

Taxpayers Pay for Televangelists' Lavish Lifestyles Churches Damaged by Lack of Oversight and Disclosures

http://www.charitywatch.org/articles/Televangelists_Lack_Oversight.html

Private jets. Million dollar vacation homes. Luxury cars. If the CEO of your favorite charity was enjoying these perks, you would probably be outraged and never donate to it again. Fortunately, the IRS requires most charities to file financial statements that show they are spending the public's money for charitable purposes, not private gain. This financial disclosure is the cornerstone of wise giving. Without it, the public would have no idea how charities are spending donor money.

Churches*, synagogues, and mosques, however, do not have to follow these same rules. They do not have to file annual reports with the IRS or state charity regulators, which allows them to avoid being rated by AIP. They do not even have to notify the IRS when they form. They receive the same tax benefits as other charities-including tax-exempt status and the ability to accept tax-deductible contributions-with none of the reporting obligations or oversight.

Traditionally, a church's congregation has provided the kind of oversight that the government cannot. Congregations often participate in annual meetings with their ministers, vote on certain budget proposals, and simply get to know their religious leaders on a personal level. While not foolproof, vigilant church congregations can provide a minimal level of accountability.

The advent of televangelism has changed everything. Mega-churches run by televangelists are a far cry from the modest churches most of us are familiar with. Televangelists can have huge followings-some even draw crowds at New York City's Madison Square Garden. Through television, radio, and the Internet, they can reach millions of people around the world. Because televangelists have such large, far-flung followings, it can be difficult for their members to hold them accountable.

With little oversight from their congregations and no oversight from the government, the situation is ripe for abuse. When stories of scandals and misuse of church donations reached the Senate Finance Committee in 2007, it launched a review of six media-based ministries, the results of which were released in January 2011. The review focused on six churches led by prominent televangelists: Kenneth Copeland of Eagle Mountain International Church/Kenneth Copeland Ministries (Copeland's church), Creflo and Taffi Dollar of World Changers Church International/Creflo Dollar Ministries (Dollars' church), Randy and Paula White of Without Walls International Church/Paula White Ministries (Whites' church), Bishop Eddie Long of New Birth Missionary Baptist Church/Bishop

Eddie Long Ministries (Long's church), Joyce Meyer of Joyce Meyer Ministries (Meyer's church), and Benny Hinn of World Healing Center Church/Benny Hinn Ministries (Hinn's church).

Of the six ministries the Committee reached out to, only two, Hinn's church and Meyer's church, provided full responses. The other four did not provide responses or provided incomplete ones, citing constitutional protections and concerns over privacy. As a result, the Committee targeted their review on these four churches, turning to public documents and third-party sources-current or former officers, directors, key employees, members, or watchdog groups. The resulting report-littered with stories of lavish lifestyles, vacations with celebrities, and generous expense accounts-shatters the popular images of ministers as selfless people who lead modest lifestyles.

Secrecy and Autocracy

Several of the churches included in the Committee's review went to great lengths to keep their lavish spending habits secret. For example, according to the Committee, all employees at the Whites' church must sign a confidentiality agreement which prevents them from ever discussing anything pertaining to the organization. A former employee of Copeland's church told the Committee that "the Copelands employ guerilla tactics to keep their employees silent. We are flat out told and threatened that if we talk, God will blight our finances, strike our families down, and pretty much afflict us with everything evil and unholy." John Copeland, CEO of his father's church, responded to AIP that no strong arm or guerilla tactics are used to have confidentiality agreements signed.

Information the Committee obtained from informants, combined with public documents, show that the four churches reviewed are generally organized in a way that gives their ministers almost unlimited authority. For example, the Committee reports that the bylaws of Copeland's church state: "Kenneth Copeland, as Co-founder and ex officio member of the Board of Directors, shall in his sole discretion be empowered to veto any resolution of the Board which he the President shall determine is not in the best financial or operational interests of the Church." (According to John Copeland, church bylaws "have been revised to remove this emergency power.") The Committee also cites an Atlanta Journal-Constitution article which explains that Long "told his congregation that a biblical leader shouldn't have to answer to a board." A former staff member of Whites' church told the Committee that the church did conduct regular board meetings; however, all decisions concerning the church were made by the Whites and their CFO. The board members typically found out "after the fact." We reached out to Long's and Whites' churches for comment on these and other allegations raised by the Committee. At the time of publication, neither has responded.

Extravagant Spending

With limited internal controls and a high level of secrecy, these televangelists are free to

take great liberties with church funds and resources. The Committee reports that both the Copelands and the Dollars frequently used their churches' multiple jets to whisk them away on vacations. According to John Copeland, his parents use the jet to an "insubstantial degree." Patti Webster, who handles public relations for Dollars' church, responded to AIP about the trips referenced in the Committee's report. According to Webster, use of the ministry jet to fly to destinations such as St. Kitts-Nevis; Las Vegas, Nevada; Azores-Santa Maria Island; Nassau, Bahamas; and various locations in Florida, were all ministry-related.

A third-party informant provided the Committee with financials from Bishop Eddie Long Ministries, a nonprofit related to Long's church, from the years 1997-2000. They show for those years, 62% to 89% of the nonprofit's total expenses were spent on items the Committee deemed "questionable," such as clothing, housing, cars, and even compensation payments for a person who did not work any hours at the organization. Some of the most notable examples of extravagant spending came from Paula and Randy White. An insider told the Committee that the Whites occasionally chartered jets for personal use and charged the ministry. On one such trip, they took several famous athletes, including Gary Sheffield, Darryl Strawberry, and Michael Pittman, to Las Vegas to watch a boxing match. According to the Committee, the Whites reportedly used the church's American Express card to pay for these expenses. An insider reported that the Whites used the church credit card and checking account to pay for personal expenses such as gas, meals, and clothing, without reimbursing the organization. According to the Committee, Randy White once racked up approximately \$24,000 in charges on his credit card, including \$11,000 of personal expenses. He insisted that the church pay the entire credit card bill, even though that would deplete church funds so much that it would be impossible for them to cover payroll. According to an insider, Whites' church even paid for the plastic surgery of one of the church pastors.

Lavish Salaries and Housing Allowances

In addition to extravagant perks, the Committee reported that these televangelists also lavished themselves and their family members with hefty salaries. Due to limited public information about the finances of churches, the Committee had difficulty determining the exact salaries paid. However, the Committee was able to obtain a compensation study prepared by a consulting company for one of the churches (which the Committee chose not to name) that suggests the minister's salary be comparable to the salaries of celebrities such as Oprah Winfrey, Britney Spears, Madonna, and David Letterman. The consulting company hired by the church recommended a \$2 million salary.

It also pays to be the friend or family member of a televangelist. For example, during the Committee investigation, Randy and Paula White divorced. An insider told the Committee that Randy placed his new girlfriend and her parents on payroll and gave them retroactive back pay. According to the Committee, Paula's son, and Randy's son, daughter, and father

are also on the payroll. The four of them were paid a total of \$420,000, \$560,000, \$700,000 and \$1,075,000 in 2004, 2005, 2006, and 2007, respectively.

This kind of spending should be worrisome not just to the supporters of these churches but to all taxpayers. This is because one of the tax benefits bestowed on ministers is the "parsonage allowance," which allows ministers to exclude the rental value of their homes from their taxable income. This statute was adopted in 1954 out of concern for clergy, most of whom were making less than \$2,500 annually, according to the Committee. Although a lot has changed since 1954, this tax provision has not, and today's millionaire and billionaire televangelists are still able to take advantage of it. The Committee reported that some churches allegedly ordain friends, family members, and employees solely for the purpose of getting them the income tax exclusion. Currently, there is no limit on the number of residences for which a minister can receive a parsonage allowance, meaning a minister can exclude the rental value of a second home or a vacation home from his or her taxable income.

According to the Committee, Copeland's church provides the Copelands with an 18,000 square-foot mansion that was valued at over \$6 million in 2008. It has two three-car garages and three boat slips. Its doors, Gloria Copeland brags, come from a castle. John Copeland confirmed the value of the house and added that their parsonage is also used for housing guest ministers, television taping, rest and relaxation, and includes offices for Kenneth and Gloria Copeland. An insider told the Committee that Randy and Paula White enjoy a \$3.5 million condo in Trump Tower in New York City, in addition to their \$2.6 million home in Tampa, Florida. Their church allegedly pays a "housing allowance" for both residences.

Weak Response from the Government

Despite discovering these widespread instances of lavish spending-the type that would not be tolerated at other tax-exempt organizations-the recommendations made by the Committee were incredibly watered down, in AIP's opinion. Instead of calling for beefed up laws and requirements that would hold churches accountable, the Committee made the hollow call for more self-regulation amongst churches. Senator Chuck Grassley, who spearheaded the Committee's review, formally asked the Evangelical Council on Financial Accountability, a trade association for religious organizations, to consider how to address issues of transparency and accountability amongst churches. Grassley stated, "The challenge is to encourage good governance and best practices and so preserve confidence in the tax-exempt sector without imposing regulations that inhibit religious freedom or are functionally ineffective."

For many politicians, the idea of taking a strong stance on reform is too risky because they do not want to be perceived as anti-religion by voters. But expecting churches to be accountable and not live lavishly off of tax-exempt funds should not be perceived as anti-

religion. Benny Hinn, one of the televangelists who cooperated with the Committee, even claimed that the Committee's inquiry ultimately had a positive effect on his ministry. In a letter to Senator Grassley, he wrote, "...although I might not have initially invited this far-reaching examination of our ministry, I do believe it has made us stronger, more vigilant, and ultimately more accountable to our congregants, members, and partners. Accordingly, this exercise has caused us to look more closely at the manner in which we have conducted business and has heightened an awareness of self-reforms that are the basis of the accompanying document."

In contrast, Copeland's church argued that the Committee's actions were dangerous. In response to the Committee's inquiry, CEO John Copeland explained that the group is in compliance with all applicable federal income laws and IRS regulations. He also stated that "like every other church in America, [Copeland's church] has the right to keep certain things private. How [Copeland's church] responds to this effort by the Senator to wear down the separation between church and state could ultimately have an impact on all churches."

Call for Reform

At AIP, we strongly believe that the time has come for reform. In 1943, Congress exempted churches from the requirement to file annual returns. This made sense at the time, when churches were generally smaller and only solicited their local congregations. However, in an age when mega-churches can solicit millions of people across the globe, reach the size of large corporations, and award over-the-top benefits to their ministers, this kind of regulation is clearly outdated. It is AIP's belief that, at minimum, churches that broadly solicit the public for contributions should be on the same accountability playing field as secular nonprofits and not dole out excessive benefits to their officials and their families. These new requirements should not be viewed as a threat to churches, but rather as a means to protect them from false accusations and rumors. Hiding information from the public arouses suspicion and damages trust. Greater transparency would improve the operations of religious organizations and boost their credibility.

*For the sake of brevity, the term "church" is used to refer more broadly to places of worship including synagogues, mosques, etc.