

Lay Investigation Probes Health Institute's Finances

by Lourdes Morales-Gudmundsson

The Southern New England Conference has set up an impartial commission to investigate the facts of a 1977 business project involving the director of a New England Adventist hospital and its board. Observers view the case as potentially damaging to the image and effectiveness of the church's health institutions in the New England area.

On February 18, 1977, the board of Fuller Memorial Hospital, an 82-bed hospital located in rural South Attleboro, Massachusetts, entered into a limited partnership with the director of the hospital, Gerald Shampo, and two other persons not connected with the hospital. The proposal was simple: Fuller Memorial Hospital and its partners would cooperate financially to build a 160-bed nursing home facility to be called the Pawtucket Institute of Health.

Within a year of its creation the Pawtucket Institute of Health, staggering under losses estimated at \$700,000 to \$1 million, was sold back to the Fuller Memorial Hospital. It is at this point that the accounts differ. Some constituency members insist that Shampo and his colleagues gained undue benefits from the sale. Some observers, however, such as economist Charles Stokes,¹ who had occasion to review the financial records of the transaction, wonder if the director and the partners, with such a heavy debt hanging over their heads, could have personally gained much from the sale. Larry Schalk, president of Adventist Health Systems/North (AHS/N), explains that at the

time of the sale, Shampo offered to give his ownership of the institute to Fuller if the board would cover his tax liability, but the hospital board declined the offer.² These views notwithstanding, some members of the constituency seriously question the ethics of such a sale and are not willing to view the protagonists of the transaction as less than fully conscious of the implications of their dealings.

According to one source, five years after the sale, certain members of the constituency formally called the whole transaction into question, alleging that there may have been a conflict of interest on the director's part, since at the time of the partnership arrangement Shampo was also director of Fuller Memorial Hospital. The accusation of unjust enrichment soon followed on the heels of the conflict-of-interest claim. Subsequently, an investigation was carried out by Adventist Health Systems/North, presumably at their own initiative, although another source alleges that the hospital system was asked to conduct the investigation by then-chairman of the Fuller board, Earl Amundson, and Stanley Steiner, president of the Southern New England Conference. According to union and conference sources, AHS/N dragged its feet throughout the entire investigation, giving the impression that it was attempting to protect Shampo. Hoping thereby to register his protest against the manner in which the investigation was being handled, Amundson, president of the Atlantic Union, submitted his resignation to the Fuller board.³

AHS/N President Schalk counters that his organization, upon the recommendation of its own internal auditor, decided to conduct the investigation through interviews and the review of records, and that there was no attempt to cover Shampo. Furthermore, asserts Schalk, Fuller was not even a member

of AHS/N when the investigation took place. The AHS/N investigation found Shampo innocent of any fraud.

Dissatisfied with what seemed to them a contradictory report from the AHS/N, and prodded by an increasingly impatient, though not very large, group of constituents, Amundson and Steiner decided to move on three fronts: the conflict of interest issue, the ethical problems surrounding the sales arrangement and the legality of such a sale. When three Adventist lawyers, Richard Clark, Glenn Coe and Ralph Diller, were asked to look at the minutes of a second report by AHS/N to the Fuller board, the lawyers, too, expressed serious questions regarding the matter. Before it was all over, a Seventh-day Adventist accountant, a major accounting firm and attorneys specializing in partnership law were called in by church officials. As a result, AHS/N was asked more questions and requested to provide documentation. By this time, AHS/N had its own attorney busy on the case and it, too, had taken on the services of an accounting firm.

On September 20 and 21, 1983, meetings between all parties involved were scheduled, but few if any problems were resolved. By early 1985 it seemed evident that the case was nearing an impasse, with AHS/N President Schalk insisting that their investigation was worthy of confidence, Amundson and Steiner increasingly suspicious of Shampo's relation to AHS/N, and certain sectors of the constituency expressing loss of confidence—not only in the conference and union leadership, both of which were seen to be acting too slowly, but also in the effectiveness of AHS/N as an administrator of health institutions throughout the Atlantic Union. By September 1985, according to union and conference sources, a minority report on the case had been filed with the General Conference. In the same month, the Southern New England Conference executive committee called for a termination of Shampo's employment by AHS/N.

The idea of setting up an impartial com-

mission to study the entire matter, eventually defined and proposed by Glenn Coe, seemed to be on the minds of several observers. These people, including Coe, felt that such an emotional matter could best be dealt with, not in a constituency meeting, as some suggested, but by a panel of disinterested parties who would carefully examine all the pertinent records of the parties concerned, set up hearings and report its findings. Coe was concerned that professional persons who held positions of responsibility, were acquainted with corporate ethics and possessed sound judgment be identified to serve on such a committee.⁴

In consultation with various people—including Schalk—Coe drew up a proposal for an investigative commission, modeled somewhat on the structure of a legislative inquiry committee. The commission, as conceived by Coe, was to discharge its duties through a staff that would call in witnesses, gather pertinent data and conduct hearings. Based on the hearings, commission members would draw up their conclusions in a report.

The commission as it now stands is a totally independent entity of two pastors and 14 lay members representing a wide range of experience and expertise in business, education, insurance, law and medicine. The \$25,000 budget assigned to the committee will be funded in part by Fuller Memorial Hospital, AHS/N, the Southern New England Conference and the Atlantic Union. As funds come in, they will be deposited in a separate account for the exclusive use of the commission.

In general there seems to be support for the commission's work. Schalk hopes that the group will be helpful. "We will be supportive," he stated. "I would hope that the commission would be a mechanism to put the whole matter behind us and move on."⁵ Amundson sees the commission as "positive and timely."⁶ Others, such as Ron Brown, current director of Fuller Memorial Hospital, are only "cautiously optimis-

tic.''⁷ Some lay observers, among them Llewellyn Mullings,⁸ a business expert, while expressing relief that at last the entire matter will be looked at objectively, thereby "dispelling the dark cloud of hearsay," are concerned about the scope of the charge given to the commission. Were the investigation to limit itself to the Fuller Memorial Hospital-Pawtucket Institute of Health question, it might accomplish its task more effectively. That they must also investigate the larger spectrum of adjunct concerns, including the relation of Adventist health institutions and of the Southern New England Conference to AHS/N and its subsidiary Adventist Living Centers, may be a threat to the commission's effectiveness. Questions have also been raised about the "clout" of a conference-initiated committee, since the union and AHS/N have legal status rather than the conference.

Notwithstanding these concerns, the church at large would do well to take a careful look at the Southern New England commission and its work to see whether it suggests a way other conferences might deal with similar difficult cases.

NOTES AND REFERENCES

1. Telephone interview with Charles Stokes, economist and professor, University of Bridgeport, October 21, 1985.

2. Telephone interview with Larry Schalk, president, Adventist Health Systems/North, October 23, 1985.

3. Telephone interview with Earl Amundson, then-president, Atlantic Union, October 21, 1985.

4. Personal interview with Glenn Coe, attorney, October 10, 1985.

5. Schalk interview.

6. Amundson interview.

7. Telephone interview with Ron Brown, director of Fuller Memorial Hospital, October 23, 1985.

8. Telephone interview with Llewellyn Mullings, business professor, University of Bridgeport, October 21, 1985.

Lourdes Morales-Gudmundsson is chairwoman of the Department of Modern Languages at the University of Connecticut at Stamford. A graduate of Loma Linda University, she received her Ph.D. from Brown University and has taught at Atlantic Union College and Antillian Adventist College in Puerto Rico.

Lawsuit Against Adventist Editor Puts Azaria Case Back in Court

edited by Diane Gainer

The case of an Australian Adventist minister and his wife convicted on murder charges has taken another bizarre twist. An Adventist journalist has been sued for libel by people he claims falsified evidence in the case. The twist is that the journalist welcomes the libel suit, saying his trial will prove that the minister and his wife are innocent.

The case against the minister and his wife started in 1980 with front-page publicity in Australia when the couple claimed a dingo took their 10-week-old baby from a tent in a national park. At first it was just a bizarre story. But public mood changed. Newspapers claimed the baby's name, Azaria, meant "Sacrifice in the Wilderness." (It actually means "Blessed of God," but someone mistakenly looked up Azazel in the *Oxford Book of Names*.) Based on the wrong interpretation of the name, Australians believed the baby was killed in the desert in an Adventist religious ritual.

Eventually, the wife, Lindy Chamberlain, was found guilty of murder and sentenced to life imprisonment. Her husband, Michael Chamberlain, was found guilty as an accessory to murder. But commentators suggest the judge didn't agree with the jury's verdict, because he let the minister off with a \$300 good behavior bond. Normally, accessory to murder would carry a sentence almost as severe as murder itself.

Last Christmas, the readers of the Australian edition of *People* magazine voted Lindy Chamberlain "the Australian I would most like to meet." The nation's prime minister could only manage second place in the poll.