

The General Conference Overrules Commission On Davenport Disclosure

by Bonnie Dwyer

When the General Conference Committee on Thursday, February 24, 1983, reversed its action of the previous month and voted 51 to 14 “not to proceed with the previously proposed plan of publishing in the *Adventist Review* the names of individuals in certain disciplinary categories,” the Davenport affair moved from a financial scandal to an open debate about authority in the Adventist Church. The General Conference Committee voted as it did despite the fact that the President’s Review Commission, with a majority of lay members, four days before had unanimously voted to stand by its recommendation to disclose to the full membership the names of those receiving the most severe levels of discipline.

The General Conference Committee action did say that General Conference/North American Division Officers would, in personal representations, recommend disciplinary action to relevant boards and committees, and “if appropriate action is not taken by the respective governing body, the General Conference Committee may

request a meeting of the respective constituency in order to place the matter before that body.” The General Conference Committee voted on the recommendation of the General Conference Officers, which includes the president, treasurer, secretary, and all vice presidents, associate treasurers, and associate secretaries of the General Conference—some 24 people.

In addition to differing with the commission on the publication of names, the officers significantly altered the commission’s distribution of names into different disciplinary categories. The most notable instances were the reduction of those who should be removed or transferred from office from 19 to nine, the non-disclosure of any retired people’s names no matter how serious their infractions, and more than doubling—from 40 to 81—the number of people who were cleared completely.

Two days after the General Conference Committee took its vote, Neal C. Wilson, president of the General Conference, on Sabbath afternoon February 26, explained in person at Andrews University and on tape over the Adventist Radio Network that the General Conference had decided that it should inform local and union conference executive committees of misconduct. The General Conference would rely on those

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committees to discipline their own officers. Wilson told his Pioneer Memorial Church audience that the leadership of the church did not want to establish a precedent for using publication of names in the *Adventist Review* as a form of discipline—like putting “a person’s name in the post office among the ten most wanted criminals in the country.” He stressed that the commission, while a superb group, had not had the benefit of hearing directly the testimony of men named by the commission as he and Charles E. Bradford, vice president for North America, had had.

On the Adventist Radio Network (broadcasting remarks he had made to the General Conference Committee two days before), Wilson justified not disclosing names to the membership generally because “I am very concerned about the effect it will have on the morale of leadership in the North American Division . . . If we were to destroy the morale of leadership we would be in very deep trouble.” Bradford was also heard on the broadcast addressing the General Conference Committee. “Actual discipline, as the president said, of workers and employees is properly in the hands of the executive committees and controlling boards.” Bradford added that “We do not want to create a situation where it is the General Conference versus the field. We don’t need that.”

That same Sabbath very different views were also being expressed. In the Loma Linda University Church, Jack Provonsha, chairman of the department of ethics at Loma Linda University and a member of the commission, devoted both of his hour-long Sabbath School class sessions to the reversal General Conference Committee’s concerning publication of names. First, he mentioned that according to the wording of the promise of secrecy he and all other commission members had signed, “the only thing I can’t talk about is names.” Provonsha went on to say that in its last meeting with

the General Conference Officers the preceding Sunday and Monday, February 20–21, the commission had been willing to endorse forms of disclosure to the membership other than publication in the *Adventist Review*, as long as the findings of the commission were “made available to people who care enough to want to find out what happened and have questions in their minds.” Some report from the commission “has to be available to the church,” he said, “to reassure members that the church is not concealing anything, and to clear the names of the innocent.” He insisted that some people would benefit from having the truth put out.

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Provonsha noted that some lay people had become so disillusioned that they had agreed to put their tithe into a common trust fund until church leaders re-established their credibility. But he advocated a different approach. He was convinced that “the real power of the church is the loyalty, commitments of the members sitting in the pew. They are the ones who provide the money.” And yet, he told his class, “you didn’t elect the General Conference president. You didn’t even elect the people who elected the General Conference president. In fact, you didn’t even elect the people who elected the people who elected the General Conference president.” Provonsha then made a strong call (which he repeated the next Sabbath afternoon in the Orlando Central Church in Florida) for the laity to organize until “lay voices will be involved in selection of officers in policy-making functions of the church all the way from the bottom clear to the top.”

The same Sabbath as Wilson's presentation at Andrews University and Provonsha's Sabbath School class at Loma Linda, Kenneth Emmerson, the immediate past treasurer of the General Conference—and a member of the President's Review Commission—spoke publicly in College Place, Washington, of his agony at the decision of the General Conference Committee. Emmerson, now a General Conference field secretary, agreed that publication of names in the *Adventist Review* should not set a precedent, but said that the magnitude of the Davenport scandal, with some of the men involved serving in different conferences and unions, and reports of the problem appearing across the country and overseas, had convinced the commission that only disclosure of names to the membership as a whole would convince church members that leadership was seriously cleaning house. Furthermore, there were serious problems in only disclosing names to local and union conference executive committees. In some cases committee members who were conference employees would be faced with having to transfer or fire their own superiors.

Emmerson, like Provonsha, reported that the commission did not wish to be vindictive and had discussed with the General Conference Officers ways of disseminating the findings of the commission other than in the pages of the *Adventist Review*. However, the officers had simply not wished to make any names available to the general church membership. He also considered the redistribution of names into different disciplinary categories a substantial alteration of the commission's recommendations, particularly the reduction of the number of those who should be removed or transferred from their posts.

The two commissioners who quickly spoke out seem to have had an impact. Monday evening, February 28, the board of

the Loma Linda University Church—the largest in North America—voted 120 to 3 to instruct delegates to the approaching Southeastern California Conference constituency meeting that—prior to their attending the April 17 session—the delegates must be assured that none of the local and union conference officials at the session were included on the list of people the President's Review Commission had recommended for discipline. Subsequently, delegates from the various churches in the Loma Linda area gathered and agreed to recommend to the April Southeastern California Conference constituency meeting that it adopt a resolution “that study be given to the possibility of eliminating the union level of administration from the church structure.”

In addition to a separate letter from the department of theology, over two-thirds of the full-time faculty on the Walla Walla College campus signed a letter to Bradford stating that they endorsed full disclosure as originally recommended by the President's Review Commission in order:

- To clear the innocent and those not responsible for church involvement from the numerous rumors rampant in the church;
- To insure equity of discipline within the various responsible committees so that like responsibility receives like discipline;
- To insure that those individuals not presently employed by the church receive rightful discipline as recommended by the President's Commission;
- To prevent those involved from being placed in the future in positions of administrative or financial responsibility;
- To avoid possible conflict of interest arising from the necessity, in some cases, of self-imposed discipline;
- To avoid creating the difficult personal situation whereby colleagues who must work with or under the individuals involved must vote disciplinary action;
- To stifle the charges, now circulating with some emotion, that church leadership is 'covering up' the extent of the scandal,

protecting its own, and simply lying to church members.

Much of the outrage at not being given the commission's report stemmed from the perception of members that the president of the General Conference to rely fully on the commission's recommendations. To restore trust among lay people, from whom the church's income is derived, Wilson announced in the *Adventist Review* that the majority of the 15-person commission he had appointed were lay people: two judges, two accountants, a banker, a businessman, a lawyer, and a stockbroker. The seven denominational employees included three General Conference officers, including the treasurer (and chairman of the commission) and the secretary of the General Conference. In six months, the commission was to complete the task of analyzing the extensive, over-600-page report of the independent legal firm of Gibson, Dunn and Crutcher and the well-known firm of auditors, Ernst and Whinney. Their work, and the fees of the law firm retained by the General Conference insurance company, came to \$1.5 million.

According to a report by Neal Wilson, the commission, in its deliberations, addressed several questions.

- Were there indications of carelessness or dereliction of duty on the part of those who served as trust, financial, or executive officers?
- Did any of those charged with fiduciary responsibility fail to take what are considered necessary and prudent precautions to protect the good name of the church and its financial integrity as required by General Conference policy?
- Was there evidence of neglect or disregard of the fiscal policies of the church?
- Does the record show failure to demand a proper title search and secure title insurance in order to make sure

that the interests of the church were protected by a first trust deed of trust or a first mortgage position?

- Were large sums of money ever paid out as a loan solely on the strength of a decision made by several officers and before having collateral security in hand? Were loan proposals generally brought to the Association Board of Trustees or Investment Committee for approval prior to, or after, the completion of a transaction?
- Did those in positions of responsibility promote Davenport loans and influence church entities or church members to become financially involved?
- Did those who served as trust or financial or executive officers have a personal loan or investment at the same time as an entity for which they were responsible also had a business relationship with Davenport?
- Did anyone in leadership receive what might be considered excessive interest on his loan or an interest rate that was above that which was received by the church entity for which he had responsibility?
- Did individuals receive back the full amount of their loans from Davenport, or even recover a portion of them, at a time when the church entity for which they were responsible failed in getting their loans returned by Davenport?
- Were there individuals who seemed to enjoy a "preferred club" relationship with Davenport?
- Were there indications of any conflict of interest?
- Were individuals involved in such activities over an extended period of time and/or did they exert a major degree of influence within their respective organizations?

The commission organized itself into committees to review names. Each committee brought its recommendations to the entire commission. After discussion, the commission came to unanimous conclusions

concerning the proper level of discipline for every name.

On January 4, 1983, the commission gathered in Washington to give their findings to the General Conference Officers. They had reviewed 163 names. Twenty-eight needed to be investigated further. The commission recommended that 56 men should be sent a private letter (48 of censure and eight of reprimand), the lowest level of discipline. All those receiving more severe discipline (41 in all) would have their names published in the *Adventist Review*. Twenty-two were to receive public letters of censure, the next most severe level of discipline. Fifteen, in addition to receiving public letters of censure, should be removed from posts of financial, trust, or administrative management. The highest level of punishment included four names. In addition to public letters of censure, their denominational employment would be terminated. Of this last group, the commission recommended that the credentials of two ministers be removed and that reimbursement be sought from one.

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At the January 4 meeting, the General Conference Officers voted to accept in principle the commission's recommendations, with the understanding that after Wilson and Bradford had talked to all those to be disciplined, recommended changes would be discussed with the commission. One week later, Bradford, who had been out of town at its previous meeting, urged

the officers to rescind their approval of the recommendation to print names of people to be disciplined. The officers refused to overturn their previous vote although Bradford told the officers that he was totally opposed to publishing any names. On January 22, Wilson told some 2,000 people crowded into the Loma Linda University Church for a Sabbath afternoon of questions and answers that he intended to implement the commission's findings. Outlining what that would entail, he said that it would be the most sweeping disciplinary action ever attempted within the Seventh-day Adventist Church. The audience left reassured.

Two days later, on Monday, January 24, the union presidents in the North American Division gathered in Washington for a special meeting. They had seen Wilson and a few of the General Conference Officers in a hastily arranged meeting on the nineteenth in Southern California, but there had not been sufficient time for a full exchange of views. Now, in a session chaired by Bradford, the union presidents had the opportunity to express their opinions to Wilson, all the available vice presidents and secretary of the General Conference, the treasurer, and the officers of the General Conference assigned to North America. The president of the Lake Union, a member of the President's Review Commission, and the president of the Canadian Union did not speak. All the other union presidents argued vigorously against the publication of names. Some members of the President's Review Commission wonder if this was not a crucial event in changing the minds of the General Conference Officers concerning disclosure.

Wilson has said that the 150 hours of interviews that he and Bradford conducted beginning in the second half of January affected his thinking. He told the audience at Andrews University that "I have never gone through quite an experience like this to see big men, tall men, strong men, break down and weep, sob, convulsively; that's not easy to take—pained over the fact that through their carelessness or dereliction

. . . they brought this kind of public reproach, public shame on the church.” At the same time, mail began stacking up on the president’s desk. He had its contents analyzed and learned that 80 percent of the mail was opposed to publication of names.

By the time the commission met on Sunday, February 20, in the dining room on the top floor of the General Conference’s high rise building, Wilson, Bradford, and the General Conference Officers not on the commission asked the commission to reconsider its recommendation to publish the names of those needing to be disciplined. The officers, in an earlier straw poll, had voted 14 to nothing against publication, with one officer abstaining. After considerable discussion, the commission and the officers met separately to vote on the matter. The commission remained unanimously in favor of publication. The officers, including those on the commission, voted in a secret ballot 15 to 4 against publication. The officers then proceeded on that Sunday and Monday to discuss, in the presence of the commission, the names designated for the most severe discipline. With only officers voting, five of the names recommended for discipline were given a more serious punishment and 20 a less severe form of discipline than that recommended by the commission. One commission member said that in only one or two instances did he agree with the officers’ decision in favor of leniency.

Chronology of the Case

These activities in early 1983 follow almost two years of twists and turns in the Davenport case. Every month seems to have brought another development in the story. Here is a chronology of those events.

JUNE 1981. With his financial empire collapsing, Donald Davenport considered the possibility of having the church loan him \$5 million to prevent his bankruptcy. According to Davenport’s office records on

file in the bankruptcy court, he discussed such a loan with James Hopps, the attorney for the North Pacific Union, who was to arrange for the loan. But the North Pacific Union did not have \$5 million to give Davenport.

JULY 1981. On the 13th of the month, Davenport signed a bankruptcy petition. The same day the General Conference retained Gibson, Dunn and Crutcher, a Los Angeles-based law firm, to advise the General Conference in the case. But Davenport’s counsel did not file the petition that day.

In the North American Division, the Davenport affair has turned into a complex organizational struggle.

On July 17, Davenport was still trying to arrange a loan from the church. Bankruptcy court papers show Davenport wrote three times that day to his friend and occasional business partner, Ellsworth Reile, president of the Mid-America Union Conference, about plans to have the church place an overseer in Davenport’s office and giving instructions regarding the sale of three buildings.

“I am advising you by this letter that the General Conference may put a Demand in direct to the Escrow Company for all the cash proceeds from the sale of these buildings, thus assuring them that whatever cash comes in will be theirs,” he said. In another of the letters he wrote, “My first concern is to stave off any Chapter proceedings so that I may continue to operate and pay everyone owed 100 cents on the dollar out of the new jobs coming up. This would totally stop what I think would be a tremendous run on the church as well as cutting off trust funds and, worst of all, even tithing, which none of us wants to see.”

To another business associate, Des Cummings (former president of the Georgia-Cumberland Conference), Davenport wrote

that week, "I am sure that you are well aware of the problems that I am having with everyone putting runs on me, but I am fighting it off as long as I can. If my final plan works, then everyone will come out 100 cents on the dollar. If it doesn't work, then it will just take a long time to get everybody paid up. I came into the world owing nobody and I intend to leave it that way!"

A special meeting of the presidents and treasurers of the North American Division unions, as well as those of certain local conferences, convened at the General Conference July 21, to review investments with Davenport, according to the *Adventist Review*.

Finally, on July 22, the bankruptcy petition was actually recorded in Los Angeles. Following its usual procedure, the court appointed a trustee to oversee the task of selling the doctor's assets and settling with his creditors. The law firm of Sulmeyer, Kupetz, Baumann and Rothman applied for and received the responsibility to act as attorney for the estate. All of the doctor's records and papers were taken to the law firm's Los Angeles office.

"Builder's Bankruptcy May Cost Adventist Millions," said the headline in the July 28 *Washington Post*. The *Walla Walla Union Bulletin* reported "Adventists Fear Loss of Millions."

AUGUST 1981. On August 9, the *Los Angeles Times* said that creditors were uncovering evidence showing that Davenport mortgaged properties beyond their worth and offered lenders trust deeds on properties he did not own.

General Conference spokesperson James Chase called such news reports premature in a report on the back page of the *Adventist Review*, August 20.

SEPTEMBER 1981. Based on information compiled as early as 1980 by the church's auditors, General Conference Treasurer L. L. Butler was able to inform members through the *Adventist Review* of specific dollar amounts for the Davenport loans. Seventeen organizations were listed.

Loans totaled \$17,873,424, and interest added another \$3,137,313 in outstanding funds. What the summary did not indicate was the amount of funds which were unsecured. As far back as January of 1980, the General Conference auditors had given Neal Wilson a report showing total church investments with Davenport amounting to approximately \$19 million with over \$12 million unsecured.

On September 3, Judge Barry Russell denied Davenport's request that his bankruptcy be converted from a chapter 11 filing to a chapter 7. (Creditors stand a better chance of collecting under chapter 11.)

Gertrude Daniels, an 85 year-old woman from Yamhill, Oregon, wrote to the North Pacific Union Conference on September 17 and requested her trust money which the North Pacific Union had invested with Davenport. Her request set off a chain reaction which ended with several other trustors joining Mrs. Daniels in an Oregon suit against the church for its handling of their trust funds.

OCTOBER 1981. Annual Council convened in Washington, D.C., and the Davenport case was on the minds of the church officers. An Audit Review Committee was set up to check union and conference financial statements. An Arbitration Steering Committee was established to prevent conflicts between various church entities over the settlement of the estate. To show members that the current officers wanted to prevent a repeat of the Davenport loans, conflict of interest guidelines were also tightened.

In the *Adventist Review*, editor Kenneth J. Wood explained why the magazine had not published more on the case: "First, we have insisted on sharing only truth, not rumor, and second, we have sought to avoid complicating the case for attorneys who are seeking redress for the church in the courts. . . . We think that the individuals, boards, and committees that lent funds to Dr. Davenport should be called to account for their actions."

NOVEMBER 1981. North American Division President Charles E. Bradford informed the membership, through the *Adventist Review*, that “the steering committee will be composed of lay members and officials from the directly involved conferences, all nine unions of the church, and the General Conference.

“The steering committee is to provide orderly oversight over the settlement of claims and will have power to make final settlements. There will be an appeal process established.”

DECEMBER 1981. Attorneys including Ernest Ching, representing Gertrude Daniels, Arthur Blumenshein, and Helen Black, sent the North Pacific Union and its local conferences, the General Conference, and several church officers notice of their intent to file a class action suit in Oregon against the church for its handling of trust funds. Since there were many other members who also stood the possibility of losing the money they had placed in trust with the church, the attorneys representing the plaintiffs felt a class action suit was appropriate.

JANUARY 1982. The new year opened in an acrimonious way. Charles O. Frederick, president of the General Conference Insurance Company (Gencom), wrote a highly charged letter to the presidents and treasurers of all conferences and institutions in the North American Division warning of disastrous litigation between conferences and officers and the church-owned insurance company. He made it clear that if any conferences or unions tried to sue Gencom to collect for their losses, the company would fight the claims.

Frederick’s letter was particularly significant to the conference officers in the North Pacific Union and its subsidiaries because Ching proceeded with the lawsuit against them.

FEBRUARY 1982. The *Adventist Review* did not carry a report on the lawsuit. But in his column, GC President Wilson lamented, “Litigation almost always results in a

weakened relationship with our Lord and each other. Our determination to ‘win’ produces a spirit of anger, bitterness, resentment, retaliation, threats, and alienation. These reactions are not compatible with the grace of Christ. You can win a court case and lose your soul.”

To Gertrude Daniels, Arthur Blumenshein, and Helen Black, who were involved in the Oregon lawsuit against the church, the words could well have seemed a dire warning.

As far back as January of 1980 the GC auditors had given Neal Wilson a report . . .

The certified public accountancy firm of Kenneth Leventhal completed its summary of Davenport’s assets and liabilities for the trustee in the case. In an accompanying letter, the accountants noted, “The majority of notes payable of the Debtor are held by parties who may believe that such notes are secured by assets of the debtor. Due to the lack of proper recording of liens, questionable possession of the pledged asset, or other matters, the security positions claimed by various creditors have been disputed by the Trustee. . . . There is correspondence between the holders of various notes payable and the Debtor which discusses interest rates that vary from the terms of the notes. Further, *the rates of interest on a significant number of notes payable may be at rates which after review by counsel could be determined usurious*” (italics supplied).

According to the trustee, in the months which followed the bankruptcy, many of Davenport’s properties were foreclosed. Davenport had borrowed more money against the properties than they were worth, rendering them useless to the trustee attempting to garner assets for the settlement of the estate. To clear up disputes over assets, the trustee filed over 100 adversary proceedings (suits within the bankruptcy system) in the case.

MARCH 1982. Attorneys for Daniels, Blumenshein and Black contacted the church's attorneys about the Oregon lawsuit. According to Don Kurtz, a partner in the Ching, Mackey and Kurtz firm which represented the three church members, the church's attorneys promised not to contact any other trustors and prejudice them before the first preliminary hearing scheduled for later in the month.

They kept their word, but on the day of the hearing, while the attorneys met, the conference secretaries mailed out a letter from Union President Richard Fearing and Trust Director C. G. O'Dell to members having trusts with the union. It outlined three alternatives for the trustors: (1) receiving a payment as a compromise for any claim against the union rising out of notes executed by Davenport; (2) making a contribution to the Union in the amount of

the notes executed by Davenport; or (3) joining a class action suit against the General Conference, the North Pacific Union, and the local conference.

APRIL 1982. The letters sent out by the union paid off. The elderly trustors of the North Pacific Union did not want to sue their church and the pastors they trusted. At a hearing in Portland, Judge Clifford B. Olsen denied the class action status requested by Ching, Mackey and Kurtz. However, the individual suits of Gertrude Daniels and the others proceeded.

MAY 1982. In San Bernardino, California, the *San Bernardino Sun* began a devastating four-part series on the Davenport case, for which it later received an award for investigative reporting from the Gannett chain of newspapers. In the first article, writers Art Wong and James Nickles outlined their findings:

The President's Review Commission

General Conference Officers

Lance L. Butler (Chairman)

Treasurer of the General Conference since 1980, and for the previous 12 years treasurer of the Australasian Division.

G. Ralph Thompson

Secretary of the General Conference since 1980. Prior to that he was a General Conference vice-president.

J. William Bothe

An associate secretary of the General Conference, assigned to the North American Division.

Other Denominational Employees

Robert H. Carter

President of the Lake Union Conference.

Kenneth H. Emmerson

A general field secretary of the General Conference and chairman and chief executive officer of Harris Pine Mills, for 12 years treasurer of the General Conference until 1980.

John R. Loor

President of the Northern New England Conference.

Jack W. Provonsha

Physician ethicist, and chairman of the Department of Christian Ethics of Loma Linda University.

Lay Persons

Edward D. Armbruster

A stockbroker with Kidder, Peabody & Company, Inc., in Kansas for the past 18 years.

Frank E. Ashby

Owner and operator of a business in Siloam Springs, Arkansas.

Terrence M. Finney (Vice-chairman)

Judge of the Superior Court of California in and for Eldorado County for the past five years; previously a county district attorney.

Aubrey H. Liles

An accountant in Atlanta, Georgia, specializing in tax work.

Andrew A. McDonald

A Judge of the East Orange, New Jersey, Municipal Court since 1977.

Shirley T. Moore

A certified public accountant of Takoma Park, Maryland, specializing in tax work, trusts, and foundations.

Frank V. Potts

A Senior partner of his own law firm in Florence, Alabama; previously county prosecuting attorney and member of the Alabama governor's cabinet.

Allan Roth

Since 1970 senior vice-president of the First Federal Savings and Loan Association in Walla Walla, Washington.

“Adventist laymen and spiritual leaders for years invested millions with Davenport in the form of loans repaid at interest rates two to three times the prevailing rate.”

“Adventist organizations also loaned Davenport millions and for years were regularly repaid. But property records show Davenport seemed to repay loans with funds from other loans.”

“Many of Davenport’s transactions with Adventist entities and church officials seemed to violate the church’s own investment and conflict-of-interest guidelines.”

“Some Adventist investment officers made personal deals with Davenport at substantially higher interest rates—up to 80 percent—than their church entities received.”

“Some church loans to Davenport were unsecured and other loans were secured by third and fourth trust deeds and trust deeds for property valued at considerably less than the loan.”

Then, relying on the court-appointed trustee’s bankruptcy report, the reporters gave specific details on 13 church officers, noting their personal investments with Davenport and also the amount their employing church organization had with the doctor. The list began with former General Conference President Robert H. Pierson. While he was president, he had a personal loan with Davenport and chaired the board of the Christian Record Braille Foundation when it also loaned money to Davenport. The list continued with Desmond Cummings, president of the Georgia-Cumberland Conference from 1966 to 1979; Ellsworth Reile, president of the Carolina Conference from 1969 to 1978 and now president of the Mid-America Union; Don Aalborg, secretary of the Georgia-Cumberland Conference; Jack L. Price, former Southern Union trust director; George Liscombe, South Dakota Conference secretary and former conference president; James K. Hopps, legal counsel for the North Pacific Union; Wayne Massengill, former

North Pacific Union Conference trust director; Harvey Sander, formerly trust director for the Upper Columbia Mission Society and presently Columbia Union trust director; Richard D. Fearing, formerly Upper Columbia Conference president and now North Pacific Union president; W. E. Jones, former secretary and trust director for the Western Washington Conference; Lloyd Diamond, secretary and trust director for the Western Oregon Conference; Elford Radke, Oregon Conference auditor; and H. J. Harris, North Pacific Union secretary and former president of the Oregon Conference.

JUNE 1982. Judge Olsen ordered the church to produce the documents requested by Ching, Mackey and Kurtz in the discovery process of the Oregon lawsuit.

In the Mid-America Union, when the General Conference auditors presented the union committee with their audit report, a footnote suggested that there might be a conflict of interest on the part of some union officers, because of personal business dealings with Davenport. The union committee formally disagreed with the implication of the footnote that any of Mid-America’s officers currently had a conflict of interest. The *SDA Press Release* called this a vote of confidence for Reile. It published copies of correspondence between Davenport and Reile under banner headlines calling for Reile’s resignation.

JULY 1982. Eight more people joined the Oregon lawsuit against the church, including some non-trustors. These church workers contended the conference officials had acted as agents for Davenport and used their position to influence people to place money with the doctor.

The *North Pacific Union Gleaner* attempted to clear the air surrounding the case by publishing a six-page article in which union officers discussed the union’s loans to Davenport. Specific figures were given and the question of security for the loans addressed. However, the one topic not covered was conflict of interest. Of the five union officials interviewed, three were

listed as Davenport's creditors in the bankruptcy papers. That was never mentioned.

In Loma Linda, the *San Bernardino Sun* articles had aroused the Loma Linda University Church congregation, because Davenport was one of its members. Pastor Louis Venden requested the board of elders to set up a committee to discuss the implications of the new information. Should the doctor's membership be revoked for wrong doing? The committee was to present suggestions to the church board.

Gibson, Dunn and Crutcher presented the General Conference with a 624-page report covering the involvement of the church entities with Davenport, the impropriety of actions by certain church officers, and suggestions for procedures to reduce the risk of recurrence of the problems encountered with Davenport.

A year had passed since the initial bankruptcy filing.

AUGUST 1982. In the first Davenport article to appear in the *Adventist Review* for several months, General Conference President Wilson described the Gibson, Dunn and Crutcher report, asked for the forgiveness of church members in the whole affair, answered some questions about the case, and, most significantly, named a 15-member President's Review Commission to study the lawyer's report and make recommendations to the General Conference officers.

SEPTEMBER 1982. Three months after the original article in the *San Bernardino Sun*, Robert H. Pierson wrote the paper to explain his investment with Dr. Davenport.

"My rate of interest was not higher than anyone else who invested in Dr. Davenport's 'Capital Loan Account,'" Pierson said.

"In making the loans I did to Dr. Davenport, I was not in any known conflict of interest. It is true that I was a board member of the Christian Record Braille Foundation at the time an official of the institution evidently made a loan to Dr.

Davenport. This loan was made without the authorization or the knowledge of the board.

"I learned of the transaction sometime after my retirement and after my loan had been repaid. Through the years I have adhered strictly to the 'conflict of interest' policy of my church. I have never accepted any favors from Dr. Davenport."

NOVEMBER 1982. Attorneys for both sides in the Oregon lawsuit met to discuss settling the case out of court. The Bullivant, Wright, Leedy, Johnson, Pendergrass and Hoffman firm of Portland represented the church entities named as defendants and all the various church officers, except for Wayne Massengill who had his own attorney, Frank Lagesen. Representing the General Conference in this case, as well as other matters related to Davenport, was the Gibson, Dunn and Crutcher firm of Los Angeles.

The church members were represented by Ching, Mackey and Kurtz of Santa Ana, California, and Stoll and Stoll of Portland. No agreement was reached.

DECEMBER 1982. The deposition process began in the Oregon lawsuit. North Pacific Union officers were questioned individually about their actions involving Davenport. Their responses would be used when the case went to trial. Questions about the church's conflict of interest policy, personal investments with Davenport, and specific letters written to Davenport about conference and personal loans were covered. While the process continued, the attorneys worked on the settlement process.

In Los Angeles, attorneys in the firm of Irving Sulmeyer, the Davenport estate trustee, subpoenaed members of the Davenport family in an effort to locate hidden assets such as antiques and cash, but would not comment on what they learned.

The chairman of the President's Review Commission gave Neal Wilson a preliminary verbal briefing on the commission's findings following its review of the

Gibson, Dunn and Crutcher report. Wilson learned that the commission had reviewed the actions of 163 church officers.

JANUARY 1983. The President's Review Commission presented their report to Wilson. Monday and Tuesday, January 3 and 4, the General Conference officers spent 11 hours discussing the report. Wilson said, "In principle they accepted the report of the President's Review Commission and tentatively concurred with the recommendations."

Rumors began to circulate about the sanctions which would be imposed. On January 19, the *San Bernardino Sun* was the first to report that 95 church officials faced potential disciplinary action.

January 22, Wilson held a question-and-answer session at the Loma Linda University Church. Much of what he said about the Davenport case later appeared in the January 27 *Adventist Review* article titled "Report of the President's Review Commission."

However, Wilson's agonies over the case came through more strongly in the public presentation as he described being visited by FBI agents about possible legal actions in the case. Wilson also indicated when he expected the General Conference would complete its deliberations on who should be disciplined. He said he had cleared his calendar for six weeks for interviewing officials the commission had recommended for discipline. He said he hoped that by April the church could put the matter to rest.

FEBRUARY 1983. Just before depositions of the General Conference officers were scheduled to begin, attorneys reached a settlement in the Oregon lawsuit. Although attorneys would not give the exact figure of the lump sum settlement, Don Kurtz said his firm's clients had received an amount comparable in value to

what they would have expected from a court verdict. Church attorneys were left with the task of deciding how to split the costs of the settlement which various sources place at almost \$600,000.

On February 20, the President's Review Commission did not agree to the General Conference Officers' proposal to withhold all names from publication. On February 24, the General Conference Committee voted to reveal names only to governing committees or boards. On February 26, two members of the commission publicly expressed their disagreement with the decision of the General Conference Committee to withhold names. General Conference and North American Division officers prepared to travel to union and local conference executive committees to recommend that they administer different forms of discipline to their own members. The commission is scheduled to meet again on May 26. The first item of business is to decide whether to continue or disband.

Nearly two years after Davenport declared bankruptcy, differences over how the church should deal with the case makes Davenport more than a story about lost dollars. In the North American Division it has turned into a complex organizational struggle. Not only do laity want to dilute the authority of the clergy, but different levels of church leadership are potentially in conflict with one another. If local or union conference officials were to refuse to resign, and succeeded in retaining the support of their executive committees, officers of the General Conference could find themselves publicly debating other administrators at special local or union conference constituency meetings.