

Disciplining the Davenport Offenders

by Bonnie Dwyer

Of the 80 denominational officers slated for discipline in the aftermath of Donald J. Davenport's 1981 bankruptcy, most had been disciplined by May 1983. But only 17 of the officials had been disciplined publicly. Three former church officials were told that they could never again hold denominational jobs; three current church officers were informed they could not stay in their posts and must be reassigned. Eleven other denominational leaders were publicly reprimanded: a General Conference trust officer, three union conference presidents, three union trust officers, a union treasurer and secretary, and four local conference officers. Ten people were shielded from reprimands in public meeting because they had retired. Forty-six of the 80 officials disciplined received only private letters of administrative disapproval and disappointment, the mildest level of reprimand (level 1, see box on p. 34).

Actually, the disciplinary process may affect church organization as much as it did the individuals being disciplined. At most conference and union committee sessions called to administer discipline, members expressed willingness to forgive the officers

involved. But during the spring of 1983, individuals, committees, and constituencies have been recommending changes in the structure of the denomination in North America. Perhaps the fact that three of the eight current union conference presidents were disciplined (as well as other union officers) drew particular attention to the role of the union conferences.

On March 30, nine of the 15 members of the President's Review Commission met with Neal Wilson, president of the General Conference, Charles Bradford, vice president of the General Conference for North America, and other General Conference officials. Members of the commission seriously considered resigning after the General Conference refused its recommendation to reveal the names of the most serious Davenport offenders. But in the end the commissioners agreed to complete their work if certain conditions were met. First, the scope of their investigation should be expanded to include the structure of the church and its means of communication. Second, the duration of the commission's life must be extended. Third, the commission should be able to consult lay experts in the areas they would be studying. Fourth, the report produced by the commission would be made available to the church members.

FORUM

AAF Newsletter
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Newsletter of the Association of Adventist Forums

June 1983

Tensions Reported Between Australian church and AAF

by Dana Lauren West

The Australian Association of Adventist Forums is at a crossroads, in the opinion of Lawrence Geraty, professor of Old Testament and archeology at the SDA Theological Seminary at Andrews University. He recently met informally with local AAF chapters in Melbourne, Adelaide, and Sydney.

Geraty feels that unless the AAF in the United States takes a more active interest in sharing its experience as a catalyst for dialogue with denominational leadership, (AAF as a place for an exchanging of a diversity of views between leaders and members in the United States), the Australian AAF may die.

From December 26, 1982, to February 8, 1983, Geraty, at the invitation of the Australasian Division, taught two graduate courses for ministers at Avondale College and met other camp-meeting and conference appointments.

Because of the severe polarization in certain segments of the Australasian church, in part due to local Forum sponsorship of visits to Australia such as those of Desmond Ford and Walter Rea, the division has taken an official stand, published in the division *Australasian Record*, disassociating itself from AAF. In spite of this action, Geraty found the local church leadership he spoke to understanding and reasonable. They seemed supportive of any efforts on his part that could be seen as constructive and bridge-building.

On January 22, Geraty met with the Melbourne AAF Chapter, now under the leadership of Don Powell who is making a conscious effort to re-establish cordial relationships with the local conference. Geraty saw the group as a cross-section of talented, educated and thoughtful Adventists in the area. Although all had been

highly committed to the church at one time, many had grown cynical and even bitter due to the theological and political controversies of the last three years.

Geraty spent an evening with the Adelaide Chapter on January 29, continuing under the leadership of Peter Drewer, whose church membership, along with a significant number of those present, is now with a local gospel fellowship. The break with the local conference came after Drewer wrote Neal Wilson a letter that was answered by Arthur Delafield in which Ellen White's writings were claimed to be "canonical." Drewer presumed this to be the new teaching of the church and felt the church was moving away

continued on p. 2

Niles visits with West Indies Region

AAF President Lyndrey Niles spent time in the West Indies during March and April. On March 26, Niles made general remarks in Barbados to a Forum meeting regarding AAF activities.

Over the weekend of April 14 he was guest lecturer for the H.M. Johnston Lecture Series dealing with communications at West Indies College in Mandeville, Jamaica. H.M. Johnston was chief medical officer in Jamaica and was credited with eradicating malaria there, as well as being an excellent lecturer.

Niles also delivered the 11 a.m. service on Saturday. He spoke on the life of John the Apostle, and the power of transformation.

from its historic commitment of the Bible as its authority.

While other facts were obviously involved, Geraty feels it is this type of near-isolation from mainstream Adventists that has discouraged many loyal and committed members. They have seen the only church they know move to the right in almost cultic fashion to preserve its identity during a very difficult period. The Adelaide Chapter also includes former missionaries, denominational teachers and ministers, and even former conference executive committee members—all of whom seem bewildered at the course their church has apparently chosen.

The Sydney AAF Chapter invited Geraty to meet with them on February 7. Their leader, John Pye, is a former leader of the long-standing organization of SDA university students in Australia. While this group seemed to Geraty to be more closely tied into the denomination in terms of its members lives—people who really saw little justification for AAF unless it was related to the denomination in some way—many of them were experiencing “burn-out” in relationship to both the church and AAF.

In all three groups Geraty shared what he called “a dream for the SDA Church;” how, in 10 years, he would like to see a church characterized by not only doctrinal soundness, and fiscal and administrative responsibility, but openness and adaptability to new ideas and policies. He specifically emphasized his hopes for a church that stressed fairness in dealing with people, including equal opportunity for employment and ordination.

Geraty found administrators in Australia to be in an unenviable position. They are perceived by most Forum members to be out of touch and authoritarian when it comes to doctrine and policy. On the other hand, administrators are also criticized by fundamentalist right-wingers in Australia who perceive them as compromising and soft on non-traditionalists. Administrators seems to be able to tolerate the latter group easier than the former.

Geraty denied he could be an expert on the Australian scene after only two months exposure. The issues are complex, and it would be too easy to misrepresent all sides involved. He does feel the denomination should make greater efforts to understand the AAF in Australia. It represents a resource in the church which can be marginalized and neglected only at great risk to the success of the church's mission. On the other hand, Geraty feels Forum chapters in Australia have made their mistakes, should acknowledge them, and seek to better understand the difficulties faced by administration during this trying time.

West Coast AAF holds sessions with President, Editor

by Ray Damazo

Southern California members of the Association of Adventist Forums have gotten their first glimpse of Lyndrey Niles, the new president of the association. Gatherings March 18–20 in the Los Angeles and Loma Linda areas welcomed Niles, Roy Branson, editor of *Spectrum*, and Ray Damazo, chairman of the *Spectrum* Advisory Council. The following Saturday, March 26, a metropolitan-wide meeting in Seattle, Washington, heard Branson speak on “Paradigms of Adventist Identity.” Members of the council in the Seattle area gathered that evening for a report from the editor.

The most memorable meeting in Southern California was the over one and a half hours that Terrence Finney, a superior court judge in California, and vice chairman of the President's Review Commission on the Davenport case, spent Saturday night, March 19, with the *Spectrum* Advisory Council in the Redlands home of Wilmer and Janine Engevik. Finney revealed no names of individuals. He did describe in some detail the procedures the commission followed in conducting its work, and candidly expressed his disappointment that the denominational leadership had changed its mind about implementing some of the commission's most important recommendations. Also giving reports were Niles and Branson.

The previous Friday night in the Glendale City Church Niles and Branson had spoken at a meeting of the Los Angeles Chapter. There, Niles stressed that AAF sometimes fills an often overlooked pastoral function. He recounted an incident following the national AAF conference in Washington, D.C., in September, 1982. A stranger came to Niles after the conference and said that he had not been attending church, but after the weekend he was going to return to his city and once again participate in his local congregation.

Saturday afternoon the committee making initial plans for the second AAF national conference next March 15–18, 1984, gathered in Redlands for a potluck meal at the home of Susan Jacobsen, the chairperson of the committee. Later in the day, active and former officers of

continued on p. 3

continued from p. 2

chapters in Southern California traveled to Loma Linda for a meeting chaired by Mike Scofield, the representative on the AAF Board from the Southern Pacific Region. Niles outlined plans to establish task forces on Adventist education and other areas, and Branson described future issues of the AAF newsletter, as well as *Spectrum*. But most of the time was devoted to questions and discussion. Several chapter officers expressed the desire for local chapters to be more integrally related to the national organization. Others hoped that *Spectrum* would not curry favor with the leadership of the church.

Sunday morning, Niles and Branson met with the AAF Task Force on Lay Participation. The task force is working on a model constitution for local conferences and proposals for structural change in North America. Plans were laid for distribution of their work.

The next weekend, Saturday, March 26, over 200 people crowded into the youth chapel of the Green Lake Church, including eight pastors in the area, to hear Branson describe Adventist theology and self-understanding within three paradigms: covenant, holy war, and glory. That night, at the

home of Robert and Sally Hasselbrack, council members from Seattle and western Washington state not only heard a report from Branson, but a presentation by Gerald Winslow, professor of theology at Walla Walla College, based on his recently published and favorably reviewed book, *Triage and Justice*. Many who spoke during the discussion period wanted *Spectrum* to report fully on the Davenport case, but—perhaps more than in Southern California—advisory council members also wanted *Spectrum* to avoid a partisan stand in its reporting on the subject.

Other gatherings of the council are planned for other parts of the United States. Invitations have already been extended from AAF members in Washington, D.C., and Tennessee to hold advisory council meetings in their areas. However, it is not necessary to wait for a meeting for individuals to join. One can become part of the *Spectrum* Advisory Council by pledging a minimum of \$1,500, which can be donated over more than a single year. Those interested in joining can write: Raymond S. Damazo, 855 106th Ave. NE, Bellevue, WA 98004

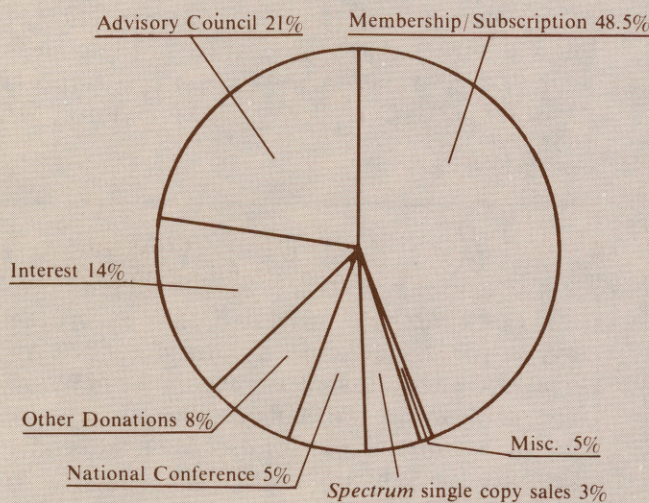
Ray Damazo is a dentist in Seattle, WA, and chairperson of the *Spectrum* Advisory Council.

1982 AAF Income and Expenses

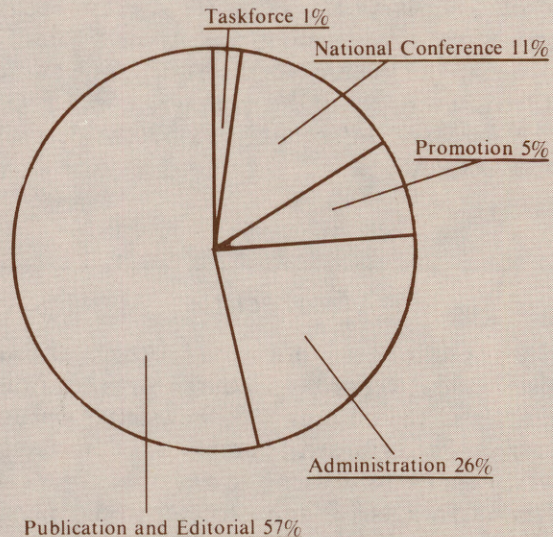
The two pie charts shown give an indication of sources of income and categories of expenses for AAF during 1982. An unusually high amount of interest was earned on membership/subscriptions and other donations.

In 1983, not holding a national conference will, of course, reduce expenses in that category. It is expected that promotion will constitute a higher percentage of 1983 expenses.

AAF 1982 Income



AAF 1982 Expenses



Atlantic Region

The **New York Chapter** has recently had a number of excellent programs and recitals. Some examples: a worship recital dealing with worship dances of Japan and Korea featuring Tani and friends on April 30. Also scheduled is "The Pope and Politics in Central America," a lecture presented by John Kelley of the U.S. Department of State.

Columbia Region

The **Dayton Chapter** has been challenging its members' minds with penetrating dialogues. In March, Dr. William Loveless, president of Columbia Union College, addressed the issue of the church's mission to populated urban centers and what it would take to change Adventist migration from the city to the country.

The 1983 calendar includes a weekend of lectures on the Christian and human sexuality conducted by Dr. Alberta Mazat, professor of marriage and family therapy at Loma Linda University.

Northern Pacific Region

Canada's **Central Alberta Chapter** has voted in their new 1983 officers: Gosnell York, president; Keith Clouten, vice president; Beverly Tetz, secretary-treasurer; Louise Rea, publicity secretary; and Reuben Buhler, community liaison. Their plans for programs include an SDA neurosurgeon speaking on ethics and medicine, and lectures on challenges Christian young people face and Christian marriage.

The **British Columbia Chapter** was organized as of February 12, 1983. The guest speaker at the founding meeting was Alvin Kwiram. If anyone in the Pacific Northwest US, or Southern BC wishes to join the chapter, contact Glen Rick or Marj Haluschak, Box 526, Aldergrove, BC VOX 1A0.

Correction

The author's identification for the "SDA artists" and "Reports on church organization" articles in the autumn 1982 newsletter was incorrect. Patti Hansen Thompkins is a free-lance writer and editor living in Orlando, FL, and Rhona Hodgens is an instructor in the music department of Loma Linda University, Loma Linda, CA.

The **Walla Walla Chapter** is led this year by Dan Lamberton of Walla Walla College's English department. Speakers for this chapter have included Kenneth Emmerson, former General Conference treasurer and member of the President's Review Commission, discussing the Davenport affair; William Johnsson, editor of the *Adventist Review*; and Fritz Guy from the theological seminary at Andrews University.

Southern Pacific Region

The **San Joaquin Valley Chapter** invited Jonathan Butler to speak on "Ellen White, the Founding Mother" on May 7. Smuts van Rooyen and Desmond Ford from Good News Unlimited, William Shea from the seminary, as well as Alex Ortega, a local pastor in Central California, spoke on investigative judgement. The three main questions that were addressed included: 1) What is the investigative judgement? 2) What is the biblical basis for it? 3) How does it affect the doctrine of salvation?

The **San Diego Chapter** welcomed Don Hamer, assistant professor in the department of theology at Loma Linda University, on April 9. Hamer spoke on religion and the arts and what the two have to do with one another.

The **Pheonix Chapter** invited Dr. Jack Provonsha from the department of ethics, Loma Linda University, to speak on April 23.

West Indies

The president of the **Barbados Chapter** is Winston Mayer. The vice president is Harold Wharton.

Many provocative and diverse programs are taking place in each chapter in order to let others know the work that your chapter is doing please send any information to: *Forum* c/o Editorial Assistant, 7710 Carroll Ave., Takoma Park, MD 20912

SDA Hymnal Needs Poems

The committee planning a new hymn book for the church is interested in well-written hymn-words, modern in language, rich in imagery, and following the regularity of hymn meters. They are particularly desirous of finding well-written words for hymns on Adventist subjects: the Sabbath, the Second Coming, etc. If you have any such poems to submit, send them to *Spectrum-Hymn Poems*, Box 5330, Takoma Park, MD 20912.

In April, the Michigan, Southeastern California and Upper Columbia conferences discussed the possibility of eliminating the union conferences. On May 5, the North Pacific Union Executive Committee met with several lay invitees and created a Governance and Management Study Commission to examine not only the North Pacific Union constitution, but the question of whether unions are needed at all.

Some of the impetus for studying structural changes in the church in North America has grown out of frustration with the inadequacy of the process for disciplining officials involved with Davenport. What follows is a report of public disciplinary proceedings that took place through May 1983. The accounting begins with the actions of the highest level of church structure, the General Conference, continues through three union conference committee meetings, then recounts the actions of two local conferences.

General Conference

To prevent anyone from suggesting that the General Conference did not practice what it preached to unions and conference, the General Conference Committee was the first entity to discipline an officer. February 24, the General Conference Committee discussed the actions of General Conference director of trust services, Alva Appel, who while trust director in the Columbia Union had helped arrange 27 transactions with Davenport from 1967 until 1974. During that time only one title search had been conducted on Davenport property. Appel had not personally loaned money to Davenport, so was not charged with conflict of interest, but he was reprimanded for lack of fiduciary responsibility (level II). After presentation of the factual material, the General Conference Committee approved the recommended discipline and an account

of the action duly recorded in the official minutes of the day.

Columbia Union

The first union executive committee to meet for a disciplinary session was that of the Columbia Union on March 13. General Conference representatives recommended that President W. O. Coe and Trust Director Harvey Sauder be reprimanded. The charges against Coe were for dereliction of fiduciary responsibility during the time he served as president of the Florida Conference (1965–73), the Northern Union (1973–75), and the Central Union (1975–78). Coe had also invested \$10,000 of his personal funds with Davenport, but only for a few months.

While Coe was president of the Florida Conference five loans were made to Davenport, which were “out of policy,” because no title searches were made on properties securing the loans. In the Northern Union, loans started prior to Coe’s arrival. The treasurer made arrangements orally with Davenport. There was no record of committee approval authorizing the loans. When Coe moved to the Central Union as president, he was reported to have told the conference association officers that he supported the Davenport loan program because of its good track record in Florida. The Central Union then invested \$190,000 with Davenport.

Sauder invested personally with Davenport for many years—even while he was in the mission field—but said that he had not invested any association or conference money. However, he had written a letter to Davenport suggesting that he wanted to involve the Columbia Union in the Davenport program when he assumed his responsibilities there. But no new loans were made after Sauder’s arrival.

Columbia Union Treasurer Donald J. Russell said the union executive committee

really did not want to take any action at all. "We felt that the worst Elder Coe was guilty of was relying on subordinates. It was easy to understand why it had happened. He had not received any kickbacks or special treatment."

Neal Wilson reported to the union committee that in personal interviews Coe had indicated he only wanted a place in God's work. "My belief is that Coe's statement was the mark of a big man." General Conference officers reported the level of discipline first recommended for Coe by the President's Review Commission—a transfer of job responsibilities (level III)—was too harsh. Therefore, the General Conference had lowered Coe's discipline to level II, a public reprimand. Finally, Charles Bradford told the committee that the church disciplines were to be corrective, not punitive. While not wishing the disciplinary process to appear vindictive, Bradford emphasized that, "The community must say how it feels."

In response, the union committee noted that to the extent that Coe and Sauder had violated policies governing trust investments, they must accept the admonishment voted for them by the General Conference. But the union committee also adopted actions chastising the General Conference, and in effect, giving Coe and Sauder a vote of confidence for their performance in the Columbia Union:

VOTED that the Columbia Union Conference Executive Committee acknowledges receipt of the recommendation by the President's Review Commission, relating to the imposition of sanctions on employees of this union for actions that occurred

during prior periods of employment with other denominational organizations.

THAT this committee is aware of the concern of the members of our church with respect to this issue and of the need to restore credibility in our leaders, as it relates to the Davenport matter. We are also aware of the importance of prudent and responsible financial leadership, and believe all management actions in this regard must be in harmony with properly established fiscal policies of the responsible supervisory entities of the church, including the local conferences, unions, divisions, and general conference. It is essential in this regard, however, that higher authorities who question, or do not approve of, actions by organizational entities under this jurisdiction give prompt notice of such disapproval in order that appropriate remedial action be taken. . . .

THAT finally, this committee wishes to convey to W. O. Coe and to all of the SDA church members in the Columbia Union, its belief that the actions of our president, while in his current position, have been consistent with the trust and high responsibility that were conveyed upon him when he was elected to such office. We also wish to assure him of our full support as we proceed to carry out the mission that has been assigned to us by our maker.

Mid-America Union

One day after the Columbia Union Executive Committee acted, Neal Wilson and Charles Bradford led a General Conference delegation that met March 14 with the Mid-America Union Executive Committee. The committee had been expanded to include an additional 11 lay people and three denominational workers. In an extensive statement, Neal Wilson explained why the General Conference Committee, concurring with the President's Review Commission, was recommending that Ellsworth Reile, the president of the

Levels of Discipline

Level I. A private letter of administrative disapproval, caution, and disappointment.

Level II. A private letter recommending administrative reprimand for dereliction of fiduciary responsibility. The employing organizations will be requested to review the performance of the administrator at a regularly called meeting of the administrator's controlling committee or board and to administer official discipline.

Level III. A private letter recommending administrative reprimand for dereliction of fiduciary responsibility and a transfer of

reassignment to some other type of work. The employing organization will be requested to review the performance of the administrator openly at a duly called meeting of the administrator's controlling committee or board to administer discipline and to take the necessary official actions.

Level IV. Permanent termination from denominational employment and withdrawal by the controllings committees of ministerial credentials.

—adapted from the *Adventist Review*, March 24, 1983, page 8.

union, be removed from his post and transferred to another denominational position (level III).

According to a letter from Wilson to Reile, the problem was Reile's actions while president of the Carolina and Kentucky conferences from 1969-78. Reile and his local conference committee failed to safeguard denominational assets, repeatedly violating the investment policy of the North American Division. Reile's case was complicated by his conflict of interest as a result of his personal involvement with Davenport through loans, partnerships, and letters of patronage, all of which proved to be an embarrassment to the church. Reile had written letters on behalf of Davenport that had proven to be a hazard to the church defending itself against certain charges. Further, Wilson said without elaborating, one of Reile's letters misrepresented the precise facts.

More than six hours of discussion followed. Supporters of Reile discussed distinctions between actual and potential conflict of interest. They stressed that none of the conferences in the Mid-America Union had suffered losses because of Reile's personal investments with Davenport. Darrell Huenergardt, the legal counsel for the union and a member of the executive committee, described the proceedings as being very open. Others present at the meeting concurred that committee members had consistently conducted themselves with Christian consideration.

Reile thoroughly reviewed his personal loans with the doctor. In 1980, after seven years of investing with Davenport, Reile rolled all his funds (\$119,000) into a limited partnership involving one building. "The fact is that he sold a building, and I never got any money," Reile said. "However, taking the total average of all my investments, if I had gotten money, it would have averaged 13 percent for the entire time."

Reile said that prior to October 1980, when he established the partnership with Davenport, he talked with Elder Wilson

about Davenport investments and was counseled to hold tight and not do anything. "This proved to be the wrong thing to do," he said.

Reile maintained that he got no favors, finder's fees, or interest rates on the unsecured notes that anyone else investing on the same basis at the same time could not have gotten. His response was similar to one he had made to the same committee a year before. The Mid-America Union Executive Committee had at that time expressed their confidence in Reile.

There is no evidence that Elder Reile hedged his personal funds with denomination monies,

There is no evidence that he exchanged denominational funds for personal funds,

There is no evidence that he accepted personal favors or benefits in exchange for investing denominational funds with Dr. Davenport, and

WHEREAS, there is no discoverable evidence of intentional or conscious abandonment of fiduciary responsibilities

THEREFORE, be it further resolved that we request the General Conference to place Elder E. S. Reile's name in Category Two.

Subsequently, the General Conference Committee did not agree with the Mid-America committee that the discipline should be lowered to a reprimand and voted to leave the discipline at level III, requiring removal of Reile from his present office. As of May 1 the situation was unresolved, with Reile retaining his presidency.

North Pacific Union

When the North Pacific Union Conference Executive Committee met on March 29, it had been expanded to include an additional 27 people—the majority lay people. Those who came to the meeting already knew that the North Pacific Union Conference had lost the largest amount of money of any church entity in the Davenport bankruptcy: \$6,403,823 plus more than \$1 million in interest. Three of its local conferences had also lost money. Several church members had filed lawsuits against the union for its handling of money

with Davenport. All but one of those suits were settled out of court in March 1983. Now the expanded union conference committee was to decide disciplinary action concerning the union president, secretary, treasurer, retired trust officer, two present trust officers, and legal counsel.

The first two hours of the meeting were spent debating procedures. Richard Fearing, the union president and one of those whose names was to be discussed, opened the meeting as chairman. He expected to continue chairing the meeting. Some pointed discussion, including remarks by the president of the General Conference, preceded a shift of the chairmanship to Richard Hammill, a member of the Union conference committee and a retired vice president of the General Conference. The invitees to the union conference committee were also officially extended the right to vote on actions. Throughout the discussion and final votes on their cases, the union officers being considered for discipline remained in the room as members of the union conference committee.

During the General Conference report on the six current officers to be disciplined, Charles Bradford said the General Conference Committee had lowered the discipline recommended by the President's Review Commission for Treasurer Duane Huey and Trust Director C. F. O'Dell from a job transfer (level III) to a public reprimand (level II). The discipline for attorney James Hopps had been lowered from permanent barring from denominational employment (level IV) to job transfer (level III). Bradford said all of these top leaders of the North Pacific Union, except O'Dell, were in violation of the church's conflict-of-interest policy because they had made personal loans to Davenport at the same time the entities they led also loaned money to the doctor. Also, allegations of dereliction of fiduciary responsibility were made since regular escrow procedures were not followed.

The committee heard from officials of the

North Pacific Union. Richard Fearing, the president, said he plans to return the interest he earned above that made by the church: "I'm sorry and that's it." He had invested \$12,000 of his own money with Davenport.

Duane Huey, the treasurer, said, "I have betrayed the trust of the people of this union. I have begged forgiveness of the Lord. I think we have been mistaken by not going to our people earlier. I am sorry for my faulty perceptions . . . and for the loss of credibility. We must change our organizational structure with regard to the trust system." At one point Huey had approximately \$3,000 of his personal funds with Davenport.

The way James Hopps, counsel for the union, told his story, Davenport never offered him 80-percent interest for a loan. What Davenport suggested to the young attorney, Hopps told the union committee, was an 80 percent appreciation of his money. In December 1980, the doctor wanted to buy some property which he estimated could yield \$400,000 to \$500,000 in a year or two. The banks were not making real estate loans then, so Davenport sought funds from individuals. Davenport told Hopps he planned to use all his profits from the property he would be able to acquire to reduce his indebtedness to the North Pacific Union, Hopps' major client. If Hopps loaned Davenport money, he could help his employer recoup its funds.

At first, Hopps refused. But as he thought about it over the next few days, he reasoned that if he wanted to do good, he would have to make the sacrifice and invest his money. After praying about it, he finally decided to go ahead and loan Davenport \$82,000. Hopps considered it one of the most charitable acts of his life.

"There must have been errors made by me," attorney Hopps said. "There are seven volumes of material. My deepest apology for all errors, both of omission and commission. I'm sorry that I was deceived. I was too trusting. I'm also sorry for personal responsibility for personal loans."

John Stewart, another attorney for the union, said officers had not apologized to the church members sooner because of his advice. He had told them not to say anything in a public forum that might be misunderstood, since the North Pacific Union was being sued by several church members for its handling of funds with Davenport.

Later in the afternoon, Huey, the treasurer, was asked whether tithe funds were involved. After an extended pause he answered, "Yes." Huey also had to answer for the \$300,000 the union had loaned to Davenport just four months before his bankruptcy. "We had reservations about it," he said. "The idea came from Davenport via Hopps. It was a desperation attempt to prop up Davenport in hope of getting some cash flow going. It was a 'compensating balance' arrangement, not uncommon among bankers as a method to increase loans." He admitted it was "a really big mistake" and hinted that there was fraudulent activity on the part of some people, but he did not elaborate, and the subject was dropped.

In the end, Hopps was the only person whom the committee voted must leave his job and be transferred (level III). The other incumbent officers received official reprimands (level II): union President Richard Fearing, Treasurer Duane Huey, Secretary H. J. Harris (who had put \$5,000 of his personal money into Davenport enterprises), current Trust Services Director C.F. O'Dell (who had not placed his Trust Director Robert Burns (who had personally invested \$15,000.

Wayne Massengill, trust director for the North Pacific Union Conference in the late 1960s and early 1970s, when large amounts of trust funds were being funneled to Davenport, also appeared at the meeting. Neal Wilson told the union committee that Massengill had received \$200 a month from Davenport for managing a special account

which paid individual investors 16-percent interest, so he was seen by many as an agent of Davenport. That perception was enhanced by the fact that Massengill wrote to at least one other union about the conglomerate pool fund established in the North Pacific Union with Davenport. The conglomerate pool combined the funds of several entities within the union to yield a better return on the money when it was loaned. The arrangement did not conform to General Conference policy, and Massengill's letter could be read as a suggestion that other conferences follow in the lead of the North Pacific Union in defying the General Conference.

There was considerable discussion concerning Massengill's discipline, and whether he should be required to repay the church for the management fees he had received. Defending his actions, Massengill did admit some wrongdoing, but said he thought of his Davenport activities as an acceptable sideline business. He also talked about the hardship placed on him by lawsuits filed against the church in Oregon. Unlike all other church officers, the denomination's insurance did not pay for his attorney's fees. Legal assistance had already cost Massengill about \$6,000.

In response, the North Pacific Union Conference Committee's final action on Massengill omitted reference to returning the management fee and only asked him to refrain from trust advisement. The committee did not vote on the level IV discipline recommended for Massengill because he is a retiree, and the General Conference president is supposed to deal with retirees personally.

It was close to midnight when the committee adjourned. Their final motion was to call for a reconvening of the committee in May, with invitees to discuss a healing process for the North Pacific Union. The *North Pacific Union Gleaner* carried a report on the disciplinary actions, but stated only the positions of officers disciplined, not their names.

Montana Conference

Not only union conference officials, but local conference officers have been disciplined. The Montana Conference took two meetings—the last on April 25—to achieve its disciplinary action. The complexity of the process reflects the fact that the conference constituency felt that they were at odds with both their union and the General Conference.

As one of the conferences in the North Pacific Union, Montana loaned approximately \$600,000 in direct investments through the union's collateral pool funds, plus \$200,000 in direct investments through the union. Montana paid out \$182,000 for the La Sierra Post Office alone, which Davenport also sold to a few other church entities. Actually, he only held a lease on the building, which was owned by Loma Linda University.

In addition to voting in favor of some of these loans as a member of the conference executive committee, conference Treasurer Burt Pooley also invested personally with Davenport. As a result, the President's Review Commission and the General Conference Committee both recommended that he lose his job and be transferred (level III). When the Montana constituency met on March 6, 1983, the General Conference had just completed voting its disciplinary recommendations. G. Ralph Thompson was the featured speaker for the worship sessions on Friday and Sabbath. As the secretary of the General Conference and a member of the President's Review Commission, he could have presented the General Conference's findings on Pooley's case to the Sunday business session. But Thompson left Sunday morning. Richard Fearing, president of the union and chairman of the conference nominating committee, had a copy of the General Conference's recommendation for disciplining Pooley. However, Fearing did not reveal the recommendation of the General Conference Committee to the

nominating committee of the Montana constituency. Instead, Fearing recommended that the nominating committee not submit a name for treasurer to the constituency meeting, and that the newly-elected conference executive committee act on Pooley's name. However, while the nominating committee was meeting, Treasurer Pooley presented his annual report to the on-going constituency session. It included a lengthy account of his actions concerning Davenport loans. When the constituency voted on the officer list, it decided to override the nominating committee and vote on Pooley's name anyway. He was re-elected.

When the General Conference learned that its recommendation had not even been presented to the Montana constituency, it requested a meeting with the new conference executive committee. To prepare the members of the committee, the local conference sent out in advance materials from the President's Review Commission, a report from the conference's own study commission, and Pooley's own 38-page defense.

Pooley also sent a request to the General Conference to re-evaluate his disciplinary action. The General Conference agreed to lessen the severity of its recommended discipline. When the Montana Conference Executive Committee met on April 25 the General Conference recommendation had been decreased from a job transfer (level III) to a reprimand (level II).

According to Morris Brusett, a lay member of the Montana Conference Committee, Pooley was humble and apologetic at the conference committee meeting. Representatives from the individual churches did not have many questions for Pooley and said they were ready to forgive and forget. Committee members did ask why the General Conference had come back to Montana after the constituency had re-elected Pooley. One of the lay members, a certified public accountant, especially invited to attend the committee meeting,

was very critical of the General Conference auditors for not being more vocal in their criticisms. He sparked a debate over the auditor's role in the conference loans. (At the March constituency meeting Montana's constitution was changed to allow the conference executive committee to choose who would audit the conference books.) Others said they thought the North Pacific Union should accept major responsibility for the Davenport losses suffered by Montana.

At the end of the discussion, a request for a vote on whether to change the recommended level of discipline for Pooley was rejected. The committee was left with voting simply yes or no on whether to reprimand Pooley (level II) in accordance with the recommendation of the General Conference. The conference committee voted to accept the General Conference's amended discipline of censure (level II).

Before the meeting ended, Pooley announced that he had already received and accepted a call to be an assistant treasurer in the Ohio Conference.

Georgia-Cumberland Conference

Another local conference meted out the most severe discipline in North America to denominational officials involved in the Davenport affair. On April 5, the Georgia-Cumberland Conference's Executive Committee released a special report to its members that provided details concerning involvement of both current and past conference officers with Davenport. The conference had begun investing with Davenport almost 20 years ago. One officer credited Davenport with turning the conference books from red ink to black. The conference's net liquid assets went from a negative balance of \$514,354 in 1964 to a positive balance of \$32,918 in 1971.

"Based on the revised operating capital formula used for fund accounting, our operating capital, December 31, 1971, was \$108,297.55 or \$97,881.55 above the General Conference recommendations," the conference Secretary-Treasurer Fred Minner told the General Conference Treasury Department in 1972. "This has become possible, primarily because of our investments with Dr. Davenport. So you can readily see why we have great concern for the continuance of this program.

Bradford said all of these [six] leaders of the North Pacific Union, except O'Dell, were in violation of the church's conflict-of-interest policy

"I think I should add that during the seven years since we first invested in post offices, our interest alone has exceeded one half million dollars. Davenport has been most cooperative in every way, and we receive the interest regularly each month. His performance and track record has far exceeded what was promised, as well as our expectations."

By the time of Davenport's bankruptcy in 1981, the Georgia-Cumberland Conference had \$3,129,999 outstanding in loans, plus \$609,658 in interest. Over the years these loans caused controversy, and one member had filed a lawsuit during the 1970s in an effort to produce information.

After Davenport's bankruptcy, late in 1981, Georgia-Cumberland established a Davenport Study Commission. Five laymen and two pastors thoroughly analyzed conference records. Three commission members traveled to California to examine the Davenport estate files. By the end of 1982, a final report was compiled, but it was held until the General Conference completed its study. Then in March 1983, the local conference committee heard both its

own report and that of the General Conference. Both recommended the most severe discipline for former President Des Cummings, Sr. (1964–80) and former Sabbath School and Stewardship Director Jack L. Price (1966–81), although both had already left church employment.

In its special report to the Georgia-Cumberland members, the conference executive committee and association board reported what the conference commission had discovered:

It was found that Cummings received finder's fees on monies loaned to Davenport by various entities, one such entity being the Florida Conference Association. The Study Commission found checks from Davenport payable to Cummings for finder's fees for the years of 1976 and 1977 in the amount of \$103,809.32. In addition, there is documentation from Davenport's files which shows additional finder's fees for 1978, 1979, and 1980 of \$149,273.88, which was credited toward the purchase of a piece of property by Cummings.

Further, the Georgia Conference Association advanced \$600,000 for the construction of a Southwestern Bell Telephone Company building in Temple, Texas, for which the Deed of Trust was never received. After construction was completed Cummings purchased the building from Davenport and received a clear title for the property.

In response, the conference committee voted that Cummings "should not be eligible for employment by any unit of the Seventh-day Adventist Church; that he should not function as a Seventh-day Adventist minister; that he should possibly receive additional church discipline; that the association pursue any and all sources of remedy available and do whatever is necessary to recover the losses sustained as a result of the Davenport Bankruptcy." This was the most severe discipline voted for any current or former denominational official.

Although the General Conference had recommended that Jack Price receive the same discipline as Cummings, the local conference, while agreeing that he should never again work for the church (level IV), did not demand that additional church discipline be taken. According to the report to the Georgia members:

Jack Price apparently received finder's fees from Davenport in 1977 of \$10,968.22. There is also correspondence from Price to Davenport which

indicates that Price received a 50 percent rate of interest on an investment of \$25,000.

As a result of this and other evidence the Study Commission found that Jack Price may have had a conflict of interest as defined by the General Conference working policy in that he apparently sought to secure financial opportunities for himself. The commission found that, although he was not nearly so involved as some, his actions could have been construed at times as not being in the best interest of the association. The committee accepted the commission's statement regarding Jack Price and voted that he not be eligible for employment by any unit of the Seventh-day Adventist Church.

Fred Minner, the assistant secretary of the conference who wrote the General Conference about the success of the Davenport investments during the 1960s, had had no personal loans with Davenport. Still, the Georgia-Cumberland Conference Committee voted that he be transferred from his job (level III), the only current employee of the conference to be so disciplined.

The commission found that the work of Fred Minner has to do particularly with the monies and documents of the Conference Association. The commission did not find any implication of personal financial involvement with Davenport. His integrity is not questioned. It was, however, found that the work of seeing that the documents and monies were in proper order was particularly his responsibility. Because he did not fully execute his fiduciary responsibility, it is requested that the conference administration arrange for a change in his service to the church and bring in a new association treasurer. The Georgia-Cumberland Conference Executive Committee voted to accept the recommendation of the Davenport Study Commission.

This special report went through five other names, describing their positions and the actions taken by the conference committee. Information on E. E. Cumbo conference secretary from 1969–78, and currently president of the Illinois Conference, was passed on, without conference action, to the General Conference Study Committee.

The conference committee voted not to discipline several current officers. Richard Center, current treasurer, did not have any personal financial involvement with Davenport, so the conference committee did not recommend disciplinary action for him. At the time Center became an association officer, the pattern for Davenport investment procedure was well established. Hoy

Hendershot, conference field representative, was cleared of any misdealing. Aalborg, secretary of the conference, did violate church policy by placing personal loans with Davenport at the same time the conference committee on which he served also placed loans with Davenport. But, according to the commission, he did not receive any preferential treatment and he also filed with the conference a statement setting forth his financial dealings with Davenport. The conference committee took no disciplinary action in his case. Auditor Jerry Wiggle was said to be negligent in his 1978 audit, and the conference committee recommended that the General Conference auditing department investigate his work for possible disciplinary action.

The Georgia-Cumberland Commission also found members of its executive committee and association board partly responsible for the Davenport losses. It said that members of these boards "had a duty as fiduciaries for the constituency to be seekers of the facts in order to insist that proper business procedures to be fulfilled in the financial affairs of the church." The most comprehensive report published by any union or conference in North America concluded by saying:

Surely everyone will recognize and agree that the Davenport situation has been a sad and tragic situation for all involved. The time has come to put it all behind us. All the wishing in the world cannot change one part of the past. So let us learn our lessons and love one another with a spirit of forgiveness. . . . Finally, let us be about the work that we as disciples of Christ are called to do, that of giving the good news of the kingdom of God. It is time for a fresh start. By God's grace let it begin in each of us individually and all of us together.

Local and Union Conferences Take Action on Structure

The process of disciplining denominational officials involved with Davenport has not only focused the attention of the President's Review Commission on the need

to study the structure of the church in North America. Members in the Michigan Conference and the North Pacific and Pacific Unions have taken concrete steps this spring to examine the power and autonomy of particularly the union conferences.

The Michigan Conference is the largest in the Lake Union. On April 24, by a vote of 259 to 70, the conference constituency, in its triennial meeting, adopted a dramatic resolution. Among other things, the constituency's action requires that the Michigan Conference president recommend to the 1983 Annual Council that local conferences reduce by 50 percent their financial support to the union conferences. Also, the constituency's resolution suggests that before October 1, 1983 the executive committees of each conference in the Lake Union, (enlarged until each committee contains 50 percent lay persons), discuss a plan for merging the Lake Union with another union conference.

That local conferences reduce by 50% their financial support to the unions.

—Recommendation of Michigan Conference Constituency

In the North Pacific Union, lay members were added to the union executive committee in March to vote on discipline of their union officers. They discovered that the North Pacific Union had amended its constitution in January 1981, just six months before Davenport filed bankruptcy. The amended constitution strongly protected the officers who subsequently came under fire. New wording in the constitution made it impossible for members of the constituency to call for a special constituency meeting; only the union executive committee could do so. Additional new wording prevented the election of new officers at any special meetings of the North Pacific Union

constituency called by the executive committee. In other words, if they wished, officers, once they were elected, could remain in office until the next constituency meeting, held every five years.

In March, the expanded union committee on discipline, insisted that the group gather again to discuss the issue of structure. On May 5, the expanded North Pacific Union Conference Executive Committee created a Governance and Management Study Commission. It has been charged with examining not only the North Pacific Union constitution but the basic question of the usefulness of the union structure at all. The 15-member group will be composed of two people from each conference within the union (at least one from each conference must be a lay person), and one person each from Walla Walla College, the Adventist Health Systems-West, and the union officers. The chairman of the commission must be a lay person who will be selected at the first meeting. The commission will report at a special constituency meeting to be held in September 1984.

The Pacific Union is the largest in North America. It contains the largest local conference in North America, the Southeastern California Conference. When the constituency of that conference met on April 24, the church members spoke their minds. They refused to allow the union president to chair their nominating committee because of rumors that he had been involved with Davenport. The constituency also adopted a resolution expressing:

. . . deep concern with the handling of the Davenport financial affair by the General Conference, and that in order to reestablish confidence in administration and the credibility of those involved, the President's Commission on Davenport be reconvened for the purpose of completing a full investigation of this matter, and that they be given all of the information available to the General Conference Officers, and that they be allowed to conduct personal interviews of any

individuals necessary to prepare a complete report and make final recommendations, and that their final report be made available to the appropriate administrative units and others who may desire it. In addition, this should be sent by Southeastern California Conference to the executive officers of each conference of the North American Division and the General Conference.

The constituency went further. In another resolution delegates revealed deep suspicion of the union conferences in North America:

Be it resolved for study.

- a. That the union structure in the North American Division as a regional administrative device, shall have outlived its usefulness for the relatively homogenous North American Division.
- b. That the union structure in the North American Division should be removed, the local conferences reorganized, and their functions redefined.

In June, the Pacific Union Executive Committee received a report from its own church structure committee, chaired by David Bieber, the former president of Loma Linda University. One thrust of the committee's recommendations is to create a genuine North American Division with regional offices rather than the present union structure.

It would be hard to ignore the work of such a commission, not only because it has been appointed by the largest union in North America, but because it consulted extensively with organizational experts both inside and outside the denomination. It also conducted a survey of some 2,500 members, local church officers, pastors, and union and conference officials.

If, by any chance, the President's Review Commission, the commissions established by the Pacific and North Pacific Unions, and other study groups were to make coinciding recommendations, the response to the Davenport scandal might help create a consensus among church members that will bring significant change in the structure of Adventism in North America.