

Church can't hide its worth

Supreme Court - The LDS church loses a round in a fight to keep its finances secret on religious grounds

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Oregon's top court has rejected the Mormon church's bid to shield detailed financial information about its net worth -- a closely held secret for nearly half a century.

Despite the legal defeat, the Church of Jesus Christ of Latter-day Saints did not immediately release the financial information to lawyers for a Portland-area man who claims he was molested by a church "home teacher" in the late 1980s.

"The church is considering its position," said Stephen F. English, the LDS church's lead Portland attorney. "The church respects the rule of law but has profound constitutional concerns based on its constitutional right to protect the free expression of its religion."

English said he would renew the church's legal arguments in a hearing Tuesday before Multnomah County Circuit Judge John A. Wittmayer.

Kelly W.G. Clark, a Portland attorney whose client is suing the LDS church, said a jury should have the financial information before considering his request for \$45 million in punitive damages.

"A jury needs to know the entire financial context to know whether a punitive award is too much or sufficient or not enough," Clark said.

A trial is scheduled for Aug. 6.

The LDS church has not released financial information since 1959. A book claims it is among the most affluent churches in the world. "Mormon America: The Power and the Promise" estimated the church's net worth at between \$25 billion to \$30 billion in the late 1990s.

Richard N. Ostling, a former Time Magazine religion writer and co-author of the book, said the church had about \$6 billion on Wall Street and in church-controlled businesses and cash. It owned \$5 billion in real estate.

"The land owned by the church is roughly comparable to the state of Delaware," Ostling

LDS church officials said his estimates were exaggerated but did not offer its own numbers, Ostling said.

"The full financial facts are probably known to only 15 or 20 men in Salt Lake City," he said.

Timothy D. Kosnoff, a Seattle attorney, was seeking the church's financial information in 2001 on behalf of a former Oregon man who claimed he was sexually abused by an LDS Sunday school teacher.

Kosnoff never got the information because the church agreed to pay his client \$3 million, the largest publicly known sex abuse settlement in the country at the time. "It's the secret of secrets," Kosnoff said. "They don't share it even with their own members."

The latest legal showdown over the net worth of the LDS church stems from a 2006 lawsuit that accuses Kenneth I. Johnson Jr. of molesting a Beaverton youth as frequently as two times a week from 1987 to 1989.

Johnson was the boy's home teacher, a church-sanctioned lay official authorized to provide educational and religious guidance, according to the suit.

Johnson denied molesting the boy in court papers. He did not return calls seeking comment.

The suit says the church is responsible for Johnson's conduct because he used his position as an LDS home teacher to gain access to the boy.

English said Johnson was acting as a family friend, not a church official. LDS church officials did not know about the alleged abuse while it was going on. They excommunicated Johnson when they found out a decade later. Even if the jury finds the church responsible for Johnson's conduct, English said, forcing it to turn over detailed financial documents goes too far.

"The church feels very strongly that these are part of their religious belief system and are confidential," he said. "When you're seeking punitive damages against Johnson, the church's net worth ought to be irrelevant."

Clark said Oregon's punitive damage law requires defendants -- religious and secular -- to turn over financial information. The U.S. Supreme Court has ruled that laws that treat religious and nonreligious groups the same do not violate the First Amendment. "We're arguing that the same rules that apply to everybody else in society apply to the LDS church," Clark said.

The LDS church sought emergency relief from a trial court order to turn over the financial information, but the Oregon Supreme Court late Monday rejected the appeal.

The pre-trial decision was reached on narrow pre-trial grounds and doesn't mean the court would not ultimately agree with the church's position that the Constitution protects its right to keep financial information private.

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