



Summer Newsletter 2012 September 3, 2012

Since July of 2011 Members for Church Accountability (MCA) have been investigating the \$69 million dollar involvement of the SDA Church in Australia with a land developer who was also a local SDA church member. We initially wrote a letter to the General Conference President who referred us to Rodney Brady, the Chief Financial Officer (CFO) of the South Pacific Division. An exchange of letters ensued, and unfortunately, Mr. Brady has given us very little meaningful information. His initial response included a copy of the report by the independent Grant Thornton investigation.

The report stated: "The SDA church and or its affiliates have **not invested or loaned \$70m** to the Johnson Property Group". That claim was incongruous with subsequent statements in the same Grant Thornton report:

1. "SDA purchased from ACFI the **loan** it made to JPG for the Joint Venture and purchase of additional land." ACFI is the acronym for Avondale College Foundation Investments.
2. "The SDA and or its affiliates have an investment interest in a Sydney real estate project with a JPG related party." JPG is the acronym for Johnson Property Group.
3. "A **loan** has been provided to the joint project for subdividing blocks of land for resale."

The JPG was one of 25 financial companies (JPGC) controlled by Johnson, who appealed to the Australian Administrative Process (similar to chapter 11 of the bankruptcy code in the United States) for financial relief. The Australasian Conference of SDA filed a claim of over \$69m to the Johnson Administrative process in document 5011 B from the Australian Securities & Investment Commission. MCA obtained a copy of this 635 page document. The "Schedule of Moneys owing to the Seventh-day Adventist Church Ltd." itemizes the joint ventures and the **loans** to seven of the Johnson Group of Companies (JPGC) totaling \$69,583,459.91. The administrative process addressed only unsecured claims. Since the Seventh-day Adventist Church Ltd. had secured claims in the form of property mortgages, no moneys were recovered. In a letter dated 21 December 2011 Mr. Brady, CFO, informed us that "no losses have been incurred or are expected to be incurred", yet he declined to provide us with the assessed value of the properties held by the church as security for the \$69 million and how much money is still owed on the mortgages. Further, in a letter dated 2 February 2012 Mr. Brady stated: "As I have said before and confirmed by Grant Thornton \$69 million **has not** been given in **loans** to the Johnson Property Group". On the contrary, the Grant Thornton report and document 5011B refer to **loans**.

The Grant Thornton Report, the schedule of "Moneys owing to the Seventh-day Adventist Church Ltd.", and the exchange of letters with Rodney Brady, CFO, South Pacific Division of SDA, are posted on the MCA website, www.advmca.org

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