

## **Who is DSDL and the Cho Family?**

### **DSDL**

DSDL, the owner of Hilton Vancouver Metrotown, is an offshoot of Hyosung Corporation and was inherited by Cho Wuk-rai, the third son of Hyosung's founder. Cho Wuk-rai has since served as Chairman of DSDL and has a history of convictions for financial crimes in South Korea.

### **Past Convictions for Financial Crimes**

In September 2009, the Seoul High Court Criminal Division 2 found Mr. Cho guilty of engaging in unfair internal transactions when he was Chairman of Hyosung Machinery Group.<sup>i</sup> He was accused of arranging 37 billion won (about \$29 million) in improper loans between businesses he controlled, which led to the bankruptcy of two publicly traded companies, including the predecessor to DSDL. He was sentenced to two and half years in prison and three years of probation.<sup>ii</sup> In 2010, Cho received a pardon from President Lee Myung-bak, a relative by marriage.<sup>iii</sup>

This was Mr. Cho's second conviction for financial misconduct.

In 1998, Seoul District Prosecutor's Office indicted Mr. Cho for embezzling 12 billion won of company funds and causing 5.3 billion won of losses to his company.<sup>iv</sup> He was sentenced to two and half years of prison plus three years of probation in February 2002 by the Seoul High Court.<sup>v</sup> Less than a year later, he received a pardon from the Korean government alongside 121 businesspeople involved in various corruption scandals.<sup>vi</sup>

### **Tax Haven Controversy**

In 2013, the Korea Center for Investigative Journalism exposed major business figures who owned paper companies in the British Virgin Islands, including Cho Wuk-rai and his oldest son Hyun-kang, who is also a DSDL executive.<sup>vii</sup> The father and son set up a company called Quick Progress Investment Ltd. The Cho family were "found to have conducted transactions on high-price apartment properties in Hawaii" through the company.<sup>viii</sup>

### **The extended Cho family has faced other legal troubles in South Korea:**

#### **Hyosung Corporation**

Hyosung, an industrial conglomerate, was founded by Cho Wuk-rai's father in the 1960s. In 2016, Cho's older brother, Cho Seok-rae, who served as chairman of Hyosung, was sentenced by the Seoul Central District Court to three years in prison for dodging approximately 130 billion won in taxes; he was fined 136.5 billion won (\$112.5 million).<sup>ix</sup> In 2014, Cho Seok-Rae and Hyosung were "suspected of forging its account books for more than a decade to cover up losses incurred during the 1997 financial crisis."<sup>x</sup>

#### **Hankook Tire**

The Cho family also controls Hankook Tire, the seventh largest tire company in the world. Cho Wuk rai's second brother, Cho Yang-rae, led the tire company until his own son was appointed CEO in 2018. The new CEO, Cho Hyun-bum, was arrested on bribery charges in 2019. Prosecutors charged him with taking 500 million won in kickbacks from suppliers and misappropriating funds at affiliates.<sup>xi</sup> Cho received a suspended prison sentence and returned the embezzled amount.<sup>xii</sup> Cho Hyun-bum is married to the daughter of former South Korean President Lee Myung-bak, who pardoned DSDL Chairman Cho Wuk-rai in 2010.

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<sup>i</sup> Lee Hanseung (2009, Sept 21) 부당내부거래조육래효성기계회장유죄[Hyosung Machinery Chairman Cho Wuk-rai guilty for unfair insider trading] Yonhap News. Retrieved from <https://www.yna.co.kr/view/AKR20090921063300004>

<sup>ii</sup> Ibid.

<sup>iii</sup> [https://www.hani.co.kr/arti/society/society\\_general/434998.html](https://www.hani.co.kr/arti/society/society_general/434998.html)

<sup>iv</sup> Kim In-soo (1998, March 19) 회사재산횡령기업주사재내놓아검찰불구속기소 [CEO embezzles company property] Maekyung News. Retrieved from <https://www.mk.co.kr/news/home/view/1998/03/16149/>

<sup>v</sup> Joongang Ilbo (2002, February 23) 효성기계그룹 조육래 회장집행유예 Hyosung Machinery Group Chairman termed probation] Retrieved from <https://news.ajoins.com/article/506827>

<sup>vi</sup> Jeong Kwang-seop (2003) 정태수씨등 122명 사면복권 [122 were pardoned and rehabilitated] The Hankyoreh. Retrieved from [https://www.hani.co.kr/arti/legacy/legacy\\_general/L582046.html](https://www.hani.co.kr/arti/legacy/legacy_general/L582046.html)

<sup>vii</sup> "South Korean 'paper companies' found in offshore ta haven, Hankyoreh, May 23, 2013, Retrieved from [http://english.hani.co.kr/arti/english\\_edition/e\\_business/588742.html](http://english.hani.co.kr/arti/english_edition/e_business/588742.html).

<sup>viii</sup> Ibid.

<sup>ix</sup> "S. Korean court sentence Hyosung Group chairman to jail for tax evasion," Reuters, January 14, 2016. Retrieved from: <https://www.reuters.com/article/hyosung-corp-ruling/s-korean-court-sentences-hyosung-group-chairman-to-jail-for-tax-evasion-idUSL3N14Z2CS>

<sup>x</sup> "Hyosung chairman to be queried over corruption," Korea JoongAng Daily, December 9, 2013. Retrieved from: <https://koreajoongangdaily.joins.com/news/article/article.aspx?aid=2981780>

<sup>xi</sup> "CEO of South Korea's top tire maker arrested on bribery charges," Reuters, November 21, 2019. Retrieved from: <https://www.reuters.com/article/us-hankooktire-tech-ceo-arrest-idUSKBN1XV1M3>

<sup>xii</sup> "Hankook Tire & Tech CEO Cho Hyun-bum gets suspended for receiving kickbacks," Korea IT Times, April 20, 2020. Retrieved from: <http://www.koreaittimes.com/news/articleView.html?idxno=96933>