

# Members for Church Accountability

## Newsletter

### Winter 2014

This newsletter is to introduce Melissa\* to the MCA membership as a new member who may assist MCA in investigations of financial misadventures by the SDA church. The following is a list of her education and fields of certification:

Bachelor of Science in Accounting. Certified Public Accountant (CPA) Certified Fraud Examiner (CFE) Master of Science in Economic Crime Management

Melissa began her professional career with a major accounting firm, then highly respected and the largest accounting firm in the world. In her four years with the firm, she obtained her CPA license and audited a wide variety of entities including privately held businesses and publicly-held companies required to register and file periodic financial reports with the Securities and Exchange Commission (SEC). She gained a wide range of industry experience in both for-profit and non-profit organizations.

From 1992 to 2001 Melissa was employed by a major computer manufacturer. For two years as a Corporate Internal Auditor, she performed reviews of accounting, financial, operational, and administrative internal controls and procedures at various of the firm's business units. She then served as the Financial Reporting Analyst for one of their divisions for another two years, where her responsibilities included coordinating the division's monthly financial reports as well as directing the facilitation, consolidation, and interpretation of worldwide accounting issues for operations in Europe, Mexico, Singapore, and the U.S.

In 2002 Melissa was employed by the largest equipment rental company in the world, with over 700 branch locations, 15,000 employees and just under \$3 billion in revenue. As a District Controller, Melissa served as financial liaison between the Southwest Regional Headquarters and two districts made up of 28 retail stores in Texas, Oklahoma, New Mexico, and Southern California. After just a few weeks she knew there were financial irregularities. She began to research the company's SEC filings and uncovered significant evidence of financial statement fraud. She resigned, and prepared analysis and documentation and submitted her findings to the SEC. In 2004 the SEC initiated an investigation and in 2005 the company's chief financial officer was fired and later indicted for conspiracy, securities fraud, insider trading, and false SEC filings.

Disgusted with Corporate America, Melissa decided to get into real estate and began her own management and investment company. As the business owner with property in both California and Tennessee, she handled all of the accounting, financial statement preparation, income tax filings, and all property management issues.

In January of 2005, Melissa was involved in a car accident that could have easily taken her life. Recognizing the hand of God in sparing her life, she looked for an opportunity to contribute to His work and decided to volunteer her time in the Accounting Department of a religious broadcaster. She contributed several hundred hours during the first half of 2006. However, during that time she developed serious concerns about the organization's financial control, and formally terminated her volunteer relationship with the broadcaster the following year.

From 2009-2012 Melissa was employed as an auditor for the headquarters of a church. As a member of the church's auditing service, she conducted audit planning, preparation, execution and wrap-up for church units. She presented audit findings and reports to officers at various levels. She was recognized repeatedly for improving the quality of the work product flowing from her district office.

Unfortunately, she identified several internal control and compliance deficiencies but received only selected support by her superiors. In fact, her attempts to highlight and report a particularly serious situation involving the management of a local conference were overridden by her manager who was not even in the field during the audit work but showed up only for the audit closing meeting. Once again, Melissa found herself in a situation where she was asking questions management did not want to answer, and she resigned her position. She now wants to help raise awareness among church members that the church auditing service is NOT independent and audit reports provide only minimal assurances at best. As an analogy, imagine investing in a corporate stock based only on the assurances given by the corporation's INTERNAL auditors!!

The collapse of Enron in 2001 and the subsequent indictment and collapse of her professional alma mater accounting firm for its role in the debacle had a big impact on Melissa. She discovered she had a passion for pursuit of financial integrity and decided to obtain her Certified Fraud Examiner (CFE) credential which she completed in 2005. That prompted further interest, and she enrolled in a graduate program in the field of managing white-collar crime. The loss of her mother in 2010 delayed her, but she obtained her Master of Science Degree in 2012. Her experiences at nonprofits prompted her to research economic crime issues in churches. The abstract is included below, and the complete text is posted under the link "*A Stunning Experience at Headquarters*" on the MCA website at [www.advmca.org](http://www.advmca.org) <<http://www.advmca.org>> :

This research project examines the First Amendment Religion Clauses and their influence on economic crime (i.e. fraud) involving churches. Our forefathers attempted to constitutionally guarantee two religious freedoms – absence of a national religion (Establishment Clause) and absence of interference in the free exercise of religion (Free Exercise Clause), collectively known as the Religion Clauses. Based on a study of litigation involving churches and economic crime case studies, the project found that American jurisprudence has redirected interpretation of the religious freedoms to the point that a variety of questionable behaviors in the name of religion have found First Amendment protection. The Religion Clauses have become an American vulnerability. The Sarbanes Oxley Act of 2002 was designed to protect investors who trust corporations to use their funds conscientiously, yet no such protection exists for donors who trust churches with their contributions. Donors are entitled to some assurance that their financial contributions are not misappropriated under the "cloak of religion."

\*Name changed by request.

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