

adventist currents

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— the Newsletter —

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Clippings

Did you know that . . .

- The unpublished Ellen White writings (letters, manuscripts, diaries) have been stored electronically by her estate and can be searched by computer for key words or combinations of words. But you cannot purchase or rent this unpublished library - no matter how inspired or inspiring it is.
- During Harvest 90's first three years (1985-1988), the ratio of Adventists to the world population improved from one SDA for every 1,029 people to one SDA for every 889 individuals. That is an improvement of 140 ratio positions in three years. If that Harvest 90 trend continues, the entire world will be "in the truth" by June of the year 2007.
- In 1890 roughly 15 percent of the administrative positions in the North American SDA conferences were occupied by women? But following the 1901 GC reorganization their involvement dropped to 11 percent (by 1905) and stabilized there until the mid 1920s when it dropped again to 7.8 percent (1928). By the mid-1930s, women's administrative role had declined to 4.5 percent. - from a 20 March 1990 presentation to the GC Office of Human Relations, by Archives and Statistics researcher Bert Haloviak.

Will Neal Wilson Will Be Re-elected

A presidential report card - Part II

Hungarian Union of communist Adventists

In 1957, the Hungarian Union Committee made the SDA church in Hungary part of the Council of Free Churches (CFC). This organization, sponsored by the communist regime, soon became an instrument for the promotion of ecumenical and communist political ends.

Not only was the Hungarian Union the most generous contributing member of the CFC, but the Hungarian Union president was also automatically the vice-president of the CFC.

In 1975, Dunamellki Conference President Oscar Egervari and an Adventist seminary professor, Zsuzsa Vanko, were disfellowshipped for raising questions about the propriety of the union's participation in communist-controlled, ecumenical bodies.

Hundreds of Hungarian Adventists who questioned these actions of the Union Committee were themselves disfellowshipped by letters from the Union Committee, conference committees, and church boards. The entire congregations of five churches were expelled from membership. Nearly one-fourth of Hungarian Adventism was disfellowshipped. And all of these actions were in blatant violation of the *SDA Church Manual*.

Robert Pierson went to Hungary in 1976 and sided with the corrupt, communist, union leadership saying, "It is never right to rebel against the official leadership. . . ."

Comes Neal Wilson to Hungary in January 1984 along with Euro-Africa Division President Edwin Ludescher. While Ludescher, based on previous experience, expressed reservations about Hungarian State Secretary of Religious Affairs Imre Miklos, after a two-and-a-half-hour luncheon with the State Secretary, Wilson was persuaded that the organized SDA Church in Hungary was free to leave the Council of Free Churches.

While Ludescher argued "that belonging to the Council of Free Churches is a stumbling block [to reconciliation] and it has to be removed at all costs," Wilson equivocated:

I could not tell whether it would be good for the Hungarian church to step out from the Council of Free Churches. The way is open, but I think it has many advantages to belong to it.

Wilson gave the disfellowshipped group twenty-four hours to sign a reconciliation agreement that explicitly blamed them for the schism "by not being willing to recognize the Hungarian Union as the official body of the church in Hungary."

The next day, Thursday, January 26, Wilson refused to consider any qualified acceptance of the Union leadership's legitimacy; and stated that there would be no further discussion with the approximately 1,200 disfellowshipped members.

On Sunday, January 29, Wilson told the Union constituents that although the Hungarian government had given the church complete freedom to exit the CFC, they should not now do so. (For a thorough recounting of this miserable affair, see Sidney Reiners' "Betrayal in Budapest," *Adventist Currents*, the magazine, 2:3, September 1986.)

For this report card it is necessary to point out that a "Newsbreak" item in the 5 October 1989 *Adventist Review* announced a breakthrough in the Hungarian Union schism. With the breakdown of communism's hegemony in eastern Europe, Hungarian "government officials are no longer interested in controlling church affairs." As a result "the State Office for Religious Affairs has been dissolved," and the Hungarian Union constituency felt free to vote "overwhelmingly . . . to withdraw membership from the Council of Free Churches. . . ."

Without mentioning Wilson's support for the corrupt Hungarian Union leadership, the *Review* item stated that "a large number of our [Hungarian] brothers and sisters were illegally disfellowshipped from the church. There were no biblical grounds, nor was there a basis in the *Church Manual* or *Working Policy*, for these persons to be disfellowshipped."

To *Currents*' knowledge, Wilson has not apologized for his contribution to the undeserved suffering of the Hungarian SDA membership or for supporting the Hungarian Union officials in flouting the *SDA Church Manual*.

Harris Pine Mills

At Louisiana's Superdome in June of 1985, Lance Butler (then General Conference treasurer) provided the delegates with a glowing report on the work at Harris Pine Mills.

He explained how the company, "built by many years of hard labor and sacrifice by both Mr. and Mrs. Harris," was given by them "to the church in 1951."

At the Harris' request, Charles Nagele, then secretary-treasurer of the North Pacific Union Conference, was persuaded to manage the company. "For the next twenty-eight years," said Butler, "Elder Nagele guided the company to tremendous growth."

"In 1951," Butler continued, "the company operated four plants. . . . Today we operate twenty-six plants in the United States."

Butler provided some figures for comparison: "In 1951 the total income of the company was \$4.2 million. The total income for 1984 was \$56,749,813. Income for the past five years totaled \$284,984,719.

"In 1984 Harris Pine Mills employed 2,282 students and paid \$3,344,640 in wages. For the past five years the student payroll was \$15,300,662. Since 1951, . . . the student payroll has amounted to \$48,199,172. Payments to the General Conference the past five years total \$1,374,600; to other church entities, \$1,878,902. Payments to the General Conference since 1951 total \$6,871,824; to other church entities, \$4,955,941."

Had Butler given a report that was representative of the financial relationship between Harris and the General Conference, "the management

and employees of Harris Pine Mills" might not have been as "proud," as Butler said they were "to be a part of the worldwide work of the church."

On 3 December 1986, eighteen months after Butler's glowing report, the fourteen members of the Harris Board tendered their collective resignation to the General Conference Corporation. In the case of Neal Wilson, chairman of the Harris board, and Donald Gilbert, also a Harris director, this amounted to tendering their resignations to themselves — since they were also president and treasurer, respectively, of the General Conference Corporation.

Neal Wilson apparently was not proud to be chairman of the Harris Pine Board of Directors, because no mention of it was made in his hand-wringing, three-page, 1 January 1987 *Adventist Review* report of the company's demise. Nor did he mention passing on repeated suggestions that the GC audit Harris.

The strangest part of the Harris Pine story is that within a few weeks (by the end of January 1987) of the GC's filing the most severe form of bankruptcy (Chapter 7 liquidation), court-appointed trustee John Mitchell discovered that Harris' 11,000 acres of uncut Northeast Oregon timber was worth "at least \$15 million more" than the \$476,000 listed on the Summary of Debts and Property filed by the church with the bankruptcy court. "It's very unusual to get a company in bankruptcy that has more assets than liabilities," Mitchell told the 6 February 1987 *Portland Oregonian*.

In his *Review* lamentation Wilson had written: "[How] my heart aches," especially because "the whole sad story is that it did not need to happen! We did not need to lose this asset. . . . With better and more competent management, and with wiser decisions on the part of the board, . . . Harris Pine Mills might still be a viable option."

But the asset wasn't lost; and it was viable. Within the same month that Wilson published his regrets, Mitchell had Harris producing nearly 11,000 pieces of furniture a week and he was saying; "We are selling at the same level of last year. . . . We're definitely in business. This isn't somebody kidding somebody about it."

By mid-February, Mitchell was still trying to get GC leaders to tell him whether he should consider offers by would-be purchasers of the mill, or whether he should return the mill to the church.

It may be that Wilson and his Harris board associates panicked in 1986 and threw Harris prematurely into bankruptcy. But Wilson has never explained why, when the trustee made clear that the business was recoverable, he was unwilling to be reunited with what he had termed "this marvelous asset."

According to the *Adventist Review* (27 April 1989), GC treasurer Don Gilbert "told Spring Meeting members that the latest, though not complete, reports show a loss to the church of nearly \$6.5 million, in addition to the loss of the business [valued at \$17 million in 1983]."

Looking for the silver lining, Gilbert said that all creditors except the GC would be paid. He added: "Our trustee John Mitchell says that this

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Adventist Currents — the Newsletter

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Sustentation at risk?

As of 1979 a \$400 million unfunded (no assets, unbacked) liability had accrued to the General Conference's 10,000-member, North American Division Retirement Plan. An additional and unrelated deficiency of \$35.8 million has accrued to the Plan since 1979.

Asset management

In 1979 the General Conference authorized an actuarial study (a statistical study that establishes insurance risks and contribution requirements) to see whether the Plan's assets and payment liabilities – to both active and retired participants – were in balance. The following is a quote from the outside auditor's note #7 to the 1989 General Conference Financial Statement Summary of the NAD Retirement Fund:

The foregoing deficiency (\$35,825,085.00 as of Dec. 31, 1989) is unrelated to the unfunded accrued liability for current retirees and active participants, which was estimated by the Plan's consulting actuaries to be approximately \$400 million as of the last actuarial evaluation in 1979.

As of 31 December 1989, the Retirement Plan's net assets available for the Plan's beneficiaries were specified to be \$140,586,249.38. Of that amount \$11,913,792.68 were accounts receivables. (In other words, various union, conference, and other General Conference institutions, whose workers are vested in the Plan, were nearly \$12 million dollars behind in their contributions to the Fund.) Until those accounts receivables are realized, the remaining \$128 million is supposed to secure the lifetime payments of benefits and medical costs for 10,000 NAD Plan members.

Of that \$128 million in realized Plan assets, \$124 million (\$124,074,645.13 to be precise) has been invested in the General Conference UNITIZED Investment Fund. The UNITIZED Fund managers, in turn, have invested Plan benefit money in stocks and bonds, and a whopping 36 percent of the Investment Fund in secured and unsecured intra-denominational loans (see box).

Questions of value and prudent investment policy arise when so much of the Plan's assets are co-mingled with all other GC funds. These funds are subsequently loaned back to denominational organizations. The independent auditor's report (16 March 1990) states:

Underlying investments in intra-denominational loans comprising 36% to 35% of the net assets of the Investment Fund at Dec. 31, 1989 and 1988 respectively are valued at face value which may differ from the Fair Value as required by generally accepted accounting principles.

The firm of Maner, Costerisan & Ellis, P.C. of Lansing, Michigan, reported only the amount invested – not the investments' propriety or fair market value. Ordinarily an independent auditing firm is asked to examine and evaluate each investment in a particular fund. After such a value study, the net asset value of each fund would be adjusted appropriately up or down. The auditors either elected not to do the study, or they were asked not to do it. (The net asset value of GC funds will be the subject of a future issue of *Currents*.)

The auditors also chose (or were asked) not to investigate the integrity of loans made from the Retirement Plan to intra-denominational organizations and conferences. The report merely indicates the institutions, the amounts, and

the fact that some notes are unsecured. Because \$11.9 million in accounts receivable, a \$3.2 million note, and 36 percent of the Investment Fund (\$28,799,313) are "invested" intra-denominationally, the self-invested funds comprise at least 31.2 percent (\$43.9 million) of the entire \$140.8 million claimed to be available for Retirement Plan benefits.

Retirement Plan benefit payments for NAD workers are increasing by several million dollars each year. Benefit pay-

As of 1979 a \$400 million unfunded liability had accrued to the GC's 10,000-member, NAD Retirement Plan.

Summary of Plan Assets Invested with Unitized Fund

Investment Fund	\$79,998,093.58
Income Fund	\$28,583,332.12
International Fund	\$ 5,851,419.90
Other	\$ 235,419.90
Total	\$124,074,645.13

ments totalled approximately \$56 million in 1989. Given the self-investment problems discussed above, the NAD Retirement Plan has reserves that, without further contributions, would not last eighteen months.

Retirement Plan asset management summary

The Retirement Plan for North American Adventist ministers and teachers has five major problems in its asset structure, as reported by the outside auditors:

1. No actuarial study since 1979.
2. A \$400 million unfunded accrued Plan liability in 1979 that subsequently has grown an indeterminate amount.
3. Since the 1979 study, an unrelated, unfunded deficiency has been reported – a deficiency that grew by nearly \$5 million in 1989 to \$35.8 million.
4. At least 31.2 percent of the net assets of the Plan are in intra-denominational loans or receivables. These have not been assessed by the auditors for value, propriety, or security.
5. \$124 million of the Fund's assets are comingled with General Conference Unitized Investments. Auditors have not investigated the Fair Market Value of those Unitized Investment Funds.

Comment

Because Adventists tend to live longer than the mean population, prudent business policy would require a review of the underlying assumptions of the last decade's actuarial study, and of the rationale behind contributions to the Plan.

Prudent business policy also would demand that a current valuation of the Plan by outside auditors be commissioned immediately by the Fund's managers. 1979 is too long ago; and \$400 million unfunded liability is too large to ignore.

Operations management

The NAD Retirement Plan currently is operating at an annual net increase resulting from operational income, and all Plan beneficiaries were paid in 1989. The Plan had a net income of \$70,779,472 and its operating expenses were \$55,758,268. The audit reports a net operating gain of \$15,021,204.

However, readers should keep in mind that this operating income must not only pay for the expense of benefit checks, medical and dental, operations and a \$518,230 administration fee to the General Conference, but also provide a reserve for future payments to workers who have yet to retire. Are these younger workers being properly prepared for, or are their contributions to the Plan being spent? The managers of the Plan have voted:

Denominational policy requires, in general, assets at original cost equivalent to three times the amount of the latest complete years plan benefits and expenses.

According to the audit, the policy was enacted to the following extent in 1989:

\$ 55,758,268.50	Total Plan expense, 1989.
<u> X 3</u>	Policy requirement
\$167,274,805.50	Assets required by GC policy.
<u>-124,074,645.13</u>	Actual assets minus receivables.
\$ 43,200,160.37	Net unfunded liability.

Currently the Plan has a *cash* income approximately equal to its expenses. This means that no money is being invested in anticipation of future benefits for young workers. Should the tithe income decrease and the conferences not be able to submit as much to the Fund as in previous years, money already paid in would be used to cover current benefits and the liability would grow.

More problems

To compound the problem two measures have been taken that will further deplete the Fund's assets. First, the Loma Linda Foods employees have been added to the Plan with only a promissory note (no assets) to fund their added liability to the Plan. Now the NAD Plan is responsible for the entire Loma Linda Foods retirement benefits obligation without a counterbalancing cash contribution.

Second, it was voted by management to separate the Canadian workers from the rest of the NAD Retirement Plan. This will necessitate a study to determine how much money is required to to bring the Canadian Seventh-day

Adventist Employees Retirement Plan into compliance with Canadian pension legislation. This study, to be conducted by a consultant actuary, will detail further the condition of the North American Plan; but it will also transfer to Canada significant amounts of cash or investments from the NAD Plan.

The unanswered question is, what will be left in cash or assets for NAD retirees after the Loma Linda Foods employees join the Plan and the Canadian workers are fully funded in a separate plan. The NAD Plan is not under US Government legislation for retirement plans, so no help can be expected from the government to reform the Plan's policies. Meanwhile, the cash position of the Plan worsened at the rate of about \$20 million this year.

Some conference administrations have actually warned their workers not to rely on the Plan for their retirement years. Some have been advised to find second sources of benefits, while others have been told to have their wives work at jobs where medical and retirement benefits are available.

Several years ago Social Security regulations were changed so that clergy and others may participate. Conference leaders have encouraged their workers to take advantage of the Social Security option. Then, perhaps, they will belong to two questionably funded programs.

What is the liability of the Church as an institution to its employees if the Plan fails?

The auditors chose (or were asked) not to investigate the integrity of intra-denominational loans made from the Plan.

AHS/NEMA Bonds Downgraded

Fitch Investors Service of New York announced that it has downgraded the credit ratings of three Adventist Health System/North Eastern and Middle America (AHS/NEMA) municipal bond issues from A to CC. The bonds are secured by three AHS/NEMA Heritage Center retirement projects located in Arkansas, Maryland, and Virginia.

Fitch has determined that the bonds are minimally collateralized and believes that default of payment on interest and/or principle seems probable. In some instances operating or emergency funds have been used to meet debt service requirements. Outside help (such as other AHS entities or SDA unions or conferences) is necessary to improve facilities and to service their debt until operating income can support their obligations.

AHS/NEMA has guaranteed the bonds, and would be required to make payments under the guarantees. Fitch believes without AHS funds, "defaults in interest and/or principal are likely to occur."

The bond ratings of seven other issues collateralized by six AHS/NEMA facilities have been placed on Fitch Alert. These facilities are named and their bond issues currently rated as follows:

Hadley Hospital	A
Porter Memorial Hospital	A+
Hinsdale Hospital	A-
Shawnee Mission Medical Center	A
Leland Memorial Hospital	A-
Shady Grove Adventist Hospital	A-

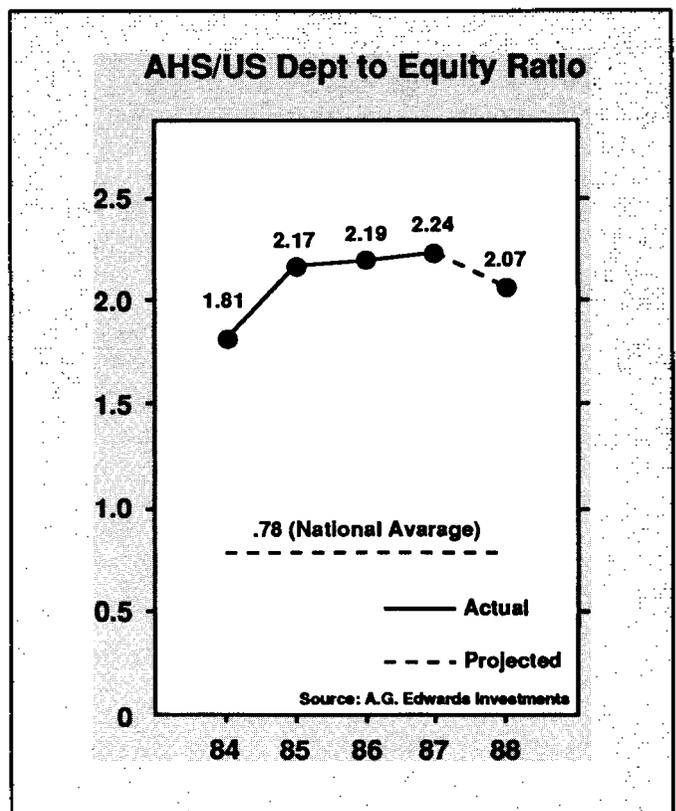
Although these seven bond issues placed on Fitch Alert are secured by their respective facilities, only Hadley Memorial Hospital in Washington, D.C. is guaranteed by AHS/NEMA. John J. Adam of A.G. Edwards Investments reports that as of the middle of May, 1990, these medical care institutions and retirement centers are still on Fitch Alert, and that Finch will continue to monitor their operations and management.

The crisis of the Adventist Health System is a crisis of debt. In

1984 the System had \$1,009,361,995 debt, with a fund balance of \$556,770,095, which reflects its assets at book value.

By 1988 the fund balance had reached \$746,341,106; but the debt had grown to \$1,545,034,932 – a debt to asset-revenue ratio of 2.07 to 1. The ratio in 1987 was 2.24 to 1, an almost crushing liability because so much income must go toward debt service.

The scary part is that the Seventh-day Adventist Church, that is, the General Conference Corporation, owns the Adventist Health System – and its debt.



Neal Wilson Will Be Re-elected

Continued from page 2

was the most successful resolution that he's been involved with. It's another sign that God is watching over His church." Actually, it was another sign that the mill had more assets than liabilities when it was thrown unnecessarily into bankruptcy.

It appears that Wilson's panic and pride led to a \$23.5 million loss, minimum.

Adventist Health System in ICU

In the second year of Neal Wilson's first full term as GC president,

Adventist church-owned medical institutions were linked under a two-level corporate umbrella – Adventist Health System/US and five, geographically prescribed Adventist health care management corporations that were to provide a wide range of consulting, strategic planning, and recruiting services. The umbrella corporation, AHS/US, was to provide the divisions and their facilities with risk management, coordination of effort, and bulk purchasing savings. What AHS/US has mostly achieved is losses, also in bulk (see graph in box entitled, AHS/NEMA bonds downgraded).

A major flaw in AHS/US – as in so many SDA institutions – was the makeup of its board of directors. Chaired by GC vice president for North America, Charles Bradford, the board is heavily dominated by church administrators (more than half) and AHS management (almost all the

rest). Church leaders' knowledge of health-care management cannot be assumed, and the AHS administrators (heavily represented on the board) are the very ones whose activities and decisions the Board needed to be governing.

NAD union presidents chair the various AHS geographical division boards, and it is through these boards that the SDA church claims ownership of one of the largest hospital systems in the country.

During the doctrinal witch hunts of the early eighties, the health system provided a parachute (a rocket in terms of remuneration) to Adventist teachers and pastors whose loyalty to Mrs. White or the message was doubted, and to church administrators whose involvement with Davenport had become too well known.

But it wasn't long before this two-level administrative structure – implemented to provide savings and increase efficiency – proved to be an efficiency and a savings that the Adventist medical institutions in an increasingly competitive environment could not afford.

The system was still wearing diapers when Adventist observers who understood the money game began warning church leaders privately and then publicly to back the church away from the hospital system.

They were concerned about loose, sometimes illegal, and often improper handling of health system money. They provided documentary evidence for their concerns. They chronicled the mounting debt ratios of the system – so far above industry norms (see previously mentioned graph). They called attention to drastically lowered bond ratings and to outright bond defaults, and wondered whether these defaults and the bankruptcy of AHS/North might lead to the collapse of the whole system. They further worried that the church would be required – if it really owned the system – to pay its creditors.

These individuals were sneered at, reviled, and even threatened. But by 6 August 1987 it was clear from his article in the *Review* that Wilson had come to accept the ascending liability argument: "In view of the interlocking nature of all church organizations and institutions, the General Conference and the world church could be at risk."

Since Wilson wrote that sentence, Adventist Health System/North has collapsed financially. One GC financial officer guesses its losses at between \$100-150 million. GC Undertreasurer Bill Murrill says it is probably more like \$50 million. The fact that the church's financial leaders can only guess at the figure should concern every member.

Despite the precipitous drop in the health-care barometer, according to the August 1989 *Ministry*, Wilson rejected as "untenable" suggestions from the floor of the 1989 GC Spring Meeting that the hospital system be divorced from the official church organization.

Nevertheless, within a year of his "untenable" remark, the 26 March 1990 *HealthWeek*, a health-care management trade publication, announced that for legal and cost-savings reasons, The Health System/United States . . . plans to dissolve as a corporation April 1 and reform as an association. . . . The primary reason for the move is to distance the system from its owner, the Seventh-day Adventist Church.

AHS/US President Donald Welch stepped down to become president of Huguley Memorial Hospital, one of the troubled hospitals in AHS/Sumbelt. According to *HealthWeek*, Welch downplayed reduction of management fees as a reason for the switch from corporation to association.

But the various facilities in the system have been contributing more than \$30 million annually to the corporate structure.

The dissolving of the AHS Corporation into an association was one of the recommendations made by the Financial Review Commission. Wilson received the report before Spring Meeting 1989 but did not report on it or make it available to the GC Committee members, even though that group is responsible for all major decisions of the world church between quinquennial sessions.

Unaware of the report's indictment of the managers of the Adventist Health System, Committee members were asked to vote salary increases for the CEOs of the health system that were more than half again the substantial wages they were already making. GC Director of Auditing Services David Dennis wrote Wilson sternly (17 April 1989) about how the pay raise vote was achieved:

But, perhaps the greatest objection to the action last week was that the General Conference in Spring Meeting session was called upon to cast a vote on an item not previously presented and without crucial background information that is available. Some leaders at the meeting objected to the use of the term "cover up", so I shall use the lesser understood term, "lack of disclosure." After the Harris Pine Mills disaster the General Conference appointed a Financial Review Commission (FRC) to study other areas of church activity. In spite of heavy resistance from NAD union presidents, influenced by the businessmen of the AHS, the FRC nonetheless proceeded with an extremely thorough investigation of the system. . . . A report was prepared. It is direct, incisive, and makes positive recommendations for massive change in the AHS. I wonder if the attendees at the Spring Meeting would have voted higher administrative salaries if the information contained in that report had been disclosed. Only a limited few were aware of the report which provides details of the dangers posed to the church because of the issues of ascending liability, inept management, blurred perception of mission and purpose, political disarray of the present AHS operations, and dangerously high debt.

Wilson received the report before Spring Meeting 1989, but did not report on it or make it available to the GC Committee. One unavoidable conclusion is that Wilson feels the need to direct every important aspect of the work personally.

Decisions, decisions

Neal Wilson certainly did not precipitate all of the problems just reviewed. However, some insights about his usefulness as an administrator can be deduced fairly from these sketches of damaging episodes in the life of the church that have occurred on his watch.

One unavoidable conclusion is that Wilson feels the need to direct every important aspect of the work personally. He chairs too many boards (see box entitled, "Chairman Neal") and committees and sits on too many others. No matter how knowledgeable he may be, Wilson has not mastered the art of transmogrification – he cannot get from one place to another without the passage of time. In his review of this GC president's first full term, George Colvin (*Adventist Currents* 1:6) warned of Wilson's tendency to a reactive style of decision making.

But the problem is more serious than Wilson just wanting to be involved in every aspect of church management. He seems to feel that only he is qualified to make valid decisions about important matters. This is evidenced not only by his use of his formidable rhetorical powers, but

in the bending of procedural rules to manipulate committee votes. (For instance, at the January 1988 Loma Linda University Board meeting, Wilson persuaded the Board to accept a proxy vote – the kind of vote that it had been made repeatedly and strenuously clear by the chairman, Wally Coe, at the beginning of the meeting, would not be accepted. Without that proxy, the vote to consolidate the two campuses would have fallen one shy of the majority needed.)

Worse, however, is Wilson's tendency to secretiveness with information – the kind that is necessary for intelligent strategic planning, for ethical decision making, and for prudent money management.

It is one thing for Wilson to exclude the church family from information about rough seas that face the denominational ark, but it is a more serious matter when he leaves the GC Committee out of the information and decision-making loops. This has been the case with the Financial Review Commission's report and recommendations. It was the case with the report and recommendations of the President's Review Commission on Davenport. It was the case with the report of the ten-man "Survival Team" that Wilson appointed to assess the viability of Harris Pine Mills in 1986. The GC Committee had no part in the decision to bankrupt Harris or in the decision not to take it back when the court-appointed trustee demonstrated it to be viable.

The GC Committee is the one group that is supposed to act on behalf of the SDA constituency between quinquennial sessions. And yet when the GC Committee raises and discusses, on its own initiative, issues that its members believe should be discussed, that have not been placed on the agenda by GC officers, those discussions often do not appear in the minutes.

There is not space here to chronicle other examples of Wilson's withholding of information from boards he chairs, cases in which he has sequestered investigative audits that have contained the proof of embezzlement in high places.

Mené mené telkel upharsin

Although Wilson does not drink or party, the handwriting is on the wall. By circumventing and manipulating decision-making bodies, Wilson has put the Seventh-day Adventist kingdom at risk.

The hierarchical church structure defense

Beginning in the 1970s, as vice president for the North American Division and subsequently, Wilson has rather consistently invoked the "hierarchical" church structure argument in defending the church against lawsuits that attempted to require the church to conform to Title VII of the 1964 Civil Rights Act, requiring equal pay for equal work used in the Pacific Press cases and unfair competition and racketeering laws invoked by Adventist book seller Derrick Proctor. (For the most thorough and incisive discussion of the Pacific Press cases and the "hierarchy" defense, see George Colvin's 1986 doctoral dissertation, "The Women, the Church, and the Courts.")

Some Adventists will be alarmed by a quote from the church's Proposed Findings of Fact and Conclusions of Law in the Proctor case – a statement written for Justice Hart's consumption and incorporated into his decision: "Next to the Roman Catholic Church, the Adventist Church is the most centralized of all major Christian denominations in this country."

The evidence and testimony submitted in these cases provides overwhelming argument for future legal action that may be brought against the

church by creditors of the failing Adventist Health System.

The extent to which this GC president is drawn to Roman Catholic church organization may be inferred from an incident at the past quinquennial session in New Orleans. Wilson warned a bloc of African delegates, who wanted a vice presidential representative at the church headquarters, that they "must refrain from becoming politically involved" to avoid "conflict with each other within the church." As he continued, Wilson referred to the GC vice presidents five different times as "cardinals" – a political cleverness that appeared calculated to make the desire for a vice presidential representative on the part of this large bloc of delegates seem inappropriate (even grasping). Otherwise, why use a term that our "inspired" literature has taught us to abhor?

Not surprisingly, no one called the attention of the assembled delegates to the fact that if the vice presidents were "cardinals," then the man calling them cardinals must be pope.

The loyalty ethic

There is a consistent if not misguided ethical approach to much of Wilson's decision making. He appears regularly to subordinate the ethical to the practical (in his words, what it takes "to keep a world church together"); even though in reality, what is most ethical is, over the long haul, also most practical.

Wilson's pragmatism appears in the interest of administrative control. He was willing to ignore the Hungarian Union's breaking of clear denominational rules for disfellowshipping, thereby joining Hungarian SDA leaders in the persecution of members who were asking their leaders to avoid membership in communist-controlled, ecumenical bod-

ies. The price of his pragmatism is the absence and growing resentment of one-fourth of the Hungarian SDA membership. (Recent reports in *Ministry* and the *Adventist Review* of a Hungarian reconciliation were premature.)

Wilson's willingness to withhold information and to manipulate decision-making procedures mentioned above is more evidence of his trading ethics for control.

During the Davenport scandal, Wilson worked to protect the wrongdoers from the ignominy of public exposure. But what price did he pay in membership, trust, and tithe?

There is a Wilsonian ethic that seems to state clearly that loyalty to church leaders is more important than personal integrity. As if to emphasize this point, Wilson spoke in his 1989 Annual Council opening address of an "outstanding administrator" who, because of poor judgment in certain financial dealings [deep involvement with Davenport], was relieved of responsibility and found himself virtually cut off from the church. Through all of this, however, Elder Des Cummings, Sr., has remained loyal and has served as an elder and Sabbath school teacher in his local church. In a move toward healing and forgiveness, Cummings has just been issued honorary ministerial credentials by his conference and union (*Adventist Review*, 9 November 1989).

Calling for the nineties to be "a decade of healing and reconciliation" within Adventism, Wilson said: "Somehow we just don't seem to know how to forgive; and we don't seem to know how to forget" (*ibid*).

And yet this past month, when a Riverside California SDA congregation asked to have Smuts VanRooyen as their pastor, even though every conference president in the Pacific Union voted to approve the call, the GC officers refused the request. As Wilson said in his "reconciliation"

Wilsonian ethic seems to state clearly that loyalty to church leaders is more important than personal integrity.

The Price of Paternalism

Davenport scandal	\$ 6.0 million
Media Center (1985 only)	\$ 3.5 million
Proctor antitrust suit	\$ 4.5 million
GC building overruns	\$ 20.0 million
Harris Pine bankruptcy	\$ 23.5 million
AHS/North	\$ 50.0 million
AHS/diversifieds	\$ 102.2 million
TOTAL	\$ 209.7 million

With the exception of the Proctor antitrust lawsuit, the amounts listed above are based on very conservative figures provided by either Adventist publications or church officials.

address, "We're not very good at giving people a second chance" (ibid).

VanRooyen had not invested with Davenport; he had not been accused of adultery; but he had argued for a watered-down version of the investigative judgment – a pre-advent judgment. He was considered disloyal by church leaders who were trying to downplay the doctrinal movement that was voted in the Glacier View Concensus Statement.

The financial precipice

It is difficult to state an undisputed figure for the money lost during the last two quinquennia under Wilson's leadership. It depends on how book-keeping is done.

It depends on how one estimates the tithes and offerings unrealized because of the alienation of a significant portion of the North American Division's membership from church leaders due to the handling of incidents such as those described above. (North America provides 68 percent of the world church tithe income, but only 12 percent of its membership.)

It depends on whether one includes the health system losses, and whose word is taken for how much that is. The continual attempt to thwart even the *Review* from access to troubling information, much less alternative SDA publications, has left health system losses open to speculation.

Just using figures published in the *Adventist Review*, losses from Harris Pine Mills bankruptcy were \$6.5 million, plus the value of the business itself (estimated at \$14 million in 1983). Conservative loss estimate – \$20.5 million. Losses from the Davenport scandal – \$6 million. Losses on the new GC complex – \$20 million beyond initial projections. Adventist Media Center losses – \$3.5 million in 1985 alone.

Beyond money

Many Adventists believe that Wilson has mismanaged the church into multi-multi-million dollar losses over the last dozen years. Most have set aside their discouragement at this and continued to give their tithes and offerings. But a significant number have a difficult time forgiving him for leading the church in a way that made so many Adventists, especially English-speaking, want to leave.

They tolerated his total lack of accountability, his secretiveness, his

presumption to authority that was not his to exercise, his refusal to deal meaningfully with those who took advantage of their positions for personal gain. But many have found it comparatively difficult to forgive him for polarizing the Adventist community by the way he has handled the questions raised about 1844 and the investigative judgment, and his response to the emergence of information about the work and works of Ellen White. Rather than make his office one that labored for the reconciliation of theological factions in the church, he comported himself in a way that encouraged those who would highlight and delete pastors, teachers, and members who were attempting to grapple straightforwardly with the reality of our denominational past and present.

Loyalty was more important than integrity. And there was little evidence that the leadership of the Wilson administration had read or understood the parable of the one lost sheep. That administration seemed too busy summing the overseas totals for The Thousand Days of Reaping and Harvest '90 to worry about those who were leaving, or why. (51.87 percent of North Americans who are baptized into the Seventh-day Adventist church, apostasize.)

Keeping a world church together seems more important to Wilson than the just treatment of the individuals who comprise that church. So far has his administration been from the Good Shepherd's overwhelming concern for one lost sheep that Wilson's ministerial secretary, Robert Spangler, could write to a constituent as Glacier View approached,

If we lost 50,000 members, that would be terrible, but it still wouldn't be a cataclysmic event in terms of the onward march of this movement (27 June 1980).

The outcome of Indianapolis

If it were left to the North American delegates to the Indianapolis GC Session, Neal Wilson would not be voted to a third term.

Those overseas division delegates (at least those who are not division, union, or conference officers) are minimally aware of the events abstracted above, and even less aware of how they were handled. The overseas membership knows Wilson as a man who makes a point to know something of their language and customs when he speaks to them, and who knows exactly how to make them feel important. They also have depended upon him to send them North American money. He has not let them down. They will return him to office.

Belshazzar was not voted out of office and neither will Neal Wilson be. The writing on the wall in the two cases is analogous. If, during the next quinquennium, the North American constituency does not actively control Wilson's tendencies to manipulation and unilateral rule, the Persians may walk down the river bed and under the gates before 1995.

Coming Currents

The largest and best-known Seventh-day Adventist institution is at a crossroads. The Loma Linda University constituency will meet in August to ratify the divorce of its two campuses. *Currents* will provide a pre-session agenda, as well as a review of the self-inflicted difficulties facing that most prolific source of medical missionaries.

Why were the Adventist Health System administrators voted enormous salary raises (from a minimum of \$70,000 to a minimum of \$114,000) at the 1989 Spring Meeting of the GC Executive Committee? *Currents* will provide clues.