

WORLDWIDE CHURCH OF GOD

WORLD HEADQUARTERS
PASADENA, CALIFORNIA 91123

HERBERT W. ARMSTRONG
President and Pastor

February 9, 1979

DR. RODERICK C. MEREDITH
Director
Pastoral Administration

Dear Fellow Ministers:

Greetings again from Pasadena! I talked to Mr. Armstrong for about half an hour the other night, and his voice is strong and clear. He is in good spirits and good health, but still certainly needs the prayers of all of us--and I know he will have them.

Enclosed is a copy of the reporter's transcript of what amounted to a secret hearing before Judge Jerry Pacht. This was before the official hearing wherein the receivership was placed on God's Work. As the summary of Mr. Rader's press release about this indicates, this private meeting in Judge Pacht's chambers was "contrary to procedure and judicial ethics." And the same day Judge Pacht "rubber-stamped the order appointing Judge Weisman--which order had been previously prepared by the Deputy Attorney General."

Fellows, please read this transcript carefully. Some of you may wish to use material from this transcript to help your congregations understand why we feel the state has wrongfully handled this entire affair, and why we feel we have been unjustly treated in many, many ways.

Note especially page 2, lines 6-12, wherein the judge obviously realized what the plaintiffs sought was a "rather majestic order". Also, notice that he called the Big Sandy sale the "one cruncher". Yet the court in effect later admitted that this sale was proper and let it proceed!

Note page 3, lines 13-19, where Chodos is claiming God's Work and property is in effect the property of the State of California.

On page 9, line 24, note Judge Pacht's description of this Work of the Creator as "this bowl of spiders!"

No wonder Jesus talked about the "unjust judge" and NEVER pressed human jurisprudence in any of his teachings.

Fellow ministers, let's realize more than ever the real unseen power behind these attacks and go to our knees more than ever before! Please encourage the brethren to continue praying and fasting and asking our Redeemer to intervene and deliver us as soon as it may be within his will.

Now some happy news to close with! Please encourage your congregations with the good news that the temporary restraining order keeping the funds from the Big Sandy campus sale from coming to the receiver has been made in effect permanent! The order states that these funds are not to be released from the special account in Texas until the entire receivership issue is settled here in California so that such funds may go to the proper owner. So we can be grateful for that and for the fact that, increasingly, courts and officials outside California are beginning to help our cause and that the nationwide media is turning more and more in our favor. If we all keep close to God and ask for his guidance in every facet of this situation, we may be sure he will be with us and deliver us in due time and help us get back to the business of preaching his Gospel more powerfully than ever to a world that desperately needs this Work!

Your Brother in Christ,

A handwritten signature in cursive script, reading "Roderick C. Meredith". The signature is written in black ink and is positioned above the printed name.

Roderick C. Meredith

February 7, 1979

I appear before you--an angry man--but supported by the Living God, the power and glory of Jesus Christ, and the spiritual resources of His Church.

We have finally discovered the evidence that confirms without any doubt, that the receiver was appointed because of flagrant misrepresentations to the Court and, indeed, flagrant misconduct by the Attorney General, the receiver, the Plaintiff's Attorneys and the Court, itself.

We are distributing to the press here today and across the nation a newly discovered reporter's transcript of the secret proceedings before Judge Pacht on January 2, 1979--secret proceedings that resulted in the initial appointment of a receiver and the first restraining order. Judge Pacht's issuance of these orders has created a presumption of our wrongdoing in the minds of every Judge who has considered the matter since--resulting in the continual imposition of a receiver despite no evidence of wrongdoing.

This transcript shows that the would-be receiver, the Deputy Attorney General and plaintiff's counsel were granted an informal meeting with Judge Pacht even before any action was filed. This is contrary to procedure and judicial ethics. When Judge Pacht expressed his concern about the imposition of a receiver upon a Church, his concern was overcome by the Deputy Attorney General's misrepresentations that compelling evidence existed showing that the Church was preparing to sell its college in Big Sandy, Texas for \$20,000,000 below its true value. Judge Pacht called this the cruncher and told the Deputy Attorney General and the attorneys for the plaintiffs that he would grant the application for a receiver if it were filed.

Only after convincing themselves that they had been successful in deluding the court and would obtain its cooperation did the Deputy Attorney General file the complaint and application for the imposition of a receiver. Judge Pacht then rubber-stamped the order appointing Judge Weisman--which order had been previously prepared by the Deputy Attorney General.

When Judge Julius Title reviewed the order to determine if the receivership should continue, the Church again raised the question of the apparently nonexistent reporter's transcript and the Deputy Attorney General did not say a word. Earlier the court clerk had stated that there had been no court reporter present, and, hence no transcript. Notwithstanding the Attorney General's admission that he had failed to produce any convincing evidence that Big Sandy was about to be sold for \$20,000,000, below its real value, Judge Title continued the receivership based upon a

February 7, 1979

presumption that Judge Pacht would never have appointed the receiver in the first place without a strong showing of serious improprieties.

It should be apparent to all, particularly after you will have studied the materials distributed to you today, that the Church has been railroaded as a result of misrepresentations, judge-shopping, and un-American presumptions of guilt!

We intend to bring this transcript with all of its most serious implications to the attention of the United States Attorney General, Mr. Griffin Bell, to the Council on Judicial Qualifications, to the State Bar Association, and to the State Attorney General, and to request an immediate investigation, disciplinary proceedings and such other relief as is indicated in order to correct the violent abuse of the Church's Constitutional Rights and to punish those responsible for an injustice that will bring the entirety of the Judicial System, the State Attorney General's Office and the State Bar into such a shameful light.

1 SUPERIOR COURT OF THE STATE OF CALIFORNIA

2 FOR THE COUNTY OF LOS ANGELES

3 DEPARTMENT NO. 85

HON. JERRY PACTH, JUDGE

4
5 THE PEOPLE OF THE STATE)
6 OF CALIFORNIA, ex rel.,)
7 ALVIN EARL TIMMONS,)
8 et al,)

9 Plaintiffs,)

10 vs.)

NO. C 267 607

11 WORLDWIDE CHURCH OF GOD, INC.,)
12 a California Corporation, et al,)

13 Defendants.)
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REPORTER'S TRANSCRIPT OF PROCEEDINGS
January 2, 1979

PATRICIA A. KUPFERER, CSR
OFFICIAL REPORTER
CER. NO. 1215

2 Co.

3 (The following proceedings were had in chambers:)

4 THE COURT: This is the matter of The People of the
5 State of California and others, versus Worldwide Church of
6 God. Case Number C 267607.

7 MR. TAPPER: Lawrence R. Tapper for the California
8 Attorney General.

9 MR. H. CHODOS: Hillel Chodos and Raphael Chodos for
10 the Relators.

11 MR. GIBSON: Hugh John Gibson for the relators.

12 JUDGE WEISMAN: Steven S. Weisman.

13 THE COURT: All right. I have had an opportunity to
14 read the Complaint: I have read the memorandum of points
15 and authorities, quickly: I have read the declarations of
16 Mr. Chodos Mr. Gibson, Mr. Chapman, Mr. Morgan, Mr. Timmons,
17 and Shirley Timmons.

18 MR. H. CHODOS: Your Honor, I wanted to interrupt
19 just to state for the record, a copy of the proposed pleadings
20 was furnished to you this morning. The original is in my
21 briefcase. It has not yet been filed, but we are prepared
22 to file it and pay the necessary fee at any moment.

23 It is just that we did not want a public filing
24 before coming to see you. I spoke to the clerk this morning
25 and told him we would talk about that.

26 THE COURT: Well, we are going to have to get it filed
27 if I am going to grant you any relief, as I am sure I don't
28 have to tell you, Mr. Chodos.

1 MR. H. CHODOS: Yes, Your Honor. I just wanted to
2 explain.

3 THE COURT: What I have read, obviously, are copies
4 of documents which counsel furnished me. I am concerned
5 about the scope of the relief that is sought.

6 I am concerned about the ex parte nature of the
7 proceedings, and the rather majestic order which would flow
8 from these proceedings without a hearing. I am not
9 unmindful there are charges that dissipation of the properties
10 may occur, and I am also not unmindful of the one cruncher,
11 if you will, which is the proposed sale of the Big Sandy
12 property on January 4th, or the proposed completion.

13 I have read the declarations pretty carefully.
14 The rest of the matters, and some of the supporting data,
15 obviously, in the length of time afforded to me, I have
16 barely skimmed through; some of the financial matters which
17 are referred to in one of the declarations -- I guess it is
18 Mr. Chapman's declaration -- are matters which I have just
19 glanced at; obviously, I haven't digested those in any form.

20 I would like to be enlightened, perhaps, about
21 how far my writ runs in the first place. Can I really do
22 anything about a real property transaction which is going
23 to close, apparently, in Texas? I don't have anybody before
24 me, as I understand it. I will have somebody before me if
25 I issue this order in due course. Presumably, Mr. Rader or
26 Mr. Herbert Armstrong or somebody will be served.

27 Let me hear from the Attorney General or from
28 Mr. Chodos, whoever is carrying the ball here.

1 MR. H. CHODOS: If I can just make a few observations.
2 First of all, I recognize that any request for an ex parte
3 receiver, without notice, has to be viewed against a strong
4 presumption that it is an emergency measure to be used with
5 great caution.

6 I would suggest to you, however, that at least
7 insofar as pertains to the Worldwide Church of God, Inc.,
8 Ambassador College, Inc., and Ambassador International Cultural
9 Foundation, Inc., that the usual principles are not applicable.

10 All of those corporations are organized and
11 existing under California law, exclusively for charitable,
12 religious and educational purposes.

13 It is our position that a shorthand way of
14 describing the law applicable to the corporations of that
15 type is that their property always and ultimately rests in
16 the Court's custody, and they are always and ultimately
17 subject to the supervision of the Court on the application
18 of the Attorney General. In effect, there are no private
19 interests.

20 The Court is not taking something away from
21 somebody or interfering with anyone's private rights. In
22 effect, what we are saying is that there are presently
23 trustees who have been allowed to manage the charitable fund
24 on a day-to-day basis.

25 There is reason to believe, as we have shown
26 you, that they have not done their job in a faithful manner.
27 We believe that essentially those trustees serve at the
28 Court's pleasure, and may be replaced with a more trustworthy

1 trustee.

2 THE COURT: I don't have any quarrel with that up to
3 there, and I think you make a prima facie showing that there
4 may be some serious problems in the administration of this
5 trust.

6 MR. CHODOS: Now, turning to how far the Court's
7 writ runs. I am inclined to believe that the Court's writ
8 does not run to land outside the State of California.

9 THE COURT: I learned it only runs halfway across the
10 dining room table, so as my children want to point out to me,
11 let alone past the State line.

12 So you have got to give me a little jurisdiction
13 and a little power if you want some help.

14 MR. CHODOS: It does run, however, to all persons
15 within the Court's jurisdiction, and particularly, to
16 charitable trusts which are organizing and existing under the
17 State of California.

18 In fact, this Court, as I understand it, is the
19 only court that has complete jurisdiction and supervision over
20 the affairs of these three charitable corporations.

21 Now, it may be that you will appoint a trustee
22 for these funds, Judge Weisman, and that he will then be
23 confronted with the claims of third parties in Texas.

24 Now, he, after all, will stand only in the shoes
25 of the present trustees. His rights and privileges will be
26 no greater or no less, and he may have to submit to demands
27 by the people if they are meritorious, or litigate them if
28 they are questionable, or resist them if they are not. But

1 he has to do that in the name of and on behalf of the
2 charitable funds and this Court.

3 Now, the real problem, therefore, I don't know
4 what can be done if the land has changed hands by the time
5 we get to it, we may have to sue to rescind in the Texas
6 courts.

7 It is my understanding that a receiver has,
8 under that statute, the power to sue and be sued in other
9 actions on behalf of the interest he represents.

10 THE COURT: The order which would be drawn appointing
11 him can specifically grant him that power, and he may have
12 it inherently.

13 MR. H. CHODOS: That is right. Furthermore, I believe
14 that -- Well, let me say, what we are asking here -- and it
15 may be that the order -- the temporary order perhaps should
16 be more limited in scope than the order to show cause. The
17 one thing that is clear to me that you have the power to
18 do is to appoint a receiver for the three charitable
19 corporations. The other corporations we have named are
20 alleged to be fronts, depositories of charitable funds.

21 We have substantial reason to believe that that
22 is true and that we can prove it. But it may be that the
23 taking control of those entities and the interference with
24 those entities ought to be postponed until after a hearing
25 has been held.

26 But for the charitable corporations themselves,
27 we have a substantial chance of emmence dissipation in the
28 immediate future. And in the nature of things, we believe

1 that it would be much more costly, and ultimately, therefore,
2 an unnecessary drain on the charitable trusts to put the
3 receiver in the position of having to rescind a consummated
4 transaction when he might be able to avoid an unconsummated
5 transaction.

6 Now, I will point out to the Court, too, that
7 if the transaction is not consummated, the chances are good
8 of litigating this matter in California. If they are
9 consummated, the chances are good we will have to litigate
10 it in Texas.

11 My experience with Texas law is that they have a
12 somewhat different view of the applicable principles than
13 the California courts, and it takes a little while getting
14 acclimated to it.

15 Now, I don't know if I have answered Your Honor's
16 question about the scope of your writ and the extent of your
17 jurisdiction.

18 THE COURT: What about the ex parte nature? I read
19 your moving papers, I read your moving declaration, and some-
20 one seems to be alarmed at the potential for file shredding
21 or the destruction of documents or records.

22 MR. TAPPER: Maybe I could dispel that, Judge.

23 THE COURT: Go ahead.

24 MR. TAPPER: I am reminded of the words of Shirley
25 Hufstedler when she was in the Court of Appeal, and it was
26 no more certain as to the plaintiff's rights in terms of
27 their being finally defined as it is here, but there is strong
28 reason to be suspicious, and she said, "What the defendant

1 suggest is that the plaintiff should take a taste to
2 determine whether it is a mushroom or a toadstool." And
3 that is essentially what we are faced with here.

4 Nobody can tell Your Honor how many pieces of
5 paper are being shredded per minute, per hour, per day.

6 THE COURT: If any.

7 MR. TAPPER: If any. We do believe that they are
8 being shredded. We don't believe that the information that
9 there is a shredder in his offices is fictional; but by the
10 same token, we haven't seen the shredder.

11 THE COURT: There can also be legitimate uses for
12 them, although maybe we ought to tell the city attorney that.

13 Go ahead.

14 MR. TAPPER: I suppose. But the records we are talking
15 about are public records, just as the assets that Hillel ,
16 in describing the charitable organizations, are also public
17 assets.

18 I share the thought that perhaps it will be
19 premature to use these remedies ex parte as to non-charitable
20 entities at this time, but I am very concerned about the Big
21 Sandy transaction. I am very concerned about the evidence
22 that has been presented to us of some fifty -- I haven't seen
23 all the deeds -- but it is alleged that there have been
24 fifty real estate transactions in a period of five to six
25 months. That works out to ten per month. So if it is just
26 merely on an averaging basis, there is a virtual certainty
27 that there are going to be some more pieces of real estate
28 that are going to change hands, and that, again, is going

1 to be even further litigation trying to recover the property.

2 THE COURT: These are pieces which, as I recall it,
3 have stood in the name of one or more of the charitable
4 corporations and being deeded out to individuals.

5 MR. TAPPER: That is correct. Ambassador College, for
6 example. I believe that the case of People versus Christ's
7 Church of the Golden Rule is practically on all fours.

8 I think that what has been presented to us is
9 sufficiently strong that we must take immediate action.

10 A great deal of effort went into bringing this
11 to Your Honor as early as it has been brought to you, and I
12 would urge the Court to favorably consider the relief, at least
13 as to the charitable entities.

14 MR. CHODOS: May I add just one thing. People versus
15 Christ's Church of the Golden Rule deals -- we quoted
16 extensively from it -- emphasizes the difficulties of a
17 plaintiff in the position of the Attorney General or the
18 Relators where information has been withheld. It emphasizes
19 the discretion of the court to grant ex parte relief where
20 the circumstances justify it. But, furthermore, and most
21 important, I want to emphasize that the usual impediment to
22 granting ex parte relief does not exist here.

23 Normally, in a private property situation where
24 you grant ex parte relief, the court is put in a position
25 of attempting to interfere with someone's rights, and to
26 stop people from doing things that they would otherwise do
27 with their own property, and maybe create great havoc to
28 private interests that have not had an opportunity to be

1 heard, and that is the power that should be exercised with
2 great skepticism and great reservation.

3 In this case, however, there are no private
4 transactions. In other words, if you appoint an ex parte
5 receiver, all that is going to happen is that he is going to
6 take custody of the records and preserve them; take custody
7 of the money and preserve it; take custody of the causes of
8 action and preserve that; and he is going to be prepared
9 to come back into this court, at any time starting tomorrow
10 morning, that you want to make returnable, or that counsel
11 wants to come in here for an ex parte conference, to vacate
12 the order and talk about it.

13 But in the interim, what I am really trying to
14 emphasize to you is there is no one whose interests can be
15 hurt. Only protection can be granted by an ex parte order,
16 and there is --

17 THE COURT: Well, we could hurt some interests,
18 according to the thrust of what you have spelled out. They
19 would be interests, if the moving papers are accurate,
20 inappropriately acquired. So we are mindful of that.

21 Does the record reflect that Judge Weisman is
22 here with us, Patty?

23 THE REPORTER: Yes, Your Honor.

24 THE COURT: It has been urged that this bowl of spiders
25 be put in your custody. Before I get involved in orders or
26 making orders or granting relief, are you willing to become
27 involved in it?

28 JUDGE WEISMAN: Yes, I am.

1 THE COURT: As a receiver?

2 JUDGE WEISMAN: Yes, I am.

3 THE COURT: And you see no impediment that would
4 prevent you from acting, if you were thrust --

5 JUDGE WEISMAN: The only impediment I know of is my
6 polio, and that won't prevent me --

7 THE COURT: You have managed pretty well with that for
8 some time.

9 I will tell you on the record that I am a little
10 queasy about putting somebody in charge, but I think you have
11 a showing which warrants some relief.

12 I would like to discuss with counsel the
13 temporary -- proposed temporary restraining order, or order
14 to show cause, because I think we might want to chop it up
15 a little bit in line with the suggestions that have been
16 made about limiting the order to the charitable corporations.

17 I am addressing your attention to the proposed
18 order appointing temporary receiver, temporary restraining
19 order and order to show cause re receiver and injunction.

20 MR. H. CHODOS: Would you like to have original order
21 just to work on?

22 THE COURT: Might as well work from a copy in case we
23 change things. And we are going to want you to file as soon
24 as we get this --

25 MR. H. CHODOS: I am prepared to do so.

26 THE COURT: Let's go through it with you. Let me
27 see your Complaint, because it names the defendants. And
28 I take it you want this order to run, so far as the order

1 to show cause is concerned, against everybody; is that right?

2 MR. H. CHODOS: Yes, Your Honor.

3 THE COURT: In line with the suggestion about limiting
4 to the charitable corporations, I am looking at Paragraph,
5 Sub-B, on Page 2, at Line 17. Would it be necessary, with
6 that thought in mind, to have limiting language at that
7 point?

8 MR. H. CHODOS: Well, it seems to me, Your Honor, that
9 at the hearing on the order to show cause, after there is
10 notice, the Court has power to extend the injunction to all
11 the defendants, and that the proper time to limit it is when
12 the responsive showing is made.

13 THE COURT: All right. In other words, what you are
14 really saying is that the temporary restraining order is the
15 only one which should be limited, the proposed temporary
16 restraining order.

17 MR. H. CHODOS: That is our position.

18 THE COURT: All right. I have read your bond
19 argument. Are you suggesting that despite what is contained
20 on Page 3, at Line 5, that no bond is required at all?

21 MR. H. CHODOS: No, Your Honor. We believe that no
22 bond -- In a receiver action, there are two bonds. One
23 is from the plaintiff --

24 THE COURT: You are talking about the receiver's bond?

25 MR. H. CHODOS: This is the receiver's bond, and I
26 believe Judge Weisman must post a bond.

27 THE COURT: All right. What would you suggest that
28 bond ought to be?

1 MR. H. CHODOS: Well, the only thing I can say is
2 this, Your Honor: There are \$80 million of assets, which
3 would be in Judge Weisman's charge. It is my view that you
4 could put \$80 million in crumpled \$20 bills in Judge
5 Weisman's briefcase and not worry about it.

6 THE COURT: Ruin his briefcase.

7 MR. H. CHODOS: Yes. It would be, in my opinion -- I
8 have spoken to a bonding agent who is prepared to provide
9 a bond, within limits, and he tells me the likely premium
10 is one percent of the face amount. The premium, of course,
11 is a charge on the charitable trust.

12 I believe, under those circumstances, a relatively
13 nominal bond for a temporary period is appropriate. I would
14 say \$1,000, or \$10,000, whatever Your Honor considers nominal
15 under those circumstances.

16 THE COURT: I am still impressed with \$10,000, but I
17 am going to make it a \$10,000 bond, and that will, of course,
18 be subject to an argument if this matter comes back to me.

19 Now, we will need to redraw, it seems to me,
20 Paragraph 3, or will we?

21 I will hear from you about that.

22 MR. H. CHODOS: I think in view of Your Honor's remark,
23 all that would need to be done is starting with the words
24 "Wilshire Travel" on Line 13, and extending down to the words
25 "in California" on Line 17, that if that passage would be
26 deleted, that this would conform to what you have indicated.

27 THE COURT: That sounds like it would be appropriate,
28 and I am physically deleting on the copy those portions which

1 which you suggest be deleted.

2 What is the soonest you believe you can get
3 these people served?

4 MR. H. CHODOS: I am hopeful, Your Honor, making an
5 order today, that we could have these people served by noon
6 tomorrow. Most of them, I think, will not be evading
7 service.

8 THE COURT: I will make it by January 4th, at 5:00 PM.
9 Give you a little more time. So far as the return date, that
10 is up to Ms. Follings outside.

11 Let me say this: Somebody is going to have a
12 career as a judicial officer in this. I am not sure that
13 the limitations which are imposed on this department by the
14 workload, which I just looked at for the next calendar, will
15 permit this matter to remain here.

16 I think you are going to need somebody in the
17 nature of an all-purpose judge to take hold of this. Now,
18 whether Judge Schauer will do that, whether he will want me
19 to refer it ultimately to Judge Weil to be handled as an
20 overflow matter, I am not sure.

21 I doubt very much, foreseeing what inevitably
22 has to happen in this case, whether it can be comfortably
23 accommodated on the 8th floor, and allow us to get any other
24 work done, unless everybody caves in, agrees or elects a new
25 board, or something remarkable will happen.

26 I think what I have indicated is what I will
27 sign as soon as the appropriately filed papers are presented
28 to me. And we'll set down your order, appoint Judge Weisman

1 temporarily, pending the return date.

2 MR. TAPPER: Do you want to pick a date? Pages 1
3 or 2.

4 MR. H. CHODOS: He wants Marjorie to do that.

5 THE COURT: I don't know anything about what our
6 calendar problems are. I have a couple of personal calendar
7 problems which involve -- one of which involves the 26th
8 of January, at least at current rating.

9 MR. H. CHODOS: The statute requires within ten days.

10 THE COURT: Is it ten? Let's get Marge and get
11 the latest date we can give you. You better get it filed.

12 MR. H. CHODOS: Yes. If Your Honor please, if we
13 can be excused, I'll go out to your table outside and prepare
14 our papers, get the bond and make all those arrangements.

15 THE COURT: I will be here, I am sorry to say.

16 (Proceedings concluded.)

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1 STATE OF CALIFORNIA)

2 COUNTY OF LOS ANGELES)

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4 I, PATRICIA A. KUPFFERER, CSR, an Official
5 Reporter of the Superior Court of the State of California,
6 for the County of Los Angeles, do hereby certify that the
7 foregoing 14 pages comprise a full, true and correct
8 transcript of the proceedings held in the within-entitled
9 cause on January 2, 1979, in Department 85 of the Superior
10 Court, before the Hon. Jerry Pacht, Judge.

11 Dated this 6th day of February, 1979.

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16 Official Reporter, Cer. No. 1215
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