



MEMBERS FOR CHURCH ACCOUNTABILITY INC.

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Since July of 2011 Members for Church Accountability (MCA) has 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. The SDA church in Australia, not only was involved in joint financial ventures with Johnson Property Group of Companies (JPGC), but also loaned church funds to JPGC. MCA exchanged several letters with Rodney Brady, the Chief Financial Officer (CFO) of the South Pacific Division. The letters have been posted on the MCA web site. Mr. Brady relied on the incongruous Grant Thornton Report and repeatedly denied that the SDA church or affiliated institutions loaned church funds to JPGC despite evidence to the contrary.

In the fall of 2012 Mr. Brady invited officers of MCA to meet with him during his trip to Southern California. We arranged a dinner meeting in Costa Mesa on January 20, 2013 with him and his wife, but I was the only officer able to attend along with a member of MCA. It was a pleasant meeting, but there was no clarification on the issue of loans to the JPGC. On January 21, 2013 I wrote a letter to Mr. Brady and 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 Mr. Brady's office. Mr. Brady responded in a letter dated May 20, 2013. He referred to Australian laws regarding privacy and ownership of intellectual property and he was very disappointed to find his past correspondence published on the MCA web site without his permission. I responded in a letter dated July 9, 2013 and reminded him that MCA corresponded with him under the auspices of Members for Church Accountability (MCA), an organization of lay church members whose mission is to foster transparency and accountability on the part of church administration toward the lay the membership. I queried, how would a private conversation between him and MCA advance the cause of transparency and accountability in SDA church administration? These additional letters are posted on the MCA website, www.advmca.org

MCA discovered the Avondale College newspaper (titled News). Avondale College Foundation Investments (ACFI) was placed in voluntary administration in 2008 (similar to Chapter 11 bankruptcy in the U.S.). Administrators PPB controlled ACFI and was central to the creditors' recovery of invested funds. This arrangement came with fees of over \$1,000,000. As reported in the News, "According to Rodney Brady, chief financial officer of the South Pacific Division, the Seventh-day Adventist Church Ltd will pay the Administrator of ACFI about \$A10.8 million" (\$A6.8 million for church related projects and \$A4 million for "liquidity facility"). Although this documents a close affiliation, the Grant Thornton report stated that "The SDA church and or its affiliates have not invested or loaned \$70 million to the Johnson Property Group". Subsequently in the same report, "SDA purchased from ACFI the loan it made to JPG".

The most alarming revelation was personal loans to Board of Directors of ACFI as discovered on the web site of the ACFI Creditors Support Group. "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". This is astonishing and raises another spectrum of questions. Who authorized these loans? What were the original amounts of these loans? How many "sets of loans" to board of directors were there?

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