

Order to release financial data has LDS Church, courts on collision course

Oregon justices rule in 'home teacher' sex abuse suit

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An Oregon Supreme Court ruling ordering the LDS Church to release detailed financial information to an alleged abuse victim could have wide-ranging implications for the church, which has not disclosed its assets publicly since 1959.

The plaintiff in the Oregon case, who alleges repeated sexual abuse by his LDS "home teacher," argues that knowing the church's net worth is necessary to help a jury decide if \$45 million in punitive damages is reasonable. The church counters revealing such information would violate its religious rights.

"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," said Stephen F. English, an attorney for the church in Portland, Ore. LDS spokesman Scott Trotter declined to say what the church will do next, but it may not have to do much. The decision was reached on narrow pretrial grounds, which means the trial court could ultimately side with the church's position.

But the case has drawn renewed attention to The Church of Jesus Christ of Latter-day Saints' insistence on keeping its assets confidential, although it certainly is not alone among churches in the practice.

The federal government does not require such disclosure and few religious groups do so voluntarily, said Dan Busby, vice president of the Evangelical Council for Financial Accountability in Winchester, Va.

Still, Mormonism is unique in the way it collects tithes and offerings from local church units into a common pool at its Salt Lake City headquarters, then disperses the money to areas as needed. An all-volunteer clergy governs the church, but chapels and temples, missionary allowances and educator salaries are paid out of general church funds.

Because LDS assets are listed together, rather than by region, financial disclosure of any part of the assets would reveal all the church's holdings. To Mormon leaders, that's an unfair expectation.

"I'm not aware of any group or denomination that would funnel all money into the central repository. That would be totally unheard of in Protestantism," Busby said. "Most denominations require that local churches pay a percentage or per capita amount to headquarters, but usually only 10 or 15 percent used to fund headquarters operations."

Even the Catholic Church, which has a centralized leadership at the Vatican, is financed at the diocesan level. That's why several U.S. dioceses have filed for bankruptcy after being hit with millions of dollars in abuse awards, but no one asked to see all the Vatican's records.

The question of LDS finances has been a sensitive issue since at the least the mid-20th century

Until then, the church gave a detailed financial report every year at its semi-annual General Conference. It discontinued the practice, though, when it had to disclose that the church had outspent its income.

In 1957, the LDS Church lost \$1 million in tithing funds invested in government bonds, according to a 1996 essay by historian D. Michael Quinn. In 1959, the church outspent its income by \$8 million.

"There was good reason for the church's annual financial report to give fewer details," Quinn wrote in *Sunstone*, an independent LDS magazine.

By 1962 the church deficit was at \$32 million and the church was struggling, Quinn said, "to avoid the worst financial crisis of its history."

The church then brought in N. Eldon Tanner, the church's "modern financial wizard," to the LDS First Presidency to lead it back into the black. When the church was firmly back on its feet, there was no incentive to return to the detailed financial accounts of the past. But that doesn't mean people haven't tried to figure out the church's wealth.

In 1997, *Time* magazine estimated the LDS Church's net worth was between \$25 and \$35 billion - \$12 billion in U.S. meeting houses and temples; \$5 billion in meeting houses and temples in foreign countries; \$6 billion in unspecified investments; \$5 billion in ranch and farm real estate and \$1 billion in "schools, etc."

Mormon leaders said the magazine had "grossly exaggerated" the church's wealth and pointed out that the bulk of its assets were "money-consuming, rather than money-producing."

The Oregon case is not the first time attorneys for abuse victims have sought LDS financial figures.

In 2001, attorney Timothy N. Kosnoff sought the same information for his client, Jeremiah Scott, a former Oregon man who claimed he was sexually abused by an LDS Sunday School teacher. Scott was asking for \$1.5 billion dollars in damages. The court ruled against the church, but the case was settled for \$3 million without any disclosure.

The latest bid to expose the church's net worth stems from a lawsuit filed last year that accuses Kenneth I. Johnson Jr. of molesting a Beaverton youth as often as twice a week in the late 1980s.

Johnson, who has denied the accusation, was the boy's home teacher, a church-assigned monthly visitor. English said Johnson was acting as a family friend, not a church official, and LDS church officials did not know about the alleged abuse while it was happening.

* THE ASSOCIATED PRESS contributed to this story.

Under wraps

* **THE ISSUE:** Whether the LDS Church should have to disclose its financial holdings to the plaintiff in an Oregon abuse case.

* **WHAT'S NEW:** In a pretrial decision, the Oregon Supreme Court said it must provide the information.

* **WHAT'S NEXT:** The trial begins Aug. 6, and the church hasn't said how it intends to react.

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