

STATEMENT OF PROPOSED FACTS BY THE CHURCH ATTORNEY
IN THE TITLE IV CASE AGAINST RESPONDENT BISHOP J. JON BRUNO
SUBMITTED APRIL 24, 2017

The Church Attorney submits this statement of proposed facts in the Title IV case against Bishop J. Jon Bruno ("Respondent"). The statement is generally in chronological order.

1. In 1941, the Episcopal Diocese of Los Angeles formed a mission church in Newport Beach, California, known as St. James. See Ex 22 ("a local mission church, the first services of which were held December 14, 1941."); Tr 606.

2. In 1945, the Griffith Company donated land in Newport Beach to Corporation Sole for "church purposes exclusively." See Ex 13 paras 6-7. A church was constructed and consecrated on the site, and the St. James congregation applied for and received parish status. See Ex 61 especially para 52 ("the bishop consecrated the property, blessing it for use as an Episcopal Parish in union with the Episcopal Church and the Diocese").

3. In 1993, the St. James Parish obtained permission from the Diocese to encumber the property with a loan and to undertake a major construction project—to build a new church and parish hall. See Ex 61 para 53. Cindy Evans Voorhees, not yet ordained as a priest, was involved in the construction project as a liturgical consultant; she "designed the interior of the sanctuary." Tr 202-03.

4. In 2001, Respondent consecrated and dedicated the new St. James church complex. Ex 61 para 53; Tr 589.

5. In 2004, part of the St. James congregation disaffiliated from the Episcopal Church and affiliated itself with the Church of Uganda. Ex 61 paras. 70-74.

6. On August 22, 2004, Respondent wrote to the “members of St. James’ Episcopal Church in Newport Beach” to let them know “how disheartened I am by the decision of your Rector, Wardens, and Vestry to leave the Episcopal Church.” Respondent reminded his readers that “the consecrated buildings of your Parish are not the sole possession of the congregation. They belong to the whole Episcopal Church and the Diocese of Los Angeles, where together we serve Christ in this place. Soon we hope to return these properties to those faithful Episcopalians in your community who will continue our common mission as a Diocese and a Church.” Ex 60.

7. On September 7, 2004, Respondent, on behalf of himself and the “faithful congregants and true leadership of St. James Episcopal Parish in Newport Beach,” filed suit against the Anglicans. Ex 61 para 1. In the complaint, verified by Respondent, he stated that “each day Defendants’ wrongful occupation of the Parish premises continues, Plaintiffs suffer irreparable harm. The Parish was built over a 55-year period by and for Episcopalians. The Episcopal Church’s assets—including donations and money and irrevocable trusts made on the condition that the Parish would remain forever an Episcopal Parish, as its founders promised it would—are being used to fund an attack on the Episcopal Church.” Ex 61 paras 9-10; Tr 660-61.

8. Among those who remained “faithful” to the Episcopal church were Dan and Betty Connolly and their daughter Kathi Liebermann. After the Anglican “takeover” of St. James, the Connolly family worshipped at St. Michael & All Angels Church. On the advice of Respondent, the Connolly family did not change its registration from St. James. The Connolly family and others remained members of the St. James Episcopal congregation. Ex 61 para 12; Tr 444, 504 (“just leave your name there. You don’t have to become a member of St. Michael and All Angels”).

9. On July 18, 2007, John Cushman, of the real estate firm Cushman & Wakefield, sent a letter to Respondent regarding a commercial property in Anaheim, California, in which Corp Sole owned at the time a 25% interest. Ex 41. The Anaheim property is located not far from Angel Stadium, at the corner of Katella and Howell Avenues. Tr 806. Cushman recommended that Corp Sole acquire first another 25% interest in the property, and then the remaining 50% interest in the property, as well as the ground leases. “This course of action will give the Diocese 100% ownership and will raise the property valuation near the \$19.7 million mark.” Cushman set out several scenarios, including developing the property with an office building, in which case the “projected resale” value of the property might increase to \$140 million. Ex 41; Tr 638-39 (Question: “you had in mind building up Anaheim as a way to build up the value in Corp Sole? Answer: Yes.”)

10. In January 2009, the California Supreme Court decided a case involving not only St. James but several other “disaffiliated” congregations in California. Although the Supreme Court ruled in favor of the Episcopal Church on the general issue, that the whole church rather than a single congregation controlled church property, there were specific issues relating to St. James that required further resolution in the lower courts. *Episcopal Church Cases*, 45 Cal.4th 467 (2009).

11. In March 2009, Respondent discussed with the Standing Committee the four Los Angeles properties that were the subject of the ongoing Anglican litigation: St. David’s, North Hollywood; All Saints, Long Beach; St. Luke’s, La Crescenta; and St. James, Newport Beach. Respondent requested and the Standing Committee agreed that all four parishes should be changed “to mission status.” The Standing Committee also transferred two—and only two—of the properties to Corp Sole: St. David’s and All Saints. It was clear that this transfer was to

prepare the way for sale, for the next sentence of the minutes states: “if the sale of either or both of these properties occurs, it is the intent of the Bishop to establish a Mission Funding Initiative that will fund new and on-going missions, after all litigation costs related to this issue have been repaid to Corporation Sole.” For St. James, however, there was no transfer to Corp Sole and no approval of sale. According to the minutes, Respondent “noted that it was too soon to discern what may occur.” Ex 35. Not noted in the minutes, but clear in the recollection of two members of the committee, is that there was a consensus that St. James should not be sold if there was a viable congregation at St. James. Hawkins and Linsenmayer affidavits. Richard Zevnik, who also attended this meeting, and who prepared the minutes, admitted in his testimony that there *was* a discussion about not selling the properties of sustainable congregations. He did not contradict the Hawkins and Linsenmayer affidavits, saying only that there were “a number of views expressed.” Tr 864-65.

12. In July 2013, as the Anglican litigation neared its end, Cushman & Wakefield did an appraisal for Corp Sole of St. James Anglican Church, as it was then known. The appraisal contained many photographs of the current church complex and estimated the value at \$7.8 million. Ex 63. Although the appraisal did not state—nor did any of the witnesses state—the purpose of the appraisal, it seems likely that Respondent was considering the sale of the property. Respondent testified that he did not decide until late in the summer of 2013 whether he would sell or re-open the church. Tr 506.

13. At about this time, Ted Forbath, Chief Financial Officer of the Diocese, prepared a one-page “legal expense summary” of the Anglican litigation as of July 1, 2013. Forbath included not only actual legal expenses of \$4,486,280, but added to these expenses three other items, totaling \$5,066,544. First, Forbath added an “MSF Pledge

Recoup,” his estimate of the revenue the diocese did not receive because the four congregations ceased to make contributions to the diocese. Ex 45; Tr 850-51. Second, Forbath added an estimate of the “cost” to the diocese of the staff work on the Anglican litigation, even though the diocese did not hire any additional employees to handle the Anglican litigation, and even though there were no time sheets or other documents to support this estimate. Forbath admitted that this was “an approximation and a best guess.” Tr 853. Third, Forbath added an estimate of the income the diocese would have obtained if it had not incurred the legal expenses or lost the donations. Tr 837-38. These may or may not constitute possible financial losses due to the Anglicans leaving—but they clearly are not “legal expenses.” When asked why he prepared this spreadsheet, Forbath had no idea of the purpose. Tr 846. Respondent, however, later claimed that one reason he had to sell St. James was to help recover “the \$9 million in legal costs” incurred in the Anglican litigation. Ex 29.

14. In the summer of 2013, Corp Sole sold one of the four properties recovered through the Anglican litigation, St. David’s North Hollywood, for \$5 million. Ex 66; Tr 634-35. At about the same time, Corp Sole entered into a long-term lease, with option to purchase, for All Saints, Long Beach. The option was exercised and the property sold for \$3.5 million. Tr 826. Thus, through the St. David’s and All Saints sales, Corp Sole recovered \$8.5 million—and this figure does not include the lease payments Corp Sole received for five years on All Saints.

15. After the California Superior Court ordered the Anglicans to return St. James to the Episcopal Church, Respondent decided that he would re-open the church as an Episcopal Church and he appointed Reverend Canon Cindy Evans Voorhees as vicar of the mission congregation.

In announcing these decisions to the diocese, inviting people to attend the first services, Respondent stated that those who gathered there would look back on the history of St. James and look forward for the ministry of St. James the Great in the “years to come.” Exs 22, 64 and 65; Tr 425-28.

16. The parties to the St. James civil litigation reached a settlement agreement on the details of how the Anglicans would return St. James to the Episcopal church. One provision in the agreement required the Anglicans to pay about \$60,000 to the Episcopal diocese. This sum was set aside to help with the start-up costs of the St. James the Great congregation. Tr 505-506.

17. One of those eager to join a new St. James congregation was Bruce Bennett, an experienced businessman and Episcopal leader, having owned his own business and served as senior warden at one of his prior parishes. On September 9, 2013, Bennett sent Reverend Voorhees an email listing some of the tasks they would face in the weeks before and after opening the church again. Ex 68; Tr 51-52.

18. In his September 12, 2013, email to the diocese, announcing that Reverend Voorhees would be the vicar of St. James the Great, Respondent described her as an “experienced pastor.” Ex 22. He was right. Since her ordination, in 2005, she had served in three different churches, ranging from a suburban congregation in Orange County to an inner-city cathedral in Los Angeles. She was elected to the Standing Committee and the Board of the Corporation of the Diocese. Ex 36; Tr 198-201. She had also worked as a liturgical consultant for many years in dozens of churches, in the midst of construction and re-construction projects. Tr 196-97.

19. On October 6, 2013, just before the first service, Bruce Bennett, who had agreed to serve as Bishop's Warden, met with the Respondent and the Vicar. Bennett explained to Respondent his health challenges, facing advanced prostate cancer. Respondent suggested, and

the Bennetts agreed, that Bruce and his wife Merilee Bennett should serve as “co-wardens.” For a year after the re-opening of the church, the Bennetts worked about eighty hours a week on various tasks, ranging from fixing toilets and the elevator to cleaning out the pool at the vicarage, so that it could be rented out to provide income for the congregation. Tr 54-57.

20. Respondent, assisted by two other Bishops, including Bishop Glasspool, conducted the services on October 6 to re-open St. James the Great as an Episcopal church. Ex 69. About three hundred people attended, among them Kathi Liebermann and her father, Dan Connolly, who had been part of the Episcopal congregation in exile. Ms. Liebermann, who was brought up at St. James, and whose parents were personal friends of Respondent, testified that she was determined to get her ailing father to the first service “even if it’s on a hospital bed.” Liebermann and Connolly, in a wheelchair, were among those present on October 6, and talked with Respondent after the service. Tr 444-45; Ex (photo of Bruno, Connolly and Liebermann; introduced but not numbered).

21. On October 13, 2013, Respondent returned to St. James the Great, where he led the congregation in standard Sunday morning services. Ex 70. Respondent testified that “it was my intent to encourage people to do their best to assist in the formation of this new congregation.” Tr 511-12.

22. One of the “models” for St. James the Great was St. Luke’s, La Crescenta, which had re-opened as an Episcopal church in 2009. In an email to Reverend Voorhees, which she shared with Bennett, the vicar of that congregation described how, rather than using a traditional bishop’s committee, he worked with “teams.” Ex 71. Reverend Voorhees adopted this team approach for St. James the Great, and kept Respondent informed of the congregation’s progress. Tr 62-64, 176-77, 251-52.

23. Patrick DiGiacomo, a chef with a “checkered history” including service in the Marines and a career in finance, was one of the first “team leaders” recruited by Reverend Voorhees. He testified that he and his business partner agreed to rent the church’s kitchen, use the kitchen both to cook Sunday meals for the congregation, and as a base for their catering business. DiGiacomo described the kitchen as a ministry of the church: providing a place for out-of-work chefs to get back on their feet; serving as a base for missions to the local homeless shelter; serving to teach autistic children how to cook; bringing members of the congregation together. On Sunday mornings, DiGiacomo and the others involved would serve meals to 150 or 160 people, “and nobody would ever leave. They would just stay for a long time.” Tr 167. DiGiacomo’s meeting with Reverend Voorhees “really and truly changed my life”; he went from being a lapsed Catholic to a faithful member of an Episcopal congregation. Tr 164-72.

24. On November 13, 2013, only two months after the church re-opened, Reverend Voorhees sent by email to Forbath and David Tumilty, Chief Operating Officer of the Diocese, a “forecast budget” for St. James the Great for 2014. She projected that there would be \$112,000 of “plate and pledge” in 2014 and total income of \$250,000. Forbath responded that “the handout looks good” and offered to make copies for her for distribution at the upcoming meeting of the Board of the Corporation of the Diocese the next week. Ex 73.

25. In late 2013, Reverend Voorhees recruited Evangeline Andersen, a certified public accountant, inactive, to head the St. James the Great finance team. Ex 173 (Andersen’s resume). Andersen knew that the assignment would require a lot of work, but she explained she knew that she had to serve when she learned that Reverend Voorhees herself was serving without any compensation. Tr 84-85. The finance team consisted of several seasoned financial professionals: Bennett, David Moore, Helen Timpe and Bob Voorhees. Tr 85. Andersen

testified that Reverend Voorhees changed her family's life: they started attending church regularly and her husband was baptized. Tr 82.

26. In January 2014, Andersen presented a "vicar's vision" to the St. James the Great congregation. In an effort to engage and challenge the congregation, she presented three alternative budgets for St. James for calendar year 2014, which she described as the "2 am email budget," the "2014 transition budget" and the "functional parish budget." She noted, in the "2 am budget", that at present the church had no money from pledges, no money for staff salaries. She noted that the church already had some "creative solutions" in place, including rental income from the parish vicarage and the kitchen lease. She challenged the members of the congregation to commit their time, talent and treasure to St. James the Great. She reminded them that "diocesan contribution should not be counted on. We must become self-sustaining." Ex 181; Tr 88-93.

27. After he appointed Reverend Voorhees as vicar in September 2013 and opened the church in October 2013, Respondent never informed any of those involved in starting up St. James the Great—Reverend Voorhees, the Bennetts, Andersen, or the new donors of operating funds and capital improvements—that he was considering selling St. James the Great. When Bennett was asked whether Respondent said "anything like I may sell this place in a year," he responded: "No. Quite to the contrary, he indicated to us that this was a challenge for us to go out and build a parish and build and congregation and make things happen for the long run." Bennett estimated that he sent or received about two thousand emails with Respondent and his immediate staff: Tumilty, Forbath, and Clare Zabala Bangao ("Bangao"), administrator for mission congregations—and there was not a word about sale in these emails. Tr 48-49, 58-59. Reverend Voorhees moved to Newport Beach, "to be closer to the community," and she did *not*

move into the rectory, so that the rectory rental income could support the congregation. Tr 56-57, 234-36. Andersen testified that some families accepted the challenge to become “founding members” of St. James the Great, to contribute \$25,000 or more per year, even though there was no “t-shirt” or other recognition.” Tr 100-01.

28. On January 28, 2014, Reverend Voorhees emailed Bangao a request for bylaws for St. James the Great. Ex 77.

29. On February 25, 2014, Reverend Voorhees emailed Bangao a second request for the bylaws of St. James the Great. Bangao responded that the diocese was “still working on the bylaws template for mission congregations.” Ex 78. On this same day, Bangao sent to Voorhees the “missions manual” for the diocese, stating only “here you go.” Bangao did not, in either of these emails, ask Reverend Voorhees for her monthly financial reports. Ex 3; Ex 4.

30. On February 28, 2014, St. James the Great submitted its parochial report for 2013. The report showed that, after only a few months of operation, St. James the Great had an average Sunday attendance of 92 people, plate and pledge income of \$40,000, and more than \$55,000 in its bank account. Ex 11.

31. One of the parishioners at St. James the Great, witness Michael Strong, was also a parishioner in 2014 at St. Michael & All Angels, where he knew Richard Zevnik, at the time a vice chancellor of the bishop, now chancellor. Strong and Zevnik talked from time to time about the Anglican litigation, and especially about the “estoppel issue,” why a 1991 letter by the prior bishop did not preclude Respondent from claiming the St. James property. In the course of this discussion, in June 2014, Zevnik wrote to Strong that “no one, including a bishop, can act contrary to the canons, which require that any alienation of property or property rights requires the approval of the Standing Committee, acting on the recommendation of the Board of the

Corporation of the Diocese. So, leaving aside the issue whether [Bishop] Borsch's signature on 'the letter' was procured fraudulently, he had no power to do what they asserted he did." Ex 82. Strong testified that this was consistent with what Zevnik told him at the time; that the diocese could not sell or alienate property without Standing Committee approval. Tr 431-32. In his testimony at the hearing, Zevnik did not address this exhibit or attempt to contradict Strong's testimony. Tr 864-65.

32. On July 1, 2014, the St. James finance team held one of its periodic meetings. The extensive agenda shows that they discussed several financial documents and issues, including the year-to-date financial results. They reviewed among other documents a balance sheet showing that the congregation already had more than \$100,000 in its checking accounts. Ex 182; Tr 99.

33. On July 31, 2014, Reverend Voorhees emailed Bangao and Respondent a request for a reduced grant for 2015, a grant of only \$48,000, rather than the \$60,000 received in 2014. The documentation included actual results for the first five months of 2014 showing \$156,046 in revenues, projected to be \$349,680 by year-end. This same email included the budget for St. James the Great for 2015, predicting revenue in 2015 of \$387,000, including \$105,000 of plate and \$170,000 of pledge. On the expense side, the 2015 budget predicted a housing allowance for the vicar of \$36,000, along with related pension and education costs. The narrative budget explained that "members feel strongly that we should develop staff and pay them a fair wage" and that the budget included a housing allowance for the vicar of \$3,000 per month "based on the documented priority to pay clergy right after Mission Share pledge as well as the congregation feeling a sense of moral responsibility to pay some form of compensation." Ex 10. This was in accord with the "Missions Manual," which declared that the second priority, after the 10% mission share pledge was "clergy compensation." Ex 3 page 15. In her cover note, Reverend

Voorhees said "please let me know if there is anything else you need." Ex 10. Reverend Voorhees received no reply asking for monthly financial information.

34. On August 12, 2014, Reverend Voorhees reported to finance team that a recent outside audit of St. James the Great's financial practices "went well." She noted that the audit team had some minor recommendations, such as that St. James should make an inventory of the personal property in the church complex. The audit team overall "felt that there were no inconsistencies and we reported everything to the diocese on time." Ex 183.

35. In September 2014, Reverend Voorhees delivered a power point presentation to Respondent, Tumilty and the Board of the Corporation of the Diocese, in which she discussed in detail the progress of St. James the Great. Reverend Voorhees described some of the innovative ministries of St. James the Great: the kitchen and cooking classes, Holy Coding classes, the "team structure." She noted that St. James would receive "decreased diocesan support" in the next year and hoped by the end of the next year to be "independent" of diocesan support. Ex 46. The Board, according to Reverend Voorhees, was "very excited" about the progress of St. James the Great and Respondent told her "very good. Great job." Tr 257-58.

36. In October 2014, Reverend Voorhees received a telephone call from John McMonigle, a local real estate broker. As she explained, in an email to Tumilty and Forbath, copied to Respondent, "John McMonigle just called the church and asked for Ted's phone number. [He] said he talked to Ted about the sale of the church property and had the information for him but lost his number. I know John McMonigle. Is there something I need to know? Because I am devoting my life to this parish and want to know if I am wasting my time." Ex 21. None of the three recipients answered this email. Reverend Voorhees called Forbath, who said "he would not get between a priest and her bishop," and she called Tumilty, who said "he didn't

know anything about it at all.” Tr 277-78. When asked about this email at the hearing, when asked whether he was concerned that Reverend Voorhees was “devoting my life to this parish and want[ed] to know if I’m wasting my time,” Respondent’s answer was “if I answered every email where somebody has a concern or worry, and it’s not addressed to me, I would not sleep.” Tr 618-19.

37. On December 3, 2014, the St. James finance team met. The agenda shows that the number of pledges had increased, from 24 to 42, and that the amount pledged for the next year exceeded the budget, \$234,000 rather than \$170,000. One item on the agenda was to consider a year-end lump-sum payment to the vicar because “working as a volunteer in your place of employment—it’s not the right thing. So the finance committee (without Bob Voorhees) approved a payment of \$25,000. Ex 184; Tr pages 126-27. Even after this one-time payment, St. James ended the year with more than \$120,000 in its bank accounts. Ex 12. When asked about the financial progress of St. James, Andersen testified “I thought we were doing great. To be honest. Like to go from zero to \$250,000 in pledges, like, I thought we were doing awesome.” Tr 116.

38. On January 5, 2015, Reverend Voorhees sent Bangao what she called a “third request,” asking whether the diocese had approved the request for \$48,000 in diocesan aid. “I am trying to run a balanced budget.” Bangao responded the same day that the request had been approved. Ex 93. Again, Bangao did not request monthly financial information.

39. On January 28, 2015, after several months of work on the parking issue, Reverend Voorhees emailed Tumilty, Forbath and Chancellor James Prendergast to summarize the status of the parking arrangement. Included in her email was a letter to Respondent, in which Reverend Voorhees explained the history, the various parties, the

issues and benefits of the proposed parking arrangement. A local developer had agreed to provide parking spaces to the church on Sunday mornings and in return the church would provide the developer with parking spaces during the week. The developer would pay the church \$6800 a month for the use of its parking spaces. She attached to the email the most recent draft of the parking license agreement, as revised by a local real estate lawyer, working in consultation with Prendergast, who had approved the agreement. Ex 53.

40. On February 3, 2015, Reverend Voorhees sent another email to Tumilty, Forbath and Prendergast about the parking arrangement. She pressed them to review and respond; "I would really like to wrap this up as soon as possible." Ex 53.

41. At about this same time, Reverend Voorhees had what she recalled as an "odd" conversation with Respondent. He asked her: if you had to sell either St. James the Great or St. Michael & All Angels, which would you sell. "I told him neither one. They are both viable with the right leadership." Respondent asked her to think about the matter. When they next talked about the issue, Respondent told Reverend Voorhees "don't worry. I'm not doing—I'm not selling St. James. I'm not doing anything with it." Tr 280-81, 283. Respondent denies that he had such conversations with Reverend Voorhees, but her testimony on this issue is confirmed by two emails among Respondent's senior staff members, those of February 4 and February 24, discussed below.

42. On February 4, 2015, Forbath emailed Tumilty a draft email to the Layne Foundation, seeking a loan of \$6.3 million to purchase an additional interest in the Anaheim property. The draft email offered, as security, the St. James property and

explained that the “bishop’s office is putting in place a 1-2 year plan that will involve consolidating our two churches in the area: St. James the Great (Newport Beach) and St. Michael & All Angels (Corona del Mar). The outcome of that consolidation will involve selling one of the two churches and realizing substantial proceeds At this point, the preference is to sell the Newport Beach site.” Forbath wrote: “my sense is that it would be best to simply state that the NPB church [St. James] will be sold.” Ex 55. Neither the St. James congregation, nor the St. Michael’s congregation, had any idea at this time that the “bishop’s office” had decided to sell St. James or to consolidate the two congregations.

43. On February 9, 2015, Reverend Voorhees emailed Bangao the annual 2015 budget for St. James the Great. Ex 95. The attached budget worksheet showed that St. James expected to have in 2015 total revenue of almost \$500,000, of which only \$48,000 would be diocesan support. The budget also showed that the congregation expected to send back to the diocese, in the form of mission share pledge, \$40,200, “10% of plate and pledge.” On a net basis, then, St. James the Great would cost the diocese less than \$10,000 during calendar year 2015. Ex 186.

44. On February 10, 2015, in response to the St. James the Great budget, Bangao asked Reverend Voorhees “what is the latest on the parking lot?” Bangao did not ask Reverend Voorhees to provide monthly financial information. Reverend Voorhees responded: “You tell me Clare. I have been trying to get the lease approved for 5 months. I have now lost about \$36,000 in income. . . . I have done 5 revisions, hired a real estate attorney to help write it, had a conference call with everyone and we agreed on a strategy and it is still on their desk.” Ex 95.

45. On February 13, 2015, Tim O'Brien of Legacy, the commercial real estate firm that would, in April, sign an agreement to purchase the St. James site, sent an email to John Cushman summarizing a discussion regarding "Anaheim & Lido Village."

O'Brien sent to Cushman an aerial photo of the St. James, noting that he lived on Lido Isle and thus drove by the site every day. "It's a terrific site and we're interested in working with you on this one as well". Cushman noted in handwriting on the printed copy of the email that he called Respondent to discuss "Lido" on February 22, 2015. Ex 96. Tumilty testified Respondent told Cushman "that we had received previous offers" on the St. James property "none of which were of interest, and at the right price, Respondent would seriously consider the sale of the property." Tr 558.

46. On February 24, 2015, Forbath emailed Tumilty, summarizing a conversation between Forbath and Reverend Voorhees, in which she reported that Respondent had told her that he would not sell St. James the Great. This email corroborates Reverend Voorhees's testimony that Respondent assured her in February 2015 that he would not sell St. James the Great. This email discredits Respondent's testimony that he had no such conversation. Ex 56; Tr 614-15 ("I'm not in the habit of consulting a vicar about the sale of a parish property.").

47. On March 20, 2015, Respondent, through Corp Sole, entered an agreement with Bank of America to purchase an additional fifty percent interest in commercial real estate in Anaheim. Ex 40; Ex 99. As of March 2015, Corp Sole already owned a fifty-percent interest in the Anaheim property, so this purchase agreement would give Corp Sole complete ownership. See Ex 99 recital B. The agreed purchase price was \$6.3 million and the closing date was scheduled for early July 2015. See Ex 99 (Effective Date March 19, 2015; Contingency Date ninety days after Effective Date; Closing Date fifteen days after Contingency Date).

48. Corp Sold did not have, in its bank accounts in March 2015, \$6.3 million in cash to complete the Anaheim purchase. The cash balance as of December 31, 2014, was only about \$3 million. See Ex 175 page 3. When asked about how Corp Sole would fund the Anaheim purchase, Respondent did not mention "cash in the bank": he mentioned only the sale of St. James the Great, a loan from a bank, or a donation. Tr 579-80.

49. On this same day, March 20, there was a meeting at the Cushman & Wakefield offices to discuss the "Lido Property." Those who attended included Cushman, Respondent, Tumilty and Forbath. Cushman and his colleagues agreed on the "splits" for the compensation that they expected to receive from the sale of the St. James the Great property. Ex 98.

50. On March 25, 2015, St. James the Great submitted its parochial report for 2014. The report showed that, in its first full year of operation, St. James the Great had total revenues of \$467,169, of which only \$60,000 was diocesan support. The report showed that, as of the end of 2014, St. James the Great had \$122,487 in its bank accounts. Ex 12. There was some question at the hearing as to whether the *diocese*, as well as national church, had a copy of this report in late March or early April 2015. But Respondent admitted that he did not take any action to obtain the most recent report, or any other current financial information, at this time, as he considered the sale of St. James the Great. Tr 594-95. Moreover, a few weeks later, when explaining the sale of St. James to Bishop Matthews, Respondent said that "after two years the parochial reports showed little to no growth." Ex 152. This comment, while incorrect in substance, would only make sense if Respondent had in hand, at the time of the April sale decision, both the 2013 and 2014 parochial reports.

51. On April 1, 2015, Respondent received a written offer from Legacy to purchase the St. James site for \$15 million. Ex 100.

52. On Easter Sunday, April 5, the St. James the Great congregation filled the church to celebrate Easter services. Ex 101.

53. On April 9, 2015, Forbath emailed Tumilty, raising a concern about section 3.2 of the draft agreement to sell St. James the Great. "The buyer can extend for 30 days basically at the 11th hour, just before the planned closing. We really would need to know earlier since a 30 day closing delay will have a significant impact on how the Anaheim purchase is funded."

Tumilty responded to Forbath, with copies to Respondent, John Cushman, and Pam Andes, the outside lawyer for Corp Sole on the transaction. "Thanks Ted. Your concern is legit. Pam can you see if Buyer can back off this item? In effect it extends the due diligence period to within 5 days of the intended closing." Cushman forwarded the email to Tim O'Brien of Legacy, saying "I wanted to give you a heads up on this issue. We need to make this problem go away." On the very eve of signing the agreement to sell St. James, Respondent's senior staff was worried that a delay in the closing of the St. James sale would have a "significant impact" on "funding" the Anaheim purchase. Ex 23. The agreement was apparently modified to address Forbath's concern. See Ex 25 especially section 3.2.

54. On April 10, 2015, Respondent signed the agreement to sell the St. James property to Legacy. Andes, in her cover email distributing the agreement, described it as "fully executed by the parties and effective." There was no condition in the agreement that allowed Respondent to change his mind if the Standing Committee disagreed with his decision to sell St. James. Indeed there were almost no conditions *at all* in the agreement on the Respondent's duty to deliver the church property at closing. If Legacy showed up, on the closing date, with the \$15 million purchase price, Corp Sole was legally required to transfer the property to Legacy. Legacy, not Corp Sole, had the right to conduct due diligence, and not to purchase the property if it was not

satisfied with what it learned through due diligence, for example through environmental testing or title searches. The closing date was at first set for June 24, 2015. Ex 25.

55. On April 13, 2015, Respondent informed Reverend Voorhees that he had sold St. James the Great. He told her "that it was a business decision" and that "it was a done deal." Reverend Voorhees was "stunned" and "felt deceived." Respondent instructed Reverend Voorhees that she could not tell anyone, other than her husband, about the sale of St. James the Great. Tr 285-86.

56. At about this same time, Respondent informed his senior staff in their weekly meeting, including Bishop Mary Glasspool, of the sale of St. James the Great. On April 16, 2015, Bishop Glasspool called Reverend Melissa McCarthy, President of the Standing Committee, and asked her whether the Standing Committee had approved the sale. McCarthy was not aware, before this call, of the sale. When Bishop Glasspool learned that the Standing Committee had not approved the sale, she urged Reverend McCarthy to oppose the sale, and to talk with the chancellor of another diocese. Instead, Reverend McCarthy informed Respondent that Bishop Glasspool was trying "to undermine what the bishop diocesan was doing." Tr 706-09.

57. Among other community groups, a Brownie troop used the facilities at St. James the Great. As a thank you gift, the Brownies and their parents built an herb garden for the church and for the chef. Mayor Pro Tem Diane Dixon, a former Brownie, and others attended the small ceremony on April 26, 2015, to dedicate and bless this herb garden. Tr 170, 400-01. None of those present that Sunday morning, other than Reverend Voorhees, were aware that the church had been sold.

58. At about this time, Respondent offered Reverend Voorhees a new position, with a salary of \$111,000 per year, as liaison between the diocese and the Compass Rose society. Tr 286-89; 527-28.

59. On May 11, 2015, Reverend Voorhees sent an email to Respondent outlining topics to discuss with him that day, including the proposed Compass Rose liaison position. She asked, among other questions about the Compass Rose position, what the Respondent's goals were, and whether she would be a member of the board of the Compass Rose Society. Ex 18.

60. On May 11, 2015, Mayor Pro Tem Dixon met at their request with Tim O'Brien of Legacy and Philip Bettencourt, a local real estate consultant. O'Brien and Bettencourt presented their plans for the St. James site, including drawings showing the proposed townhouses on the St. James site. Dixon's reaction was "really? You're going to tear down the church to do this?" Dixon predicted (rightly) that the plan to tear down the church and put up townhouses would be controversial in the community. Tr 401-02.

61. On May 13, 2015, Tumilty and Forbath discussed the use of the proceeds from the St. James sale. Tumilty's notes show that he anticipated "fees and costs" of \$1 million in connection with the sale, including the fee owed to Cushman & Wakefield for its work on the sale. Ex 44. Although claiming at trial that the Legacy offer was "unsolicited," Respondent did not dispute that Cushman & Wakefield was to receive \$550,000 as its commission for the \$15 million sale. Tr 572. Tumilty's notes show that they intended to use \$6.3 million out of the \$15 million of proceeds from the St. James sale to fund the Anaheim purchase. Ex 44; Tr 573-74.

62. On May 17, 2015, Respondent worshipped with the St. James the Great congregation, and then, at the coffee hour after the service, informed them that he had sold their church. Bennett recalled that the congregation was "stunned." In his words, "there was

indignation. There was anger. There were tears.” Tr 68-69. Andersen recalled Respondent saying that the expenses were “high and it is not sustainable”; she knew from her own work that this was not correct. Tr 130. Someone asked whether there was some financial crisis, whether the diocese needed the funds immediately, to which Respondent responded “no, we don’t need the money.” Tr 131. Respondent testified that he told the congregation that he would establish a trust, in the name of St. James the Great, with \$6.3 million to further mission work in the diocese and that he would also provide \$1 million of financial assistance to the St. James the Great congregation. Tr 569-71. Neither of these was mentioned in the “use of proceeds” notes that Tumilty prepared a few days before. Compare Ex 44. When Respondent mentioned parking, as one reason he had to sell the church, Bruce Bennett challenged him. “I knew for a fact that the parking issue had been resolved, and that if he had real reasons to sell the property, he should give us real reasons and not red herrings such as that.” Tr 66. Kathi Liebermann was not in the room; when she learned of the sale she “felt like we were his faithful followers who had grew the church and did exactly what he asked us to do and then just with no warning [he] came in” and announced the sale. “I was blindsided.” Tr 448.

63. Michael Strong was also at the May 17 meeting. He recalled Respondent stating, “Since the property was held in Corp Sole, he didn’t need any approval to sell it. He had complete power over it.” Tr 434. On the same day, sent an email to another member of the congregation, Alex Slonicki, summarizing Respondent’s comments and Strong’s reaction. “Escrow could close as early as October although four months in the summer to sort out a new location seems completely unreasonable. Like many there, the news was not just very depressing to me but the explanations did not ring entirely true, among other things, that the diocese did not lack for funds nor was there any mention of the experiment being watched from

[815 Second Avenue].” Ex 110. When asked about this email, Strong explained that he thought the vibrant, growing church in Newport Beach, at a time when the Episcopal Church is in nationwide decline, would be of interest to whole church. “A vibrant church,” Strong testified, “is a very emotional experience.” Tr 438.

64. Starting on May 18, Reverend Voorhees sent a series of pastoral letters to her congregation. She explained that “the parish was in peril,” and she was “overwhelmed with pastoral care” so she saw the letters as an important part of her pastoral role; she wanted to communicate with her congregation, to “keep everyone on the same page.” Tr 293-294, 393; Ex 179 (third pastoral letter).

65. On May 19, 2015, Respondent defended his decision to sell St. James in a memorandum to the Diocesan Council and the Board of the Corporation of the Diocese. Respondent represented that “two major considerations have changed the outlook for the future of the Newport Beach property. First, the church plant is out of compliance with city code due to the lack of 40 parking places to serve the property. While the church has been operating with a conditional use permit, resolution of the problem would require the purchase of additional land that is unavailable in blocks where a multimillion-dollar boutique hotel is under construction.” Ex 26. In other words, even though he had heard Bennett state on May 17 that parking was not a “real issue,” Respondent continued to insist that parking was a major reason for the sale in his May 19 memo to the Diocesan Council. His specific comment, that solving the parking problem would require the purchase of additional land, is not supported by any other testimony or document. Tumilty never mentioned this supposed problem, and Forbath denied that he had provided this information. Tr 862.

66. On May 19, 2015, Reverend Voorhees sent a further email to Respondent and Tumilty regarding Compass Rose and closure of St. James. She noted that Respondent “made changes on Sunday morning, May 17,” so that “we will need to discuss what is what today, i.e., closing date, compensations, letter to parishioners.” Ex 18.

67. On May 31, 2015, Mayor Pro Tem Dixon announced that the proposed sale of St. James the Great would be one topic for her next town hall meeting on June 15. Ex 179 page 4 (email from Diane Dixon). Dixon was already hearing from concerned constituents, such as a Catholic resident of Lido, who wrote to Dixon on May 31 that “although we worship elsewhere we firmly support the very powerful presence of this fine church. It is a constant reminder of God amidst our increasingly secular and troubled area” Ex 179 pages 170-004, 005 (email to Diane Dixon); Tr 410 (“I’m getting all these letters regarding the church”).

68. On June 3, 2015, Respondent defended the sale of St. James through an email to the diocese. Respondent claimed that “this decision was entered prayerfully and practically given the reality that the Corporation Sole and the Corporation of the Diocese can no longer provide assistance for operating expenses. . . the sale proceeds also offer a considerable asset for investment in future mission and clergy support within the Diocese of Los Angeles.” He added: “while the work of the congregation and the current non-stipendiary vicar has been diligent and much appreciated, we must look at the larger picture of sustainability.” Ex 123.¹

¹ The copy of Ex 123 provided at the hearing omitted the last few sentences of Respondent’s comments; we have attached for the record the full article, printed from the diocesan website.

69. On June 5, 2015, Reverend Voorhees, at the request of diocesan staff, gave Patrick DiGiacomo a thirty-day termination notice for his lease of the St. James kitchen space. Ex 119; Tr 173.

70. On June 5, 2015, Respondent wrote a letter to Mayor Pro Tem Dixon justifying the sale of St. James the Great. He wrote that "while it has been a complex decision to enter into a sale agreement for the property owned by the Bishop as Corporation Sole, I have done so knowing that the time is right to liquidate this asset for the benefit of the ongoing mission within the church in our diocese. Operating expenses were no longer sustainable at as much as \$300,000 annually, and especially after \$9 million in legal costs related to securing four parish properties at which members had disaffiliated from the Episcopal Church. While we recognize the dedicated efforts of the current clergy and re-starting congregation of St. James the Great, we must move forward at this time." Ex 29. Dixon testified that she had "no context" to consider the claimed operating expenses because she did not know the revenues of the church. "He's trying to build a case for why he wants to sell the property." Tr 407-08. Respondent's letter did not mention the revenues of St. James the Great, nor did he tell her that the diocese had already recovered \$5 million through the sale of one of the former Anglican churches, and stood to recover \$3.5 million through the lease-sale of another. When asked at trial about the accuracy of the \$300,000 claim, Andersen testified that it was not accurate. "In the first year, right, in 2014, pledgers were giving \$150,000 of that \$300,000. And in the second year we had the stewardship campaign and we had a budget that said pledgers were going to give 250,000 of that \$300,000. So I don't—I don't agree with the sentence.

I don't agree that that is unsustainable. That is—that is amazing financial growth.

Imagine what we could have done." Tr 133.

71. On June 8, 2015, Respondent discussed both the proposed sale of St. James and the proposed purchase of the Anaheim interest with the Standing Committee. The Standing Committee approved a motion "to support Respondent in his endeavors with the sale of the Newport Beach property, and to concur with his decision, acknowledging that the Standing Committee has no jurisdiction over Corp Sole." Ex 19. Both Respondent and Reverend McCarthy confirmed that the Standing Committee had no authority over Corporation Sole. Hearing Tr 716-17; Depo. Tr 17 (Question: "Did you have an understanding . . . in June of 2015 that the Standing Committee had no authority to help, to decide, or no right to decide, on the sale of a church if it were owned by Corp Sole? Answer: That was my understanding"). Reverend McCarthy could not remember reviewing any documents about the St. James sale at the June 8 standing committee meeting. Tr 721-22. Bishops Knisely and Hollerith requested, but Respondent did not to our knowledge provide, minutes for the standing committee minutes in April and May of 2015. Tr 714-15.

72. On June 9, 2015, Respondent and Tumilty met at St. James the Great with Reverend Voorhees and four members of the "transition committee" for St. James. The group discussed, among other issues, whether Reverend Voorhees could remain the vicar of St. James the Great; Respondent said that she "could continue to serve as Vicar for the ongoing congregation." The group also discussed whether the congregation could remain in the building after the proposed June 28 final service date; Respondent said that this would require the consent of the buyer, Legacy, and later said that Legacy was not interested in having any discussions with the congregation. Tr 302-04; Ex 17. This statement was inconsistent with Respondent's statements

to the congregation on May 17, that they could remain at St. James into October for the wedding, and inconsistent with the explicit leaseback provisions of the purchase and sale agreement. See Ex 25, especially paragraph 5.1.6 and Ex H, providing the right to Corp Sole to lease back the property for three one-month terms, i.e., until September 24, 2015, at a price of \$20,000 per month.

73. On June 10, 2015, Ronald Pierce, a lawyer for the Griffith Company, wrote to Respondent to remind him of the 1945 church use restriction on the St. James site. Pierce wrote that “Griffith Company never released, and never intended to release, the covenant, condition, restriction for ‘church purposes exclusively’ for the central church building lot or the adjoining lots from their ancillary role to serve ‘church purposes’ exclusively. That is what Griffith Company intended in 1945, 1984, and its purpose continues the same today and beyond.” Ex 125.

74. On June 12, 2015, Corp Sole and Legacy amended the Purchase and Sale agreement, to allow time for “determining and addressing issues related to the matters and claims described” in the June 10 Pierce Letter. Legacy in effect informed Respondent that Legacy would *not* purchase the St. James property unless and until the legal issues raised by Griffith were resolved to Legacy’s satisfaction. Ex 130.

75. On June 15, 2015, Respondent wrote a letter to Tom Foss, President and CEO of the Griffith Company. The Bishop wrote that the “June 10 letter has serious implications for two pending real estate transactions that are scheduled to close in the coming days of June.” Respondent urged Griffith Company to change its position about the 1945 church use restriction on the St. James site, so that the Legacy sale transaction could close. Respondent warned that “the position taken in the June 10 letter could result in millions of dollars of damages to the

Church.” Ex 24. Respondent admitted at his deposition and at the hearing that the “two transactions” referenced in his June 15 letter were the St. James and Anaheim transactions. Hearing Tr 642-43; Depo. Tr 104.

76. On June 15, 2015, Dixon held her town hall meeting, at which the main topic was the proposed sale and demolition of St. James the Great. The room was “completely filled, standing room only.” Tr 411. Some of those present were members of the congregation but others, Dixon believed, were simply members of the community. Tr 412-13.

77. On June 16, 2015, Bishop Mary Glasspool spoke with Reverend Voorhees in the women’s room at diocesan headquarters. In response to questions from Respondent’s counsel, Reverend Voorhees testified that Bishop Glasspool told her that “she was very sorry for what was happening” to St. James the Great. Tr 357. Bishop Glasspool told Voorhees that Glasspool “had gotten into a lot of trouble over this. That she had gone to the Standing Committee to try to talk to them about the sale of Newport Beach and that it upset the bishop [Bruno] so much that they had to have mediation. And I had no idea that that had happened. And I felt terrible for her that . . . she had had to go through that. She said to me that—I guess they went through mediation and came to some agreement. I don’t know what that was. And then she just said that the bishop scared the shit out of her and that she needed to get out of here, and she was just trying to make it through General Convention.” Tr 358-61.

78. Also on June 16, Reverend Voorhees told Respondent that she would not accept the Compass Rose position. Tr 288-90. The Compass Rose position has not, to date, been filled by any other person. Tr 633-34.

79. On June 21, 2015, Reverend Voorhees wrote an open letter to respond to what she described as “misinformation being published by the Los Angeles diocesan leadership about the

status of St. James the Great.” Among the points she made: “St. James the Great is a financially viable and sustainable congregation that is not expending hundreds of thousands of dollars of diocesan or corporation sole funds per year. The parish has a \$530,000 budget and [is] paying ALL its bills.” Second: “I am not non-stipendiary—I am being paid.” Third: “There would be no parking issue if the diocese signed the shared parking agreement with a neighboring organization that is sitting on their desk.” Ex 137; Tr 306-08.

80. On June 22, 2015, Save St. James the Great filed a civil complaint against Corp Sole and Legacy, seeking to stop the sale and destruction of St. James the Great, on the basis of the 1945 deed restriction. Save sought a temporary restraining order to prevent the sale of the property, which Save at that time believed would occur on Friday June 26. Ex 13 especially para 9.

81. On June 23, 2015, the City Council of Newport Beach discussed St. James the Great. Dixon, whose district includes the St. James site, spoke about how the site is restricted by the city’s general plan to “private institutions,” meaning the site could be used for religious or educational purposes, but *not* for townhouses. Other city council members also expressed their concerns about the loss of religious space in the city. Ex 139; Tr 414-16.

82. On June 24, 2015, the Superior Court denied the request of Save St. James the Great for a temporary restraining order. See Ex 31.

83. On June 25, 2015, Reverend Voorhees sent by email to her congregation what she termed “this last pastoral letter.” She also included a copy of this letter in the bulletin for the June 28 services. In the letter, Reverend Voorhees explained that, through comments by Respondent’s counsel at the hearing on Save’s request for a temporary restraining order, she “learned we were part of another land purchase, where St. James the Great’s proceeds are

intended to complete another transaction.” This was the first time that she or others at St. James learned that Respondent intended to use a substantial part of the proceeds from the sale of St. James to fund a commercial purchase, which since then has been revealed to be Anaheim. Reverend Voorhees also said, in her letter, that she did not believe that she could lead the congregation into a “diaspora.” Ex 31.

84. On the evening of this same day, June 25, Respondent received a copy, through his private email, of this pastoral letter. Ex 30. Respondent claimed, at the hearing, that he viewed this letter as “a pastor or a shepherd abandoning her sheep.” Tr 547. But he took no immediate action; he did not call Reverend Voorhees or contact her by email or call or contact any of the lay leaders of the congregation.

85. On June 26, 2015, Respondent as Corp Sole filed suit against Griffith Company, to “quiet title” in the property and to obtain damages and punitive damages for alleged slander of title. Tumilty, as attorney-in-fact for Respondent, verified the complaint. Ex 140.

86. On June 28, 2015, Reverend Voorhees and the congregation had their final Sunday services at St. James the Great. During the discussion after the service, the congregation asked her to remain as their vicar. Reverend Voorhees testified: “I took a vow to take care of the flock that was entrusted to me. And I looked at the whole room and thought I can’t abandon them right now.” Tr 311.

87. On June 29, 2015, Tony Crowell, a member of the congregation, wrote to Respondent. Crowell said that it seemed, from public records, that the sale had not closed and “so we plan on continuing on in our current church building until you do close your transaction and the developer requires us to leave.” Ex 141. Tumilty responded, on behalf of Respondent, saying that Reverend Voorhees “has resigned her position as Vicar of St. James the Great

mission and congregation and the Bishop has accepted her resignation effective midnight June 28. The Bishop has not made a determination as to whether a member of the clergy will be assigned to the congregation. In any case, the last worship service to be held at the church facility was this past Sunday.” Ex 141 page 2.

88. Respondent informed Reverend Voorhees by email on June 29 that “I consider the correspondence [the June 25 letter] your letter of resignation as my Vicar for the congregation effective at midnight on Sunday June 28, 2015.” Ex 32. Reverend Voorhees immediately replied that “there is a clear misunderstanding. I have not resigned, I have not tendered my resignation to you, nor have I ever communicated to you that I was resigning from St. James the Great. I plan to continue to serve as vicar of St. James the Great as long as the congregation continues.” Ex 32.

89. Tumilty advised Respondent, on this same day, that “we should stand our ground.” He added “I should notify her later this afternoon that the locks have been changed and she will need to make arrangements to access the church to remove her personal belongings.” Ex 33. Reverend Voorhees immediately replied, again stating she had not resigned. Ex 34.

90. Forbath and Bangao, with a locksmith, went to St. James the Great on June 29 and changed the locks. See Ex 284. Later in the day, Tumilty informed Reverend Voorhees that “we have secured the premises,” that she should return all church property, and make arrangements to retrieve her personal property from the locked church. Ex 34. Reverend Voorhees responded to Tumilty, with a copy to Respondent, that she had not resigned. “Surely, you understand that you are in unprecedented territory evicting an active congregation and creating a vacant building instead of a sacred space this Sunday with the building still for sale. It is now not the developer wanting the building vacant, it is our diocesan leadership.” Ex 34.

91. On this same day, June 29, Bishop Clayton Matthews spoke with Respondent in Salt Lake City about the “rumors that were being spread in the Convention about him not getting the consent of the Standing Committee to sell consecrated property.” Respondent said that he did not need the consent of the Standing Committee, because the property was owned by Corp Sole, but “he went to them anyway this past spring to seek their advice and counsel.” Ex 143. (There is a word missing in Ex 143 but it is clear, from the context and from Ex 19, that the word is “need.”) Respondent suggested he spoke with the Standing Committee before he signed the agreement when in fact, as the evidence shows, he did not confer with them until June 8. Respondent also told Bishop Matthews “that he had told the Vicar that the likelihood, when she went there, a few years ago, was that the property would be sold” so that she “should not have been surprised by the decision.” He further told Bishop Matthews that Reverend Voorhees “resigned her position without him asking her to do so.” Ex 143. Respondent confirmed that Bishop Matthews correctly recorded their brief conversation. Tr 684-85, 689 (“I think he’s pretty trustworthy”).

92. One of those locked out of St. James on June 29 was Patrick DiGiacomo, the head chef. Forbath asked DiGiacomo “what it would take” to persuade him to move all his equipment and stored food out of the St. James kitchen immediately, before the end of the thirty-day termination period. DiGiacomo was initially uncomfortable, and discussed the issue with Reverend Voorhees, because “there is no way that I want to take any money from the diocese to move, especially under the circumstances.” She advised him to “negotiate” and he ultimately accepted \$1800, “which covered some of our moving expenses but nowhere near the tens of thousands of dollars we lost in storage fees and all the other loss of business fees.” Tr 174-75; Ex 144.

93. On Sunday July 5, 2015, locked out of their church, Reverend Voorhees and the St. James the Great congregation held an Episcopal worship service in a nearby park. Since that time, every Sunday, and every religious holiday, they have gathered for Episcopal worship. As Kathi Liebermann testified, St. James the Great is now a “church on wheels,” since the parishioners have to bring all the elements of church to and from church every Sunday morning. Tr 450-51.

94. On July 6, 2015, the Purchase and Sale agreement between Corp Sole and Legacy terminated by its terms. The agreement provided that it would terminate if Legacy did not, by the end of the Contingency Date, provide Corp Sole with a Buyer’s Approval Notice. Ex 25 section 4.1.3. The Contingency Date was extended several times, until July 6, 2015. Ex 138. When that date passed, without Legacy accepting the property, the agreement terminated. Respondent did not inform the congregation of the termination of the Legacy agreement, nor did he provide them with a copy of the agreement, nor did he open the doors or gates of St. James for the congregation. (In fact, Respondent never provided a copy of the Legacy Agreement; Legacy provided it in discovery in the civil case.)

95. On July 20, 2015, Bishop Matthews had a telephone conversation with Respondent. According to Respondent, David Beers and Mary Kostel participated in this conversation, “in violation of Title IV.” Tr 686-87. Respondent said that “he took the matter of the sale of St. James the Great to the Standing Committee for advice and counsel even though it had been given to Corporation Sole earlier. The Standing Committee voted complete support for the sale in 2015.” Respondent did not say that he only presented the sale of St. James to the Standing Committee after he signed the agreement to sell, nor did he say that he did not present any documents on the sale to the Standing Committee. Respondent again claimed that “the Vicar,

Cindy Voorhees, was aware from the time she was placed at the Church that it would likely be sold. After two years the parochial reports showed little to no growth.” Respondent told them that “on May 17 a process of ‘due diligence’ was started to determine if the sale of the church was appropriate and a transition committee was created.” Legacy’s due diligence process started on April 10, when the Purchase and Sale agreement was signed; there was no “due diligence” starting on May 17 to determine if the sale of the church was appropriate; the Respondent had already determined that at the time he signed the Purchase and Sale agreement; and the transition committee, in any case, was not involved in due diligence. Ex 152.

96. On September 8, 2015, Save filed a verified amended complaint in the civil litigation. The complaint described how Respondent’s staff locked the doors of the church on June 29, 2015, and the difficulties the congregation and the community faced thereafter: “On Sunday July 5, 2015, and on every Sunday since then, the St. James the Great congregation has held its Sunday morning worship services in a small park across the street from the Property. This is more than simply an inconvenience for the congregation. The worshippers have no pews in which to sit, they bring folding chairs; they have no fixed sound system, they have to bring and assemble a temporary one which is sometimes hard to hear; they have no aisle, they have to walk to receive communion over the uneven grass, a hazard to the aged and infirm. Several congregants have fallen on the uneven lawn and one congregant has been injured by an SUV driver who didn’t see him crossing the street.” Ex 284 para 27.

97. On October 28, 2015, the diocese prepared a spreadsheet showing the pledges by the various missions and parishes to the diocese for 2014 and 2015. According to this spreadsheet, St. James the Great pledged \$25,600 to the diocese in 2014 and \$35,000 in 2015, its full ten percent. The exhibit shows that St. James pledged more than any other mission in the diocese,

except one (St. John Chrysostom in Rancho Santa Margarita), and pledged more than many of the parishes in the diocese. Ex 158. St. James fulfilled its pledge in 2014 (see Ex 12 page 3 line 12) and was on course to fulfill its pledge in 2015 but for the closure of the church.

98. On November 4, 2015, Reverend Kirby Smith, vicar of St. Luke's La Crescenta, sent to Respondent a request for a diocesan grant of \$153,000 for 2016. The request showed that St. Luke's had received \$138,000 as a diocesan grant in 2014 and another \$122,000 of financial aid in 2015. Ex 159 page 5, line 10. These sums were *in addition* to mission development grants of \$40,000 for 2014 and \$38,000 for 2015 and a requested grant for 2016 of \$37,500. Page 5 line 6. In total, over three years, according to this request, St. Luke's received \$528,000 from the diocese. Tumilty was asked at trial about the contrast between St. Luke's, receiving subsidies of hundreds of thousands a year, and St. James, receiving minimal financial aid in 2015. "What's your answer to the question of why this [St. Luke's] is a sustainable mission and St. James is not? Answer: I did not say that this was sustainable." Tr 828-29.

99. On April 5, 2016, Warren Wimer, president of the Lido Isle Community Association, reported to Reverend Voorhees on the results of a survey of residents of Lido Isle. Wimer reported that ninety-two percent of all respondents favored the St. James site "remaining as a church property." Ex 197. Wimer testified that the residents of Lido Isle "were not at all happy with the idea that the church was going to be bulldozed." Tr 185-86.

100. On July 5, 2016, the auditors provided Respondent the audited financial statements of Corp Sole for 2015. Ex 175.² The financial statements show that Corp Sole had, as of December 31, 2015, total assets of more than \$56 million, composed mainly of real estate. Page

² The copy of Ex 175 provided at the hearing included several pages (starting with 175-029) that are not part of the financial statements and indeed do not relate to Corp Sole. They should be omitted from the record.

3. The notes list various loans “secured by a deed of trust on real property” but they do not disclose which properties are involved; it is thus not possible to determine whether some of these loans are secured by mortgages on churches. Page 13. There is a long list of churches, both parishes and missions, whose properties were owned by Corp Sole. Pages 18-23. St. James is listed as a mission, and the property is valued at more than \$7 million. Page 22. The Anaheim property was valued at \$12.6 million. Page 24. Corp Sole is described as “a unique form of nonprofit corporation, operating with no directors or members other than the Bishop Diocesan and his or her successors.” Page 5.

101. On July 30, 2016, the Special Committee regarding Corp Sole submitted its report. The Committee, composed of legal and financial experts, noted that Corp Sole was an “antiquated” structure, even in California, where the Diocese of San Diego has no Corp Sole, and the Diocese of California has effectively subordinated Corp Sole to the Diocese. Ex 163 page 10. The Committee concluded that “Corp Sole operates without outside oversight, and without transparency” and advised that the “lack of transparency and oversight of Corp Sole is not consistent with national church policy, the policies included in the Constitution and Canons of Los Angeles, or current required practices in the corporate or non-profit world.” Ex 163 pages 6-7. The Committee recommended that the Diocesan Convention adopt a canon change so that Corp Sole would effectively become a subsidiary of the Corporation of the Diocese. Ex 163 page 21. The Committee listed over 40 parishes and missions whose church properties were owned by Corp Sole as of December 31, 2014. Ex 163 pages 22-25.

102. On November 28, 2016, Corp Sole and Legacy entered into a letter agreement to terminate their escrow arrangements and obtain return of its deposit. The letter agreement noted

that the main Purchase and Sale agreement terminated because of title questions; as noted above, the Purchase and Sale agreement terminated by its terms in July 2015. Ex 164.

103. The St. James the Great congregation continues to meet every Sunday for Episcopal services. The congregation now meets in the community room at the city hall; Reverend Voorhees still leads the congregation as its priest. Tr 393, 439.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jerry Coughlan". The signature is stylized with a large, sweeping "C" and a long horizontal stroke at the end.

Church Attorney