

CHURCH FINANCES

Skimming cases are blamed on lax accounting

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When Delray Beach detectives reported this month that two former pastors of St. Vincent Ferrer allegedly embezzled \$8.6 million from the church's coffers over 42 years, parishioners were stunned.

How had so much money gone unaccounted for? And, if the accusations prove true, how could the two priests skim millions from church funds to pay for lavish vacations, real estate and women without attracting much attention?

Catholic lay organizations and financial experts point to a lax accounting system that often allows priests and parish administrators to handle large amounts of cash with little oversight.

"It's a sad testimony to financial abuse, how finance abuse occurs in our church and why it occurs," said John-Campbell Barmmer, president of the Spirited Lay Action Movement Inc., a Miami-based organization that advocates greater financial transparency in the church.

St. Vincent Ferrer is one of a handful of South Florida parishes and Catholic institutions hit by embezzlement schemes and financial scandal in recent years.

- In 2002, members of St. Maurice Catholic Church in Dania Beach discovered as much as \$1.2 million was missing from two parish accounts, including a fund for its Hunger Program. Two church employees were charged with misappropriating church funds earlier this year.
- Members of St. Richard Catholic Church in South Miami-Dade threatened to picket the church in 2002 and demanded greater financial transparency after learning the Archdiocese of Miami bought their pastor a \$582,000 house without consulting parishioners.
- Church officials in Palm Beach acknowledged in 2002 that the diocese had covered up for its financial officer, who embezzled \$400,000 from the diocese in the early 1990s. The diocese did not press charges and instead asked Robert Schattie to return the money over time. The diocese did not pursue him when he stopped making payments after less than a year.

Mismanagement and theft have vexed other denominations as well. Earlier this month, two executives from the Baptist Foundation of Arizona were sentenced to six and eight years in prison for misappropriating more than half-a-million dollars from donors.

In some Protestant denominations, such as the Presbyterian Church, congregants will often elect a finance committee to oversee collections and produce monthly reports. In many Protestant churches, however, financial matters fall to the clergy.

In the Catholic Church, officials there say safeguards do exist to protect parish funds, and that theft is unusual.

Canon law requires parishes to appoint a finance council and undergo audits whenever a pastor leaves the church, said the Rev. Phillip Brown, an assistant professor of canon law who specializes in church property and finances at Catholic University of America in Washington, D.C. But Brown noted that dioceses differ in how they enforce these rules.

In some parishes, the priest can overrule the finance council's recommendations. In others, a priest can spend church funds without even consulting the council, Brown said.

The reason, Brown and other canon law experts say, is that church law grants a good deal of autonomy to priests to run their parishes. While bishops have oversight over parishes in their dioceses, parishes own their property under canon law.

HONOR SYSTEM

As a result, many parishes operate under what essentially is an honor system where the priest retains sole administrative authority, said Charles E. Zech, an economics professor at Villanova University.

"In reality, many parish finance councils are just rubber-stamp kind of operations where the pastor has a bunch of cronies running it," he said.

Mary Ross Agosta, a spokeswoman for the Archdiocese of Miami, said the recent scandals in the diocese of Palm Beach "are of extreme concern," but added that such incidents are highly unusual. The Miami Archdiocese requires parishes to submit monthly financial reports, Agosta said. Both the Archdiocese of Miami and the Diocese of Palm Beach conduct audits when a pastor retires or is reassigned.

But the flaws in that system became painfully apparent when police detectives charged that former pastors John Skehan and Francis Guinan had allegedly stolen millions.

FOUR ACCOUNTS

Investigators say Skehan and Guinan stored cash in secret slush funds and funneled money into four bank accounts to avoid detection. Skehan, who served as pastor from 1963 to 1999, is alleged to have put nearly \$1.6 million in bequeathed money, donated cash and checks and donated stock sales from the building fund into those accounts.

When Guinan succeeded Skehan as pastor in 2003, he continued to use the bank accounts for some \$400,000 in stolen church funds.

Guinan and Skehan are alleged to have used church funds to pay for their lovers' credit card bills as well as real estate, travel and gambling. Skehan allegedly spent \$275,000 on a rare coin collection.

According to the Delray Beach police report, a church employee became suspicious of Guinan when she learned of his vacations to Las Vegas and the Bahamas.

The employee told investigators she began to wonder how Guinan could fund such a lifestyle on a priest's salary, typically under \$30,000 a year.

The priests told bookkeepers and church employees who counted weekly offerings that they were setting money aside to pay for programs at St. Vincent Ferrer rather than reporting it to the diocese, according to the police report.

The diocese implemented new auditing procedures months before the scandal was uncovered and will continue to enforce those rules, Denis Hamel, chief financial officer of the Diocese of Palm Beach, said in a statement.