

The Folkenberg Fraud Lawsuit

**What will the General Conference Commission,
specially appointed to investigate this matter, decide to do?**

PART ONE OF FOUR

Only a very few years after accepting a position as president of the Carolina Conference, Robert S. Folkenberg was elected to the presidency of the denomination, on July 6 at the 1990 Indianapolis Session.

Since he had been raised in Latin America by missionary parents, Folkenberg was fluent in both English and Spanish. Prior to his term of office in Carolina, Folkenberg had worked in Central America for about nearly two decades. He went from president of Honduras Mission, to president of the Central American Union, and then to assistant to the president of the Inter-American Division.

At the 1985 Session in New Orleans, Folkenberg tried hard to be elected president of the Inter-American Division. When, instead of him, George Brown was elected division president, he took the first call out of the division which he could get—which happened to be the Carolina Conference. He had worked in Central America for 19 years. While there, he had dabbled in many things and acquired full licensing as an air transport and helicopter pilot.

During the lengthy period of time Folkenberg was in Central America, he fell into an unusual executive pattern. Deciding that church work was not interesting enough to keep his attention, he began delving into business ventures on the side. These involved import/export activities, among other things. Somehow it did not disturb him that he had not been hired to spend a sizeable portion of his

time in profitable sidelines.

In order to carry on all these activities, Folkenberg commandeered airplanes which had been sent down from the Quiet Hour for missionaries and nurses to use in their work.

(In the early 1980s, the present writer was told by a close friend about a single engine Cessna 180 he had personally donated to the church, so it could be used to penetrate new territory by our missionaries. He could have sold it, but he wanted it used in the Lord's work. Later, to his sorrow, he learned that the plane had gone to the Inter-American Division—and Folkenberg arranged to have it sold (the plane had a market value of about \$20,000 at the time),—with the proceeds used to help buy a faster plane which Folkenberg personally used to travel around in while conducting his business ventures. My friend was deeply saddened over this state of affairs.

(This morning I mentioned this incident to a friend who, years earlier, had been a pastor and pilot in Honduras. He said he rode in Folkenberg's plane, that it was a twin-engine Cessna and probably cost \$200,000 or more.)

One of Folkenberg's several business associates was James E. Moore, a businessman in Sacramento, California. Moore never had been an Adventist; but since he was a capable real estate developer with money, Folkenberg valued his friendship.

So the two began working on a number of busi-

AS WE GO TO PRESS—It is Tuesday morning, January 26, and we are about to start printing this tract release. For certain reasons, I can tell you this:

A fact: This case involves extremely bad actions on the part of certain church leaders—really bad.

A prediction: This case will be ended very quickly, probably this week. Our world leaders, meeting in

Washington, D.C., will settle it out of court with Moore, and he will cheerfully accept a gag order—so no more information will be available.

The remaining question will be whether or not to discharge Robert Folkenberg from his office. If the facts can be sufficiently muffled, he may be able to retain his position.

ness deals together. Eventually, Folkenberg left Central America; but apparently he continued with Moore, who was later arrested. Since Moore's transactions occurred in California, that is where he was tried and sent to prison.

Well, that would have been the end of the story; except that, quite recently, when Folkenberg's business partner, who had gone to prison for fraud, was released—he filed a lawsuit in Sacramento against Folkenberg. According to the legal papers, he was suing to recover money which, he claimed, Folkenberg owed him.

This prompted the General Conference to hire Phil Hiroshima, an Adventist attorney, to investigate the matter. Hiroshima is not a trial lawyer, and was specifically assigned the task of learning what was involved, so the General Conference could buy off Moore. Instead of taking trial cases, he is something of a research specialist.

To put it in legal terminology, Hiroshima's job was to figure out how much Moore should be paid so the matter could be settled out of court. His assignment was simple enough: shut Moore up and seal the documents.

However, in assigning this job two mistakes were made: First, Hiroshima was a very competent attorney and, second, he was answerable to the General Conference Committee, not solely to Folkenberg.

Hiroshima began digging for information. He had been told that Moore had a pile of it. As Hiroshima checked matters out, new facts kept surfacing,—and soon he had his own sizeable collection of documents.

In the suit, Moore had been seeking \$8 million in damages from Folkenberg; but Hiroshima found much more than data about Moore's charges! *Hiroshima had come upon still other documents and transactions, which implicated Folkenberg in fraudulent ac-*

tivity,—some of which may have been totally unrelated to Moore's complaint.

When the brethren learned about these past extracurricular business ventures of their president, they were understandably shocked.

So much so, that, either the committee or some of its officers suggested to Robert Folkenberg that he temporarily step down from his post of General Conference president, until the matter was resolved. This Folkenberg refused to do.

The plan had been simple enough: Take money from the General Conference budget (which comes from tithe money from the conferences) and pay Moore most of what he was asking for. Getting him silenced and sealing the documents was considered top priority.

But, as the wider ramifications of Folkenberg's transactions were disclosed,—and as news slowly traveled outward, the realization dawned that the situation was becoming more difficult.

Already, far too many Adventists in Silver Spring had heard something of what was happening, so an "official statement" was made to the 700 employees of the General Conference. This amounted to a request that, if they knew anything, they should keep silent. This, of course, only added to the interest of those who did not know much.

As I write this, the date is January 21. Next week Attorney Hiroshima will present a special report to the committee of his latest findings. At that time, a decision will probably be made whether to pursue the matter further—or to quickly pay off Moore, sweep the whole thing under the rug, and retain Folkenberg as president.

Let us consider this special committee. It has

How urgently the voice of Adventism is needed in our world today! Immorality is taking over the nations as abortion, gambling, and governmental immorality is condoned and even defended.

Yet here we are with wrongdoing in high places in our own denomination, and it appears that we too will take the convenient road of tolerance and cover-up, seen so widely elsewhere.

As a people, we should kneel before God, repent of our sins, put away our darling idols, and dedicate ourselves anew to obedience to God's moral and physical laws.

We are the only ones God has in this world to proclaim the Third Angel's Message, which is a call to obey the Ten Commandments, by Christ's enabling grace.

Instead, far too often, we are replacing that message with a variety of social gospel issues, dealing with self-worth classes, sexuality awareness programs, transient programs, weight control services, area beautification, visualization classes, art programs, pastoral Celebration training courses, meditation seminars, dress for success program, Christian rock concerts, anti-stress meetings, youth festivals, marriage and personality seminars, Christian psychology clinics, youth-sponsored winter Italian feast, singles jamboree, science fairs, and flower arranging classes.

See Lake Union Herald, December 1998, for a sample list of 81 "ministry ideas," which includes some of those listed here.

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20 members, and Folkenberg personally was involved in their selection. Most of them are politically indebted to him, since he was frequently the one who earlier helped arrange to have them placed in their present high-level positions in the church.

Dr. Niels-Erik Andreasen, president of Andrews University since 1994, is the chairman of this special committee. Other members include division presidents and others of influence from around the world field.

Although the members of that committee know that it is their job to review the matter and clear President Folkenberg of the charges, yet they could take a different action—especially in light of the seriousness of the findings which Hiroshima has uncovered.

This committee will meet on Monday, January 25, 1999, at world headquarters, to hear Hiroshima's presentation and decide what steps to take.

The committee will then report its findings to all the division presidents, who will have flown to Silver Spring specifically to consider this matter.

In light of such circumstances—involving no little cost to the church in transportation expenses for over a hundred men—the entire problem and Hiroshima's discoveries must be significant to warrant such a large transport of church officers to Silver Spring for meetings! Think not that this is a little matter; it is not.

Folkenberg will be expecting the leaders to place gag orders on all transactions, and seal the case from the eyes of church members. That is essentially what happened recently to the labyrinth of charges which David Dennis had brought against Folkenberg.

One could say that Bob Folkenberg has jumped from Dennis' frying pan into Hiroshima's fire. Bill Clinton, a few miles away, has similar problems. One difficulty after another, caused by their activities, keeps surfacing around each of those two men.

At this juncture, it is not certain how willing Folkenberg would be to resign. According to the General Conference Constitution, an "impeachment" of President Folkenberg would require a two-thirds vote of the General Conference Committee. This committee is composed of a large number of our top leaders from around the world. Those men will be arriving in town tomorrow and Sunday for Monday's meeting.

In the past we have reported that those world leaders, when meeting in a Spring or Annual Council, generally give the president whatever he wants. The ongoing agreement seems to be: Let us alone—to do what we want in our respective divisions and we will leave you alone—to do what you want at the General Conference. In practice, it is rare for someone to arise from his chair and challenge what is happening at world headquarters. It could make him a marked man. Yet the present situation may involve problems which

are deeper than normal.

However, whatever may happen to Folkenberg, it is quite likely that the General Conference Committee will vote to cover the matter up. If that happens, the documents will be sealed and Moore will be paid off for his silence. General Conference personnel will be told that all charges have been dropped, after having been found to be groundless. A brief statement will appear in the pages of the *Review* about a "frivolous lawsuit," which a specially appointed committee investigated and found to be worthless.

So we will see what will happen next. It is with sorrow that we have to recognize that wrongful actions are occurring in our denomination. Yet, at the same time, it is vital that we be aware of these problems. For only then are they likely to be eliminated. God's work on earth is not made more efficient by a blind laity.

At this juncture, a little additional background would be appropriate. Unfortunately, history records that we have a continuing pattern here.

Robert Folkenberg was unknown to most of us until he was elected General Conference president in July 1990. However, as soon as that event occurred, troubling situations began developing.

- On the first nominating committee meeting, following his election, Folkenberg, as its new chairman, tried to block the reelection of the head auditor (David Dennis). Many of those in the room well-knew that Dennis was the only whistle-blower remaining in the General Conference. They immediately rose to their feet and put a stop to Folkenberg's plan. Some of them openly expressed shock that, immediately after a presidential change, the church was once again confronted with the same type of political maneuvering it had been living with since Elder Pierson resigned on January 3, 1979.

- Then, a few months later, word of a different problem, the laundered money scandal, began floating around the General Conference.

Folkenberg, not cured of his side-line transactions, had arranged for donations to the church to be illegally routed to his personal benefit. The incident is told in chapter eight of our book, *Collision Course*, which details a number of these problems.

Since he was now living in Maryland, and needed to move his family there from Charlotte, North Carolina, Folkenberg wanted financial help of some kind so he could buy a nice house. He also wanted church moneys to be diverted into a fictitious special account, to provide a "salary" for his wife.

At some point in the planning stage, Alfred McClure, newly elected president of the North American Division, was also involved.

First, there was the housing problem: McClure was given an interest-free loan, from the Columbia Union, to purchase a home which cost \$140,000. The money, for that house (in which he now lives) was channeled through the "Worthy Student Fund." In order to keep these money transfers totally secret, they were made, not through the Columbia Union, but its holding corporation: the Columbia Union Association.

A similar loan arrangement was made for Robert Folkenberg.

Second, there was the salaries for the wives: Ron Wisbey, president of the Columbia Union, worked out all the arrangements. The extra income for the two families was provided in this manner:

Money was channeled through the Columbia Union "Worthy Student Fund," and sent to Folkenberg. (It was probably through Folkenberg's influence, that a "salary" was also provided through the same account for the wife of Alfred C. McClure, newly elected North American Division president.) Each wife began receiving \$2,052 a month in wages. Both salaries were called "a courtesy payroll."

Oh, how many of our self-supporting missionaries in America and overseas wish they could be placed on a courtesy payroll.

The fraudulent salaries would have continued on down to the present day, except that the head auditor of the General Conference—by the 1990s the only remaining whistle-blower in the General Conference,—David Dennis, would not be quiet. When he audited the Columbia Union books in January 1991, he found the discrepancy and did what any auditor with integrity is supposed to do. He reported it, and refused to let the matter be hushed up. (That is what an auditor is supposed to do.) He objected to Donald Gilbert, newly elected General Conference treasurer. Yet no one who knew about the ruse wanted the practice terminated. Folkenberg wanted the illicit money to keep flowing in, and the others feared for their jobs. Time passed.

The matter came to a head when, on June 1, 1991, Dennis mailed an auditor's report to every officer in the Columbia Union Executive Committee—and told them about those transactions—and said they were wrong. That resulted in a meeting of the General Conference Committee on June 20, at which time the unethical diversion of money was terminated.

By that time, each of the wives had been paid \$2,052 a month for 10 months, since the first paychecks in August 1990.

At that committee meeting, Gilbert apologized for

having permitted it to continue for nearly a year. Folkenberg's face turned red; and, with the extra income cut off, he determined that, once and for all, he would eventually find a way to get rid of Dennis.

As for Ron Wisbey, he was nicely rewarded for his services. He had been receiving about \$28,000 a year as Columbia Union president; but, while still in his 50s, he was rewarded with a newly manufactured job: "Liason between the Columbia Union and Adventist Health System." That job, which had no work assignment, paid him the equivalent of a hospital administrator or junior AHS executive: about \$240,000 a year!

If you know the right person, and do the "right things" for them, you will be rewarded. (*For more on this and other matters, see our book, Collision Course.*)

- Then there was Folkenberg's special video studio. In 1992, under the guise of "cost cutting," papers were signed to henceforth contract out General Conference video production to a private firm, owned by an outside businessman who began reaping a sizeable profit by making videos for the General Conference and North American Division. Raymond D. Tetz, one of Folkenberg's closest friends, was the contractor in charge of the project.

But, in addition, Tetz was placed on full salary as "vice president for public relations for ADRA," and his sole job was making the videos which he was paid under contract to produce! Thus he routinely receives a double salary. And what is the "studio" he works in?—none other than facilities in the General Conference, with all equipment owned and maintained at General Conference expense! In addition to his salary, Tetz annually bills the General Conference for \$150,000 for his services. What does he do with all that money? Well, Bob is his friend.

- Whenever Folkenberg travels, he insists on going first class in the U.S. and business class overseas. Although he owns his own home, he has church employees groom his private lawn and shrubbery. They also carry out any repairs needed in his home. Bob always has his little sidelines. He always pushes the edges, a little beyond the call of honesty.

- After becoming president, Folkenberg started "Global Mission." Without official approval, he hired his brother, Donald, on full salary for about a year (1991-1992) as financial coordinator for ADRA. His

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PART TWO OF FOUR

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travel was unlimited and unauthorized.

In 1992, Don Folkenberg was appointed “associate treasurer” of the General Conference! His assignment: disbursing all funds from Global Mission. Specifically, this meant that he had sole control of spending all funds allocated to Global Mission, which were spent outside the United States. —And that included nearly all those funds. (Annual funding for the Global Mission project runs in excess of \$13 million.)

Shortly before his firing, David Dennis began probing Don’s use of those funds. He found that the funds in the General Conference could be audited, but that the “audit trail” stopped as soon as Global Mission disbursed any money overseas. When he asked to check into this, Dennis was told that no church auditors were permitted to do so. Thus money spent (for example, by Don Folkenberg in eastern Europe) could not be traced. Money could be poured into anything or anyone, without the possibility of being later audited.

When Dennis checked into this matter further, he discovered that Don Folkenberg had been involved in unusual business deals, in Florida, before he was hired into the General Conference. (See our book, *The Donald Folkenberg Transactions*.)

• Then there was the “Governance Committee.” Not only does Robert Folkenberg have a keen interest in financial sidelines, but he also likes to thoroughly control every organization he is in charge of. Probably he considers his sidelines to be safer if his workers are totally subservient.

Shortly after becoming General Conference president, Folkenberg declared that there was a need to streamline the governing plan in world headquarters and in the divisions. That sounded good; so he was given permission to appoint a special committee, to investigate possibilities. The result was the “*Governance Commission*.” It met several times over a period of several years. One member of that commission later reported that Folkenberg kept demanding certain things from them, which they continually tabled and ultimately did not approve.

So, at the 1994 Annual Council (which met about seven months before the Utrecht Session) Folkenberg announced that the Governance Commission HAD ap-

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proved those certain special provisions—which they had not! Assuming he was honest in his declaration that he was only bringing before them what the commission had recommended, the Annual Council approved a number of far-reaching changes—all of which ultimately placed more power in the hands of the division presidents and the General Conference president.

Armed with that vote, Folkenberg went to the 1995 Utrecht Session—and pushed through the approval of over 70 different, major changes in church governance!

The result placed nearly all power in the General Conference solely in his hands. It also placed our general church paper, *Adventist Review*, under his direct control. Always before, the *Review* had been free of church leadership interference. (For more on the governance changes, see *Ominous Utrecht Agenda—Part 1-3 [WM-620-622]*, *Our Church is in a Crisis! [WM-625]*, and *Our New Church Governing System [Wm-644]*, all of which were produced at the time of the Utrecht Session.)

Then came the Dennis lawsuit, in which David Dennis charged that a lot of wrongdoing was taking place. But that suit was effectively quashed, a few months after Folkenberg had dinner with Governor Glendening of Maryland.

It appeared that Folkenberg had free running at the General Conference. But now this latest crisis has struck.

So what will happen next?

Incredibly, the greatest expense of the General Conference are the out-of-control legal expenses. Little wonder that Folkenberg, after he became General Conference president in 1990, was anxious to bring Walter Carson back from Ohio to world headquarters. Carson, an attorney, has greatly helped defend Folkenberg as one unusual situation after another has developed. Since he is named in the lawsuit as a defendant, Carson apparently also helped Folkenberg with some of his sideline business activities.

Robert Folkenberg has arranged for a “*special pay package*” (i.e., big salaries) for the General Conference in-house attorneys, who spend their full time and talents trying to help him out of various legal challenges he is facing. —But those costs are nothing, compared with what he pays outside law firms, which essentially duplicate much of the same work. The Dennis suit cost the General Conference over \$5 million, because Folkenberg decided he wanted three outside law firms, instead of one.

Kind Father in heaven, take all this misery in Thy hands,—and wake up Thy people to what is taking place among denominated Advent believers! Move on their hearts to stand for what is right, even though everything around them may fall. Amen.

Friday, January 22, 1999 —

New facts in this case have arrived:

We have learned that, when the suit was initiated, the General Conference hired, not one, but two outside law firms. One attorney was Phil Hiroshima, to represent the General Conference; the other, by special request of Folkenberg, was to represent himself alone.

Why would Folkenberg need his own private outside attorney (which is also what he did in the Dennis case)? The reason would have to be that he would want absolute confidence in what he disclosed to that attorney. Yet why should what he disclosed have to be kept secret from the General Conference Committee?

We also learned that Hiroshima was hired at the urging of Gencon. This is the current name for the General Conference insurance department. They wanted to know what was involved, so they would know how much to pay out from General Conference funds.

We have been able to obtain copies of several documents, which provide additional information:

[1] A copy of a one-page General Conference fax to high-level church officers.

[2] A copy of a two-page General Conference special information release.

[3] A copy of James Moore's six-page complaint. This is the lawsuit he filed in California.

[4] A copy of Moore's one-page "Order to Show Cause," requiring attorneys for the defendants to appear in court.

It is planned that all of these papers will be reprinted in this present report or in the next one. Here is more on this:

[1] January 12, 1999, one-page fax from the General Conference to major church leaders.

This fax identifies the defendants. Not only is Folkenberg named, but also his close friend and business associate of many years, Walter Carson. In addition, the General Conference and Inter-American Division are included as defendants in the suit. (We will

learn, below, that there were other defendants in the suit.)

Carson, a close associate of Folkenberg's for years, had earlier been a General Conference in-house lawyer and, in the late 1980s had left and moved to Ohio. When Folkenberg ascended to the presidency, he called Carson back to world headquarters to help him with his legal involvements.

In this fax we also learn some dates:

Folkenberg is said to have first become involved with Moore in the 1970s. (The fax was careful not to mention how long that business relationship lasted; it could have continued until the mid- or late-1980s. In the fax, Folkenberg is said only to have "become acquainted" with him.)

The Inter-American Division is said to have had "some dealings" with Moore in the 1980s. (This was probably through Folkenberg's influence; keep in mind that he was assistant to the president of that division until the mid-1980s.)

James Moore "was convicted on a felony charge in 1989," and sent to prison. (In this fax, Moore is identified as "a business entrepreneur in California." Such a designation carefully places him far from Central America where Folkenberg was working. Moore happened to be caught in California in 1989, but he had to have been involved in activities in Central America in order to have "contacts" with Folkenberg and "some dealings" with the division office.)

The Inter-American Division "terminated all relationships with" Moore by written agreement in 1989. (That date is interesting. Their "dealings" with Moore continued to the time Moore was arrested—which was only a year before Folkenberg's elevation to General Conference presidency. The fax extends Moore's church contacts and dealings from the 1970s on through to 1989.

As we predicted, in this fax the General Conference declared the case to be "frivolous."

[2] January 13, 1999, General Conference Communications Department, Information Release: "GC ADCOM Votes Special Ad Hoc Group."

"GC ADCOM" stands for General Conference Ad-

Is it possible that the Lord is permitting this crisis to come to Robert Folkenberg and the General Conference, because they have continued to pursue their vicious policy of suing small groups of faithful Seventh-day Adventist believers, in order to put them out of operation?

On March 17, 1998, Folkenberg and the General Conference Committee instructed their Roman Catholic attorney, Vincent Ramik, to initiate steps toward another lawsuit, this one against a small group in south Florida. His letter of that date, demanded that

they no longer call themselves "Seventh-day Adventists" orally or in print—or be faced with a bankrupting lawsuit. On August 21, Moore filed the suit against the church. On December 2, the lawsuit against the Florida group was filed.

There surely does appear to be retribution of some sort taking place here. Since the mid-1980s, we have been chronicling the horrific tragedies confronting faithful believers who dared openly acknowledge themselves to believe the precious truths of historic Adventism. Their blood cries out to God.

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ministrative Committee. “*Ad hoc*” is Latin for “appointed for a special purpose.” In plain English, it means a special purpose committee; that is, a committee appointed to deal with a single matter—in this case, the lawsuit.

In this fax we learn that the special lawsuit committee is called the “Ad hoc group,” and that it was appointed on January 13, 1999.

Buried in this fax is still other information.

We will learn in the third document (below) that the actual lawsuit was filed by Moore in California on August 21, 1998. —Although the General Conference, its president, and the Inter-American Division were named in the suit, this special committee was not appointed until nearly four months later! Farther down in the fax we find the reason why:

“Receive and evaluate information relating to issues that have come to light as a result of allegations made against Robert S. Folkenberg by James Moore.”

It was Hiroshima’s investigation which led to the belated appointment of the ad hoc committee. Prior to that time, the matter was in the hands of the Office of General Counsel, which is the General Conference in-house law office. Notice that the paragraph especially notes that the “issues arising,” which resulted in the formation of this special committee, especially concern Folkenberg—more than the welfare of the world church.

This two-page fax also lists the 20 members of the special committee, plus Robert Nixon, an in-house attorney.

[3] August 21, 1998, Legal complaint [lawsuit], filed in the Sacramento Superior Court, by James E. Moore.

Page 1 list of defendants - Moore is suing Folkenberg and Carson at the General Conference, the General Conference, the Inter-American Division, two other organizations (*Kanaka Valley Association in California, Sharing International of Tennessee*, and 51 individuals (Ben Kochenower and 50 people whose names Moore did not know at the time of filing).

(Oddly enough, Kochenower is not named again in the suit, so we do not know which organization he was with or where he fitted into the transactions. In addition, Robert Dolan is later mentioned as a defendant [¶ 7], while not being mentioned in the defendant list on page 1.)

(Note, on the bottom of page 1, that this is a fraud suit. That is why this tract set is entitled the “*Folkenberg Fraud Lawsuit*.”

¶ 1 - Moore lives in Sacramento County and is an “authorized representative” of *Vicariatus Urbis Foundation*.

(Note that it is Moore which is the plaintiff, not *Vicariatus Urbis*; it is listed as neither plaintiff nor

defendant.)

(“*Urbis*” is derived from “*urb*,” which means “city” in Latin. “*Vicariatus*” means “doing something for another” [our word, “vacarious”], and comes from the Latin “*vicarus*” [substituted], from “*vicis*” [“change”]. “Vicar” also comes from the same root. Perhaps the name, “*Vicariatus Urbis*” is supposed to mean “doing something for the city.”)

¶ 2-7 - In this legal paper (which is reprinted in whole, elsewhere in this present report) Moore alleges that, in May 1993 in Sacramento, he exchanged his part ownership in Kanaka Valley Associates, which owned some California real estate, for two promissory notes totaling \$8 million. By means of a somewhat complicated arrangement (discussed in ¶ 6-7), the two notes were to be given to two organizations, one of which was *Vicariatus Urbis Foundation (VUF)*. This transaction was initiated in May 1993. Moore mentions that each of the individual defendants was employed by one or the other of the named organizations.

(Moore was incarcerated in 1989; we would, at first, assume that he had been released by 1993, in order for this promissory note to be signed in Sacramento. At the time when this legal agreement is said to have occurred, Folkenberg was into his third year as General Conference president.)

¶ 8 - Moore alleges that, around August 21, 1996, he learned that 85% of the promissory note, as earlier agreed upon, had not been issued to VUF,—and he had not been told.

(Why did Moore not learn about the lack of follow-through until August 1996—over three years after the agreement was signed? And why did he wait another two full years to file the suit? It appears likely that his release from prison did not occur until the summer of 1998.)

¶ 9 - At about the same time, Moore learned that the other 15% of the promissory note (assigned to *Sharing International of Tennessee*) had been transferred to Dolan’s bankruptcy estate,—without telling Moore.

(In other words, according to Moore, he had been robbed of 100% of the \$8 million promissory note.)

¶ 10-11 - Therefore Moore is suing for recovery of the \$8 million.

¶ 15 - It appears that the defendants declare that the transfer of 15% of the promissory note to Dolan’s estate was legal, a point denied by Moore.

¶ 1-5 - Moore is asking the court for \$8 million, plus an additional amount for punitive (punishing) and exemplary damages, as well as attorney and court costs.

[4] December 30, 1998, one-page Order to Show Cause court order.

This document required that the plaintiffs’ attorneys appear in the Sacramento Superior Court on

January 21, 1999, to give reasons why they had not done something. Ordinarily, a Show Cause paper is not filed, but Moore apparently wanted to hurry the case along.

Yet notice the wording:

"You are hereby ordered to appear . . . to show cause, if any you have, why sanctions (including, but not limited to, dismissal of the action) under Rule 11:12 of the Local Rules of the Superior Court of California should not be imposed upon you for your failure to comply with the following:

"Local Rule 11.04 re: Diligence Statement."

It would appear that, according a court rule (11:12) Moore had failed to file a statement (11:04) that he was busily working on the case.

The next step in the case will be the January 21 hearing. This will be followed by the defendants filing replies in writing. Then will come depositions, discovery phase, and court testimony at a hearing convened by the court.

*Friday, January 22, 1999, later in the morning —
Additional information has been received:*

Location of the meetings: The meeting of the special "ad hoc" committee will convene at 8:30 a.m., Monday morning, January 25, in Room "Salon E," at the Washington Dulles Marriott Hotel.

The committee will not only hear and discuss the Hiroshima findings, but will also review the outcome of the January 21 court "Show Cause" hearing in Sacramento.

The Washington Dulles Airport is located in Virginia, about 35 miles west of Silver Spring, Maryland. Not far from it, in the Herndon area, are a number of high-priced hotels which serve the businessmen traveling to and from the nation's capital. Similar hotels are located near the other major airports in the nation.

These hotels have large meeting rooms which are rented to corporations and government organizations for meetings. In this manner, busy officials and corporate executives can meet, without having to drive into the District.

The likelihood is that many members of this "ad hoc" committee are from out-of-town, will be staying in the Marriott Hotel during the time the meetings are in progress, and will then fly back to wherever they came from. All this must cost quite a bit. Yet a looming crisis, which we still do not know much about, is about to grip the church.

Oh, how we wish these problems did not exist! How we long for the good old days, when our people

obeyed the Bible and Spirit of Prophecy and lived the way they ought.

But since the problems are here, we must face them squarely. We cannot just turn over and go back to sleep. The God of heaven is counting on us to demand that this matter be settled and that the offices at the General Conference be clean in His sight.

We cannot let the matter be swept under the rug, as is being done with the other president, down the road about ten miles on Pennsylvania Avenue.

If you will carefully consider the past, 90 percent of the church financial scandals since 1980 have involved conflict of interest. Here are but two examples:

- Davenport who gathered millions, by paying pastors and conference and union officers to provide him with non-collateral loans from the church and its members.

Church pastors were offered "finder's fees" for directing church members to entrust their life savings to Davenport. Conference and union officers were given 40% interest on one-year loans, as a reward for voting in committee to direct church funds to him—as personal, non-collateral loans!

- Adventist Health Systems promised lucrative jobs to church leaders and their relatives, if they would approve high salaries for AHS leaders.

Sunday, January 24, 1999 —

We have just received a faxed copy of the Saturday, January 23, *Los Angeles Times* article in the mail. We will reprint it in this report. We have been told that variations of that news report have been released by other news agencies.

This changes the entire picture. Prior to this, it would have been much easier to cover up the whole matter. You might inquire, "How could they cover up millions in loss?" But that would not be difficult. Our extensive reports on the Lake Region financial crisis, revealed that the General Conference nicely covered millions in loss there—and hardly anyone in Adventism knew anything about the crisis or the loss (except those who were on our mailing list). (*See Lake Region Documentary Tractbook, 92 pp., \$7.00 plus \$3.00.*)

Here are key points, in the Times article, which are new to us:

- First, some leaders—

"are already demanding that President Robert H. [sic.; S.] Folkenberg step down from his post atop the fast-growing denomination . . . said Neal

The Folkenberg Fraud Lawsuit

PART THREE OF FOUR

Continued from the preceding tract in this series

Wilson. 'Can the president exercise the moral character to lead this church?' Wilson asked."

That is a remarkably bold statement, from a high-placed church leader. We have already heard speculation today that N.C. Wilson, the former General Conference president, may try to fill the vacancy till the next Session in the summer of 2000.

- Second, Moore claimed that—

"Folkenberg and the church cheated him and a charitable foundation he represented out of \$8 million from a major land development in El Dorado County [California]."

El Dorado County includes the portion of California directly east of Sacramento. It runs from the Nevada line to within a few miles from the city of Sacramento. Many wealthy people purchase property there.

- Moore's foundation "is affiliated with the Catholic Church." We had wondered about *Vicariatus Urbis*, the organization Moore is associated with. The names of Vatican subsidiaries are generally Latin phrases. One might wonder if the Catholic Church has had a hand in this, in order to humiliate our people and lessen the impact of our historic message (to whatever degree it is still being given).

- Farther down in the article, we are told that the church wants to know why Folkenberg was still involved with Moore, after he was arrested and jailed.

- We are told a lot in this sentence:

"They [Adventist church leaders] also want to know whether the church's tax-exempt status was misused in the land deals, which was apparently coordinated through a Barbados account, and whether Folkenberg paid Moore anything to resolve the dispute quietly."

Whenever people want to hide their business deals—from the authorities and/or from the IRS,—they launder the money through an offshore bank, as was done in this case. If church money was thus handled, this could lead to an IRS investigation. Then there is the matter whether Folkenberg tried to bribe Moore to keep his mouth shut—and used some of the missing General Conference funds to do it.

- Then we have this strange statement:

"Church leaders say they are raising questions now because they were only recently served with

notice of Moore's lawsuit."

Here are four reasons why it is strange:

First, on August 21, 1998, a lawsuit was filed by Moore against Folkenberg and the General Conference (*see enclosed documents*). "Summons issued" is stamped on the left side of the cover sheet. There is reason to suspect that, when it arrived at the General Conference, Folkenberg kept it bottled up for a time, and few other leaders knew anything about it. Keep in mind that, following Utrecht, Folkenberg has supreme powers over every General Conference worker. Fear stalks the hallways of that building, as never before. Over 70 Utrecht actions render every one of those workers hirelings and mere flunkies.

Second, because of Utrecht, it would have been relatively easy for Folkenberg to keep the matter hidden for a time while he tried to work out a deal on the phone with Moore. Farther down in this *Times* article, we will learn that Folkenberg was, indeed, on the phone trying to work out a deal with Moore.

Third, it is odd that the General Conference Committee did not arouse itself for quite some time. In fact, it was not until Hiroshima began discovering a few devastating facts—that they woke up and appointed a special ad hoc committee to deal with the problem.

Fourth, from the best we can tell, the special committee must have been appointed fairly recently; for it will hold its first meeting tomorrow morning (January 25)—nearly five months after the lawsuit against the General Conference was filed and mailed to them!

- We had spoken of the possible loss of \$8 million, from General Conference funds, and a Folkenberg bankruptcy. A third, very serious matter has been discovered: Folkenberg was involved in a number of incriminating phone calls—which Moore taped,—in which Folkenberg admitted wrongdoing.

"Most damaging to Folkenberg could be several dozen hours of taped telephone conversations between him and Moore from 1994 to 1998, in which the two men discuss the \$8 million Moore claims Folkenberg and the church owe him."

How could Folkenberg talk to Moore "from 1994 to 1998," if Moore was in prison taping the conversations? It is likely that Moore was released in 1994.

On those tapes, Folkenberg stated that he was trying to somehow get money to repay Moore.

"Sources familiar with the tapes say the conversations leave significant questions about the exact nature of the financial arrangement between the two men. But Folkenberg repeatedly makes statements about his profound remorse over their dealings and his efforts to get Moore his money back, without him or the church being sued."

On the tapes, Folkenberg fully admits having wrongly taken Moore's money.

"I've asked the Lord for forgiveness so many times,' Folkenberg said in one conversation with

Moore. 'The Lord knows "I've told Him I regret having taken a nickel.' "

As noted earlier, both Folkenberg and the General Conference have their own attorneys representing them. Moore has played portions of those tapes to those men—we are told, in an effort to get a sizeable out-of-court settlement.

"Moore has played parts of the tapes for the opposing lawyers in an effort to reach a settlement. While he declined to discuss details of the case in an interview Friday, he maintained that Folkenberg signed a 1994 letter consenting to have their conversations taped and that 'my hands are clean' [i.e.; therefore Moore's tapes were not illegally made]."

If this news story had not reached the public press, as it now has, church leaders could, indeed, have settled out of court and, hopefully, kept the entire matter quiet from the public and church members.

But the point about Folkenberg signing a record consent in 1994 is peculiar. Frankly, it does not sound true. Folkenberg would be too smart to sign such a statement. If the letter could be proven to be a forgery, then Moore could be convicted and put back in prison for illegally making those tapes, regardless of what happened to Folkenberg.

"Lawyers for Folkenberg and the church insist that the signature on the consent document was forged and that the tapes were made illegally under California law."

Here is one of those taped statements in which Folkenberg admits "fraudulent conduct":

"In one conversation, Folkenberg said he considered going to the church's insurance department to arrange a settlement with Moore, but to do so, he would [quoting Folkenberg] 'have to confess to and be open to [charges of] fraudulent conduct . . . I might as well just go ahead and resign [from the church] anyway and let the litigation find me guilty of something.' "

In another taped conversation, Folkenberg considered secretly diverting church funds in order to pay Moore back! *Surely, all aside from everything else, there is enough in those tapes to ruin Folkenberg!*

"Folkenberg also discussed whether he could pay off part of the \$8 million Moore claimed he was owed by quietly diverting part of the donations from a telecommunications program set up by the church's international relief agency [ADRA], an idea he apparently rejected as too risky because of a potential 'conflict of interest.' "

That would be more than "conflict of interest"; that would be outright theft. —And Folkenberg expressed this possibility in a conversation with a man who had earlier been jailed for fraud! (However, he is unlikely to have known that the conversation was taped; that would be why he felt he could talk so freely.)

"He even considered taking out a second mort-

gage on his home. 'I don't know where else to turn . . . I'm willing to risk everything,' he said.

Was Folkenberg willing to risk stealing from church coffers in order to keep the matter quiet?

The next taped statement would have had to have been made after April 1997, when the *Los Angeles Times* began checking into reports of church abuse of ADRA funds:

"Folkenberg also voiced concerns on the tapes about public exposure, saying at one point that 'all I need is for a *Los Angeles Times* reporter to be digging in [this matter]."

"At the time of that conversation, reporters for the *Times* were looking into financial and ethical questions about mandatory tithing within the Seventh-day Adventist Church, as well as allegations of irregular use of federal aid for overseas relief work, and other issues.

"Folkenberg became the target of criticism soon after he took over the church presidency in 1990. It was disclosed that he and another top church official [Al McClure, newly elected North American Division president] had accepted tens of thousands of dollars in the form of salaries for their wives for phantom jobs. The anonymous donations from a wealthy donor were funneled through the church's Worthy Student Fund, intended to be used for charitable scholarships. Folkenberg apologized to the church. His current predicament may be tougher to resolve, church leaders say."

That is because the problem will now become more widely known. The "phantom jobs" scandal were kept fairly secret, and Folkenberg apologized not to "the church," but only to a few men in a committee meeting at world headquarters.

We are next given a couple more quotations from N.C. Wilson:

" 'It's very possible when this is all looked at, the president will recognize and admit he's made a couple of stupid mistakes by keeping in touch with this man Moore out in California, said Wilson. 'Why didn't he cut him off a long time ago, realizing his record?' But it is still 'impossible to say' whether Folkenberg will lose his job at next week's meeting in suburban Washington, Wilson said. 'There must be no rush to judgment here,' he added."

This is one church crisis that is so big that church leaders from the entire world field will be arriving in Washington, D.C. today—and be at that opening meeting tomorrow morning.

"The leaders of nearly all the church's divisions around the world—including Europe, Africa and Asia—are expected to attend next week's meetings, with Folkenberg in attendance, officials said."

We had heard that the meetings will last several days; the above statement verifies that. It is very possible that the leaders will try to quickly settle the matter, one way or another.

Now that the scandal is in the public press, you

The Folkenberg Fraud Lawsuit

can know that our leaders will have to either be certain they can exonerate Folkenberg or they will want to dispose of him rather quickly. He may resign next week.

However, so much power was granted to Folkenberg by Utrecht that, if he wanted to resist ouster, it might be that he could do it. The church's constitution and bylaws are not what they used to be.

"Church spokesman Ray Dabrowski said officials want to determine: 'What was the nature of [Folkenberg's] involvement' with Moore?"

"Questions will be asked, and answers will be given. The church is very serious about the way it deals with integrity, with trust, and with service . . . so that when issues arise, we have to deal with them,' he said."

Monday, January 25, 1999 —

I looked at the clock this morning and thought to myself, the meeting at the Mariott Hotel is starting right now. Surely, friends, we live in a time when we need to pray! How solemn are these years. Our people have been entrusted with the last message to the world: People can, and must, put away their sins and obey the Ten Commandments; and it can only be done through surrender and enabling faith in Jesus Christ. Revelation 14:12 summarizes it.

It is intriguing that we still do not know much about the heart of what went on. Perhaps this information will be forthcoming. —But, in the next several days of meetings, it may all be placed under wraps and we will never know. For that reason, we are trying to determine, as we go along, what the facts are. We dare not wait for a later disclosure, for it may never be given.

Aware that we may never learn more, here is a possible view of what the picture may be:

In 1989, Moore was tried and imprisoned on a fraud charge. At that time, the Inter-American Division ceased their dealings with him, but Folkenberg (in Carolina Conference by that time) did not.

It is likely that the agreement for exchanged interest in Kanaka, for two promissory notes totaling \$8 million (see lawsuit, ¶ 6-7), was made just prior to Moore's entry into prison or very soon thereafter.

Moore was incarcerated in 1989. We do not know his release date. We do know that in May 1993, he signed the two promissory notes. We also know that the phone calls began in 1994. Therefore the alleged illegal withholding of promissory note transfers (when Folkenberg did not make the 15% and 85% transfers of the \$8 million) occurred between March 1993 and some time in 1994, when Moore discovered the discrepancy—and learned that Folkenberg could not return the money.

Folkenberg apparently worked through Carson in allegedly wronging Moore, for Carson is named as a defendant in the suit.

This raises the interesting point as to what Folkenberg did with the \$8 million between 1993 and 1994.

In 1994, when Moore discovered the money had not been transferred and the string of phone calls began, Folkenberg apparently no longer had access to the money; for, as his admittals on the phone revealed, he could not now replace it.

We do not know if Moore had been released from prison by May 1993, when he signed the promissory notes. He must have been out by 1994, when he discovered the loss and the phone calls began.

Folkenberg needed the money for something else; and, assuming that Moore would not be released until 1994, may have thought it would be several more years before Moore would be out of prison. Folkenberg may thus have been surprised when Moore was given an early release—and discovered what had happened. In the interim, other situations had soured and Folkenberg no longer had the money.

What did Folkenberg need the money for? Probably business deals, since we so far have no evidence that he is rolling in luxury cars, yachts, race horses, or ranches. There is always the possibility that gambling debts might have been involved. Many, otherwise intelligent, people get caught up in that snare.

According to the lawsuit, Folkenberg had been given part interest in a California corporation (*Kanaka Valley Associates*), based on an agreement to place 85% of the \$8 million in a Catholic organization and 15% of it in *Sharing International Tennessee*. Moore found that Folkenberg did not put the money in either of them.

—If that is the case, then why did Folkenberg not pay Moore what he owed him, merely by handing him back the interest in Kanaka? Apparently, Folkenberg had already gotten out of that, and done something with the cash.

In addition, why did Folkenberg put 15% of the money into the bankruptcy estate of someone named Robert Dolan? Who is he?

At any rate, according to the tapes, Folkenberg had absconded with the money. Since Folkenberg was admitting so much on the phone, Moore conceived the idea of illegally taping the conversations. It would not be difficult to copy Folkenberg's signature from an earlier legal paper they had signed in the 1980s.

The phone calls continued deep into 1998, and then Moore filed suit on August 21. Why did he wait so long? Did Folkenberg keep urging that he would have the money to him soon, with interest?

When the litigation papers arrived at the General Conference, the ho-hum response indicates that it was at first considered to be frivolous. Folkenberg probably helped this concept along, as he kept knowledge

of the suit within a small circle of a few associates, plus one or two attorneys in the Office of General Counsel.

It was not until overtures were made to Gencon (the General Conference Insurance agency), to pay—come up with money for an out-of-court settlement, that they asked for an investigation.

Think not that out-of-court settlements are unusual. The General Conference and its entities do this on a regular basis, as suits are filed against the church. We hear of them every so often.

Very likely, Folkenberg had the General Conference hire an attorney to exclusively represent him, which he began consulting with.

It appears that the General Conference Committee may not have been told much about the suit for a time. The evidence indicates that a period of time elapsed before Hiroshima was hired, on behalf of the General Conference, as an investigative attorney to find out how much to pay Moore out of court. As noted, this new phase began as a result of urging by Gencon.

It was Phil Hiroshima's research that blew the case open—and revealed to leadership how serious the matter really was.

At some point, about that time, the small committee (the "Ad Hoc Commission") of 20 members, plus Robert Nixon from the General Counsel's Office, was appointed. Evidence indicates that this commission was only established recently.

This committee was slated to hold a special meeting today, Monday, January 25, at an expensive hotel on the outskirts of Washington, D.C. to hear Hiroshima's complete report. Had they not heard it earlier? Apparently not.

On Friday and yesterday, world leaders from most of the divisions flew in; and apparently they will be present, either at the meeting where Hiroshima's special report is given or at a meeting immediately thereafter, to receive a report from the small committee about the report. We are told that Folkenberg will be in all the meetings. It is very likely that he will be questioned closely. Walter Carson will probably be brought in for careful questioning also. Carson could tell a lot, if he wanted to!

It is of interest that a very expensive hotel meeting room is where these sessions will be held. There are probably 25 churches and school auditoriums in the greater D.C. area which could be used, free of charge. The reason for selecting the Washington Dulles Marriott Hotel would be total security from eavesdropping.

—What will happen next? It is very possible that

a curtain of silence will fall, and only investigative work by the public press will reveal much more. We would prefer if the media would forget about it quickly, but that may not happen. Only this morning, the trial of Henry Lyons, president of the National Baptist Convention, U.S.A.—the largest Baptist denomination in America—begins in Florida; and Bill Clinton is in the process of being tried by the Senate for improper conduct. We would hope that we are not included in the general publicity. The church needs to know what is happening, but the world does not.

Do not underestimate the power of a gag order. It has been done successfully in a variety of other cases. In fact, whenever the General Conference buys off a suit (whether it be a loan fraud, sex scandal, or whatever), a gag order is generally required as part of the settlement. Although we reported in some detail on the Kettering lawsuit, when the settlement finally took place, a total blackout over news was imposed by court order—and we learned little more.

Regarding Moore, it is possible that the General Conference might work out a deal with him, whereby he accepts \$5 million or so, and the General Conference agrees not to press the illegal phone taping matter—which could send Moore back to prison.

Regarding Folkenberg, the missing millions in General Conference accounts would be ignored, if he will quietly step down. If he did, N.C. Wilson would be poised to step back up.

However, a curtain of silence could be imposed, with Folkenberg still remaining in power. The problem here is that the matter has hit the public press, and word of the matter is likely to reach too many church members. (Yet, although news of the Davenport scandal flooded the newspapers for a time,—almost no worker was discharged and none were required to repay any money to the church!)

We already have a full mailing, so we will send this material out. As soon as we hear more, we will provide you with a follow-up. Pray, do pray. Ask God to step in. We want to go home.

—Vance Ferrell

"Fraud in any business transaction is a grievous sin in God's sight; for the goods men are handling belong to Him, and must be used to the glory of His name if men would be pure and clean in His sight."—3 Bible Commentary, 1160.

"A false balance is abomination to the Lord." —Proverbs 11:1

The Folkenberg Fraud Lawsuit

**PART FOUR
OF FOUR**

Continued from the preceding tract in this series

The original copy of the fourth part of this first tract series contained a fax copy of Moore's lawsuit. Unfortunately, it was difficult to read.

So, in preparation for this book, we have typeset it. Now, for the first time, you can easily read the details. That is helpful, since those details tend to be somewhat complicated.

Since this typed lawsuit only requires two pages, we will insert it in this book immediately after the faxed reprint.

"In pro per," mentioned at the beginning and end of the lawsuit is a legal term, which derives from *proprio jure*, by one's own right. It means that Moore filed this lawsuit himself, without the help of an attorney.

We have added italics and bold type in order to clarify the situation. Full caps are his.

James E. Moore
980 9th Street 16th Floor
Sacramento, California 95814
Telephone: (916-449-9557)

In pro per

COMPLAINT FOR FRAUD DECLARATION RELIEF

IN THE SUPERIOR COURT
OF THE STATE OF CALIFORNIA

JAMES E. MOORE,
Plaintiff.

KANAKA VALLEY ASSOCIATES, A CALIFORNIA
LIMITED PARTNERSHIP,
ROBERT S. FOLKENBERG,
WALTER CARSON,
SHARING INTERNATIONAL TENNESSEE, A
CORPORATION,

THE GENERAL CONFERENCE CORPORATION
OF THE SEVENTH DAY ADVENTISTS,

THE INTERAMERICAN DIVISION OF THE
GENERAL CONFERENCE CORPORATION OF THE
SEVENTH DAY ADVENTISTS,

BEN KOCHENOWER,
AND DOES 1 THROUGH 50.
Defendants.

JAMES E. MOORE, plaintiff, alleges as follows:

FIRST CAUSE OF ACTION (fraud)

1. Plaintiff is a resident of Sacramento County, California, **and an authorized representative of *Vicarius Urbis Foundation***.

2. The acts complained of herein took place in Sacramento, California.

3. Plaintiff is ignorant of the true names, interests, rights and capacities of defendants sued herein as *DOES 1 through 50*, inclusive, and therefore sues these defendants by such fictitious names, rights, interests and capacities when ascertained. Plaintiff is informed and believes and thereon alleges that the actions of said defendants were the proximate cause of the plaintiff's damages as alleged herein.

4. Plaintiff is informed and believes and thereon alleges that each defendant was the agent and/or employee of the other defendants and in doing the acts as alleged herein, was acting within the course and scope of said agency and/or employment.

5. In May 1993, plaintiff owned an interest in the *Kanaka Valley Associates*, a limited partnership, which owned real property in the State of California.

6. In May 1993, at Sacramento, California, plaintiff entered into a written agreement with ROBERT DOLAN and the other defendants, as follows: plaintiff agreed to exchange his interest in the *Kanaka Valley Associates* for two promissory notes totaling \$8 million/ the two notes were to be transferred to *Sharing International, Barbados*, and the shares in that corporation were to be issued 15% to *SHARING INTERNATIONAL, TENNESSEE*, and 85% to a private foundation, *Vicarius Urbis Foundation*.

7. Plaintiff agreed to grant *SHARING INTERNATIONAL, TENNESSEE* a 15% interest in *Sharing International, Barbados*, in reliance on defendants' promises to issue shares to *Vicarius Urbis Foundation*. Plaintiff would not have agreed to grant *SHARING INTERNATIONAL, TENNESSEE* a 15% interest in *Sharing International, Barbados*, if he had known that defendants did not intend to carry out their promises to issue shares to *Vicarius Urbis Foundation*. At all times mentioned herein, defendants concealed their true intentions from plaintiff.

8. On or after August 21, 1996, plaintiff learned that defendants had failed to issue shares in *Vicarius Urbis Foundation*. Defendants actively concealed from plaintiff their failure to issue shares

to *Vicariatus Urbis Foundation* and never informed him of their failure.

9. On or after August 21, 1996, plaintiff learned that defendants had entered into a settlement agreement with the Bankruptcy Estate of Robert Dolan, wherein, *Sharing International, Barbados*, transferred all of its interests in the \$8.0 million promissory notes to the Bankruptcy Estate of Robert Dolan and the transfer of the shares from *Sharing International, Barbados*, and never informed him of the transfer.

10. Defendants actions as alleged herein were fraudulent and intentional, and taken with the knowledge that plaintiff would be damaged, and thereby justify the award of punitive changes in an amount according to proof.

11. As a proximate result of defendants' actions as alleged herein, plaintiff has been damaged in the sum of \$8.0 million.

SECOND CAUSE OF ACTION
(Declaratory Relief)

12. Plaintiff realleges and incorporates herein paragraphs 1 through 11, inclusive of his First Cause of Action as set forth above.

13. The actions of defendants in giving up the \$8.0 million promissory notes **violated defendants' fiduciary duties to plaintiff and to *Vicariatus Urbis Foundation*.**

15. An actual controversy has arisen in which plaintiff contends that giving up *Sharing International, Barbados'* \$8.0 million promissory notes and transferring them to the Bankruptcy Estate of Robert Dolan was null and void from its inception, and that *Sharing International, Barbados*, is still the owner of the \$8.0 million promissory notes. Plaintiff is informed and believes that defendants dispute this contention.

16. A judicial declaration is appropriate at this time so that plaintiff and *Vicariatus Urbis Foundation* can ascertain their rights with respect to the \$8.0 million promissory notes.

WHEREFORE, plaintiff prays judgement against defendants, and each of them, as follows:

1. For damages in the sum of \$8.0 million or according to proof.

3. For a declaration that *Sharing International, Barbados*, is still the owner of the \$8.0 million promissory notes, and that the settlement Agreement and purported transfer to the Bankruptcy Estate of Robert Dolan is null and void and of no force or effect.

4. For costs of suit incurred herein, including

reasonable attorney's fees, and,

5. For other and further relief as the court deems proper.

Dated: August 21, 1998

JAMES E. MOORE

In pro per

THE JAMES MOORE LAWSUIT

The original copy of the fourth part of this first tract series contained a fax copy of Moore's lawsuit. Unfortunately, it was difficult to read.

So, in preparation for this book, we have typeset it. Now, for the first time, you can easily read the details. That is helpful, since those details tend to be somewhat complicated.

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"In pro per," mentioned at the beginning and end of the lawsuit is a legal term, which derives from *proprio jure*, by one's own right. It means that Moore filed this lawsuit himself, without the help of an attorney.

We have added italics in order to clarify organizational names. Every instance in which *Vicariatus Urbis Foundation* is referred to, we have added bold type. This is due to the fact that we later learned (from Moore's resumé) that *Vicariatus Urbis Foundation* was owned by the Diocese of Rome! Bracketed items are ours. Full caps are his.

James E. Moore
980 9th Street 16th Floor
Sacramento, California 95814
Telephone: (916-449-9557)
In pro per

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FRAUD DECLARATION RELIEF

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1. Plaintiff is a resident of Sacramento County, California, **and an authorized representative of Vicariatus Urbis Foundation.** [It would appear that it is, on behalf of Vicariatus Urbis Foundation, that Moore is suing the defendants.]

2. The acts complained of herein took place in Sacramento, California.

3. Plaintiff is ignorant of the true names, interests, rights and capacities of defendants sued herein as *DOES 1 through 50*, inclusive, and therefore sues these defendants by such fictitious names, rights, interests and capacities when ascertained. Plaintiff is informed and believes and thereon alleges that the actions of said defendants were the proximate cause of the plaintiff's damages as alleged herein.

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20-B Robert Folkenberg's Resignation

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10. Defendants' actions as alleged herein were fraudulent and intentional, and taken with the knowledge that plaintiff would be damaged, and thereby justify the award of punitive changes in an amount according to proof.

11. As a proximate result of defendants' actions as alleged herein, plaintiff has been damaged in the sum of \$8.0 million.

12. Plaintiff realleges and incorporates herein paragraphs 1 through 11, inclusive of his First Cause of Action as set forth above.

13. The actions of defendants in giving up the \$8.0 million promissory notes **were unlawful and void pursuant to the laws of the country in which *Sharing International, Barbados* is located**.

14. The actions of defendants in giving up the \$8.0 million promissory notes violated defendants' fiduciary duties to plaintiff and to *Vicariatus Urbis Foundation*.

15. An actual controversy has arisen in which plaintiff contends that giving up *Sharing International, Barbados*' \$8.0 million promissory notes and transferring them to the Bankruptcy Estate of Robert Dolan was null and void from its inception, and that *Sharing International, Barbados*, is still the owner of the \$8.0 million promissory notes. Plaintiff is informed and believes that defendants dispute this contention.

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Dated: August 21, 1998

JAMES E. MOORE

In pro per

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(Declaratory Relief)