State silent on claims of church wrongdoing

By DICK LLOYD
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Deputies in the attorney general's office are keeping silent on claims made by an ex-auditor of financial wrongdoing in Herbert W. Armstrong's Worldwide Church of God.

"I can't comment," Deputy Attorney General James Cordi said when asked if criminal proceedings are being contemplated against Armstrong or other church leaders.

Cordi said, however, that "if evidence of a crime comes to the knowledge of a law enforcement agency, they have a duty to take appropriate action regardless of how the knowledge comes — provided the evidence were properly and legally acquired."

The attorney general is barred from initiating civil actions against religious leaders and organizations, but could take criminal action.

Jack Kessler, former auditor of the church, accused Armstrong of misusing church funds and called upon members of the church board of directors to correct the situation or face possibility of criminal prosecution themselves.

The charges were contained in a letter from Kessler to the church board of directors dated Dec. 30, 1981. The letter was made available to the Star-News independently.

Cordi was one of the state attorneys who handled the ill-fated lawsuit in 1979 and 1980 against leaders of the Worldwide Church of God. The attorney general charged Armstrong and other church leaders with "pilfering millions of dollars" of church assets and breach of fiduciary responsibility.

The lawsuit was dropped, however, when the state legislature prohibited the attorney general from initiating future civil actions against religious leaders under the charitable corporations code. The attorney general chose not to initiate criminal proceedings after the civil action was abandoned.

Do the claims by ex-auditor Jack Kessler that Armstrong has been involved in financial wrongdoing vindicate the state's case?

"I can't comment," Cordi replied reluctantly. "I don't think what we did was wrong in the way we conducted ourselves."

Kessler's charges "are the type of financial transactions that our suit was concerned with," he said.

But he said he is in a difficult position to discuss the ramifications of Kessler's claims as they might relate to the state's case.

"We made a policy decision to stop all those investigations after the Petris bill was passed. So I don't want to create a problem by being in conflict with that policy.

"There are things you can change and things you can't change. It is better not to get frustrated about the things you can't change.

"The legislature has said we have no jurisdiction in regard to alleged fraud in religious corporations," Cordi said, "other than to investigate and prosecute crimes. So, we would not open a civil investigation of a charitable trust under any circumstances."

Is a criminal prosecution possible?

"I can't comment," Cordi said. "There are those who believe that while things may go wrong in religious organizations, it is not the business of government. That was the type of thing that led to the Petris bill. That is the view that the legislature has."

Cordi also would not comment whether members of the board of directors could be liable for actions of Armstrong if they do not take action themselves as claimed by Kessler.

"Generally, the duties of people who manage religious corporations are roughly similar to duties of others who run other charitable corporations," Cordi said.

Stanley R. Rader, former spokesman for the Worldwide Church and former confidant of Armstrong, would say little about Kessler's charges when contacted by the Star-News. Rader has been associated with Kessler.

Rader, one of the defendants in the state lawsuit, orchestrated the church's defense and was behind the legislative movement that ultimately led to the state's withdrawal. "I have no comment (concerning Kessler's claims)," he said. "He prepared them, and he would have dealt with them, and he would be the only one to understand.

He acknowledged, however, that some of the claims have validity only when taken in context and are not unlawful.

"I don't see anything in what he (Kessler) has purportedly said that is similar in nature to the attorney general's wild allegations," Rader said.

"The attorney general was off base from the beginning in every conceivable manner, and the Petris bill made it plain that this wasn't something the attorney general should be involved in."

Of the claim of a $30,000 pleasure yacht excursion out of Monte Carlo, Rader said, "If there was a yacht, I wasn't there." Rader said.

Does Mr. Armstrong carry large amounts of unrecorded cash with him to spend on his trips to heads of state?

"Mr. Armstrong had expense money with him," he said, recalling his own globe-girdling journeys with Armstrong. "How he used it I couldn't say. But however he did use it, in his mind he was using it for the furthering of the great commission. The record would show it."