respect of each paragraph identified below, please correct the Report and if for any reason you should decide not to, please append a note of the request and your decision not to make the requested change. It will be apparent from a review of our requested corrections that the paragraphs in question relate to inaccuracies and aspects likely to mislead – not only future readers of the Report but also those who have previously read it. While little can be done to correct the impressions formed by past readers by making the corrections sought, at least future readers will be less likely to be misled.

Paragraph 15: says that the Applicant acquired the Land relying on his then agent Mr Kim. Mr Kim was a licenced immigration advisor and a real estate agent. However, New Zealand solicitors acted on each acquisition, as would have been evident from the records made available to OIO. The Report leaves the reader with an incomplete and misleading impression that the Applicant did no more than rely on an immigration advisor and real estate agent and, in so doing, should be taken to have acted in a cavalier manner lending support to the proposition he had limited business acumen and that this may even impugn his good character.

Paragraph 22: says that a notice of intention to decline was sent to the Applicant who was given time to make submissions in response but that the requested information having been provided it “did not sufficiently address our concerns”. It may be that the information did not allay the Overseas Investment Office concerns but it certainly addressed them. The statement should therefore be corrected.

Page 10: in assessing the “good character” element of the investor test the Report summarises matters disclosed by the Applicant or identified through open source searches that gave rise to character concerns. Included in this list is said to be

“a finding by Immigration New Zealand that a previous criminal conviction was not disclosed”. (our emphasis)

The failure to disclose was volunteered by the applicant; it was not “a finding” and this was abundantly clear from the material made available to the Overseas Investment Office. As presently written this leaves the reader with an incomplete and misleading impression. This should be corrected here and at Paragraph 38.

The third bullet point in that summary raises the apparent concern, stated as being: class action litigation in the United States which claimed that Mr Lee ran an organisation that was “a totalistic, high-demand cult group”. The Report offers the reader nothing by way of context. While the plaintiffs managed to achieve absolutely nothing (see for more detail our comments in respect of paragraph 60) the pleadings ran to 314 pages. They allege 10 causes of action including one which, by way of a mixed jumble of assertions, says of Mr Lee that he ran an organisation that was a totalistic, high demand cult-group.

Seen in that context, the decision to select those words to sensationally refer to litigation that did not eventuate in anything leaves the reader with an absolutely misleading impression of the applicant’s character. This is inappropriate and should be corrected here and at Paragraph 38.

The table at page 10 of the Report contains another error. It speaks of

An allegation against Mr Lee and associated litigation in the United States”.

This is an inexcusable error. To produce a Report knowing how likely Ministers will be to place significant reliance on it and knowing it will be a document that risks being made available pursuant to an OIA request places officials under an obligation to check and re-check facts, if nothing else. When the assertion is that a person has been the subject of **such allegation**”, and knowing how seriously such an allegation is likely to be taken by all readers, the relevant Ministers included, failure to be scrupulously accurate is inexcusable.

In fact the claim – brought as allegations of [REDACTED] were brought not just against Mr Lee but against his wife, and numerous other defendants most of which were corporate entities. The word [REDACTED] was never used in the allegations against Mr Lee. Further, it is clear from reading the relevant claims that it was deliberately not used. Rather, the allegations were [REDACTED]

Even if all of these errors had inadvertently been missed, conspicuously absent is any clarification to the reader that the allegation was made in the civil context and that no complaint to any authority was ever made [REDACTED]. The reader is left with the impression that either it was a matter taken up by the state or, at least, that there was sufficient evidence for an allegation to be made in the context of a state prosecution.

These errors must be corrected here and at Paragraph 38.

Again at page 10, the Report gives consideration to whether the individuals with control of the relevant overseas person are of the kind referred to in sections 15 or 16 of the Immigration Act

2009. The Report then goes on unnecessarily to offer the view that had Mr Lee been deported he would have been ineligible. The fact of the matter is that he was not deported nor, in our view, were there ever grounds for deportation. But in any event Mr Lee's liability for deportation was suspended. The position is simply that none of the individuals are of a kind referred to in sections 15 or 16 of the Immigration Act. This should be corrected.

Paragraph 31: refers to "The proposed investment activities on the land" leaving the reader with the quite incorrect impression that these are no more than proposed investment activities rather than activities which are detailed in submissions to the Overseas Investment Office and which have seen thousands of visitors brought to New Zealand, millions of dollars invested, scores of businesses in the Kerikeri region supported and real benefit being derived by the local economy. This error should be corrected.

Paragraph 34: it is said that Mr Lee relied upon individuals "like Mr Kim" who provided him with substandard advice about his obligations. There is no elaboration on who the other individuals are who are "like Mr Kim". However, as previously noted, those other individuals are New Zealand qualified solicitors whom Mr Lee ought to have had every reason to expect would provide him with advice that was not "substandard". However, the inference the reader is invited to draw is that all of Mr Lee's advisors were "substandard" – and this is clearly incorrect and should be corrected.

Paragraph 36: the statement is made that when drawing conclusions about character, the Overseas Investment Office tries to consider what specific matters may tell it about the general character of an individual. The example given is that a pattern of difficulties with regulatory compliance may show poor judgement or disorganisation. It seems totally inappropriate to draw character conclusions from "difficulties with regulatory compliance" absent being able to show knowledge of what is expected and, where that expectation is not met, some element of intent.

It seems difficult to understand how character conclusions can be drawn from contraventions of strict liability offences – unless the person can be shown to have had, at the very least, knowledge as to the compliance required. The reader is left with the conclusion that a pattern of difficulties with regulatory compliance (at a time when third party professionals were relied upon) implies questionable character; which is quite incorrect and should be corrected.

Paragraph 40: Has a number of errors:

It begins by stating that Immigration New Zealand found that a previous criminal conviction was not disclosed by Mr Lee. This is not correct. This was not something that Immigration New Zealand "found". It was a matter that Mr Lee brought to the attention of Immigration New Zealand as soon as he was made aware of the mistake.

Second, paragraph 40 acknowledges that the immigration matter is a strict liability offence but then goes on to draw adverse character inferences from a strict liability offence which is not appropriate.

Finally, and very significantly, it is simply wrong to have said in the Report that Mr Lee was convicted under the Immigration Act. He was not convicted. These errors must be corrected.

Paragraph 41: is written in a manner so as to suggest to the reader that a "disclosure issue" relating to an offence under the Immigration Act raises concern and that having been investigated by Immigration New Zealand the credibility of the source is high. The truth of the matter is that this is a matter:

- volunteered by Mr Lee (rather than investigated by Immigration New Zealand)
- the credibility of which derives from Mr Lee not Immigration New Zealand. Paragraph 41 refers to the "credibility of the source is high, given that it comes directly from Immigration New Zealand".

These errors are misleading and must be corrected.

Paragraph 45: simply omits critical information which leaves the reader with a false impression of what happened. Details were provided to the Overseas Investment Office, which also has the records from Immigration New Zealand.

The facts are that Mr Kim identified information that he needed in order to complete a work visa application for Mr Lee, which included Mr Lee's South Korean police record. Mr Kim simply did not ask Mr Lee whether, despite the 'clean' police record, Mr Lee had any convictions.

Subsequently, when Mr Lee asked Mr Kim to prepare a residence visa application Mr Kim identified supplemental information he would need. Again, no question was asked about convictions because Mr Kim had already seen the 'clean' police record which had been provided to Immigration New Zealand with the work visa application and was not required to be re-submitted.

When we became aware of the conviction and that this had not been identified in Mr Lee's application forms but ought to have been, Mr Lee instructed us to advise Immigration New Zealand of this, without delay. When we queried Mr Lee's Korean advisors why the police record made no mention of the conviction they explained their understanding that the manner in which relevant provisions operated in Korea was to expunge the conviction after a period of time.

Further investigation led to concluding that in fact the Korean provisions were not substantially different to New Zealand's clean slate provisions and that expungement was not the correct legal analysis. All of this was brought to the attention of Immigration New Zealand.

It is therefore not at all the case that "Mr Lee claims that he believed that he did not have an obligation to disclose the conviction due to South Korea's 'clean slate' laws". The primary reason the conviction was not disclosed was because Mr Lee's licensed immigration advisor did not ask Mr Lee about convictions. This error must be corrected.

Paragraph 46: offers, by way of a footnote, the view that "Mr Lee's failure to disclose a South Korean conviction may have affected his ability to obtain his New Zealand residence visas". The inference the reader is invited to draw from this footnote is that it is a real possibility that disclosure of his convictions in respect of what are, in reality, somewhat trivial offences committed many years ago would likely have prevented his ability to obtain his New Zealand residence visa. Having dealt with many applications for migrants with character blemishes we consider it most unlikely disclosure would have prevented Mr Lee from obtaining his residence visa and therefore the comment is unwarranted and should be removed.

Paragraph 60: This refers to the Barba and Myers proceedings and reports that the reason they were struck out is

"principally, it seems, because the plaintiffs ran out of money and their legal counsel was not able to continue". Further, that there were

"deficiencies in the pleadings that allowed the defendants' counsel to narrow the scope of potential remedies and reduce the pool of potential defendants".

The first passage quoted above is drafted in a way that leaves the reader encouraged to empathise with the plaintiffs and to feel that if only the plaintiffs had not 'run out of money' they would have succeeded in their claim. In fact, the Court gave their attorney ample time to find an assistant or replacement counsel but he was not able to do so. The plaintiffs' attorney stated in an affidavit that he filed the lawsuit because he expected it "would settle prior to the protracted litigation". The paragraph might therefore also have been drafted to say the proceedings were struck out, principally, it seems, because the plaintiffs were not able to find counsel willing to argue the case.

Further, the question might validly be posed: was it that the plaintiffs were not able to persuade any counsel of the merits of their case and that none saw real prospect of succeeding and therefore of being paid for their services out of any settlement.

But more significantly, the fact is the plaintiffs did not run out of money:

- In Barba the attorney took the case on a contingency basis but then found he could not meet discovery obligations and the case was taking too much of his time so he asked to withdraw. This is made clear in attorney Ryan Kent's Declaration which was made available to the Overseas Investment Office.
- In Myers the matter was settled without any admission of liability for an amount of about \$2,000 paid by one of the corporate defendants. The Plaintiffs then could not meet discovery obligations imposed by the Federal Rules of Court. No fewer than seven plaintiffs were found liable for costs in excess of \$10,000 – Judgment on Taxation of Costs dated 16 July 2012 by Chief Deputy Clerk Brian Karth.

The second passage is written in a manner that invites the reader to conclude that the defendants capitalised on deficiencies in the pleadings rather than to conclude that the plaintiffs sought to advance claims without merit and reliant on deficient pleadings.

The statements made at paragraph 60 are therefore likely to mislead the reader and should be amended.

Paragraphs 66 and 67: seek to establish propositions that are tenuous at best but nevertheless appear designed to leave the reader with doubt as to Mr Lee's involvement in "psychological manipulation, indoctrination, coercion or mind control". Paragraph 66 begins by explaining that Mr Lee denies that entities he is involved with were engaged in any of those activities explaining that he created Dahn Yoga "to help people become healthy, happy and peaceful". However, in the immediately subsequent paragraph (67) the question is posed: "whether Mr Lee ought reasonably to have known of the alleged activities, if they occurred". Rather than offering a view on the remoteness of it being reasonable to know about alleged activities, if they occurred the paragraph simply continues saying:

This again, is an open question depending upon whether Brain Education/Dahn Hak was an organisation at all (as opposed to a loose group of fellow licensees), and, if it did have a formal hierarchy, the degree of control Mr Lee was able to exert over entities within that hierarchy.

This simply does not answer the question and, whether by design or otherwise, leaves the reader with a misleading and incomplete impression as to the likelihood of Mr Lee having been involved in psychological manipulation, indoctrination, coercion and the like. This requires correction.

Paragraph 71: builds, without much concern about its tenuous foundations, on the unproven allegations - referring to them as:

"very serious allegations with a high degree of culpability if they had been made out" -

and then identifies that:

- they also relate to employment issues;
- the Applicant has already been the subject of an investigation by the Labour Inspectorate;
- the Applicant's future plans involve having employees in New Zealand.

Again, the reader is invited to draw some conclusion supportive of the unproven allegations. Furthermore, the Labour Inspectorate investigation had nothing whatsoever to do with these allegations and related to companies in respect of which Mr Lee had no day-to-day involvement. These suggestions are inappropriate and must be corrected.

Paragraph 74: directs the reader to treat the allegations as having moderate credibility, seemingly ignoring the finding of Judge Stearns that:

“On August 9, 2011 Lee filed a Motion to Reconsider, pursuant to Federal Rule of Civil Procedure 54 (b), providing the Court with a number of exhibits that tended to disprove, or at the very least, shed serious doubt, on [REDACTED] plaintiffs substantive claims”. (Order of 12 January 2012)

Presenting the allegations as having moderate credibility is simply not consistent with those findings of the US Judge and is not a reasonably available conclusion in light of the view expressed by the Judge on the apparent lack of merit of [REDACTED] plaintiffs claims.

Paragraph 80: makes the point that the alleged [REDACTED] event took place 13 years ago and outside the usual timeframe OIO policy considers but that part of the reason it is being considered is “because Mr Lee’s role within the tourist operation means that he is likely to be in contact with tourists and employees”. The inference is that Mr Lee poses a real risk to tourists and employees. The proposition is preposterous. As noted, the accusation was made not just against Mr Lee but against his wife and numerous other defendants, most of which were corporate entities. Further, contrary to the suggestion in the Report, there was no allegation of [REDACTED]. The allegation was denied. Nothing was proved. No prosecution was taken or even suggested given that no complaint was made to the Police. Mr Lee has worked with tourists and employees for decades and for 13 years without any issue having arisen but the paragraph suggests that he poses a real risk to tourists and employees.

This is totally unjustified and has the real risk of creating a misleading impression that Mr Lee poses a risk to tourists and employees. It must be corrected.

If any of the requests made above require clarification please let us know.

Yours faithfully
Bell Gully

[Sgd: Willy Sussman / Tim Smith]

Willy Sussman / Tim Smith
Partner / Partner

Our Ref: 201900066

13 May 2020

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Assessment Report: Seung Heun Lee, Double Pine Investment Limited and Meditation Tour Limited

Thank you for your letter of 24 April 2020 in relation to the Office's Report of 5 March 2020 entitled Assessment Report: Seung Heun Lee, Double Pine Investment Limited and Meditation Tour Limited addressed to the Honourable Dr David Clark, (then) Associate Minister of Finance and to the Honourable Eugenie Sage (Minister for Land Information) (the Report).

This letter responds to the corrections you have requested be made to the Report before it is released to the public.

At the outset, we note that you have requested that the Office *make corrections* to the Report. The Report in this form has been sent to Ministers and a decision made on it by Ministers. It cannot be changed at this point. What the Office is able to do is make appropriate redactions to the Report before it is released, if required to protect from disclosure any personal information under Information Privacy Principle 11 of the Privacy Act 1993, or to withhold information under the Official Information Act 1982 as required.

While we do not accept many of the corrections you have requested are errors requiring correction, we invite you to submit in table form a summary of the alleged errors which can be provided with the Report in terms of Information Privacy Principle 7.

We therefore respond as follows to the points made in your letter (and by reference to the relevant paragraph and page numbers in the Report):

- Paragraph 15: We do not consider that there is an error in the Report in this paragraph. Further, paragraph 53 of the body of the report makes clear to the reader that Mr Kim was acting as a real estate agent.
- Paragraph 22: We do not consider that there is an error in the Report in this paragraph. The statement in the Report refers to the information not *sufficiently* addressing the Office's concerns. There is no suggestion conveyed that the information provided did not address the concerns.
- **Page 10, point about "INZ finding"** (also at paragraph 38): We do not consider that there is an error in the Report in this paragraph. A "finding" includes reaching a conclusion, not just the mechanism by which a fact is

discovered. While the Applicant did volunteer the information about his previous criminal conviction to Immigration NZ, it was Immigration NZ who then reached a decision about that failure to disclose. [s 9(2)(a)]

- Page 10, class action litigation: We do not consider that there is an error in the Report in this paragraph. The fact that the claims failed at the interlocutory stage is stated clearly in paragraphs 60 and 61 of the main body of the Report.
- Page 10, table, reference to [s 9(2)(a)]
- Page 10, table, civil/criminal distinction (also at paragraph 38): We do not consider the civil/criminal distinction to be relevant to our consideration of good character. In any case, the main body of the report at paragraphs 73 following make clear to the reader the status of the proceedings as civil. [s 9(2)(a)]
- Page 10, ss 15 or 16 of Immigration Act: We do not consider that there is an error in the Report in this paragraph.
- Paragraph 31: We do not consider that there is an error in the Report in this paragraph.
- Paragraph 34: We do not consider that there is an error in the Report in this paragraph and note that no individuals provided the Applicant with advice setting out his obligations under the Overseas Investment Act 2005.
- Paragraph 36: We do not consider that there is an error in the Report in this paragraph. All assessment was carried out in accordance with the Office's approach to determining good character.
- Paragraph 40: We have addressed the point about a "finding" by Immigration NZ above, as well as the Office's approach to the determination of good character. We will correct the reference to "conviction" before public release of the Report by adding a note to the Report.
- Paragraph 41: We have addressed the point about a "finding" by Immigration NZ above, as well as the Office's approach to the determination of good character.

- **Paragraph 45:** We do not consider that there is an error in the Report in this paragraph.
- **Paragraph 46:** We do not consider that there is an error in this paragraph. The footnote makes no reference to the likelihood of this possibility occurring.
- **Paragraph 60:** We do not consider that there is an error in the Report in this paragraph.
- **Paragraphs 66 and 67:** We do not consider that there is an error in the Report in this paragraph.
- **Paragraph 71:** We do not consider that there is an error in the Report in this paragraph.
- **Paragraph 74:** We do not consider that there is an error in the Report in this paragraph.
- **Paragraph 80:** We do not consider that there is an error in the Report in this paragraph but will redact any reference to specific alleged criminal behaviour before final release to protect the Applicant's personal information.

We will also redact the following personal information in the Report:

- The reference to [s 9(2)(a)] in the heading before paragraph 72.
- The specific allegations, and [s 9(2)(a)] name in paragraphs 72-82.
- The reference to [redacted] and [s 9(2)(a)] name, in the table at Attachment 4 and the table at Attachment 5.

We will respond to you separately in relation to Official Information Act issues.

Yours sincerely

[s 9(2)(g)(ii)]
[redacted signature]

ations
Overseas Investment Office

DDI: [s 9(2)(g)(ii)]
Email: [s 9(2)(g)(ii)]

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Hon Eugenie Sage
Via email: e.sage@ministers.govt.nz

Dear Ministers Clark and Sage

This letter is in support of Mr Ilchi Lee's who currently has an application under the Overseas Investment Act which I believe you are currently considering.

The Far North District Council has had positive dealings with Mr Lee and his team which is based in Kerikeri. We welcome his investment in our region and are working closely to ensure that this continues in the future.

As mayor, I believe that Mr Lee's investment and businesses have had a positive impact on our region, which is in desperate need of more jobs and economic growth. Meditation Tours is now a significant contributor to our tourism sector and has many flow on benefits for the local economy through the jobs created and the tradespeople contracted to develop the properties.

I also understand that other local tourism operators benefit from the extra visitors in the region and that Meditation Tours makes a point of taking visitors to other attractions. These visitors eat in our cafes and restaurants and spend money in our shops.

Mr Lee also contributes to the local community in different ways – from recently donating defibrillators to running out-reach programmes for at-risk youth to working with local hapu.

We want all this work to continue and urge you both to positively consider his applications.

Yours sincerely



John Carter
Mayor
Far North District Council