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THE CHURCH AS BIG BUSINESS

BY

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Associate in Arts in Liberal Studies

University of Hawaii 1972

Bachelor of Science In Business Administration

California State University, Sacramento 1974

An Independent Study

Submitted to the Faculty

of the

University of North Dakota

in partial fulfillment of the requirements

for the degree of

Master of Business Administration

MARCH 1977

This independent study submitted by Clifford M. Terrell in partial fulfillment of the requirements for the degree of Master of Business Administration from the University of North Dakota is hereby approved by the Faculty Advisor under whom the work has been done.

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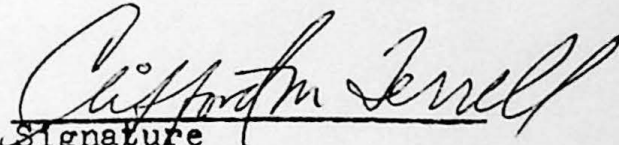
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Date

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CONCLUSION.....	25
BIBLIOGRAPHY.....	27

TABLE OF CONTENTS

	Page
ACKNOWLEDGEMENTS.....	iv
ABSTRACT.....	vi
INTRODUCTION.....	vii
 Chapter	
I. CHURCH HOLDINGS.....	1
II. THE CHURCH TAX STATUS.....	4
III. MONEY OR RELIGION.....	7
IV. SOURCES OF INCOME.....	14
V. ESTIMATES OF CHURCH WEALTH.....	16
VI. SPECULATIVE FINANCE.....	19
Fraudulent Bonds	
Real Estate	
VII. WHEN IS A CHURCH A CHURCH.....	20
Ordaining Everybody	
Ridge Lutheran Home	
CONCLUSION.....	25
BIBLIOGRAPHY.....	27

ABSTRACT

This paper will investigate that, contrary to popular belief, the Church is a thriving business which uses its tax status to enhance its profit making position. An attempt will be made to show that the Church has become so immersed in materialistic endeavors, they are its primary function.

The findings expected, are the answers to the questions: (1) Are some religious organizations administered ethically and efficiently and (2) Are their financial holdings benefiting the community?

Conclusions will be drawn as to how the Organized Church is acquiring enormous financial holdings and how these monetary holdings are administered.

INTRODUCTION

The religious community in America is much richer than any counterpart in recent history. It is richer than even most ecclesiastical leaders in this country are willing to concede. American organized religion has become an economic behemoth which has assumed the characteristics of a business. More than most devout parishioners will allow themselves to admit, the organized religions are emulating the corporate-oriented administrative, financial, and public relations objectives of the marketplace.

Before going any further, the author would like to consider some of the more conventional indexes of organized religions' financial power. As of the 1960 census, the Government reports, there were about 320,000 church parishes in the United States or, corrected for a population of some 200 million and for new churches completed, one for approximately every 600 Americans. Every year, the National Council of Churches of Christ in the United States calculates, these parishes gather about \$5 billion-approximately half of all philanthropic giving in this country-and they invest more than \$1 billion in new facilities. According to a study sponsored by the Americans United for Separation of Church and State, "these religious

organization visible assets, land and buildings of all kinds, now have a value of at least \$79.5 billion; almost double the combined assets of the country's five largest industrial corporations."¹

A large portion of the above figure is said to be held by the Roman Catholic Church, approximately \$44.5 billion. These estimates have not been challenged. A Catholic priest, the Reverend Richard Ginder, writing in the Roman Catholic publication OUR SUNDAY VISITOR, said:

"The Catholic Church must be the biggest corporation in the United States. We have a branch office in almost every neighborhood. Our assets and real estate holdings must exceed those of Standard Oil, AT&T, and the U.S. Steel combined. Our roster of dues-paying members must be second only to the tax rolls of the United States Government."

Denominational pension and retirement funds invested in stocks, bonds, and mortgages total more than \$2 billion. Churches' consumption of materials and services, both for growing parish plants and for church-owned educational and welfare facilities, is enormous. The Roman Catholic archdiocese of New York City reportedly spent \$17 billion on goods and services in a recent year.

In America, bigness of plant and payroll are neither inappropriate nor indicative of materialistic compulsions. It is

¹Church Wealth and Business Income, Martin A. Larson (New York: Philosophical Library, 1965)

only with a closer analysis that one can begin to comprehend how organized religion has changed from the humbler period of the community parson and the small-town "meeting house."

Today, the parish norm for American Protestants, Roman Catholics, and Jews alike is indeed the upholstered and in many instances, the air-conditioned pew. Very few sophisticated church trustees regard their parishes adequately equipped if limited to a church sanctuary, Sunday school rooms, and a parsonage. The fashionable parishes have at least a children's education wing, a banquet and recreation complex, an auxiliary chapel, multiple parsonages for its multi-member ministerial staff, one or more heated surfaced parking lots, a vehicle fleet, and a woods-and-water recreation camp.

The physical plant of a Baptist church in Dallas, in addition to a sanctuary for worship, includes a seven-story parking and recreation building with skating rink, a gym, and four bowling lanes. In perhaps the ultimate manifestation of this phenomenon, a Protestant complex in Boca Raton Beach, Florida, known as Bibletown, U.S.A., consists of a 2,500-seat auditorium, two education buildings, employee quarters, parking lots, a motel used for retreats, mass dining facilities, and 15 acres of recreation area including a swimming pool, tennis court, and shuffleboard courts.

The holdings of church organizations are by no means limited to such benevolent undertakings as church sanctuaries,

CHAPTER 1

Church Holdings

Today, the parish norm for American Protestants, Roman Catholics, and Jews alike is indeed the upholstered and in many instances, the air-conditioned pew. Very few sophisticated church trustees regard their parishes adequately appointed if limited to a church sanctuary, Sunday school rooms, and a parsonage. The fashionable parishes have at least a Christian education wing, a banquet and recreation complex, an auxiliary chapel, multiple parsonages for its multimember ministerial staff, one or more hard surfaced parking lots, a vehicle fleet, and a woods-and-water recreation camp.

The physical plant of a Baptist church in Dallas, in addition to a sanctuary for worship, includes a seven-story parking and recreation building with skating rink, a gym, and four bowling lanes. In perhaps the ultimate manifestation of this phenomenon, a Protestant complex in West Palm Beach, Florida, known as Bibletown, U.S.A., consists of a 2,500 seat auditorium, two education buildings, employee quarters, parking lots, a motel used for retreats, mass dining facilities, and 15 acres of recreation area-including a swimming pool, tennis court, and shuffleboard courts.

The holdings of church organizations are by no means limited to such benevolent undertakings as church sanctuaries,

parsonages, schools, and welfare organizations. The organized church have also taken a deep plunge into profit-making businesses. In Los Angeles, the Temple Baptist Church owns the Philharmonic Auditorium and office building; the Muskingum, Ohio, Presbytery operates a cement-block factory-based in Arizona; California's Christian Brothers are major winemakers and one of the country's leading producers of brandy; and a Southern California sect, the Self-Realization Fellowship, operates a chain of eateries featuring Mushroomburgers.

The Mormon Church in Utah includes among its properties the Salt Lake City Deseret News; radio-TV station KSI; a department store; more than 100,000 acres of farm-ranch land (managed through a holding company, Zion Securities Corporation); and Lale Village in Honolulu. I had the opportunity to visit this resort while stationed in Honolulu. Large blocs of stock in Republic and National Steel corporations and in the Boeing, Lockheed, Curtiss-Wright, and Douglas aircraft companies are held by the Roman Catholic Jesuits. In addition, the same order has a substantial interest in the immense DiGiorgio Fruit Company, which operated in California, Florida, and Central America, and runs its own steamship fleet.

The \$300 million assets of the Knights of Columbus-the Catholic fraternal, insurance, and evangelizing group-include a steel-tube factory, several department stores, and the land

under Yankee Stadium in New York City. In Washington D.C., the entrepreneur for the new Watergate Project, a \$70,000,000 commercial redevelopment enterprise adjacent to the John F. Kennedy Center for the Performing Arts, is the Societa Generale Immobiliare, a mammoth Italian real estate company in which the Vatican is the largest shareholder.

Boasting the most ecumenical portfolio of all is an Ohio Protestant group known as the Cathedral of Tomorrow. This group was recently mentioned in the Minot Daily News, Minot North Dakota. Their properties include a shopping center, an apartment building, an electronics firm, a wire and plastic company, and the Real Form Girdle Company.

Other somewhat smaller church organizations are becoming involved with profit producing ventures. The authors' church, the Church of God in Christ, Inc., has among its holdings a hotel; a religious publishing house and book store; and a recently established travel agency. These are but a few examples of financial status possessed by the organized church.

Economically, the organized church is one of the nation's most vigorous growth industries, with a broadly based and expanding blue-chip portfolio, no union problem, an enviable tax status, and impressive strength in an area in which business analysts once regarded it as not only weak but unmotivated. This area was financial management, once weak but no more.

The Church Tax Status

One of the primary questions that is asked is, "How have churches become so deeply immersed in materialistic endeavors?"

The answer lies in the tax status that have been granted to the church. This status goes back to the early Osirian priesthood in Egypt who annually received tax-exempt revenue amounting to one-third of the national income, and the Zoroastrian and Mandaean priests of Persia and the pre-Buddhist Brahmans in India enjoyed similar privileges. Under the Roman Emperor Constantine in the fourth century A.D., the church achieved even greater power and privileges than the ancients.

All of the original American colonies, except Rhode Island, at first tried a pattern of government-established religion. In the Massachusetts colony, an act of 1692 required every town to choose a minister by majority vote and to share in his support. When members of the Church of England protested against paying taxes to support other faiths, all professed members of the denomination were exempted from the general tax on public worship. The Quakers, whose religion allowed them no minister, was also exempted from the ministerial tax. This established the principle of damping denominational struggles by granting all religious groups exemptions from taxes on property used for worship and, by extension, from income taxes. Contributions to

religious organizations also were made tax-exempt.

Churches and religious groups, alone among nonprofit institutions, never have been required to file declarations of assets, income, or other financial dealings. Bond issues in the name of religious organizations are not normally required to undergo normal governmental scrutiny, unless submitted to securities agencies or of a magnitude and marketing pattern that requires the Securities and Exchange Commission's or state authorities' advance clearance. To avoid entanglements in the complex questions of church and state, courts and tax authorities have been timid in defining legitimate religious activity and what constitutes a bonafide religion or religious group.

By having this favored economic position in a country of consistent economic and population growth, the organized church needed only two other elements to foster an acceleration in amassing wealth: (1) centralized management and (2) a motivation to exploit tax concessions to accelerate accumulation of assets. If a church is the owner of record, profits are tax free whether or not the business is directly related to the owner's primary mission, and whether or not the church staff directly manages the profit making enterprise.

Caught in a growing tax squeeze, federal, state, and local officials are becoming increasingly concerned. Many church leaders are also troubled, not only because of an

apparent injustice inherent in the church's privileged tax status, but also because of the emphasis on materialism that is now being fostered in the church.

divided or by enterprises chartered for the purpose of making a profit. Wealth lawfully secured contributes in some degree to the successful functioning of the profit system; for it is assumed that profits result only as countries work and act with some efficiency in the marketplace. In the same sense, the accumulation of property by nonprofit institutions may not only be legal but socially desirable, to the extent that such assets are obtained lawfully; are not in fact treated as gifts; and further the purpose for which the nonprofit institution was established.

Does the rapidly accumulating wealth of the organized church materially assist in the purpose for which it was granted tax-exempt status? On the contrary, in examining history, theologians and historians of highest repute seem to concur that it is precisely in periods when the church has been most successful materially that it has been least vigorous and influential.

Despite their wealth and privileges, the churches today are scarcely in ascendancy, either in their social influence or in assuring a secure future. Church attendance has steadily declined: on an average Sunday only a minority—45 percent—of the nation's adults attend a worship service. In traveling across the United States earlier this year, it was dia-

Money or Religion

In a country such as the United States of America, there is nothing sinister about the accumulation of wealth by individuals or by enterprises chartered for the purpose of making a profit. Wealth lawfully amassed symbolizes to some degree the successful functioning of the profit system; for it is assumed that profits result only as consumer wants are satisfied with some efficiency in the marketplace. In the same sense, the accumulation of property by nonprofit institutions may not only be legal but socially desirable, to the extent that such assets are obtained lawfully; are not in fact treated as gifts; and further the purpose for which the nonprofit institution was established.

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covered that because of low attendance, Sunday night and Mid-week services were cancelled. In a recent copy of the Year-book of American Churches, church membership enrollment has slipped to its lowest since World War II. For the first time in recent years, all of the nation's 12 major religious bodies, Protestant, Roman Catholic, Orthodox, and Jewish, experienced not only a relative decline in number of young people enrolled in Sunday school and church, but an actual numerical decline as well. The percentage of seminary students in the basic bachelor of divinity program leading to the ministry also declined.

An estimated 70,000 congregations are without regular pastors; churches continue to be plagued by resignations from the parish ministry, especially in the under forty age range; and emotional breakdowns among ministers are a growing problem. Some 10,000 Protestant ministers are receiving some form of psychiatric care, according to one report by the director of the Academy of Religion and Mental Health, and the United Presbyterian Church, among others, has signed a contract with the Menninger Clinic for diagnostic services to ministers. Gallup polls reveal that approximately half of today's Americans, including nearly two-thirds of its college students believe that the churches are losing their influence on daily life.

"The ethically oriented Christian appear to be deterred rather than challenged by what he finds in church," Rodney

Stark and Charles Y. Glock report in American Piety: The Nature of Religious Commitment. The more a man is committed to ethicalism the less likely he is to contribute funds or participate in the life of the church.

A minister operates on two levels: the prophetic, or teaching and counseling level; and the corporate, or administrative level. Tension between these two levels is continued, and despite rumblings of reform and sporadic social involvement by a courage minority, the corporate and administrative aspects of the ministry and denominational organizations predominate.

In a typical parish, the minister is not the permanent fixture; the congregation is. Like a human organism, its first rule is survival, and beyond that, security. There must be a building in which to meet, staff; inputs of new members, and provision for future needs. A minister may try to fight the System, but his success and career survival are measured on the corporate level by the degree to which he can help meet the goals of the parish.

The minister is always under pressure to increase membership; numbers signify success. He is also expected to build or renovate, building signifies progress. This requires money and consumes enormous energy. The supervisory time and energy of the minister must come at the expense of other goals. This increases the tension between the prophetic and corporate imperatives of the ministry, and it becomes

isting plant, perhaps including a new organ, central air conditioning, new youth rooms, a chapel, and sizable off-street parking; or (3) raising the money needed to complete such projects which were begun earlier on a stage-by-stage basis.

In addition to capital fund drives, there are regular campaigns to meet the church's annual budget, plus drives to assist the capital needs of the parent denomination and denominational colleges or hospitals. It seems, whatever parish one joins, the major ongoing congregational activity probably will be fund-raising, much of it for building or administrative expense of some sort.

Because a sizable or growing church plant requires not only money but management, one also will find the parish governmental board heavily populated with representatives of the town's business and professional community. In less prestigious parishes, though the community status of board members is less imposing, the principle is the same: enlist a heavy representation of members who have attained the greatest career success and, therefore, have have acquired pragmatic judgment and experience.

Wherever one moves, he will find that the role of the minister is fairly standardized. If it is a Protestant church, the minister's tenure will in effect be at the sufferance of the aforementioned parish establishment. In such denominations as the Methodist and Roman Catholic Churches,

advancement can be obtained only through parish appointments bestowed by one's superiors.

In today's churches, one will find two principal ways in which the minister can unfailingly attract his superior's attention: (1) preside over a conspicuous gain or loss in members and parish income, or a major failure or success in a building program; or (2) become involved in a congregational imbroglio, perhaps due to "radical" theological statements or involvement in social causes outside the church-especially civil rights or pacifism.

If the minister comes to the attention of superiors in a favorable way-such as, through a large membership gain or a successful building program, he will become the talk of various ministerial and lay conferences and be promptly tabbed for promotion. If he gets into a situation where he presides over a membership or income decline or become involved with a subject of controversy with his congregation, he will be admonished by his superiors, in all good faith, and if his relations with his congregational establishment appear irreconcilable, he will be transferred and probably in effect demoted.

The minister of a local parish is much like the a store manager who belong to a large chain store operation. His career progression depends on the number of customers that patronizes his operation, how well the prominent people in the community accepts him, and how well his superiors know

and like him. It is very hard for many devoted clergymen to admit, but, the political red tape is as prevalent in the church today as in the business world.

It may seem to many non-churchgoers that the organized church has become little more than a Sunday morning administration society banded together to socialize and raise money to build a larger entity. The majority of church members today refuse to care about the eroding spiritual aspect of the church. How, then, can a minister rationalize devoting his life to the organization which results - a superficial extension of society?

CHAPTER IV

Sources of Income

Churches, as we know them, have many sources of income or revenue. These include the collection plate, tithes, and pledges from faithful. There are also charges for clergy services, contributions from the public, and business income, both passive and active. These are a few visible means of income, but there are many other sources. Wills and legacies, for example, provide a regular lift to parish or denominational income. Many churches have tax-exempt foundations whose business is to solicit systematically for large donations and bequests.

Many churches actively and systematically solicit wills. Catholic groups regularly send letters to lawyers reminding them that a good Catholic is expected to put his church in his will for at least 10% of the corpus. United community funds or chests are another typical source of church revenue. Catholics Charities of Denver, Colorado, a \$1.8 million operation, receives 57% of its income from the United Fund.

Although bingo is legal in only 11 states, the Catholic Church makes substantial profits from it in all 50. In New Jersey, where it is legal, churches and their related organizations realized a net profit from this source of \$25.4 million in 1967. When New York City police raided the Church of the Most Precious Blood and closed down its roulette

wheels, Father Donald D'Ippolito, pastor, complained that the crackdown had cost his parish \$25,000. Many parishes nets \$50,000 or more each year from bingo. A layman, Phillip Vitello, said that gambling had been going on at the Churches for 41 years without interference.²

Another source of income for the churches is government-federal, stat, and municipal. The distribution of funds to churches for the performance of antipoverty programs has become so notable that reports from the Office of Economic Opportunity are sometimes referred to as "the parish list." In some communities, the distribution of antipoverty funds is simply a routine business in which the churches get together and divide up the federal melon.

How important these government antipoverty funds can be to church budgets is illustrated by the list below of grants for church programs in Chicago during the early seventies:

Roman Catholic	\$1,040,377
Episcopal Diocese	34,285
First Presbyterian	63,785
Greater M.E. Church	48,710
Greater St. John A.M.E. Church	59,789
Ecumenical Council	130,000
Chicago Council on Religion and Race	<u>201,803</u>
Total	\$1,578,749

²The New York Times, September 25, 1969

CHAPTER V

Estimates of Church Wealth

Much of the wealth of city churches come from past gifts of land, endowments, and various bequests. The increase in the value, especially of urban real estate, accounts for part of the growing wealth. A source, increasing considerably in total figures, consists of annual gifts by persons or groups to religious institutions. Giving for religious causes accounts for approximately 50 percent of all philanthropic giving.³ It is estimated that in the early seventies, philanthropic giving in the United States reached the figure of \$13.57 billion. Of this amount, about 48 percent, or \$6.5 billion went to contributions for religious purposes.⁴ These figures places the Church into the category of the nation's leading industries.

By comparison, for instance, the furniture industry runs about \$5.5 billion annual income, leather \$2.5, milk \$5.5, mining \$6.5. The National Council of Churches reported that forty-one Protestant churches in the United States listed contributions totaling \$2.97 billion. Of this amount, 18.55 percent was devoted to benevolences-home and foreign missions, relief, etc.-and 81.45 percent was devoted to local

³An Economist's View of Philanthropy, Frank G. Dickinson (New York: National Bureau of Economic Research, 1962)

⁴Giving USA, pp. 3, 9.

congregational items and operations. Giving USA compiled its statistics from data received from data received from government, religious, health, youth, civic groups, and a number of others. Not included in this income is the great uncalculated value of volunteer help. Fifty-four million people gave their time in varying amounts to charitable and other nonprofit organizations-many people giving time to several different groups.

The churches have always leaned heavily on volunteers, and still do, though there has been a long-held complaint that wealthy churches depend more and more on hired help. For tax purposes, neither contributions in the form of personal services of property, is calculable or allowable. Furthermore, the clergyman who accepts an income lower than he could obtain in another respectable calling, because he prefers to occupy himself with work deemed to be of greater social value, also is making a philanthropic contribution. An estimate of total giving higher than the other was made by the Survey Research Center of the University of Michigan in 1961. Based on a study of almost 3,000 families, the Center concluded that Americans give over \$17 billion annually to churches and to other charities. The director of the study, James N. Morgan, says "that the average American family gives more than \$300 each year."⁵

Reference to contributions to religious institutions is

⁵Income and Welfare in the United States, James N. Morgan (McGraw-Hill Book Company, Inc., 1962)

not limited, of course, to the tithe and the annual pledge and the collection plate. Many churches of all denominations seek and get large gifts from wealthy members. These gifts may be in the form of deeds to real property, industrial stocks, and various sorts of bonds. Sometimes the gifts come in the form of wills and bequests. The appeal may be a serious and sincere call upon the faithful to use their worldly goods to promote the cause of religion or the church, or to serve the need of those who come after them. An added bonus thrown in may be a great tax advantage to the individual donor to be enjoyed while he lives.

Fraudulent Bonds

The Mid-City Church of New Orleans with 4,700 members is the largest in the city and ranks second in the Southern Baptist Convention in property assets. Its enterprises include a day nursery, kindergarten, elementary school, high school, book shop, printery, cafeteria, and bus company. It was when this church went into a high-rise apartment and hotel complex that trouble developed.

⁶National Observer, Nov. 20, 1967; Religious News Service, Dec. 20, 1967; the Wall Street Journal, Dec. 13, 1967; and Christianity Today, Oct. 11, 1968.

CHAPTER VI

Speculative Finance

The possession by churches of large sums of money beyond their current needs has often drawn them irresistibly into speculation. In a rapidly expanding economy, there are many so called sure things available, propositions "guaranteed" to produce large and rapid profits for those with the desire and ability to invest. The passion for larger and larger returns has often brought the churches close to the line of the legally illicit and occasionally across it. The story of church ventures into the realm of speculative finance is a fascinating one. In this chapter, the author will discuss some of the more interesting accounts of church speculations and the consequences that resulted.

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⁶National Observer, Nov. 20, 1967; Religious News Service, Dec. 20, 1967; the Wall Street Journal, Dec. 13, 1967; and Christianity Today, Oct. 11, 1968.

The Church, its pastor, and others were charged by the Securities and Exchange Commission with defrauding the public in the sale of over \$12 million in church bonds over a period of 12 months.

The Church used bonds to acquire other bond issues. A high-rise building next to the church was financed by the sale of \$4 million in bonds to the Peden Corporation of Cleburne, Texas, and World Oil and Gas Corporation of Fort Worth, Texas. These corporation went into receivership without paying for them. The Securities and exchange charged that the money obtained was actually used to pay interest on earlier issues and not for the advertised purpose of building the high-rise, for which little more than excavation was ever completed. Untaxed income from the apartment-hotel was to pay off all previous bond-issues, but the plan did not go as expected. The Mid-City Church joined others in filing suit to recover funds in unpaid bonds from the Peden and World Oil and Gas Corporation. Other churches involved in the suit included one Assembly of God, 3 Baptist, 3 Christian Scientist, and 14 Church of Christ congregations.

Real Estate

The First Christian Church of America ran into difficulty on a real-estate deal near San Francisco.⁷ The "church" was allegedly a real-estate investment group which held no services.

⁷The San Francisco Sunday Examiner & Chronicle, Dec. 3, 1967.

It paid \$2.8 million in January 1966 for 2,140 woodland acres. The operation of this group came to light when it attempted to sell the land to the state of California for approximately \$3.4 million. The owners did not want to sell the land, but there had been public clamor to take the land from speculative development and add it to the adjoining Mt. Tamalpais State Park.

The State countered with an offer of \$3,012,000, which would have meant a profit of \$212,000 for the Church, but having borrowed heavily on the property, the owners declared this was not enough. Holders of liens against the land stated that it would take \$3,367,000 to clear the obligations. The States Park Director refused to pay this price and stated that the State would not file condemnation suit. As the controversy continued, the Internal Revenue Service began to investigate the First Christian Church of America to see whether it really was a church under the law. It was found to be a church for tax exempt purposes.

Speculative business of the Baptist Church of Fort Walton Beach, Florida, brought that congregation into difficulties with the law in 1966 as a result of a complicated series of financial manipulations. The Securities Exchange Commission charged the pastor, the Church secretary, and 10 others with fraud.⁹

⁹The S.E.C. vs. Collegiate Baptist Church, Civil Action No. 66-416-Civil

CHAPTER VII

When is a Church a Church

Over the last few years, many organizations claiming tax preference have been under close scrutiny by the Internal Revenue Service. Many of these organizations are masquerading as churches but do not meet for religious purposes as thought of in spiritual terms. Many of these so called churches are nothing more than investment agencies or tax-exempted commercial corporations.

The Puritan Church of Peoria, Illinois, was the object of a lawsuit brought by the government in 1959.⁹ The United States Circuit Court of Appeals denied tax-exemption to the organization, and the Supreme Court refused to review the case.

At stake were incomes of \$201,000 and \$259,000 in two years of operation. The Internal Revenue Service challenged the claim of the Church to a religious exemption on the ground that it was not really a church, that its principal function was not religious, but rather that of disseminating political propaganda. The court held that the Puritan Church was not exempt and that its income from contributions should be subject to taxation.

⁹Religious News Service, January 13, 1959.

¹⁰The San Francisco Chronicle, March 31 and April 1, 1969.

Ordaining Everybody

There may be more than meets the eye in the operation of the Rev. Kirby J. Hensley, pastor of the Universal Life Church, Inc., of Modesto, California. This organization was succinctly described in two articles by Charles McCabe.¹⁰ Rev. Hensley's specialty is ordaining anybody to the ministry who so desires. This is, of course, a private matter which each church handles in its own way. If a church should decide, as this one has, to confer ordination upon anyone who requests it, who is to say that it is wrong? Are not Rev. Hensley's reverends as good as any others? It can be argued that this is the free exercise of religion.

But when one considers the profit-potential, it appears that more than free exercise of religion is involved. Each "minister" who is "ordained" by Rev. Hensley is there by empowered to set up "churches" which are just as tax-exempt as the largest, and can easily become fronts for tax-exempt business. With this possibility in mind, reporter McCabe insisted that the State must "police the clergy and charge them proper taxes on earned income."

According to late news reports, "Reverend" Hensley has been sentenced to a year in prison for fraud by a California court.

¹⁰The San Francisco Chronicle, March 31 and April 1, 1969.

Ridge Lutheran Home

A unique advantage enjoyed by churches is exemption from the requirement of registering bonds with the Security Exchange Commission. This has permitted them to indulge in unsound practices which are forbidden to all other groups, who must register, and come under the supervision and regulation of the Commission. Ridge Lutheran Home, Inc., of Burnsville, Minnesota failed to make interest payments on \$1.5 million of unregistered bonds, which it had sold to finance the home.¹¹

The only visible undertaking of the corporation as of December, 1967, was a partially built home owned by Carl R. Anderson, president of Lutheran Home, Inc., Anderson resigned. Construction was halted late in 1967 when the interest payments became delinquent.

At a hearing before the Security Exchange Commission, Eugene W. Linse, Jr., secretary of the Home, testified that two checks totalling \$85,000 had been drawn on the bank account of Ridge Lutheran Home, Inc., and paid to Anderson. Mr. Linse said this had been done without board authorization and that at the time he did not know about them. Ridge Lutheran Home, Inc., was under investigation by the Post Office Department and the Minnesota attorney general.

¹¹Religious News Service, December 14, 1967

Conclusion

There is a overwhelming need for reform in the church world. Such instances as recorded in this paper are only a few of many; but they certainly demonstrate not only the need of protecting the public from the effects of church tax-exemption, but of protecting the churches from unscrupulous operators. There may also be a need to protect the churches from themselves. The laws as they now stand are a constant lure to unscrupulous manipulators to use the church as a tax-exempt front for transactions and diversions that are in themselves highly unethical or even illegal. These laws also tempt the clergy from their appointed spiritual tasks into the commercial arena for which they were never intended. The problems which may have been purely theoretical at one time are now very real and practical as the churches utilize, more and more extensively, the commercial advantages conferred on them by existing law.

It is impossible to know exactly how many illegal or semi-licit situations exist in the United States. They are rarely discovered, except by accident.

Most measuring tools of religion indicate decline. The author has been informed by denominational leaders that there are fewer members, fewer young people, smaller seminary enrollments, and that the influence of religion is felt to be

lessening, yet in view of this religious decline, the wealth of the churches continue to increase at about the rate of \$5 billion a year.

Finally, the author would like to propose two questions. Does increasing wealth help to produce decline in more vital categories? Does the wealth of the churches tend to discourage the loyalty and enthusiasm of the people? The author submit that it is time for the churches themselves to appraise their tax exemptions and the wealth which they are amassing.

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