

Unaudited Metropolitan's discretionary account looms over OCA Metropolitan Council meeting

\$250,000 Archer Daniels Midland Foundation contribution kept off the books; treasurer and audit committee chair removed; "ecclesiastical gag order" imposed

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SYOSSET, NY, November 15, 1999 (ON) -- An unaudited "Metropolitan's Discretionary Account" through which at least \$250,000 was kept off the Church books looms over the upcoming November 18 meeting of the Metropolitan Council of the Orthodox Church in America (OCA).

The \$250,000 contribution was made by the Archer Daniels Midland Foundation (ADM Foundation) to the "Russian Orthodox Church in America" during the period July 1, 1997 through June 30, 1998, according to the return the ADM Foundation filed with the Internal Revenue Service for that period.

The OCA gained its independence from the Russian Orthodox Patriarchate in Moscow in 1970, and thereafter changed its name to the Orthodox Church in America. Many people, however, still refer to the OCA colloquially as the "Russian" Orthodox Church, because of its history.

The \$250,000 contributed by the ADM Foundation was "apparently deposited in a checking account that is not on the Church accounting records," according to the June 21, 1999 draft of a letter from the OCA's outside auditor. The unaudited account came to the attention of the outside auditor during the audit of the OCA's books for 1998.

The outside auditor, Robert A. Taylor, of Lambrides, Lamos, Moulthrop & Co, has been unable to complete the 1998 audit of the OCA because the "off the books" discretionary account has yet to be audited.

After the discretionary account came to light, an agreement was reached at a July 8 meeting that a special audit of that account would be conducted by a separate firm. The Church's attorney, Jonathon Russin, of Russin & Vecchi, L.L.P., wanted the special auditor to report to his law firm "to protect the results by the attorney-client privilege," according to a November 9 letter written by John Kozey, III, the former chairman of the OCA's three-member internal audit committee.

On July 14 the internal audit committee wrote to Metropolitan Theodosius, the primate of the OCA, and outlined a proposed time line for the special audit. Russin was to nominate

two firms for the job by July 31, the audit committee was to select one of them by August 13, and the special audit was to be completed by September 15. The audit committee sent copies of its memorandum to Russin, to Fr. Robert Kondratick, the OCA chancellor, and to Protodeacon Eric Wheeler, who at the time was the OCA treasurer.

From July 26-30, the OCA held its national clergy-laity meeting, the All-American Council, in Pittsburgh. The treasurer's report at that meeting, which Wheeler presented, did not include any discussion of the unaudited discretionary account. Wheeler's report concluded with a discussion of the issue of trust:

"Paramount to any presentation on the stewardship of finances is the foundation of trust. We believe we have built this trust through our constant commitment to accountability. We offer our gratitude to God for the trust you have placed in us as we continue to minister to the financial needs of the Orthodox Church in America."

By September 21, the special audit had not yet begun. So Kozey wrote to Theodosius and asked for information regarding various accounts, including the discretionary account "and any other accounts that come under the signatory control of the Chancellor and/or Metropolitan."

Kozey copied several people with that letter, including Kondratick and Wheeler. Wheeler apparently was removed as treasurer immediately after the OCA administration received Kozey's September 21 letter. In his place, Theodosius appointed Archbishop Herman of Philadelphia and Eastern Pennsylvania as acting treasurer.

The OCA did not announce Wheeler's removal until October 1, when it issued a press release implying that the decision to remove Wheeler had been made on September 29. However, it is apparent that Wheeler was no longer treasurer on September 22, because on that date Taylor wrote to Herman telling him that the 1998 audit had not been completed, because, among other reasons, "the Church has not made available all financial records and related data."

Wheeler refused to comment about the situation. "I am under an ecclesiastical gag order, so I cannot speak about anything," he told Orthodox News. "I value my diaconate. I don't want to lose that," Wheeler emphasized. Other sources explained that Wheeler is under threat of being defrocked if he speaks about the situation.

On September 28, Kozey wrote to all the members of the OCA Metropolitan Council and informed them of the situation, enclosing copies of some of the pertinent documents. He told them the audit committee and the outside auditor had requested information regarding the discretionary account. "This information, which has been withheld from us for the 1998 fiscal year, and possibly several previous years, needs to be incorporated into the books of the OCA, as part of our obligation as a non-profit corporation," Kozey said in the letter.

Kozey suggested in the letter that the members of the audit committee be invited to the upcoming meeting of the Metropolitan Council, which is scheduled to take place this Thursday, November 18, 1999. Kozey also invited the Metropolitan Council members to call him.

On October 8, Kozey wrote another letter to the Metropolitan Council members, informing them that Archbishop Herman was "awaiting the proposal from our outside accountants as to their recommendations regarding the audit of at least two accounts of the OCA." He again urged that the audit committee be invited to the upcoming Metropolitan Council meeting.

On October 18, 1999, Kozey received a letter from Theodosius notifying him that he had been removed as chairman of the audit committee, and replaced by Archpriest Paul Suda. "At the joint meeting of the Holy Synod and the Metropolitan Council [sic], chaired by the