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January 21, 2013

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

Dear Mr. Brady,

It was a pleasure meeting and dining with you and your wife last evening. It was an enjoyable meeting for us and our wives.

Since you continue to insist that neither the church nor any church affiliated organization loaned money to the Johnson Property Group of Companies (JPGC) I have enclosed a copy of the Schedule of Monies from page 313 of the Australian Securities & Investments Commission (ASIC) report. The schedule identified loans from the Seventh-day Adventist Church Ltd (Australian Conference Association Ltd) to several of the Johnson Property Group of Companies (JPGC) totaling \$69,583,459.91, based upon documents submitted by your office. If you believe that the ASIC schedule is incorrect it would be prudent for you to have the ASIC file a corrected addendum to their findings.

Last evening you defended the Grant Thornton investigation, but declined to explain the incongruities in the report. Of course the investigation was restricted by "confidentiality agreements".

You stated that in Australia it is not illegal for Board of Directors to borrow money from the very entity for which they have a fiduciary responsibility. Further, the SDA Church in Australia does not condemn this form of conflict of interest. You identified the Avondale College Foundation Investors (ACFI) as a group of lay church members, as opposed to a church organization. However, according to the ACFI Creditors Support Group, as stated by L. Omay, "the original creditors committee was heavily weighted with Avondale and church representatives". According to the support group there was inquiry concerning the names of the board of directors, former directors, or relatives securing loans from ACFI. The PPB's response is informative, "Of the director and former director related loans, one set (relating to three directors/former directors) has not been paid in full. The committee is aware of the details of this, settlement of which was confidential and full details cannot be disclosed to the general body of creditors. The loss suffered was in the region of \$1.5m". How many "sets of loans" to board of directors were there? This one set of three was settled with a loss \$1.5 m, but what were the amounts of the original loans? This is an astounding revelation!

It is quite apparent that the SDA Church in Australia owns huge business enterprises and you believe that financial secrecy is important to prevent "financial blackmail". Therefore the financial activity of the SDA Church is tightly held by a select committee and guarded by "confidentiality agreements". You are personable and may be very honest, but you are operating a huge business in a closed financial system that has the tremendous potential for financial misadventures and fraud. You would do well to trace the careers of SDA administrators involved in the financial debacles detailed in Who Watches? Who Cares? None were disciplined in any fashion. Indeed, some were placed in more lucrative positions.

Sincerely,



George Grames