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April 11, 2022

Via Email Only

Thomas Winters, J.D.
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RE: Faith Life Church, Inc.

Dear Mr. Winters:

As you know, the Charitable Law Section of the Ohio Attorney General's Office (the "Office") has been investigating Faith Life Church, Inc. (the "Church"), an Ohio non-profit and charitable corporation. This investigation arose, in part, from concerns regarding the solicitation, collection and expenditure of funds as part of The Journey Campaign. Please be advised that the Office's review has not uncovered any matters requiring further investigation or escalation at this time.

Matters of concern

Although the Office is not escalating its investigation at this time, the Office has identified some areas of potential concern, and for improvement, as the Church moves into the future.

Generally speaking, the total control of any charitable organization by a small, related and static group of individuals is a red flag from a governance perspective. As an Ohio non-profit corporation, the Church has no pecuniary owners. Yet under the Bylaws adopted and approved by the Keesees, they have functional life-estate interests in the Church without any input from or oversight by independent directors or congregation members. For example, the Bylaws give Pastor Gary Keesee near total control over board composition and an insurmountable veto over all board decisions (not just decisions on ecclesiastical matters). The Bylaws also purport to give Pastor Drenda Keesee an automatic right to succeed her husband if he passes – plus an assurance of two years' "widow's compensation" in the amount of Pastor Gary Keesee's last annual income, which has recently been raised to several hundred thousand dollars per year. That "widow's compensation" would be above and beyond compensation for serving as successor Pastor. And, their daughter is both Treasurer and Secretary.

Congregation members have few if any rights under the Bylaws and, indeed may not even know the terms of the Bylaws. Congregation members also have not received regular reports on Church finances.

Although these features of Church governance are not expressly prohibited under Ohio law, they are unusual and concerning in the amount of undisclosed control the Keesees have given themselves over a Church and Church assets they do not own. Undisclosed control is fertile soil, at minimum, for mistrust. Indeed, the complaint giving rise to this investigation arose, in part, from such a lack of transparency and accountability.

Good governance considerations

Reasonable transparency and accountability are hallmarks not only of good nonprofit governance but also would seem consistent with Church doctrine: “And this is the condemnation, that the light has come into the world, and men loved darkness rather than light, because their deeds were evil. For everyone practicing evil hates the light and does not come to the light, lest his deeds should be exposed.” (2 John 3:19-20 (NKJV)).

The Office understands that the Church has taken certain measures to improve accountability. Following the commencement of the Office’s investigation, the Church enhanced its disclosures regarding unrestricted use of donations. It engaged Guinn, Smith & Company CPA to review its financial records and reports and will continue to have Guinn, Smith perform annual audits of the Church finances. Pastor Farber, who oversaw the financial office, has left that office. The Church has a new controller with significant experience. These are all positive steps.

But nothing done so far addresses the lack of member transparency and the Keesees’ total control over the governance and finances of the Church. Recent actions suggest this is a persistent problem. For example, Pastor Keese recently indicated that the new Controller will work closely with CPA Tammy Guelfo of HLB Gross Collins. But Ms. Guelfo is not licensed in Ohio, lives and works in Georgia, and “focuses mainly on business and tax consulting for closely-held businesses and their owners in areas such as cash flow management, budgeting, accounting systems, tax minimization, and multi-state taxation.” (<https://hlbgrosscollins.com/team/tammy-m-guelfo>). Simply put, the Church is not a closely-held business; it is a non-profit corporation that has no pecuniary owners.

Therefore, in addition to actions taken, the Office also recommends the Church:

1. Make available for review, upon member request, an annual financial report and copies of the Church governing documents, including Bylaws and meeting minutes. When we met, you indicated some support for such disclosures.
2. Seek certification from the Evangelical Council for Financial Accountability. Again, you indicated the Church is interested in doing this; follow-through would be encouraging.
3. Engage a CPA licensed in Ohio and with expertise in non-profit accounting.
4. Hold at least one meeting each year open to all congregation members to discuss Church finances and governance.
5. Amend the Bylaws to provide for two additional board members, to be elected annually by and serve as representatives of the congregation at large.

As the Church and its directors and officers go forward, they are reminded of their fiduciary duties with respect to the Church and its assets, including:

- **Duty of care** – This involves being active in the Church's activities and performing duties as a director in good faith and with the care that an ordinarily prudent person in a like position would use under similar circumstances.
- **Duty of loyalty** – Board members must acknowledge that the interest of the Church and its work must be the top priority. Charitable boards should develop and follow conflict of interest policies to avoid transactions that unfairly enrich the charity's leaders.
- **Duty to manage accounts** – The Church must be fiscally accountable. Board members must track budget data and establish and monitor internal controls.
- **Duty of compliance** – Even churches have important legal obligations. Board members must ensure that the Church follows applicable laws.

These fiduciary duties are addressed in the very useful *Guide for Charity Board Members* published by the Office and available on-line at <https://charitable.ohioago.gov/getattachment/dd0d4ee0-8b3b-4970-ad96-b8ad7c83541e/Guide-for-Charity-Board-Members>. Church leaders also would do well to review and consider the financial controls outlined in *Avoiding Theft: Protecting the Integrity of Your Nonprofit*, available at <https://charitable.ohioago.gov/getattachment/fbe007d1-5434-46b5-a7c5-a279ea785b9d/Avoiding-Theft-in-Your-Nonprofit>.

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The Office reserves all rights, including to resume or open a new investigation if additional information or developments come to the attention of the Office.

Very respectfully yours,

Dave Yost
Ohio Attorney General



William Sieck
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cc: Faith Life Church, Inc. c/o Statutory Agent Gary Keese, 6040 Sharp Road, Mt. Vernon, Ohio 43050 (via regular U.S. Mail)
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