

The Fall of Folkenberg: Late February Update

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Here is the latest update on developments in the strange case of Robert Folkenberg's transactions with James Moore, which led to Folkenberg's resignation from the presidency of the church.

My Thursday, February 11, update will be found on the next page (page two of the tract you now have in hand). It went out in the last mailing, but we will include it here in order to provide—in a single collection—the complete story as it has so far unfolded.

Wednesday, February 18, 1999

The three *Review* articles, surveyed on the next page, were slated to be published on February 18. We now have a copy of the February 11 *Review*. It contains two articles.

Here is a brief overview of anything new in them:

The first article, "*World Church Leaders Grapple with Controversy*," is by Carlos Medley.

"The Inter-American Division cut off all ties with Moore in 1989. In 1987, he was convicted of felony grand theft in an unrelated case."

The above paragraph does not provide new information, yet triggers a previously unasked question:

We know that Moore was convicted in a California criminal court on a "grand felony" charge. Very likely the delay in sentencing (he was not sent to prison until 1989) was because he appealed the verdict for two years. His close friend and adviser since 1976, Robert Folkenberg, had to know about this 1989 conviction,—yet either he did not notify the Inter-American Division (who, having been introduced to Moore nearly a decade earlier, had financial dealings with him all that time), or the officers of the Inter-American Division did not care whether or not they were working with a convicted felon.

"Felony" is "any of several crimes, as murder, rape, or burglary, designed by statute to be graver than a misdemeanor, commonly punishable in the United States by a minimum penalty of imprisonment in a penitentiary for at least a year and a maximum penalty of death" (*MacMillan Dictionary*).

In Moore's case, the felony likely involved the illegal or wrongful use or transfer of funds.

Why did Inter-America wait two years after his conviction to cut off relations with Moore?

"[Phil Hiroshima, the investigative attorney hired by the General Conference to discover what was

involved in Moore's suit] discovered information that raised significant ecclesiastical concerns about Folkenberg's dealings with Moore. Hiroshima brought these concerns to the attention of church officials . . . Folkenberg acknowledged that Moore had accused him of breaching his fiduciary responsibilities toward the church."

The "ecclesiastical concerns" would appear to refer to errors performed in Folkenberg's official capacity as president; "fiduciary responsibilities" would implicate his handling of money.

"Late in the day Monday [the first day that the ad hoc committee met at the Hyatt Hotel], Folkenberg's attorney, James Prochnow of the Patton Boggs law firm in Denver, Colorado, made a presentation."

Everyone else involved in this case had a Sacramento attorney working on it, yet Folkenberg had a Denver attorney. One would think that it would require a Sacramento attorney to investigate, sift through, and gather evidence in his favor. However, the Denver attorney may have been a friend who was doing it gratis.

"[In Tuesday's ad hoc final report], the report expressed concerns over inappropriate business associations, possible misuse of the presidential office, and the president's reluctance to accept the advice of friends."

The above is all that is of significance in the first of two *Review* articles.

At this juncture, let us quote again the passage quoted from the February 18 *Review* (also quoted on the next page of this tract). It contained this very revealing paragraph:

"The president's failure to share information with the leadership circle about the lawsuit when it was still only being threatened seriously damaged his credibility. There was also evidence that the office of the president had been misused, according to those at the meeting. Several financial schemes were attempted, invoking the influence and even the letterhead of the General Conference to introduce Moore to leaders of foreign countries as a way to raise money and pay off what Moore claimed Folkenberg owed him. ADCOM members deemed that behavior unacceptable."

It would appear that, for a period of several years, Moore was trying to use Folkenberg as a puppet to do

THIS FOLKENBERG SUPPLEMENT WAS PREPARED FEBRUARY 11, 1999

Let us now briefly provide you with the latest news on the Folkenberg crisis:

Thursday, February 11, 1999

With this mailing, we have brought you a total of 40 pages of information on the strange fall of Robert Folkenberg from his position as General Conference president. Remarkably, here is more!

Since we are unable to crowd any more into the enclosed two tracts on this subject, I am providing you with the latest—right here:

There is a fair amount of talk about trying to put Ted Wilson, Neal C. Wilson's son, into the presidency.

There is also talk about giving the job to Jan Paulsen. He was one of those who gave full backing to the Hungarian Union, in its disfellowshipping of the faithful Hungarians.

But keep in mind that the leaders want a man elected to the GC presidency who will retire at the 2000 Session.

LOS ANGELES TIMES—We now have a copy of the Tuesday, February 9, issue of the *Los Angeles Times*.

The only new information in it is an item which we had mentioned, but had not earlier been found in a newspaper article:

“Church officials were reluctant to discuss possible successors Monday, but several familiar with the process said there was support for picking a leader who would head the church through its already-scheduled elections in 2000 and then agree to step down.”—*Seventh-day Adventist Leader Resigns over Financial Queries*, *Los Angeles Times*, February 9, 1999.

The same article concluded with these interesting paragraphs:

“But even before the Moore lawsuit, he [Folkenberg] was faced with several controversies that tested his hold over the evangelical denomination.

“Soon after taking over the church, he and a top aide [Al McClure] had to apologize for having accepted tens of thousands of dollars in salaries for questionable jobs for their wives, provided through anonymous donations.

“And the Adventists' fired treasurer [head auditor], who un-

leashed a barrage of allegations against the church in a 1995 lawsuit, accused Folkenberg of mismanagement, nepotism and financial conflicts of interest. That suit is still pending in Montgomery County, Maryland.

[The Maryland suit is over now, but Dennis may appeal it. An appeal would carry the matter to the Supreme Court.]

“Ochoa, the Relief-agency [ADRA] executive, said the Adventists will ride out the storm.

“As Adventists, we have a certain approach to these difficulties as a test of our faith. These tests are here for a purpose,” Ochoa said. “We just pray the Lord will be with us. That's the attitude now.”—*Ibid*.

“These tests are here for a purpose.” It is time to search our hearts, not just pray the Lord will be with us as we are. We are confronted with problems in the church which need changing, not just living with.

REVIEW ARTICLE—The February 18, 1999, issue of the *Adventist Review* will carry three articles about the Folkenberg fall. Although it is only February 11 as I write this, we have a copy of the articles!

Here are the significant points in these three *Review* articles:

In the first article (“*Adventist World President Resigns*”): If Folkenberg had not resigned, he would have tried to retain his office and the leaders would have been placed in a difficult position of trying to oust him.

“Folkenberg's decision averts a potential conflict between him and the General Conference Executive Committee scheduled to meet at the church's world headquarters on March 1.”

We now have definite word that Folkenberg, Carson, and Kochenower earlier served on the corporate boards of two independent charitable organizations. (From the data in Moore's resumé, one or both of those organizations may have been Vatican subsidiaries. Also recall that we earlier discovered that Kochenower replaced Folkenberg as president of the Tennessee organization in 1990. The other organization, which all three were involved with, may well have been *Vicariatus Urbis Foundation, Ltd.*, the nonprofit organization of the Roman Catholic Diocese of Rome.)



The *Review* articles also tell us that Folkenberg's "indiscretions" were so serious that "by an overwhelming secret ballot vote," the ad hoc committee voted to refer the matter to the Spring Council, which we are told will meet "March 1-7."

Moore had been "convicted of felony grand theft" in 1987, so the amount of money involved was large.

We are also told this:

"The president's failure to share information with the leadership circle about the lawsuit when it was still only being threatened seriously damaged his credibility." If he had, they might have been able to buy off Moore and keep the entire matter from the press and the church.

"There was also evidence that the office of the president had been misused, according to those at the meeting. Several financial schemes were attempted, invoking the influence and even the letterhead of the General Conference to introduce Moore to leaders of foreign countries as a way to raise money and pay off what Moore claimed Folkenberg owed him. ADCOM members deemed that behavior unacceptable."

The above paragraph was the most significant disclosure in the three articles. Moore's resumé said he had gone to over 70 countries.

The second of the two articles (“*What Happens Next?*”) informs us that G. Ralph Thompson, 69, “has served 18 years as General Conference secretary, and was first elected” in 1980. “Originally from Barbados, West Indies, Thompson is the first non-North American to serve as the church's second-ranking officer and becomes the first person in its 135-year history to function as acting president.”

I suggest that he may be the one who will be elected in March to be the president till July 2000.

The third article (“*Man on the Move*”) mentions that “Folkenberg was the youngest General Conference president in nearly 90 years, and the first to come to office directly from the conference level” since the church reorganized in 1901. A.G. Daniels also came directly from the conference level.

That concludes the three *Review* articles.

The Fall of Folkenberg: Late February Update 3

what he wanted. Then, when he had tired of the arrangement, he sued him for money allegedly taken.

The second February 11 *Review* article, authored by William Johnsson, is entitled “Caught in the Web.”

You will recall that we quoted from that article and discussed it in some length in *Folkenberg Fraud Lawsuit: Second Update, Part 3, pp. 10-11*.

It was the article in which he told how, at the ad hoc committee, he, Johnsson, was presented with thousands of pages of documents.

Here is another news report, from an individual who tried to investigate deeper into some of the James Moore financial matters.

We had earlier reported on Sharing International of Tennessee (*Folkenberg Fraud Lawsuit: Second Update, Part 1, p. 1*), one of the organizations involved in Moore’s lawsuit. Additional information has since surfaced on this and several other of the five organizations named in Moore’s lawsuit papers (Sharing International, Tennessee; Kanaka Valley Associates; Sharing International, Barbados; Vicariatus Urbis Foundation; General Conference Corporation of Seventh-day Adventists).

We will, below, overview what we know about the first four of these organizations, plus, in italics, new data on Sharing International, Tennessee:

Sharing International, Tennessee (also known as Sharing International of Tennessee), was incorporated on June 3, 1974, for “charitable endeavors in the United States and throughout the world.”

In April 1985, its charter was not canceled, but revoked. Why this happened, we do not know. In December 1987, it was reinstated as a Tennessee State non-profit corporation.

At that time, its registered in-state agent was listed as a Mr. R.H. Pursell of 101 Cumberland Ave., Suit 209, Madison, Tennessee. Pursell had a law office there for a time.

The annual corporate filing with the state, in 1989, was dated January 3. It listed Robert Folkenberg as president; Duane McBride as Secretary; and Terry Carson, *brother of lawsuit defendant Walter Carson*, as treasurer.

A CPA firm in Gaffney, South Carolina, by the name of Cline, Brandt, Kochenower and Co., mailed in that filing. (At that time, Folkenberg was president of the Carolina Conference, with headquarters in Charlotte.)

In 1990, when Folkenberg became General Conference president, he resigned from the Sharing presidency, and Ben D. Kochenower took over as president. *McBride and Carson retained their positions.*

When Pursell was reached by phone, he said that he did not know that he was still being listed as the in-state agent of the corporation and his law firm being used as its address.

Because the organization did not file its 1998 annual report, due on October 1, it was dissolved.

Along with the General Conference Corporation of Seventh-day Adventists and Sharing International of Tennessee, Kanaka (pronounced “Ka-NAH-ka) Valley As-

sociates, a California corporation, is the third defendant organization named in his legal papers as being sued by James Moore.

The business address of Kanaka is 3340 Via Alegre, Santa Barbara, California. That address is the same as that listed for its first general partner, the office of Robert A. Dolan. Kanaka is not a nonprofit foundation, but a legal partnership and not a corporation.

Checking deeper into this just now, I contacted a person from the Sacramento area who told me that Kanaka Valley Associates was an Adventist group.

According to his suit, Moore offered to give Sharing International, Tennessee (apparently a primarily Adventist group), a 15% interest of \$8 million (\$1,200,000) in Sharing International, Barbados while 85% interest in the Barbados organization (\$6,800,000) was to go to Vicariatus Urbis, a direct Vatican organization. But, Moore contends, in his lawsuit, that Folkenberg and associates placed 100% of the \$8 million in promissory notes into Dolan’s bankruptcy estate; whereas, Moore claims, it remains the legal property of this shadowy organization in the Caribbean (Sharing International, Barbados)—which, we will discover below, no longer exists!

Moore’s lawsuit named both Kochenower and Dolan. We had earlier learned that Kochenower was connected with Sharing International; now we learn that Dolan was connected with Kanaka. The third defendant organization is the General Conference Corporation. This means that all three defendant organizations, named in the suit, consist wholly or primarily of Seventh-day Adventists. Very likely all the defendant individuals named in the suit (including Folkenberg, Walter Carson, Kochenower, Dolan, and the 50 John Does) are Adventist as well.

In his lawsuit paper, Moore said that, as a representative of Vicariatus Urbis, he is suing these defendants. So he is suing them on behalf of the Vatican. This is quite a situation.

Dolan had (and may still have) an office in Santa Barbara. Moore alleges that 15% (\$1,200,000) of the \$8 million was placed, with the multiple defendants’ permission, in the bankruptcy estate of Robert Dolan. It would be very interesting to talk to Dolan. He would have an interesting report to give.

If that money was placed in Dolan’s “bankruptcy estate,” why did Folkenberg and his associates permit it to happen? Later, in taped phone calls to Moore, Folkenberg admitted that it was a wrong transaction and that he had done it.

What is Sharing International, Barbados? This is an organization in the West Indies, through which (we can assume) money was laundered on its way to other destinations. It is difficult to obtain information on this organization.

As you may know, banks and organizations in the Caribbean and Panama are famous (infamous) for their money-laundering abilities. If someone wants to carry out secretive financial transactions, which cannot be

traced, he works through one of those organizations. Moore and associates (which, according to Moore's lawsuit papers, included Folkenberg) were involved in transferring funds through Sharing International, Barbados.

Barbados is a 166-square-mile island in the Atlantic, farthest east of the West Indies. The nearest neighbors are Trinidad and Granada. The island of Barbados lies alone, is almost completely surrounded by coral reefs, and is an independent, British Commonwealth nation. With British traditions, its primary income derives from offshore banking, tourists, rum, corn, and the mining of lime. Anglicans (70%) are in the majority. Oddly enough, the current acting head of our church (G. Ralph Thompson) is from Barbados and visits relatives there whenever he has an opportunity.

When inquiry was made of the Barbados government, they said that Sharing International, Barbados, was dissolved three years ago, that its records were stored in a vault and not accessible, and that the government had "some disputes" with the organization.

It did not require much originality to think up the name, "Sharing International, Tennessee." They just copied the name of Moore's Barbados organization! Who owns that Barbados organization? We do not know. For some reason, Moore had \$8 million in it. I suggest that it was a Catholic front organization, used to launder money from the U.S. and other nations, split it up, and then send it out again for other purposes. The paper trail is thus totally broken and legal investigations cannot be completed.

Another organization named in the lawsuit is Vicariatus Urbis Foundation, Ltd., which Moore says he is "representing" in the suit. According to Moore's resumé, it is "a non-profit organization of the Roman Catholic Church, Diocese of Rome, Connection Office," and its chairman emeritus is "Monsignor Virgilio Levi, press secretary of the Diocese of Rome." James Moore has been its vice chairman and director since 1974.

I will conclude with this letter to me, dated February 15, 1999, from a friend I have known for a number of years:

"Robert Folkenberg visited a friend of mine last Thursday [February 11]. This person spoke with me in church yesterday about the meeting. Here is what he said, as best as I can recall it:

"Folkenberg never had a chance to defend himself before the committee that made the final decision about his conduct. He says this controversy has bankrupted him, and his retirement money is all gone. Folkenberg (or my friend) felt that the liberals were out to get him.

"Moore was raised by his aunt who was an Adventist. However, he left the church and went out into the world.

"Moore donated a parcel of land to the [Adventist] church, then decided he wanted half of it back again. By this time he was a Roman Catholic, and the SDA church in Central America did not want to make it seem that they were giving charity to the Roman Catholics. Instead of just refusing Moore's request, the church assigned Moore half the legal rights to this property.

"In order to avoid looking like the church was donating to the Catholics, this land was assigned to a corporation headquartered in Tennessee, which Robert Folkenberg may have had a part in. The purpose was then to assign half of it [the land] to Moore.

"Subsequently, Moore put more stock in this corporation, till he had 85% ownership. The whole situation was getting to be a mess, and the church decided to get out of it entirely. So they gave all interest in this corporation to a third corporation that went bankrupt. [That would have been Kanaka, in which Robert Dolan was senior partner.]

"Moore claims that he is owed back the 85% that belongs to him.

"I don't know if there is more to the story than this that is incriminating to Folkenberg. What is given above does not seem to be cause for censure, though it may have represented poor judgment to assign back half of the rights of the land to Moore."

So at last the bankruptcy factor comes to light, which we told you about earlier. Folkenberg had not filed for bankruptcy yet, but was telling others he would have to do so.

The above letter is extremely enlightening, yet we know there was more to the matter, for the special General Conference committees investigating it chose to find sufficient cause to ask Folkenberg to resign.

Since Kanaka was a partnership, not a corporation, Dolan's bankruptcy could easily collapse it. But why would \$8 million in donated money be handed over to a California partnership? Perhaps we will learn more later.

If Folkenberg files for bankruptcy (which he is very likely to do, since the GC probably is not liable), this would immediately remove him from the California suit. Moore would then have to appear at the federal bankruptcy court in Maryland, and file a claim on Folkenberg's assets.

The latest word is that Folkenberg will be slid into a position in the GC Communication Department. This department includes public relations, news and information, GC on-line, and radio-television. A position there would enable him to continue flying around the world.