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Shaun Harvey  
Football League Operations Centre  
Edward VII Quay  
Navigation Way  
Preston  
PR2 2YF

December 3, 2014

Dear Mr. Harvey,

Following the Football League's ruling in the case of Leeds United Football Club owner Massimo Cellino, we write to you reference our own situation at Birmingham City concerning Carson Yeung.

Carson Yeung was convicted on five counts of money laundering on March 3, 2014, and was ordered to serve a minimum term of six years at Stanley prison in Hong Kong. Following the conviction of Mr. Yeung, the Football League ruled that:

*"The League's Owners' and Directors' test prohibits anyone that is convicted of offences involving dishonesty from owning more than 30 per cent of a member club or exercising control over a club.*

*"Since the commencement of these criminal proceedings, the Club's holding company has introduced revised arrangements to ensure that it could re-list on the Hong Kong Stock Exchange and comply with Football League regulations. They include the resignation of Mr Yeung from all directorships, and the introduction of new working capital to ensure the ongoing financial viability of the group.*

*"The League has been working with the club during this period and, based on the information provided, is satisfied that Birmingham City complies with its requirements regarding ownership, as well as having funding arrangements in place until at least the end of the 2013/14 season.*

On February 4, 2014, Carson Yeung resigned as a Director of both Birmingham City Football Club (BCFC) and Birmingham International Holdings (BIHL) prior to his conviction on March 3, 2014. Under Section 2 of Appendix 3 of the Football League Rules and Regulations, it states:

*"Any person who is at any time subject to a Disqualifying Condition shall be disqualified from holding office or acting as a Relevant Person at a Club for such a period as they shall remain subject to a Disqualifying Condition."*

Having been convicted of money laundering, thus a 'Dishonest Act', we therefore conclude that, following Football League rules outlined in Appendix 3, Mr. Yeung is subject to a disqualifying condition.

At the time of writing, Mr. Yeung currently owns a 28.57% shareholding in BIHL thus holding a 27.61% shareholding in the company's sole asset, BCFC, therefore making him BIHL and BCFC's largest individual shareholder.

As the Club's largest individual shareholder, we therefore consider Mr. Yeung to be involved in, or have the power to determine or influence the management or administration of BCFC as outlined under Section 2 of Appendix 3 outlined in the Rules and Regulations outlined the Football League website.

To this end, we therefore can only conclude that Mr. Yeung is classed as a 'Relevant Person' as defined under Section 1 and item's b and g of Appendix 3 of the Football League rules:

*"Any individual Person (and not any Entity) operating the powers that are usually associated with the powers of a director of a company incorporated under the 2006 Act (as a Company limited by shares or by guarantee). Further, and without prejudice to the generality of the foregoing, the following individuals shall in any event be deemed to qualify as a Relevant Person:*

*(b) a shadow director as defined by Section 251 of the 2006 Act;*

*(g) a person in accordance with whose directions or instructions the persons constituting the management of the Club are accustomed to act;"*

We note that several members of the Boards of BIHL and BCFC have close family ties to Mr. Yeung, including his son Ryan, who was appointed a director of BCFC on July 11, 2011.

With such close family connections to individuals serving on Boards in addition to holding the largest shareholding in both BIHL and BCFC, we believe there are conceivably valid grounds to suggest that Mr. Yeung is now acting as 'Shadow Director', as defined under Section 251 of the Companies Act 2006:

*"In the Companies Acts "shadow director", in relation to a company, means a person in accordance with whose directions or instructions the directors of the company are accustomed to act."*

More recently, on December 2, 2014, former acting BCFC chairman and CEO of BIHL Peter Pannu published a response to Birmingham City blogger Daniel Ivery, the owner of the Often Partisan website. In his response, Mr. Pannu confirmed that Mr. Yeung had a significant influence in the sale process of BCFC to a consortium led by Mr. Jeremy Wray, despite being convicted of money laundering and therefore being subject to a 'Disqualifying Condition' under Section 2 of Appendix 3 of Football League Rules. Mr. Pannu remarked that the sale of the club "is not because of want of trying but due to different views that Carson have to those now controlling the board".

We believe that Mr. Pannu's comments pose further evidence that Mr. Yeung has or had exercised an element of control over the affairs of BCFC whilst the subject of a disqualifying condition under Football League rules. Mr. Pannu's remarks confirm that Mr. Yeung can conceivably be classed as a 'Relevant Person' under item I, Section 1 of Appendix 3, which states:

*(I) a person who exercises or is able, legally or beneficially, to exercise Control over the affairs of the Club*

Based on the evidence above and in line with Football League Rules and Regulations, we summarise that:

- Mr. Yeung has been convicted of a 'Dishonest Act' under Section 1 of Appendix 3 of Football League Rules and Regulations
- Mr. Yeung is therefore subject to a 'Disqualifying condition' by virtue of being convicted of a 'Dishonest Act' under Section 2 of Appendix 3 of Football League Rules and Regulations
- Mr. Yeung is a 'Relevant Person', given the evidence above according to Section 1 of Appendix 3 of Football League Rules and Regulations
- We believe Mr. Yeung to be acting as a 'Shadow Director' under Section 251 of Companies Act 2006

Based on the evidence given above, we urge the Football League to review the current situation at BCFC, providing both guidance and assurance that Mr. Yeung and/or any other associated individuals are not in breach of several areas of their Rules.

We ask that, if in breach of any of the Rules and Regulations of the Football League, individuals are held accountable and that the correct penalties for such breaches are duly enforced.

Yours sincerely,



Steve McCarthy  
Chairman, Blues Trust