

PASTOR GENERAL'S REPORT

TO THE MINISTRY OF THE
WORLDWIDE CHURCH OF GOD



VOL. 4, NOS. 11&12*

PASADENA, CALIFORNIA

MARCH 19, 1982

VICIOUS ATTACK AGAINST GOD'S CHURCH

by Herbert W. Armstrong

Thursday, March 11th, the Los Angeles Times came out with a blast against the Worldwide Church of God from a letter written by former Church member and auditor Jack Kessler December 30, addressed to the Board and Council of Elders of the Church, making accusations against God's Church and its apostle personally. On Friday and Sunday the Pasadena Star News blazed forth the same attack with the same accusations.

God's Church has suffered much and long at the attacks of dissident former members "going to the public media against the Church." I have heretofore remained silent, never dignifying the allegations with a reply.

Some facts, however, have been written by the Church's attorney, Ralph Helge, which I feel you should know. His report follows.

But first let me give you a brief background, that you may see the situation in its true perspective.

Back in 1946 I realized the need of a college for the training of our own ministry and other personnel for the Work of the living God. I consulted with the Chancellor of Higher Education, over the state universities in Oregon. He agreed emphatically that education had become materialistic, having lost the true values. Though he himself was in a position over the presidents of the universities of the state, he said he was powerless to change the existing system. He envied me, because in starting even a small private and independent college, I was free to "recapture the true values."

His expression, "RECAPTURE THE TRUE VALUES" became the Ambassador College slogan.

I consulted a former boyhood Sunday schoolmate, with whom I grew up, who at that time was a Dean at the University of San Francisco. He likewise said modern education was materialistic--off the track.

Jesus Christ, through me, started Ambassador College "ON Track." He had started God's Church of the Philadelphia era, small as a grain of mustard seed at first, but "ON Track!"

The Church, College and Work grew, and GREW and G R E W ! --at the rate of 30% increase per year for 35 years, up to 1968. In that year King Leopold of Belgium had invited me to see him. Also in the fall of that year Prince Mikasa, brother of the Emperor of Japan, had invited me to a luncheon with him. These meetings led to a continuous series of invitations to meet other heads of state in nations around the world. And these in turn opened

the doors to carrying the true Gospel as Christ's Messenger--one "sent forth" as an apostle--to leaders in those nations.

For the next seven years I was away from Pasadena headquarters on this Great Commission up to 300 out of the 365 days of the year.

Meanwhile, leaving the day-to-day administration of the Church and College to others at Pasadena, both Church and College were getting sadly OFF TRACK. The Church was going "liberal," watering down doctrines and God's TRUTH. The College was becoming just another "rubber stamp" of this world's colleges. The faculty was being loaded with professors from outside the Church, educated in universities of this world. The evil of "tenure" was introduced in an effort to become "accredited" as one of this world's type institutions. The student body was growing beyond the numbers I had set. Illicit sex, drugs and abuses were fast entering the campus.

In August, 1977, my travels came to a sudden end with TOTAL HEART FAILURE! For many months I was bedridden. I had to learn to walk all over again. I was then living in Tucson, recuperating. I was becoming aware of what had been kept from me--the satanic state that was fast infiltrating the Church and College. I began removing some officials who were, perhaps without realizing it, being deceived by Satan, at the helm of the Work at Pasadena.

With my typewriter, from Tucson, I began PUTTING THE CHURCH AND WORK BACK "ON Track!"

I CLOSED DOWN Ambassador College as then organized and operated. I put Mr. Raymond McNair in charge as Deputy Chancellor, and we started the College all over again with a freshman class only. The "outside" faculty members were terminated--a costly procedure, for they were on "tenure."

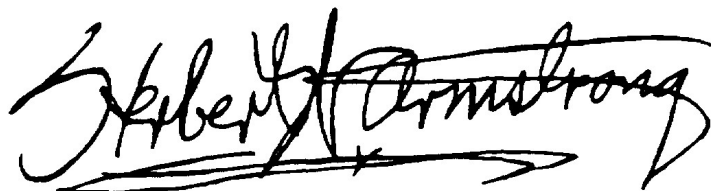
I began vigorously to put the Church back "ON TRACK" spiritually from Tucson.

By January, 1981, I began to find abuses I had surmised in supporting services to be true. I prayed seriously, fervently, earnestly and continuously for days, that God would not let me MISjudge some in leading positions of wrong doing or wrong motives, IF what began to seem apparent was not in fact true. I had placed great confidence in certain high subordinates.

But as the living Christ led me, it became apparent that in putting God's Work back on track, certain personnel changes must be made in the supporting services, as well as spiritual.

I found it necessary to return to the home in Pasadena and take personal charge at headquarters.

I will let Mr. Helge's report relate the facts from there.

A handwritten signature in black ink, appearing to read "Herbert Armstrong". The signature is written in a cursive, somewhat stylized script. There are several horizontal lines drawn underneath the signature, possibly indicating a signature line or a decorative flourish.

PRELIMINARY RESPONSE TO JACK KESSLER'S ACCUSATIONSBrief Background of "Leaked" Letter's Author

The "leaked" letter of Jack Kessler now requires we also respond to the media. We had hoped this would not be necessary. We had hoped to restrict our explanation of Kessler's accusations to the Church's ministry and membership. The following will at least furnish some background facts which will aid in putting the "leaked" letter into perspective.

Jack Kessler, while employed by the Church, found time to acquire his Certified Public Accountant credentials. He also achieved the highest exam grade in California on the CPA exam. Later he was added to the accounting firm which became Rader, Cornwall & Kessler. He later became an attorney. Then there was the law firm of Palazzo & Kessler. Then there was the accounting firm of Rader, Cornwall, Kessler & Palazzo. Then there was the law firm of Rader & Kessler. Then there was the accounting firm of Kessler & Kessler. The names of the other parties are only mentioned as a matter of fact in order to identify them.

You must wind your way through this twisted path in order to determine if Mr. Kessler in certain letters is defending himself, other former Church officials, clients or others.

Jack Kessler, under one firm name or another, served as auditor for the Church since 1972. From time to time a wish was expressed by others, most of the time privately, but sometimes publicly, for an "independent" auditor. The expression of such a wish not only provoked a denial of a lack of "independence" but was accompanied by wrathful threats of a lawsuit. Two such examples are the lawsuits filed by Kessler during 1979 demanding in excess of \$563 million in damages.

By mentioning this matter the author does not accuse nor even suggest by doing so that Mr. Kessler was acting as anything less than an "independent" auditor. It is mentioned only to emphasize a point. As one can appreciate, such an attitude would have somewhat of a stifling effect upon any attempt to even suggest that financial conduct of certain ones in the Church, and the manner in which Mr. Kessler was handling the same, should be reviewed by anyone else.

Mr. Armstrong Acts Re: Investigation

During February 1981, after the conclusion of the State vs. Church case, Mr. Armstrong determined definitely to make higher echelon personnel changes. As a consequence, certain persons were discharged and the resignation of others was demanded and received. Other personnel changes were also made.

At this time Mr. Armstrong emphatically and unequivocally stated that he was going to "put the Church back on the track." One of the very first steps Mr. Armstrong took was to appoint a group of men as the Advisory Council of Elders. Responsible men and ministers in the Church who have proven loyal and faithful to the Church over the years. Men whom the ministry and the congregations respected. Men whose word would be above reproach. Men that Mr. Armstrong felt could act independently.

One of their primary responsibilities was to commence an investigation of past conduct in the Church. This commission read:

Take whatever steps are necessary in order to become fully knowledgeable of all the phases and facets of the legal, financial and other secular aspects of the Church, and all its affiliated organizations, so that they may be better able to advise and recommend regarding the same.

It is interesting to note that in other letters sent by Jack Kessler, he is threatening to sue some of the very men that Mr. Armstrong commissioned to conduct the investigation.

First Investigatory Steps

One of the first steps of the investigation was the retention of the outside law firm of Gibson, Dunn & Crutcher, one of the largest and most respected law firms in the nation. Their reputation is above reproach, therefore, no one would successfully be able to claim that they collaborated in a cover up of any illegal matters that came to their attention.

A commensurate step was to initiate discussions between the new executive and financial personnel of the Church and Arthur Andersen, the outside auditors who had already been retained. They are one of the largest and most respected accounting firms in the nation whose findings would also be above reproach.

First Fruits of Investigation

The very day that another person's resignation was demanded, that other person unilaterally signed a contract with the accounting firm of Kessler & Kessler, one Kessler of which was the author of the "leaked" letter. The other Kessler is his wife. The contract provided that Jack Kessler was to serve as a consultant in the furnishing of advice in the area of accounting with the Church, for a period of five years, at the tune of \$12,500 per month. An additional sum was to be paid should the demands of the Church upon his unique expertise become too taxing.

Apparently it was felt that the auditing and accounting services of Arthur Andersen, one of the world's largest accounting firms, was either not capable of handling the task, or it was necessary to have Mr. Kessler's continued involvement for other reasons.

The contract was immediately delivered to the Accounting Department with instructions to commence issuing checks to the Kessler firm. Two such checks were issued. Once the Church investigation uncovered the Kessler contract, the checks were ordered stopped. Mr. Kessler was advised that the Church did not consider the contract binding upon it and refused to honor the same.

The newspaper reports that Mr. Kessler does not know why he was excommunicated and suggested it might be because of his "friendship with Mr. Rader" or because of his "unwillingness to lie about Stanley Rader." Mr. Kessler omits his accusing the Church of "treachery" because it refused to honor the five-year contract.

It appears now that the decision not to honor his contract was not only legally and financially sound but providential. For now we must ask the question, if the Church had honored it, would some other person be accusing the Church today of "bribery" to prevent the leaking of the accusations in the "leaked" letter?

Further, it seems appropriate to comment here that the Church did not and does not have to request lies from anyone. The Church does not need to deal in lies. The Church is only interested in attempting to document the actual facts so as to defend itself from the false accusations of its accusers.

One of the first areas of inquiry with Arthur Andersen was to seek their advice as to the appropriateness of financial expenditures between the Church and the Ambassador Foundation. The commencement of the inquiry must have touched a nerve because promptly a fiery telex was received from Jack Kessler. As of March 1, 1981, he certainly felt there was no basis for the "leaked" letter accusations because he stated:

The question was asked whether they thought there was any impropriety in the Church's giving funding to the Foundation in order for the Foundation to carry on its activities....To me it's embarrassing for Church officials to wonder aloud whether we're committing some major fraud of this nature. There was no need to ask Arthur Andersen what they thought since they have just given us completely unqualified opinions two years in a row.

It is surprising he now chooses to ignore the exonerating effect of Arthur Andersen's two years of "unqualified opinions."

The Church's investigation also uncovered a matter that caused it grave concern. It uncovered the existence of two corporations in Nevada that had ostensible legal authority to appoint a successor to Mr. Herbert W. Armstrong in the event of his inability to govern the Church. Neither Mr. Armstrong, nor the ministers whom he looked to for aid in spiritually guiding the Church, nor I, who served as house counsel for the Church for years, had any knowledge of these two corporations. There has been absolutely no satisfactory documented legal evidence that any of such persons would have had any legal control whatsoever of these corporations.

Jack Kessler was one of the attorneys who created these corporations and who was named as a Director of one of them. The other Directors were people in his office who were not members of the Church. Only after the many demand letters by the Church upon Mr. Kessler or his associates, attempting to effectuate the immediate dissolution of these corporations, and only after many dilatory responses, and only after the preparation of the pleadings by the Church of a lawsuit to force their dissolution, were documents received from Mr. Kessler's office which permitted the dissolution of the two corporations without the need of filing a lawsuit.

Church Attempts at Recovering Its Property

Demands were then made to commence recovering of all corporate monies, records and property from Mr. Kessler and some of the former officials and employees. An accounting was requested from Jack Kessler for Church monies that were in his possession. In due time a statement was received from one of Mr. Kessler's firms, which sought to account for \$150,000 of the funds

that had come into his possession on behalf of the Church. After deducting expenditures on behalf of the Church, including a claim for attorney's fees in the sum of \$28,562.50, he conceded there was \$13.82 due the Church. It was necessary that another demand go out to him asking for a breakdown of the services justifying said fee.

A demand was also made that the thousands of dollars of law books the Church had purchased and that were in the library in the Century City office should be returned to the Church. Mr. Kessler responded, castigating Mr. Armstrong for even suggesting that they should be returned. He contended that a former official of the Church had a right to have the books remain there, under his contract, so he could furnish advice if and when he was called upon to do so. The Church considers this as a totally untenable excuse. As of this date the books have still not been returned.

A demand for an accounting was also made against the assistant of one of the persons whose resignation was demanded. The demand was for an accounting for expense money during a trip overseas. It was in the approximate sum of \$43,000. Response then came from the assistant that if he was not reinstated to the Church, reinstated to the position previously held by him, given full back salary, an apology made by Church officials, etc., etc., that he would disclose a rumor of a confidential nature.

Upon a refusal to be intimidated, a second demand for an accounting was sent. A letter was then received from Jack Kessler saying that he was representing the assistant. He then demanded after serving as auditor of the Church's books for eight years, the right to look at the Church's books. He claimed the assistant could easily account for the money but as of this date no accounting has been seen, much less the return of any of the monies.

Interesting Observations

It is interesting to note that the divine light revealing the alleged facts giving rise to Jack Kessler's accusations in his "leaked" letter came after all the foregoing events.

The newspapers quote Mr. Kessler as remorsefully stating that no Church official has seen fit to contact him regarding his "leaked" letter. Mr. Kessler apparently failed, however, to mention that he was contacted by Gibson, Dunn & Crutcher as attorneys for the Church. He failed to mention their ardent requests for the backup information and documentation supporting his accusation, if there be any. He failed to mention his two short, sarcastic responses. Our attorneys had attempted to work with Mr. Kessler. They extended a willing hand, but unfortunately that hand remains empty of any evidence of the accusations in the "leaked" letter.

For the record it should be noted that immediately upon receiving Jack Kessler's letter which was later leaked, the letter was delivered to the firm of Gibson, Dunn & Crutcher. The auditing firm of Arthur Andersen was also given a copy of the "leaked" letter. Investigation and review of the accusations were undertaken by both organizations.

In the more recent news announcements, Mr. Kessler is also quoted as suggesting that some of the Church officials who received the letter "leaked" it. The modus operandi was predictable and I had already admonished the Board of Directors to be certain not to disclose or exhibit the letter to any one.

In Mr. Kessler's accusations an incorrect statement he makes regarded Mr. Armstrong's salary. This will be explained in the next PASTOR GENERAL'S REPORT. It is interesting to note that this exact erroneous figure has appeared in another section of the country in which a Church-related problem is occurring.

Another point interesting to note is that in September of 1981, Mr. Kessler expressed a desire to continue service to the Church. His letter at that time made no mention of any of the accusations in the "leaked" letter. It would certainly seem to be improper to assume that Mr. Kessler possessed the facts underlying his horrendous accusations at that time. Therefore, if we conclude he had no such facts we must then assume that he fell heir to all such facts some time between September 1981 and December 1981. Therefore, the question is when, where and how did he receive such a divine light?

Accusations Suspect by Possible Motives

Most all the accusations in the "leaked" letter appear to be of ancient origin. This was even conceded to by a Deputy Attorney General who was quoted in the newspaper as saying that Kessler's charges "are the type of financial transactions that our suit was concerned with." What prompted their resurrection? Could it have been the fact of the Church's own investigation?

Is it possible that some of the motives behind the "leaked" letter are to engender such harassment that former dismissed personnel would be, along with Mr. Kessler, drafted back into the ranks of the Church with its financial blessings?

Could it be possible that a motive would be to create an ostensible furor of problems? A furor so great it would prove beyond a doubt that the Church could only have achieved its present position of power and prestige due to the acumen of some of the formerly discharged persons? Could it be to prove that without the presence of these persons constantly at the ship's helm the ship is bound for inevitable destruction?

At this point of time we do not purport to suggest any answer to these questions or impute any motives. Time and truth will themselves do this.

Time does not permit the type of response the accusations call for. Therefore, such responses shall follow.

--Ralph K. Helge, Legal Office

IS MR. TKACH "BOSS?"

by Herbert W. Armstrong

One local pastor called me at my home to ask whether Mr. Joseph Tkach is really "boss" over the field ministry.

I have placed Mr. Tkach in a sensitive position which could bring embarrassment and even persecution to him. I think it's time I make his position CLEAR so all of you can UNDERSTAND!

Those who could have been conspiring to "take over" the Church have accused Mr. Tkach of that very thing, but you will notice that he is still in his position. Jesus said we shall know them "by their fruits." And as His instrument, thus I evaluate. They accused others in supervision over the ministry used the office to try to take over the whole Work, implying the accusation without basis that Mr. Tkach was trying to do the same thing. He is still IN--they are out.

Mr. Tkach is supervisor or director over MINISTERIAL SERVICES. He is there as a SERVANT! A servant under WHOM? Under you ministers to serve YOU? NO! A servant under me, as I am a servant under Christ. I serve Christ as His instrument whom He uses. Mr. Tkach serves me as my instrument in directing you whom I use.

Mr. Raymond McNair is Deputy Chancellor of Ambassador College, administering the College UNDER and FOR me, as I administer it and the whole Work UNDER and FOR Christ as His instrument. But I do leave most of the administration of the College in Mr. McNair's hands, just as I leave most of the administration of the ministry in Joseph Tkach's hands. But Mr. McNair is NOT free to CHANGE POLICIES, or initiate his own new ideas or policies. He is on the job to administer MY policies and directions, as I am an instrument CHRIST uses in SETTING and DETERMINING the policies of the whole Work and the direction it shall take.

Am I IN AUTHORITY over the Church and the Work? As long as I faithfully and loyally carry out CHRIST'S will--HIS policies and directions--yes. So Mr. Tkach is in authority over you ministers as MY SERVANT, carrying out MY orders and policies, as I carry out CHRIST'S, and as Christ carries out those of GOD the Father who is the HEAD of Christ! So it is a CHAIN of authority, starting with God the Father!

WHY should so many be confused about this? Bob Rice is janitor in the Hall of Administration, and the ONLY one over the executive fourth floor because we have confidence in his INTEGRITY. But he has no authority to set executive policies enacted from the executive office.

His brother Richard Rice is director of the very prestigious and important Mail Processing Department. But he administers it FOR and UNDER me, as I administer the WHOLE Work for and under Christ as HIS INSTRUMENT!

Perhaps much of the MISunderstanding has come from the fact that there have been men in supervision over the ministry who made themselves sole boss. One, in 1974, in collusion with another high officer at headquarters and a number of field ministers, conspired to TAKE OVER the WHOLE CHURCH. Another, as Executive Vice President, shut off everybody over him, virtually making himself head of the whole Work, while JESUS CHRIST was then, and still is, HEAD of the whole Work.

The trouble comes when one in a subordinate office tries to SHUT OFF all authority over him. A local minister can try to do this, and "TAKE OVER" his local church, stealing it for himself, setting up by and through it his own work. Some years ago a managing editor of The PLAIN TRUTH wanted to make it a "spinoff"--a separate "business" of his own. But he was above-board about it in that he proposed it to us, under terms of which the Church would pay all the finances but he would do all the spending.

Mr. Tkach does not "own" the ministry and run it his own way apart from the one Christ put over him. But he does relieve my time by taking a mountain of work and reports and conversation with you ministers off my hands, freeing me to write, broadcast, preach around the world, make all major decisions, and, UNDER Christ, direct the WHOLE WORK as the living Jesus Christ directs and uses me as His INSTRUMENT. And as GOD THE FATHER directs Him!

I have direct access to God the Father. So do YOU! You have direct access to me, at any time--BUT I do thank you fellows and wives that you UNDERSTAND that Mr. Tkach is relieving my time, and that you bring things to me personally when really necessary.

LET ME SAY WITH EMPHASIS THAT FOR THE FIRST TIME SINCE ABOUT 1968 WE ARE VIRTUALLY BACK ON TRACK, AND ALL IS PEACE AND HARMONY AND A SPIRIT-LED TEAM WORK AND COOPERATION HERE AT HEADQUARTERS!

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WHILE SATAN ACCUSES, GOD SPEEDS
UP BLESSING HIS WORK

FROM: Richard Rice, Mail Processing Center

DATE: March 9, 1982

SUBJECT: Mail Processing Update

FEBRUARY CONTINUES PACE SET IN JANUARY

The Work of God is continuing to increase at an accelerated rate for 1982! Following are some of the latest trends.

1. Record 195,000 New People

A total of 195,000 new people were added to the subscription list in January and February. This is an all-time record for the first two months of any year since we began keeping records.

2. 74% Increase in U.S. PLAIN TRUTH Subscriptions

PLAIN TRUTH subscriptions now number 1.6 million, for the U.S. only, which is 74% over last year's year-to-date count. (In addition, 1.3 million newsstand issues are distributed each month.)

3. Major Increases in Mail and Phone Calls

Mail stands at 46% increase year to date. 641,250 letters had been received by the end of February.

Phone calls for the two months total 98,920--a 261% increase over last year.

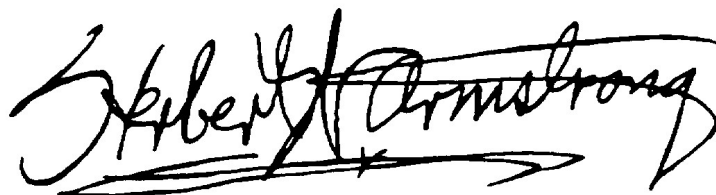
By combining letters and calls the Work has received over 740,000 responses in the first two months of 1982. This compares to a total of 465,000 for the same period in 1981.

4. Final Results for the December Semiannual Letter

In December the semiannual letter was sent to 1.3 million subscribers. This was the second largest mailing in the history of the Work.

Contributions--Money sent in with the responses to this letter reached an all-time high--33% higher than the previous high set back in 1968.

Literature--The new booklet, NEVER BEFORE UNDERSTOOD--WHY HUMANITY CANNOT SOLVE ITS EVILS, brought 153,000 requests; sample copy of YOUTH 82--115,000 requests; UNITED STATES AND BRITAIN IN PROPHECY--107,000 requests. The response to the U.S. booklet is exceptional considering that it has been extensively advertised in all the Work's media programs.



FROM MINISTERIAL SERVICES

Atlanta Brethren Encouraged by Mr. Armstrong's Visit

(The following report comes from Mr. Harold Lester, pastor of the Atlanta Church.)

Mr. Herbert W. Armstrong's visit to Atlanta on February 27th was extremely well received! Excitement ran very high--it was the highlight of the history of this Church.

Mr. Armstrong's message explaining about the two trees in the Garden of Eden and the importance of our training received through the Church is still being discussed. He stressed the need for God's Church and his delivery was warm and personable.

I sensed none of the hero worship attitude, but rather an attitude of deep love and respect for a loyal, dedicated servant of God. The members came to hear Mr. Armstrong's sermon and to apply it in their lives.

We had anticipated approximately 3,500 to attend--actual attendance was 2,706. The lower attendance was due to bad weather conditions in South Carolina, north Georgia, and Tennessee.

On a personal note, I can't describe how much I enjoyed and profited from the contact I had with Mr. Armstrong. The drive from and return to the airport was a real delight. You can just feel the love, warmth, and concern as it flows from God's servant. Please convey our deepest thanks to Mr. Armstrong for all the love, concern, and extra effort that he puts forth for God's Church and its members.