

The Power Broker Chang-bae Ji (2)

A “Special Relationship” Recognized by the Court — Yun-birm Choi’s ₩560 Billion Bet

② Court Acknowledges “Special Relationship” Between Korea Zinc and Ji — Fund Assets Diverted to Repay Personal Liabilities

(DealsitePlus, February 23, 2026)

By Kyuhee Kim

“The limited partners of the victimized fund—including Korea Zinc—were not ordinary investors but maintained a special relationship with the defendant.”

With that pointed language, the Seoul Southern District Court underscored the unusual and deeply entangled ties between Chang-bae Ji, head of private equity firm One Asia Partners, and Yun-birm Choi, chairman of Korea Zinc.

In October, Criminal Division 15 of the Seoul Southern District Court convicted Ji of embezzlement. Although he was acquitted of stock manipulation charges related to SM Entertainment, the court made clear that he had misappropriated fund assets for personal use. Crucially, the ruling highlighted that the primary source of capital underpinning his multi-billion-won private equity platform was not diversified institutional investors, but retained earnings from Korea Zinc—controlled by his longtime associate, Chairman Choi. The total amount committed reached approximately ₩560 billion.

The court’s reference to a “special relationship” suggests that this was not an arm’s-length business arrangement, but something far more atypical.

Repaying Personal Debts with Fund Capital — Without Collateral

Presiding Judge Yang Hwan-seung sentenced Ji to three years in prison, suspended for four, ruling that his use of fund capital for personal purposes constituted embezzlement under Korea’s Act on the Aggravated Punishment of Specific Economic Crimes.

The court found that Ji treated private equity funds as if they were a personal cash reserve, diverting capital to repay his own debts and those of affiliated companies he effectively controlled. In doing so, he exceeded the lawful scope of discretion granted to him as a general partner overseeing funds that collectively totaled hundreds of billions of won.

This case cannot be dismissed as a mere instance of personal misconduct. The scale of capital involved and the structural concentration of funding make it highly unusual by capital market standards.

Unlike conventional private equity funds backed by pension funds and diversified institutional investors, the funds in question were overwhelmingly financed by a single listed manufacturing company—Korea Zinc. That concentration of capital, exposed during trial proceedings, stands out as extraordinary.

The origins of this financial entanglement trace back to childhood school connections.

Ji and Choi, both born in 1975, attended Kyunggi Elementary and Middle School together. Although their paths diverged during high school—when Choi left for a U.S. boarding school and later graduated from Amherst College—their relationship reportedly deepened again after Choi completed his studies at Columbia Law School and began participating in Korea Zinc’s succession process.

According to those familiar with the network, Choi joined a next-generation business leaders' circle organized under the Korea–China friendship association led by Ji. Their social proximity matured into financial alignment.

When Ji founded One Asia Partners in 2019, Chairman Choi provided substantial financial backing. In the now-infamous Korea Growth Fund I, Korea Zinc contributed ₩90 billion out of a total ₩95.1 billion—approximately 94.6% of the fund. By any practical measure, the vehicle functioned as a de facto single-investor fund.

Between 2019 and 2022, Korea Zinc committed roughly ₩560 billion across One Asia-managed funds. Critics argue that during this period, fundamental governance procedures expected of a listed company—board-level reporting, risk assessments, and internal controls—were either ignored or reduced to mere formalities.

Private equity structures inherently allow flexibility between general and limited partners. However, the issue in this case was not flexibility—it was diversion.

The court determined that Ji tapped fund capital not for portfolio investments aligned with investor interests, but to alleviate financial distress at Cheongho Comnet (now Central Insight) and related entities he inherited from his father. These companies were suffering from capital impairment and persistent losses.

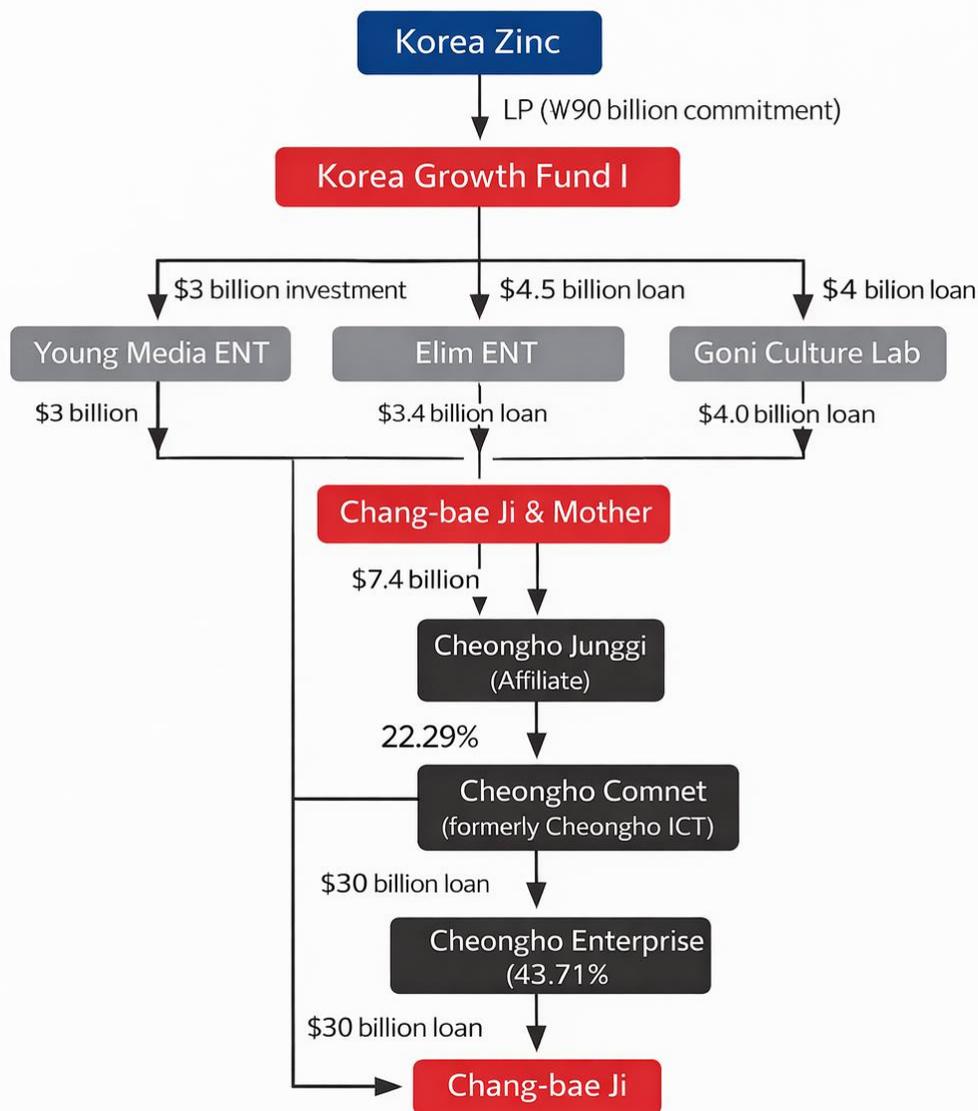
According to the judgment, Ji diverted ₩12 billion from Korea Growth Fund I under the guise of investments in media and entertainment companies. Funds were transferred to entities such as Elim ENT, Goni Culture Lab, and Young Media ENT—companies linked to his personal network. From there, substantial portions were transferred, unsecured, to accounts belonging to Ji and his family members, and ultimately used to repay debts of Cheongho affiliates.

In October 2019 alone, ₩9 billion was transferred in two tranches to corporate accounts nominally for investment execution, after which ₩7.4 billion was redirected to Ji and his mother before being applied to repay obligations of Cheongho Junggi. An additional ₩3 billion was wired to Young Media ENT and then loaned without collateral to Cheongho Enterprise, a company that was already capital-impaired and unlikely to repay.

Although structured as media investments on paper, the court concluded that the transactions amounted to unsecured borrowing from the fund—effectively treating investor capital as a private vault.

Korea Growth Fund I — Embezzlement Structure

*As of end-June 2020 (based on prosecution indictment)



Source: Financial Supervisory Service, industry

DealSite

LPs Aware of GP Embezzlement Yet Turned a Blind Eye... Internal Controls Vanished

Perhaps the most troubling element is not merely Ji's conduct, but Korea Zinc's response—or lack thereof.

The court noted in its sentencing rationale that the investigation was not triggered by complaints from limited partners, including Korea Zinc. Given that Korea Zinc accounted for over 90% of certain fund commitments, the implication is stark: either the company was aware and tolerated the conduct, or it failed entirely in its oversight responsibilities.

In a standard private equity structure, limited partners receive periodic reporting and monitor fund flows. Yet during the period in which Ji allegedly used fund capital as discretionary liquidity, there appears to have been no decisive corporate action.

If executives were unaware, critics argue, it reflects serious governance incompetence. If they were aware and chose inaction, it raises far more serious fiduciary concerns.

Further questions have emerged amid a separate control dispute involving Korea Zinc, Young Poong, and MBK Partners.

At the center is “Jericho No. 1,” a private investment vehicle funded 99.9% by Chairman Choi. According to allegations raised by Young Poong, Jericho No. 1 invested in Cheongho Comnet—effectively controlled by Ji—in 2019.

In March 2020, amid liquidity strain, Cheongho Comnet sold a subsidiary to a newly formed entity, SWNC, for ₩20 billion. The catch: SWNC had paid-in capital of only ₩300 million. The acquisition was financed through a loan from Korea Zinc, secured by the very shares being acquired.

Following the transaction, Cheongho’s financial position improved and its stock price rose. Chairman Choi reportedly realized substantial gains by selling his stake.

In January 2021, One Asia’s Arbitrage Fund I invested ₩25.5 billion into SWNC, enabling SWNC to repay the ₩20 billion loan to Korea Zinc.

The inferred sequence—Korea Zinc lending funds, liquidity flowing into Cheongho, stock appreciation benefiting Choi’s personal vehicle, and eventual repayment funded by a One Asia vehicle largely capitalized by Korea Zinc—has fueled accusations of circular capital flows and breach of fiduciary duty.

Young Poong has publicly characterized the structure as corporate funds effectively cycling through affiliated entities to facilitate personal profit realization.

The court’s reference to a “special relationship” now appears central to understanding the case.

What should have been a conventional limited partner–general partner structure instead resembled a closed network of schoolmates and personal allies deploying listed-company capital with minimal external discipline.

The notion that funds were effectively entrusted to a friend appears to have eroded the institutional safeguards that protect public shareholders. To date, Korea Zinc has not recovered the principal invested in several One Asia vehicles.

For minority shareholders, the implications are serious.

The case illustrates how concentrated corporate capital, when routed through personal relationships rather than institutional guardrails, can blur the line between private loyalty and public fiduciary duty—and how that line, once blurred, can collapse altogether.