

M MEMBERS FOR CHURCH ACCOUNTABILITY INC.
C ADVMCA@AOL.COM
A SOUTHERN CALIFORNIA CHAPTER PHONE: 909-793-9430
9450 JEFFERY DR, REDLANDS, CA 92373 FAX: 909-335-9887

July 31, 2009

Dr. Jan Paulsen, President
General Conference SDA
12501 Old Columbia Pike
Silver Spring, MD 20904

Dear Dr. Paulsen,

The following story concerning the involvement of the SDA General Conference with LifePoint has been posted on the Members for Church Accountability (MCA) web site:
(<http://www.advmca.org/>)

We read with interest your interview in the June 2009 issue of *Adventist World*. In response to the question on integrity you stated that, “First, what does it mean to have integrity? To me, it is about openness and trust. . . . Integrity covers an almost unlimited range of issues; I’m here choosing to focus on just one. We’re hearing more about what’s going wrong in the world’s financial markets, and there’s a palpable sense of anger—of outrage—directed toward those who’ve abused positions of trust. . . . Does all this impact us as a church in any way? Yes, I think it does. We’re not isolated from the kind of scrutiny it generates. Our members live and work in the secular marketplace, and so what happens there affects them also. And in this economic climate, they become even more sensitive to how the church uses its money—and rightly so! They *should* be sensitive and they should hold church leadership accountable.”

When reminded of times in the church’s history when the best financial decisions were not made, when integrity was in short supply you responded by stating that “we could certainly make a list of mistakes. . . . The important question now is, did we learn from them. . . . problems arise when information doesn’t flow through where it should, or where members of a board of an organization vote on issues about which they have little understanding or knowledge. . . . we’re not sheltered from flawed human judgments, nor are we always protected from deliberate—and unacceptable—attempts by some individual leaders to “filter” information they give to a board. . . . I can’t overstate the importance of openness and transparency in administration.”

The following is what was posted on <http://www.advmca.org/>

From its inception Members for Church Accountability (MCA) has focused on the financial misadventures of SDA Church administrators. The plea has been integrity and transparency at all levels of SDA Church administration. As a result MCA sponsored a symposium in October 2001 entitled Who Watches? Who Cares? The next month MCA embarked on the process of publishing a book by the same title, a process involving an enormous amount of investigative research that spanned 6 years.

Neither the symposium nor the book addressed yet another case of a financial misadventure by the General Conference that was evolving in the early years of the new millennium, specifically, the LifePoint, Inc. stock investment. LifePoint initially was incorporated in 1992 in the state of Delaware under the name of U. S. Drug Testing, Inc., a company that analyzed saliva for alcohol and a variety of drugs. A restated Certificate of Incorporation was filed in 2002 renaming the corporation LifePoint, Inc. The Common Stock was listed for trading on the American Stock Exchange ("Amex") Company Guide. The following is an excerpt from a DEF 14A SEC filing by LifePoint, Inc. on 8/18/2003.

The following table sets forth, as of July 10, 2003, certain information with respect to (1) any person or entity which beneficially owned more than 5% of the Common Stock, (2) each director of the Company, the Chief Executive Officer and (3) all directors and executive officers as a group.

Name and Address of Beneficial Owner	Number of Shares of Common Stock	Percentage of Shares Common Stock
General Conference Corporation of SDA 12501 Old Columbia Pike Silver Spring, MD 20804	9,473,189	19.9%
St. Cloud Investments Ltd. 2525 Michigan Ave., #A5 Santa Monica, CA 90404	3,548,045	8.7%
Linda H. Masterson 1205 South Dupont St. Ontario, CA 91761	1,637,384	4.3%
Peter S. Gold 1205 South Dupont St Ontario, CA 91761	929,167	2.4%
Paul Sandler 1205 South Dupont St. Ontario, CA 91761	615,805	1.6%

Charles J. Casamento 1205 South Dupont St. Ontario, CA 91761	17,292	nil
Stan Yakatan 1205 South Dupont St. Ontario, CA 91761	17,292	nil
Roger Stoll 1205 South Dupont St. Ontario, CA 91761	4,375	nil
All directors and Executive Officers as a group (8)	3,570,177	9.2%

The percentages computed in this table are based upon 38,027,320 shares of Common Stock which were outstanding on July 10, 2003.

Many lay church members would challenge the wisdom of investing in a fledgling company, but what should be shocking to every lay church member is to extend to such a company a \$10 million working capital line of credit! The following is the paragraph addressing this line of credit from the statement to the Security and Exchange Commission dated August 18, 2003.

“In November 2002, we obtained \$2.5 million of a secured debt financing under \$10 million working capital line of credit with our largest investor, the General Conference Corporation of Seventh-Day Adventists. In January 2003, this investor notified us that it was exercising its right to not extend the remaining \$7.5 million under the credit facility. We believe that this investor took such action due to a change in its internal investment parameters and management and that this investor took similar actions with at least one additional small cap investment. The \$2.5 million already drawn under the credit facility has remained in place in accordance with its terms. Under the credit facility, interest accrues at a rate of 16% per year, 6% of which is payable quarterly and 10% of which compounds quarterly and is payable at maturity, and all amounts outstanding are past due.”

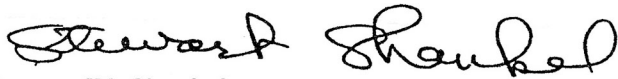
LifePoint filed for bankruptcy on April 28, 2005.

Dr. Paulsen, in light of the importance you place on openness and transparency in administration please clarify the following:

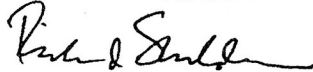
1. Under what church policy was the General Conference operating when it invested in a small private company?
2. What was the purchase price of the 9,473,189 shares?
3. Were the 9,473,189 shares sold prior to bankruptcy? If so, at what price?
4. What church policy authorized the General Conference to operate like a bank and extend to LifePoint, Inc. a \$10,000,000 line of credit?
5. Did LifePoint, Inc. repay any portion of the \$2,500,000 withdrawal on the \$10,000,000 line of credit prior to bankruptcy?

We are anxious for your response.

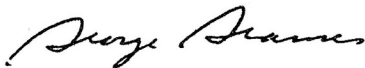
Sincerely,
Members for Church Accountability



Stewart W. Shankel



Richard Sheldon



George M. Grames