



## Trinity Broadcasting Network (TBN)

### MinistryWatch.com calls for establishment of an independent commission to take over governance of Trinity Broadcasting Network

#### MinistryWatch.com Take:

Newly revealed facts and allegations regarding questionable financial transactions at Trinity Broadcasting Network (TBN) – initially reported in the Los Angeles Times – coupled with MinistryWatch.com's previous concerns about the dubious "prosperity theology" often heard on TBN and the unusually large profits and investments generated by TBN's operations, have caused MinistryWatch.com to issue a second Donor Alert for this ministry. Our concerns have only increased as a result of TBN's public response, which is at times both caustic and misleading.

Accordingly, MinistryWatch.com is recommending a dramatic plan of action for the restoration of donor confidence in TBN, the world's largest Christian television network. This plan would allow for a full investigation of the issues by a newly formed, completely independent commission of Christian leaders; for complete financial transparency at TBN to be realized; for a plan of action to be produced to raise the theological, financial, management and governance integrity of TBN to a level equivalent to those of most major Christian ministries; for repentance and restoration to occur for the Crouch family; and, for Paul and Jan Crouch to make restitution to TBN if findings warrant such action. The specific recommendations, which are guided by biblical principles, are found below.

Until such time as the Crouches, who control the governance and operations of this public charity, voluntarily agree to a suitable plan of restoration, MinistryWatch.com recommends that TBN's thousands of donors prayerfully consider withholding any future donations to the ministry. MinistryWatch.com also recommends that all Christians join with us in praying specifically that Paul and Jan Crouch might acknowledge their failures in the stewardship of TBN and humbly submit themselves to a process of personal repentance and restoration.

Should such actions not be taken by the Crouches within a reasonable amount of time, MinistryWatch.com would regrettably have no alternative but to recommend to the IRS and the relevant state attorneys general that a full government-led investigation of the charity be undertaken to ensure that donors are being treated fairly and that the ministry's charitable purpose, rather than the Crouches' reported lavish lifestyle, is being diligently pursued.

#### The Issues:

MinistryWatch.com believes donors are entitled to make an educated and knowledgeable giving decision based on all the facts about a church or ministry. Recently, the Los Angeles Times has reported:

- TBN executives Paul and Jan Crouch espouse a skewed view of the Gospel, embracing the "health and wealth" or "prosperity" theology, portraying a fraudulent accounting of the life and teachings of Jesus, which points to a life of service and sacrifice for Christians. The damage caused to the authentic Gospel is immeasurable because the prosperity gospel may lead some to root their faith in a "Santa Claus" view of Christ rather than in a faith based in the redeeming and sacrificial work of Jesus. Others, who may be more discerning of the questionable teaching seen on TBN, are offended by this self-serving theology and driven far from the legitimate gospel of Jesus Christ.
- Mr. Crouch and his family live a life of luxury. Their exorbitant lifestyle is apparently financed by well-meaning donors who would naturally expect that their hard-earned money would go to further the Gospel of Christ, not to personally benefit the Crouch family. The couple enjoys, courtesy of ministry funds, a combined salary of nearly \$800,000 (far in excess of average ministry CEO compensation and the highest among Christian nonprofits in the MinistryWatch.com database. To compare their salaries to secular nonprofits, as TBN does in its response to the Los Angeles Times article, is inappropriate. Christian ministries should, and typically do, follow the pattern of Jesus and eschew excessive compensation); two mansions in Newport Beach, Calif.; a mountain retreat in Lake Arrowhead, Calif.; a ranch in Texas; a \$7.2 million 19-seat Canadair Turbojet; and at least 30 other homes.
- Matthew Crouch, son of Paul and Jan Crouch, controls a for-profit company that has received \$32 million from TBN during the past five years to produce movies such as "The Omega Code." This raises serious questions about potentially harmful related-party transactions that might further enrich the Crouch family, the details of which are not disclosed by TBN. Additionally, it is not clear what benefit TBN received for its huge investment of donor funds in these film projects.
- TBN's board of directors is made up of just three Crouch family members, preventing independent oversight needed to protect donor interests and in contrast to the best practices utilized by many other excellent ministries. A well-functioning Christian Ministry Marketplace demands fair and equitable governance as represented by a board of directors that is independent and has donors' best interests and the ministry's charitable purpose in mind. It

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is unclear to MinistryWatch.com how many board members TBN actually has due to the large number of individual charities under its control and a lack of transparency on the network's overall corporate structure.

- A former employee, Kelly Whitmore, said that she used a TBN American Express card to indulge the personal tastes of the Crouch couple. The charges were paid for with ministry funds, "courtesy" of TBN donors. She says she "stocked the bars" of condominiums for both Mr. and Mrs. Crouch. TBN denies these allegations and says Ms. Whitmore is a disgruntled former employee seeking to enrich herself via book and or movie deals.
- TBN money has been used to purchase more than \$50,000 in antiques and collectibles for the couple according to Ms. Whitmore.
- Paul Crouch makes unverified claims about viewers receiving material blessings such as receiving large checks in the mail after donating to TBN.
- At least one television station has dropped TBN from its lineup after viewers complained that their promised blessings never occurred.
- In 1998, a former TBN employee, convicted felon and drug user Enoch Lonnie Ford, was paid \$425,000 for agreeing not to publicize Mr. Ford's allegations that he and TBN founder Paul Crouch had a homosexual tryst two years earlier. TBN denies the accusations made by Ford regarding the relationship between he and Mr. Crouch, but admit to paying out the funds to keep the allegations quiet. While TBN says no ministry funds were used to pay the settlement, it is unclear whether an insurer, the Crouches or another third party made the payment. Such payments should be not be made in the first place and, if made, should be made public if donors are to be fully informed.
- TBN vigorously worked to keep the information regarding the settlement with Mr. Ford private. Such concealment should cause donors to question if other such unannounced payments have been made.

### **Comments on TBN's Response to the Los Angeles Times:**

Since these facts and allegations have become public, TBN responded in a press release that demonstrated an attitude of arrogance and which lacked the humility one might expect from a Christian organization. This should be of grave concern to Christians because nonbelievers following this story may develop false lifelong impressions about Jesus Christ based upon TBN's aggressive response, which was more typical of political campaign rhetoric given the heavy use of character assassination as well as dubious representations of the truth. Moreover, a response that might have been more appropriate would have been to invite leading Christian figures, who are unaffiliated with the Crouches and whose independence could be well documented, to examine the charges and provide a full accounting.

TBN's response also failed to adequately address the issue of the ministry's sizable cash reserves and annual profits. While the response indicates a desire to be highly conservative and avoid debt at all costs, this seems overstated. TBN clearly is a highly profitable enterprise that can be reasonably assured of continued future revenues well in excess of the expenses the ministry has typically incurred meaning that there is no need for cash reserves to be built so high in order to guarantee future funding for its contractual obligations and capital spending needs. If the ministry truly has future obligations that require such reserves, it would be in TBN's best interests to allow an independent auditor to verify this claim and to make those numbers available for public review. At present, the defense offered by TBN seems to be hypocritical in that it reflects a lack of faith in the Lord's provision for the future of the ministry. Since TBN, as reported by the Los Angeles Times, regularly asks its viewers to step out in faith and make donations larger than they feel able to do because the Lord will ultimately provide for the donor's needs, it seems odd that TBN itself is so lacking in a similar faith! In essence, TBN's response indicates that TBN wishes its donors to trust in the Lord's provision so that TBN will not have to!

Moreover, TBN's claim that its houses are a valuable investment is also not credible. MinistryWatch.com knows of no other ministry that regularly purchases homes across the country for investment purposes. And if TBN has enough excess cash to do so, why is it continually asking its viewers for more money? Why not simply liquidate the homes, most of which likely serve little real ministry purpose, and use the funds to push forward with the charitable mission of TBN? Likewise, any such investment plan, if it was an intentional investment strategy as indicated in TBN's response, would likely be overseen by an investment committee and would be regularly reviewed for appropriateness, return and diversification. MinistryWatch.com would like to see evidence of such oversight in order to believe this assertion. It seems odd that a ministry with supposed large contractual payments in the future would seek to fund these with investments in residential housing. Such a strategy is unheard of in investment circles. This, if true, is itself an indication of poor stewardship of the assets entrusted to TBN by its donors.

TBN also alleged in its news release in response to the Los Angeles Times that it is completely transparent in its financial dealings, yet it has refused to release annual audited financial statements to MinistryWatch.com. Additionally, the ministry has repeatedly refused to answer other questions that MinistryWatch.com has desired to ask it on behalf of the donors we serve. The assertions that it "operates publicly" and that it "has more accountability and oversight than virtually any other organization, regardless of size" are simply ridiculous as TBN's financial transparency falls far below the accepted norms for respected Christian ministries. The only documents that TBN releases to the public are those it is required by law to release. Unfortunately, these documents do not come close to providing the needed information to exonerate the ministry from the present charges of self-dealing and mismanagement. TBN must fully open its books to MinistryWatch.com and others if these recent allegations are to be proven false.

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### **MinistryWatch.com Recommendation:**

The preponderance of information available at this time raises serious questions about the Crouches' stewardship of TBN. Consequently, it is imperative that a full accounting be made so as to restore the ministry to a place of respect and integrity. To help accomplish this objective, MinistryWatch.com recommends:

1. A commission of respected Christian leaders, composed of experts in counseling, theology, charitable financial management, auditing, legal matters and those representing donors' interests should be put in place to establish a pathway to restoring TBN to a place of integrity in the Christian Ministry Marketplace and the Crouch family to a proper relationship with first of all, Jesus, secondly TBN donors, and finally, recipients of ministry from TBN. This commission should be responsible for analyzing the allegations and reporting their findings to the public, putting in place a plan of restoration and picking a new and independent board of directors to carry out these plans. MinistryWatch.com, on behalf of the donors we serve, would volunteer to assemble a team that would appoint members of the commission.
2. The new board of directors should be selected on the basis of who would be best to lead TBN in a manner where respect for the ministry's mission and donors' interests are among the primary concerns.
3. The new board should also complete a thorough overhaul of the ministry to put it on a path to teaching authentic Christian theology and operating in a manner that rejects self-serving financial transactions and embraces sound management practices.
4. Future board composition should draw upon talented and experienced Christian leaders and should be composed in a manner that guarantees complete independence from the Crouch family.
5. The board should ensure that whistleblower protection and document destruction policies are in place, as required by law.
6. The board should establish independent audit and compensation committees.
7. Paul and Jan Crouch should step aside from leadership positions until this process is completed and the new board has concluded that true repentance has occurred. The new board would decide if the Crouch's should return to any leadership position, as executives, board members or on-air personalities.

This is the second Donor Alert issued for TBN by MinistryWatch.com in the past six months. The first Donor Alert highlighted TBN's cash and investments amounting to \$280 million, unusually large annual profits of between \$50-\$75 million during the past five years, high salaries and very low spending on ministry purposes. Together, these events have led MinistryWatch.com to again recommend that donors to TBN prayerfully consider supporting other ministries that are well-governed, financially transparent and efficient, demonstrate program effectiveness, and are theologically sound. Any number of ministries demonstrating these criteria can be found on the [www.MinistryWatch.com](http://www.MinistryWatch.com) website.

**Want to know more?** The Los Angeles Times has done a number of articles about TBN. Some may be archived and require a fee, while others may still be available by completing a free registration process. Articles include:

#### **A Pastor's Empire**

September 21, 2004

One of the best things about your coverage of the scandals of Paul and Jan Crouch and their Trinity Broadcasting Network ("Pastor's Empire Built on Acts of Faith, and Cash," Sept. 19) is that it provides me some relief from reading about the scandals of...

#### **TBN's Promise: Send Money and See Riches**

September 20, 2004

By William Lobdell / Times Staff Writer

Pastor Paul Crouch calls it "God's economy of giving," and here is how it works: People who donate to Crouch's Trinity Broadcasting Network will reap financial blessings from a grateful God. The more they give TBN, the more he will give them.

#### **A Challenge to TBN Growth**

September 20, 2004

By William Lobdell / Times Staff Writer

Televangelist Paul Crouch often blames Satan for the difficulties he encountered building Trinity Broadcasting Network into the world's largest Christian broadcaster.

#### **Pastor's Empire Built on Acts of Faith, and Cash**

September 19, 2004

By William Lobdell / Times Staff Writer

Pastor Paul Crouch looked into the camera and told his flock that Trinity Broadcasting Network needed \$8 million to spread the Gospel throughout India and save 1 billion souls from damnation.

#### **Crouch to Stay Chief of TBN Despite Gay Sex Allegation**

September 14, 2004

By William Lobdell / Times Staff Writer

While the Christian community buzzed Monday about allegations that televangelist Paul Crouch had been involved in a homosexual tryst, Trinity Broadcasting Network officials said their leader would continue "God's call" as the network's president.

**TBN Responds:** TBN has not posted a response to the L.A. Times stories on its own Website, though it has been published on the Website, [www.CovenantNews.com](http://www.CovenantNews.com).

## Contact Information and Resources

### Government Contacts

#### Internal Revenue Service

Exempt organization customer service address:  
Internal Revenue Service  
TE/GE Customer Account Services  
P.O. Box 2508  
Cincinnati, OH 45201

- Tax-exempt assistance: 1-877-829-5500
- General tax questions: 1-800-829-1040
- Order forms and publications: 1-800-829-3676
- Website: [www.irs.gov](http://www.irs.gov)
- Verify tax-exempt status
- Verify tax deductibility
- Obtaining federal tax-exempt status
- Completing federal tax forms
- Specialized assistance to tax-exempt organizations

#### Attorneys General offices, or Departments of Justice, Charitable Activities Section

Most states have an active unit of the Attorney General's office that are willing to help consumers. Check with NASCO (National Association of State Charities Officials) at [www.NASCOnet.org](http://www.NASCOnet.org), look under US State Charity Offices and click on the state of interest.

- Reporting illegal activity by nonprofit organizations
- Information about charitable organizations and copies of annual reports
- Questions about professional fundraising reporting requirements
- Registrations of charitable corporations or trusts
- Questions about annual reports for charitable organizations
- Merging nonprofit organizations
- Serving as a board member of a nonprofit organization
- Dissolving nonprofit organizations

#### Secretary of State, Corporation Division

Check phone number on the Internet or your local phonebook under state government.

- Verifying that a nonprofit corporation is in fact incorporated and current in its filing
- Obtaining copies of filed articles of incorporation and amendments
- Forming a new corporation
- Obtaining state identification numbers
- Merging nonprofit corporations
- Amending articles of incorporation
- Dissolving nonprofit corporations

#### Federal Trade Commission

Consumer Response Center  
600 Pennsylvania Avenue, NW  
Washington, DC 20580  
1-877-382-4357  
Website: [www.ftc.gov](http://www.ftc.gov)

- Information on fraudulent, deceptive and unfair business practices
- How to file a complaint

### Christian Ministry Marketplace

#### MinistryWatch.com

1 (866) 324-7097  
[www.ministrywatch.com](http://www.ministrywatch.com)  
A free donor advocate service. Aid donors in understanding the key issues concerning a ministry's operations. Ministry research reports on over 500 ministries.

#### The Evangelical Council for Financial Accountability (ECFA)

1 (800) 323-9473  
[www.ecfa.org](http://www.ecfa.org)  
A membership ministry advocate. A self regulator or peer accountability membership group. Primary responsibility to the ministries that pay dues to the ECFA and thereby fund its operations.

#### WWW.thegoodsteward.com

Internet source of constantly growing information on all areas of stewardship.

#### Generous Giving

[www.generousgiving.org](http://www.generousgiving.org)  
Nonprofit that seeks to encourage givers of all income levels to experience the joy of giving and embrace a lifestyle of generosity, according to God's word and Christ's example. It was launched in 2000 by the Maclellan Foundation.

#### Royal Treasure

1 (770) 977-4502  
[www.royaltreasure.org](http://www.royaltreasure.org)  
Nonprofit organization dedicated to teaching Biblical Stewardship to women.

#### The Gathering

[www.gatheringweb.com](http://www.gatheringweb.com)  
Conferences, email forums, conference calls and other activities for those that give a minimum of \$200,000 annually to Christian ministries or have the capacity to do so.

#### National Christian Foundation

1 (800) 681-6223  
[www.nationalchristian.com](http://www.nationalchristian.com)  
Facilitates Christian stewardship. They can help donors set up a Stewardship Fund, a donor advised fund, liquidate assets, provide gift annuities, trusts, scholarships, and endowments.

#### Calvin Edwards, & Co.

1 (770)-395-9425  
[CalvinEdwards@MaximumGood.com](mailto:CalvinEdwards@MaximumGood.com)  
For profit organization providing philanthropic counsel to high-capacity Christian donors.

#### Geneva Global

1 (610) 254-8202  
[info@GenevaGlobal.com](mailto:info@GenevaGlobal.com)  
[www.genevaglobal.com](http://www.genevaglobal.com)  
For profit organization assisting individual donors.

#### Excellence in Giving

1 (866) 780-1000  
[www.excellenceingiving.com](http://www.excellenceingiving.com)  
For profit organization with tailored services of affluent families and individuals.

#### The Legacy Group

1 (262) 789-3160  
[www.philanthropyatwork.com](http://www.philanthropyatwork.com)  
For profit organization to assist private wealth management and those to achieve charitable goals.

### Secular Resources

#### GuideStar

[www.guidestar.org](http://www.guidestar.org)  
Largest public search engine of nonprofit organizations. Provides access to many tax-exempt organization's IRS Form 990s. Some knowledge of accounting may be necessary to understand the documents found on this site.

#### BBB Wise Giving Alliance

[www.give.org](http://www.give.org)  
A charitable watchdog site. The Alliance reports on nationally soliciting charitable organizations that are the subject of donor inquiries. These reports include an evaluation of the subject charity in relation to the voluntary BBB charity standards.

#### Charity Navigator

[www.charitynavigator.org](http://www.charitynavigator.org)  
Helps guide intelligent giving by evaluating the financial health of each charity in its database.

#### Charity Channel

[www.charitychannel.com](http://www.charitychannel.com)  
Known best for its nonprofit email arena discussion forums.

#### The American Institute of Philanthropy

[www.charitywatch.org](http://www.charitywatch.org)  
A charitable watchdog group that rates US charities in different categories. Fee for reports. They also provide tips to insure safe giving.

#### The Charities Review Council

[www.crcmn.org](http://www.crcmn.org)  
Conducts detailed reviews of national and local charitable organizations soliciting in the State of Minnesota. They also provide tips and guides for donors to help them make wise giving decisions.

#### Internet Nonprofit Center

[www.nonprofits.org](http://www.nonprofits.org)  
Provides an extensive array of nonprofit topics.

#### Independent Sector

[www.independentsector.org](http://www.independentsector.org)  
A national leadership forum, working to encourage philanthropy, volunteering, nonprofit initiative and citizen action that help to better serve people and communities. There is a section on ethics and accountability, including donor's bill of rights, related publications, articles and other resources.

#### Chronicle of Philanthropy

[www.philanthropy.com](http://www.philanthropy.com)  
Biweekly newspaper of the nonprofit world.

#### The Nonprofit Times

[www.nptimes.com](http://www.nptimes.com)  
Articles and topics related to nonprofits.

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1 (866) 324-7097

[www.ministrywatch.com](http://www.ministrywatch.com)  
[www.wallwatchers.org](http://www.wallwatchers.org)  
[www.thegoodsteward.com](http://www.thegoodsteward.com)