

## **Bif fends allegations attempts were made to embezzle funds**

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*Senior Reporter*

Bif Furniture, the South Korean exporter once considered a juggernaut aimed at the heart of the American furniture industry, instead declared Chapter 11 bankruptcy late last year — and now allegations have surfaced that officials ordered monies be improperly siphoned out of the company.

A former controller, Terry Ham, in Los Angeles Superior Court accused Bif of firing her for refusing to improperly transfer — or embezzle — funds out of the corporation. The wrongful termination case has been settled, terms undisclosed. Ham last week declined to comment.

Officials at the Los Angeles-based Borneo International Furniture Inc., domestic arm of Bif, contend nothing improper happened, and that Ham was terminated because she couldn't get along with co-workers.

Bif, which had opened 23 stores and franchises in the United States since 1981, was so feared by major American manufacturers that one giant — Grand Rapids, Mich.-based Steelcase Inc. — considered co-opting the Korean company, by forming a joint venture with it, said insiders.

Steelcase, which had scheduled a Jan. 10 meeting with Bif, was exploring the idea of

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# Bif: Controller fired by the company, but why?

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using Bif-made furniture as a low-end addition to its national line of office furniture, according to sources close to Bif.

But two days after Christmas — and 14 days before the scheduled meeting with Steelcase — Bif declared Chapter 11, listing liabilities of \$64.7 million and assets of \$40.5 million.

Now Bif, lauded in such national media as the Wall Street Journal for its business acumen, is in retreat. The once fast-growing chain of 23 Southland stores will be pared back to four, said Bif Vice President Joon Sung Wee, last week.

And a Bif factory, planned for Moreno Valley, will be built more slowly.

Korean and American banks look to be the most exposed in the bankruptcy; the largest unsecured creditors are the Los Angeles branch of The Commercial Bank of Korea, owed \$8 million; Cho Hung Bank in New York, owed \$4.8 million; Bank of America, owed \$4.4 million; the Indosuez Bank, owed \$2.9 million; and Commercial Bank of Chicago, owed \$1.15 million.

Last week, Vice President Wee said it was the recession, not mismanagement or



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Moving out: Bif closing its store on Wilshire Boulevard in Santa Monica

misappropriation of funds, that led to Bif's Chapter 11 bankruptcy. "The reason we filed for Chapter 11 is the current economic situation, in which the retail furniture business has been hurt very much," he said. To be sure, other Southland furniture retailers, including Barker Bros. and RB Furniture, also declared Chapter 11 in 1991.

Wee maintained discussions with Steelcase on a joint venture never reached a "significant" level. "We were going to talk with them about becoming an OEM

(original equipment manufacturer). But we never talked," he said.

Under the stillborn plan, Bif would have produced goods to be sold nationwide under the Steelcase brand — a plan contract for any furniture manufacturer.

Wee, who has been in charge of Bif's stateside operations for five years, contended that Ham, the controller who conducted her firing, had been terminated because she could not get along with fellow managers.

"She was in charge of our accounting, she was a very brilliant and capable per-

son," said Wee. "But she couldn't get along with other members of management. It was a very personal matter."

In court, Wee's lawyers defended Bif and Wee, stating that, "All we have are the plaintiff's (Ham's) suspicions. Ham is simply using this lawsuit and the discovery process to strike back at her former employer."

Ham, who was represented by Santa Ana lawyer Jack Anthony, alleged in court that her direct supervisor, Joo Kim, had instructed her to falsify records to enhance Bif's financial condition to banks. She also alleged that she had been instructed to count a \$350,000 check to an unknown Delaware corporation as a "loan fee expense," which she refused to do. Ham, who said she refused to comply with the instructions, alleged that Kim's orders were made with the knowledge of Wee.

She was terminated on July 31, 1990, she alleged in her suit, "under the pretext of her not being able to get along with the staff when the real reason for the termination was that she refused to participate in unlawful acts."

Last week, Bif Vice President Wee downplayed the Ham matter, and vowed to re-invigorate Bif. He said he would tackle the major U.S. furniture manufacturers again, particularly in the office furnishings market.