

# CRI Provides Evidence to Dispute Claims of Mail Fraud Launched by Critic

Responses from federal officials seem to bolster CRI position, and ECFA agrees, yet local postal officials say CRI overstated the problem

By Michael Barrick

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**MATTHEWS, N.C.** – The Christian Research Institute (CRI) has provided MinistryWatch.com with documentation that they say disproves claims made by a critic that the apologetics ministry is the subject of a mail fraud investigation. Meanwhile, CRI's longtime detractor, Bill Alnor, the director of the journalism program at Texas A&M-Kingsville, remains insistent that an investigation is under way, though postal officials will not confirm his claim and seem to suggest that there is no investigation.

Alnor, who formerly served the ministry as an independent contractor of the ministry's journal, and who has published numerous articles critical of CRI, challenged remarks made by CRI President and CEO Hank Hanegraaff that the local U.S. post office misdirected a "significant" amount of mail for several months. In an article he published on Jan. 19 in his Internet newspaper The Christian Sentinel, Alnor wrote, "Christian Research Institute (CRI) President Hank Hanegraaff has become the focus of a federal criminal mail fraud investigation sparked last week by an unusual 'urgent memo' fundraising appeal letter he released on Friday on CRI's website."

In its defense, however, CRI provided letters from three different federal agencies – the Office of Inspector General of the United States Postal Service, the Federal Trade Commission, and the Federal Bureau of Investigation – saying they could find no documentation of CRI or Hanegraaff being the subjects of criminal investigation regarding this matter. The letters were written in response to requests from CRI attorney Tom Chun under the Freedom of Information Act.

Additionally, Paul Nelson, president of the Evangelical Council on Financial Accountability (ECFA), of which CRI is a member, affirmed CRI's assertions. Nelson said, "We have been out there and verified it (CRI's claims) to our satisfaction."

Furthermore, CRI officials remain steadfast in their view that the local post office has lost more mail than it is willing to admit.

## **Background**

Hanegraaff, in a letter posted on CRI's website in mid-January and mailed to supporters, claimed, "A bizarre error by the U.S. Post Office has cost the Christian Research Institute and Bible Answer Man broadcast an unknown amount of income..." He continued, "We

don't know how much we lost, but we know it was substantial – perhaps in the hundreds of thousands of dollars.”

Postal officials, meanwhile, offer seemingly confusing views. One postal official says that the problem was isolated and is not nearly as serious as CRI officials say. Yet, another postal official, while saying she could not confirm or deny that an investigation had been launched against CRI because of Alnor's complaint, seemed to indicate an investigation is not under way. Yvonne Guerrero, Public Information Officer for the U.S. Postal Inspection Service field office in Los Angeles, reported, “If there is an investigation, the person who filed it would have been notified.”

Alnor said he has not received any such notification. He insisted, however, “When I wrote the article, three or four people with the postal service said there would be an investigation... When people say it is under investigation, I take that to mean it is an investigation...”

Hanegraaff said, “The long and short of it is, that we stand by what we said in the letter.” And, CRI Chief Financial Officer Robert Eaton said, “When it comes down to it, if the post office is denying there is a problem out here, they are in denial about a systemic problem.”

Conversely, Richard Maher, the U.S. Postal Service spokesman for southern California, asserted, “The question I asked the manager at the local office was, ‘Did the postal service take responsibility?’ He checked it out and replied back in the negative, that nobody had reported this problem to the degree it was expressed in the letter.”

The issue is significant because KMA Communications, a public relations firm contracted by CRI, reported to CRI that its mail received in October and November 2004 was down 36 percent from the same period the year before.

CRI, based in Rancho Santa Margarita, Calif., has also placed blame with the local firm, On-Target Marketing, which has acknowledged in previous statements to having mistakenly received CRI mail at least once. In his letter, Hanegraaff reported, “...To make matters worse, the business to whom the envelopes were sent threw away many of the envelopes into the trash.”

Eaton recalled, “They called us (in mid-December) and said they had our mail and (CRI Vice President) Paul (Young) went over there and picked it up. It had about 150 percent of the mail normally in a tray.” As a result, says Eaton, CRI believes that the tray contained more than one day of mail, and thus caused them to suspect that On-Target had received more than one day of misdirected CRI mail.

A spokesman for On-Target could not be reached by MinistryWatch.com, but the Los Angeles Times reported in its January 23 edition, “Alan Baron, chief operating officer with On-Target Marketing in Foothill Ranch, said his company received a single tray of the Christian Research Institute's mail and called the ministry the same day to correct the

problem. Baron said no mail was thrown in the trash.” The newspaper quoted Baron as saying, “I don’t know why this is being blown out of proportion. This was a very limited problem, and it was quickly solved.” However, in a Christianity Today article in February, the magazine reported that Baron told them the mail had been recovered from a dumpster and acknowledged that he did not know if all the mail had been recovered, a comment seemingly in contradiction with his remarks to the Los Angeles Times.

In response, Eaton argued, “On-Target was not truthful in the beginning.”

Eaton says that a private investigator hired by CRI has received testimony from an On-Target employee that contradicts Baron’s claims and says that On-Target received and perhaps discarded more than one tray of CRI mail. However, CRI would not identify the employee.

Besides, says Eaton, the real problem is with the local post office. “The On-Target people admitted they got the mail. The only way they could get it is if the post office sent it,” noted Eaton. He added, “We have reason to believe it is not a one-time event and that we didn’t get all our mail.” He reasoned, “I routinely receive several pieces of first class mail for others. The problem is ongoing... You’d have to have a pretty strange view of the world (to think) that only CRI is getting other people’s mail. The post office is not perfect. We get several pieces everyday that belong to others.”

Maher countered, “I called down there (Rancho Santa Margarita branch). They have no knowledge or documentation of this occurring. I did not quiz every employee, but I did ask managers if there was any documentation or anything on file and they said no.”

CRI officials acknowledged they did not file an official complaint with the post office. Eaton explained, “We didn’t file a complaint. We’re not about filing a complaint.” However, he noted that CRI officials visited the branch on or about January 21. Eaton said, “The bulk mail postmaster was defensive and would admit to only one mistake, but admitted to taking procedures to address the problem... From my standpoint, I’d say he apologized.”

Maher disagreed, saying, “The manager did tell me they came in and talked to him. Although they did not address the letter, it was agreed between him and the manager that the postal service would do everything it could to ensure correct delivery of the mail, just as we do for every customer.”

Meanwhile, Nelson of the ECFA said, “We have verified to our satisfaction that there was a precipitous drop in CRI’s income, that there was a problem with their mail. And further, we are satisfied that they are not now, nor have they ever been, under investigation by the post office or any other government agency for this matter.”

### **Publisher says letter raised questions, but his motives are challenged**

Saying he found it difficult to believe that a post office branch would misdirect mail for three months without anyone noticing or reporting it, Alnor also revealed that he filed the

mail fraud report with the local post office and an investigative office in Chicago. He says he did so after seeing the letter on the CRI website, contacting the Rancho Santa Margarita post office, and being told by the manager there that CRI had not complained to them about lost mail.

However, Alnor's use of his own report as the basis for the article has caused Nelson to question his motives. He said, "As you know, the L.A. Times picked the story up (on Jan. 23), but it originates from a source that is a longtime critic of CRI."

Alnor responded, "I expected that from the beginning. All I can say to Paul is to simply show me one lie and I will retract it."

While that has apparently not occurred, there is a disparity between Alnor's report and what postal officials say. Alnor said, "The southern California Postal Inspector's office told me there was now a criminal investigation under way by their office." However, Guerrero countered, "There is a complaint. But I did not say there was a criminal investigation." The number that Alnor and an associate pointed to – C/MJC/006/s1137458/C1289672 – as proof of an investigation, is actually the case number assigned to the Mail Fraud report, according to Patricia S. Sweeney, the manager for the Criminal Investigation Service Center of the U.S. Postal Inspection Service office in Chicago.

### **CRI and MinistryWatch.com have differing opinions on transparency**

CRI and MinistryWatch.com have differing opinions on transparency, a disagreement precipitated by questions about spending habits at CRI that came about as a result of several CRI employees contacting the ECFA in late 2002 and news stories that followed. Ultimately, by mid-2003, the ECFA announced that it had discovered that CRI had "breached" three of ECFA's Seven Standards of Responsible Stewardship, including "Use of Resources." However, in a Public Statement made in June, 2003, the ECFA wrote, "ECFA confirms again its sincere conviction that the deficiencies in compliance with ECFA Standards found at CRI were not willful on the part of the ministry, nor was the ministry's accomplishment of mission objectives, consistent with donor expectations, negatively impacted."

However, because CRI had refused requests from MinistryWatch.com to explain what steps the ministry had taken in response to the compliance review findings by the ECFA, MinistryWatch.com issued a Donor Alert in February, 2004. CRI continues to decline to release that information. Young explained, "We obviously have a different view on transparency. That is an event that is two- to three-years-old. We feel it's fully reported, fully complete."

Conversely, MinistryWatch.com Managing Director of Research, Rodney Pitzer, explained, "Transparency is at the heart of long-term trust in any relationship. Donors want to make wise giving decisions. Without access to comprehensive ministry information it is not possible for donors or donor advocates like MinistryWatch.com to make optimal giving decisions. Charitable organizations that do not share critical

information from scrutiny undermine the faith and trust of the donor and damage donor attitudes that have an impact well beyond their own operations. Accordingly, transparency is a key component to a growing and prosperous Christian Ministry Marketplace and fundamental to long-term ministry success.”

In the January interview, Hanegraaff noted, “Our goal is to be transparent.” To that end, he says the board includes five members, three of whom are independent of the ministry. Hanegraaff noted, “We seek experience from business, education and ministry and other professions that can add value. Additionally, we seek strength of character to insure independence, forceful opinions and rich ideas.”

Hanegraaff also pointed to policies that safeguard board independence, an audit committee that is independent of the ministry’s auditors, and an employee handbook that identifies conflicts of interest. While CRI, like many ministries, has yet to comply with provisions of the Sarbanes-Oxley Act that require nonprofits to have policies in place to ensure whistleblower protection for employees and to have policies that prevent the illegal destruction of documents, Hanegraaff says present policies and the recent addition of a new board member with experience in these areas will ensure compliance while they develop official policies.

© *Wall Watchers*, 2005. Michael Barrick is Managing Director of Education and Communications for *Wall Watchers*. You can reach him at [mbarrick@wallwatchers.org](mailto:mbarrick@wallwatchers.org).