

M
C
A MEMBERS FOR CHURCH ACCOUNTABILITY INC.
ADVMCA@AOL.COM

SOUTHERN CALIFORNIA CHAPTER PHONE: 909-793-9430
9450 JEFFERY DR, REDLANDS, CA 92373 FAX: 909-335-9887

Mr. Rodney Brady, Chief Financial Officer
South Pacific Division of the SDA Church
Locked Bag 2014, Wahroonga, N.S.W. 2076, Australia

June 15, 2012

Dear Mr. Brady,

Thank you for your letter dated May 24, 2012, with your explanation of the pooled cash facility of the South Pacific Division (SPD), and the tabulated use of tithe in the SPD, This information is interesting, but has no bearing on the financial involvement of the SDA church with the Johnson Property Group of Companies (JPGC).

Again, we would like you to explain the incongruities in the Grant Thornton report, and defend your repeated claim that "no loans had been given to the Johnson Property Group".

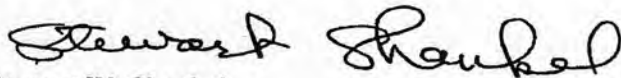
We take issue with the Grant Thornton Report where it states that "The SDA Church and or its **affiliates** have not invested or loaned \$70m to the Johnson Property Group." We agree that the Avondale College Financial Investments (ACFI) is not a "church entity", but do you deny that ACFI is affiliated with the SDA Church?

Your statements bear on this question: 1. "A Conference had borrowed from ACFI for its school system." 2. "That loan was refinanced by the SPD investment facility." 3. "ACFI had a mortgage on the land. **That land was contributed to the JV and registered in the churches name.**" JV is the abbreviation for the Cooranbong Joint Venture. 4. "The church had 100 % ownership of that JV land with a mortgage on it for the ACFI loan." 5. "Over 1,000 members were depositors with many retired church workers." We thank you for a more complete explanation of the Avondale College Financial Investments (ACFI), but can you reference an organization more closely **affiliated** with the SDA church than ACFI?

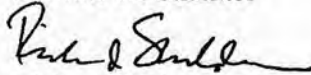
You state that we are "still equating a mortgage to a loan." We understand that a mortgage is the conveyance of property for security on a loan. The Australian Securities & Investments Commission Document 027540655 outlines "The Schedule of Moneys Owing to Seventh-day Adventist Church Ltd" on page 313. Three JPG Companies are represented as **debtors with loans** totaling \$69,583,439.91. "Securities held" are listed as **mortgages**. Regardless of what transactions were executed between the SDA Church or its affiliates and JPGC, the Australian Securities & Investments referred to **cash loans secured by mortgages.**" Issues with "secured creditors" does not preclude you from explaining to us how Australia has a different understanding of loans and mortgages than we in the United States. Again, on what basis did the church file a claim to the Johnson Administrative Process?

Do you still claim that no loans had been given to the Johnson Property Group of Companies? How can there be loans and refinancing of loans when there are no loans?

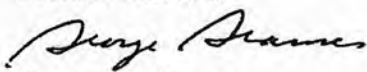
Sincerely,



Stewart W. Shankel



Richard Sheldon



George M. Grames