

Book Reviews

Hackleman, Douglas. *Who Watches? Who Cares? Misadventures in Stewardship*. Morrison, CO: Members for Church Accountability; 2008. 379 pp. Paper, \$25.00.

Who Watches? Who Cares? Misadventures in Stewardship is a compilation of narratives that examine the demise of a number of Seventh-day Adventist institutions between 1978 and 2000. The book outlines the involvement of a number of church leaders who sometimes became entangled in get-rich-quick schemes that subsequently led to financial losses and closure of the institution and spillover consequences to other Adventist institutions. In other cases, grievous mismanagement of organizational assets occurred, again to the loss of the institution.

This volume grew out of a meeting of a small group of church lay members called "Members for Church Accountability" who gathered at Loma Linda in 2001 to discuss the causes and possible remedies to "financial misadventures" in the Seventh-day Adventist Church. The published accounts are not based on interviews with the individuals involved and/or mentioned in the chapters, but on extensive documentation obtained by Members for Accountability. The narratives are considered to be only a representative sample of many more that could have been told of financial losses in Adventist institutions over the 1978–2000 period.

As expressed in the publisher's preface, the publication hopes that "the lessons so expensively taught by the very avoidable mistakes revealed in these miserable stories will make their readers more responsible delegates from constituent churches, more informed members of decision-making committees, and less-trusting trustees on institutional boards" (xv). The book is essentially a call for greater involvement of well-informed lay members of the church in organizational decision-making.

The chapters can be divided into an examination of two types of wrongdoing. The first type covers the commitment of church funds by church leaders to questionable investments and shady business deals, which, while intended to benefit the church at large, often ended up providing personal benefit to the parties involved. The second type discusses inadequate or unwise board oversight and/or poor management of specific church institutions.

Examples of the first type are covered in chapters 1–3. Chapter 1, "Neither Trifle Nor Tragedy," describes the fiasco of the Davenport investments involving church leaders at different levels who committed church funds to investments that resulted in a subsequent loss of funds. Chapter 2, "Filthy Lucre," describes a convoluted investment scheme that stretched the imagination of even experts in high finance, and that involved relationships with shady individuals over an extended period of time. Chapter 3, "Risk for God," describes Family Enrichment Resources and the promotion of an unwise investment, underwritten by several church entities, to produce a series of Bible-based videos that was to revolutionize the way literature evangelism would be conducted in the future.

These three chapters clearly illustrate the naiveté with which business transactions were carried on by church organizations and leaders with people of questionable integrity. They also document how these same leaders were unable to disengage when it should have been clear that things were going drastically amiss. For example, the outlandish claims of the Family Enrichment Resources' president and the continual delays in production of the videos should have alerted those with oversight responsibilities to the impending doom of the enterprise.

Examples of the second type are discussed in four chapters. Three examples are from Adventist health-care institutions, while the fourth gives a description of the demise of Harris Pine Mills. Chapter 4, "A Tale of Two Institutions," discusses the fall of Fuller Memorial Hospital in Rhode Island, when the administrator and his associates used, with seeming complicity of the board, highly questionable transactions to enrich themselves at the expense of Fuller Memorial Hospital, in spite of mounting concerns by other stakeholders. Chapter 5, "Evergreens at Shady Grove," investigates a self-serving alliance between church leaders and hospital administrators. It was discovered that the board chair personally benefited because of the largesse extended to the hospital executives. Strikingly, the highly inflated compensation packages for management were approved by the board in spite of complaints of highly inefficient services by the institution that triggered an investigation by the State of Maryland Health Department. Chapter 6, "Reserved for Us," describes events that led to the closure of one of the most beautiful Adventist health institutions in the northeast. New England Memorial Hospital (later named the Boston Regional Medical Center) had a healthy fund balance up to the mid-1990s, but began to experience major cash-flow problems following a change in management. The drastic change in performance led to drastic rescue measures that only worsened the condition of the dying institution. Chapter 7, "Knotty Boards at Harris Pine," traces the demise of a profitable enterprise that had been gifted to the General Conference by its owners to help spread "the gospel to the world." After more than thirty years of profitable operations that largely benefited Adventist academy students by providing work so they could earn funds for school, the company went into bankruptcy, largely due to mismanagement and a board that was out of touch with what was taking place within the organization.

The amount of money lost by the denomination during the period covered by the book is in the hundreds of millions of dollars, a huge sum for a relatively small denomination. The aim of the author and the contributors is to call upon church members to do their part to prevent similar losses in the future through active involvement in church boards at all levels of church organization.

In his evaluation of what went awry in these institutions, Hackelman argues that the Adventist Church is strongly hierarchical. He bases his hypothesis on quotes from former General Conference President Neal Wilson's testimony at the Pacific Press trials as "proof" of this fact (xxi). Hackelman thus focuses on what top church administration should have done to stop these unfortunate financial decisions. For example, while acknowledging that General Conference undertreasurer Robert Osborn counseled leaders of union and local conferences for approximately ten years to refrain from investing with Davenport, Hackelman proposes that top church administrators should have forced compliance with Osborn's counsel. In fact, however, each union and local conference, as well as each institution, has its own board and its own constituency and thus makes its own decisions, for good or for ill. An organization's board may or may not choose to follow top church leaders' or even its own auditor's counsel. It is the opinion of the reviewers, however, that Hackelman's conclusions as to the importance of wise and well-informed board members would be strengthened if the fact of the independence of the organization's board for decision-making had been acknowledged, rather than merely repeating that the Adventist Church is strongly hierarchical and thus that the fault can often be traced to top management at a higher church level.

There are, however, important lessons to be gleaned from Hackelman's narratives. For example, the same names keep appearing in many of the chapters. This should be a warning to all that when charismatic individuals take leadership positions they may, by force of personality, overrun quieter, wiser voices, even when those voices are on the organization's board of directors or are highly placed church leaders. In such situations, it is natural to follow the stronger voice, especially when it is attached to a highly likeable and strong personality. Thus it is important for leaders to think for

themselves; to be as “true to duty as the needle to the pole.” Perhaps the lessons shared in the book remind us of the necessity of independent thought, especially when making decisions for fragile church-related institutions that are in the leadership’s care.

At the end of the book, Frank Knittel, Arden Clarke, and Stewart Shankel offer recommendations to prevent similar losses in the future. Knittel charges the make-up of denominational “impotent boards” as the cause of the noted financial disasters (342). The same charge could be levied against corporate boards in the late 1990s and early 2000s, as evidenced through a number of corporate scandals such as Enron and WorldCom. The Sarbanes-Oxley Act of 2002 attempted to address such incompetence at the board level in corporate America. Perhaps more church institutions should consider following the board-related Sarbanes-Oxley recommendations, as some church organizations (e.g., ADRA) already have done.

Arden Clarke’s recommendations appear to be outdated, as they do not recognize changes that the church has made for preventing similar mistakes in the future. In his closing section, “A Recipe for Effective Change,” Clarke praises the North Pacific Union Conference’s 1984 constitutional changes to the process of electing officers at constituency sessions. The changes made at that time included calling the nominating committee together about 30 days before the Union Session so that the nominating committee is not subject to the potentially politically charged pressures of finding an appropriate name for filling a leadership position within a three-to-five-hour period. Clarke urged that this process be adopted by the church-at-large as a model, thereby avoiding the selection of leaders who may be involved in unwise or fraudulent activities that could be discovered with a more careful vetting of the names. He does not, however, seem to know that the described process is, in fact, currently common practice across North America’s conferences and unions. In some cases, the model has even been written into local conference constitutions.

While there was some initial fear on the part of the reviewers that *Who Watches? Who Cares?* might be a personally motivated slander campaign that focused on church mistakes, that fear proved to be unfounded. The book is carefully researched and well footnoted, presenting the facts of the described cases with clarity and without undue commentary. This fact makes it sad to read, for one comes away with a clear understanding of the examples of serious mismanagement of church organizations and even fraudulent use of church funds by church leaders. Such knowledge is deeply disturbing, even though the author hoped that it might motivate the reader to help assure that these types of activities are never repeated. As stated on the back cover of the book, Members for Church Accountability believes that “the greatest need of the Seventh-day Adventist Church is for well-informed members to give liberally not only of their tithes and offerings, but of their very best judgment—as church board members, as constituency meeting delegates, as local and union conference committee members and as institutional trustees.” Hackelman is careful to indicate that the purpose of the book is not to defame those who committed the described acts of financial negligence. However, in spite of this, the book does defame those whose acts are described. Because the named parties were not personally interviewed, there is no evidence provided that any of the players subsequently expressed remorse for their actions. The book would have been more complete if the main actors in the financial misadventures had offered their own interpretation of events and the lessons they learned. While the call for more lay involvement and better board oversight is necessary and a good beginning to effect change, an explanation of the situation from these leaders’ own perspectives might also serve to prevent current and future generations of church leaders from falling into these financial errors again.