

**Senate Finance Committee, Minority Staff Review of
Without Walls International Church
Paula White Ministries**
(Prepared by Lynda F. Simmons)

Introduction

The Committee's initial letter was addressed to Without Walls International Church (WWIC) and Paula White Ministries (PWM). WWIC was formed in Tampa, FL, by Randy and Paula White. Paula White Ministries (PWM), the media division of the organization, was formed in 2001. WWIC is supported primarily through contributions from its congregants and PWM is supported through partnership offerings from worldwide viewers and the sales of ministry related materials through television, direct mail, website and speaking engagements.¹ Paula White is a partner and the president of Paula White Ministries.²

In August 2007 prior to the initiation of the Senate Finance Committee investigation, Randy and Paula White announced their plans to divorce. After Paula's departure, Randy White was the sole senior pastor at WWIC and Paula continued to operate PWM. In August 2008, the WWIC defaulted on a \$1 million bank loan but was able to come out of foreclosure in March, 2009. In July 2009, Randy White stepped down as senior pastor of WWIC and Paula returned to the organization. To date, Paula is the senior pastor of WWIC.

WWIC provided responses to some of the Committee questions. Committee staff discussed securing the additional responses with WWIC's attorneys. Randy White participated in one of these conversations. Randy and the attorneys expressed an interest in complying fully but explained that they continued to have concerns about confidentiality and violation of constitutional protections. Staff provided the same assurances that were provided to the other churches but were still unable to secure the requested information. As a result, Committee staff ceased communicating with WCCI and its attorneys and began obtaining information from public records and third parties, including insiders.

Employee Confidentiality Agreements

As a term of employment, WWIC requires that employees sign a confidentiality agreement which prevents them from ever discussing anything pertaining to the organization. Several former WWIC staff members wanted to speak with Committee staff but were afraid of being sued by the church. Staff is aware of at least one former employee who received a letter from WWIC's attorneys reminding them of the confidentiality agreement.

Governance

Officers, Directors, Trustees and Key Employees

¹ Church submission dated March 28, 2008.

² Trinity Foundation, Inc.

The WWIC provided with its board of directors for the years 2004, 2005, and 2006. According to the response Radny was the Chairman and President for those years and Paula was the Vice-President and Secretary. The other individuals listed did not appear to be related to the Whites.

Board Meetings

According to the information provided by WWIC, WWIC did conduct board meetings, which all board members generally attended. All board meetings were conducted via teleconference and there were no costs associated with these annual meetings.

A former staff member familiar with the board of directors stated that all decisions concerning WWIC and particularly WWIC finances were made by the Whites and Norva Carrington, the Chief Financial Officer. Board members typically found out after the fact.³ In addition, according to the 2006 financial statement provided by WWIC, one board member was paid \$15,000 for his services as a guest speaker in 2005.

Per former board member Alick Clark, he has been friends with Randy and Paula White since the Whites began their ministry in Tampa. Clark lives in another state and was not an active participant in many board decisions and has limited knowledge concerning many financial decisions. Clark provided the following statements:

- The Whites purchased their home on Tampa Bay and probably received a housing allowance from the church.
- The church purchased a jet that was not a good investment. Therefore, it ended up leasing a jet instead. When the jet was not being used, the church leased the jet to others.
- He was not informed of the decision to put the church up for sale.
- He resigned from the board in January 2008, citing not being informed on important matters.

In a DVD provided by a third party informant, Paula White states to an audience that deacons and boards should not run pastors.

Organizational Structure

Without Walls International Church (WWIC) and Paula White Ministries consolidated audited financial reports were prepared by Lewis, Birch & Ricardo, LLC of Clearwater, Florida. The external audit was completed in April of 2007. These statements were submitted to the Committee and, at one time, were posted on their websites. However, they are no longer publicly available. The following is from the Auditor's Notes to the financial statements obtained from the website.

³ Third Party Informant B

“The combined financial statements of Without Walls International Church, Inc. and Affiliates include the accounts of Without Walls International Church, Inc. (WWIC); Spirit Led, LLC (Spirit Led), a limited liability company organized in the State of Delaware, and KABB Enterprises, LLC (KABB), a limited liability company organized in the state of Florida. WWIC is the sole member of both Spirit Led and KABB. Since these entities are under common control, they are collectively referred to as Without Walls International Church, Inc. and Affiliates. Accordingly, all intercompany transactions have been eliminated in the consolidation. Spirit Led, LLC and KABB Enterprises, LLC are subsidiaries of WWIC.”

Related Party Transactions

It is a common practice for a church to purchase the books, tapes, CDs and DVDs of a minister to sell to third parties. However, it was reported to the committee by an insider that Randy and Paula White insisted that the organization purchase a certain amount of their products to sell.⁴

According to the Auditor’s Notes to the audited financial statements previously mentioned, during 2005 and 2006 WWIC made inventory purchases of \$541,000 and \$330,000, respectively, from two companies owned by Randy and Paula White. In those same years, WWIC also made rental payments of \$24,000 and \$3,000, respectively, to the Randy and Paula White. No further details regarding these transactions are provided.

Related Entities

According to the response provided by WWIC, WWIC is a consolidated entity comprised of two local congregations, a media ministry and two limited liability corporations (LLC) and there are no affiliated churches or integrated auxiliaries. The two congregations are Without Walls International Church, Inc. and Without Walls Central. The media ministry is Paula White Ministries and the two LLCs are Spirit Led and KABB Enterprises.

Per the audited financial statements, WWIC is the sole member of Spirit Led, LLC and KABB Enterprises, LLC. “As such, the Church accounted for its investments in Spirit Led and KABB under the principles of accounting applicable to investments in subsidiaries.” The WWIC/PWM did not provide any other information regarding Spirit Led or KABB Enterprises.

Per the Florida Department of State website, KABB Enterprises, Inc. and KABB Enterprises, LLC are two entities registered using the address of WWIC. WWIC is the managing member of the LLC and Randy and Paula White are of corporate officers of KABB Enterprises, Inc. KABB Enterprises Inc. is registered as a for-profit. The articles of incorporation do not indicate the purpose of the

⁴ Third Party Informant C

corporation. According to a former employee, KABB was set up by the Whites for WWIC to purchase a Days Inn motel.⁵ The Church made a down payment that was eventually lost since the sale never went through.⁶ KABB was administratively dissolved by the state on 10/01/2004 for failure to file an administrative report.⁷

Spirit Led, LLC is not registered in the state of Florida and there is little information available about this entity. Per the Director of Operations for Venice Jet Center, formerly known as, Triple Diamond, Venice currently sells jet fuel to Spirit Led, LLC.

Other nonprofits related to WWIC (not provided by WWIC)

According to the Florida Department of State records, the following nonprofits that list Randy and/or Paula as directors, are operating using the address for WWIC.

- Youth With A Vision, Inc.
- PWM Lifecenter, Inc.
- Institute For Community Development, Inc.
- Paula White Enterprises, Inc.
- Destiny Ministries, Inc.

In addition, Norva Corvington, WWIC's CFO, is listed as an officer for all but Youth With a Vision, Inc.

For-profits using the WWIC address (not provided by WWIC)

According to the Florida Department of State records, the following for-profit companies that list Randy and/or Paula as officers are operating using the address for WWIC. .

- E&R Music, LLC
- Raw Reality Enterprises, Inc.
- Ramp Corporation
- Identity Records, LLC-according to a former employee, Identity Records was created to record and sell CDs featuring of the WWIC choir members. The assets of the organization were used to make the CD and the sales proceeds went to Identity Records, LLC.

In addition, Norva Corvington is also listed as an officer for all but Ramp Corporation.

⁵ Third Party Informant B

⁶ Ibid

⁷ November 2008 research, www.sunbiz.org

Other Nonprofits associated with Randy White (not provided by organization)

According to the Florida Department of State records, One Less, Inc. and South Tampa Christian Center Foundation, Inc. are corporations associated with Randy White. Randy is noted as a director and registered agent, respectively.

WWIC Affiliates

Per the response to the Committee, there are no WWIC affiliates. However, according to WWIC's website in 2008, an organization or a person can join Without Walls Ministerial Alliance and become an affiliate. The website provided a list of benefits and an application to become an affiliate. According to the website, in 2008 there were over 200 affiliates worldwide. As of January 2011, anyone interested in becoming a WWIC affiliate is directed to call the church for information.

Integrated Auxiliaries

Per the information provided by WWIC, there are no integrated auxiliaries.

Finances

Audited Financial Statements

Select Items from WWIC Audited Financial Statements:

Table 1		2004		2005		2006
<u>Support and Revenue</u>						
Tithes and Offerings	\$	16,382,365.00	\$	23,101,001.00	\$	35,269,657.00
Product Sales*	\$	3,126,275.00	\$	2,991,433.00	\$	2,795,943.00
Conferences and events	\$	1,519,144.00	\$	1,696,259.00	\$	1,208,597.00
Other Income	\$	592,966.00	\$	573,499.00	\$	658,966.00
Total Support and Revenue	\$	21,620,750.00	\$	28,362,192.00	\$	39,933,163.00

Total Expenses

Specific Expenses of Note

Housing Allowances	(unknown)	\$	713,779.00	\$	883,120.00
Advertising and print media	(unknown)	\$	1,230,746.00	\$	2,031,861.00
Airtime	(unknown)	\$	6,536,246.00	\$	8,757,318.00
Travel and Transportation	(unknown)	\$	2,417,212.00	\$	2,932,862.00
Interest and Financing costs	(unknown)	\$	1,638,123.00	\$	1,283,658.00

Other Items

Long Term Debt	\$	13,273,490.00	\$	22,507,150.00	
Airplane Lease	\$	2,659,079.00	\$	1,221,784.00	\$ -

*Net cost of goods sold

In response to question 4 from the Committee under “Other” WWIC indicated that Randy White, Paula White and Norva Carrington determine how the funds of WWIC and PWM are spent. The response went on to say that in regards to both operational and financial, these expenditures are subject to the oversight of the Board of Directors. This is once again in conflict with statements given by Alick Clarke.

In an interview with the Tampa Tribune, former organization accountant Camillo Gargano stated he resigned his position because “handling of finances by upper management is contrary with my fiduciary responsibility.” He also stated that management didn’t seem bothered by the financial problems, and used “bullying, excessive force and verbal abuse as a management style.” Gargano resigned after Randy White ordered him to pay White’s \$24,000 personal American Express bill, even though it would mean the ministry couldn’t make payroll for the week. A part of the expenses charged on the American Express bill was a \$13,000 payment for mirrors installed in WWIC. The rest included personal expenses that White told Gargano he would pay back to the ministry.⁸

Compensation

⁸ Baird Helgeson and Michelle Bearden, “Financially, Walls are Closing in On Church” Tampa Tribune

Salary

The organization did not answer any of the questions related to Executive Compensation. However, according to former board member Alick Clark, around 2004 and 2005 Clark received a compensation package prepared by a third party that indicated the Whites were entitled to approximately \$5 million in total compensation. Clark could not specifically recall the company that prepared the package.

There are no published reports of the total compensation received by the Whites and this information is not separately listed in the audited financial statements provided to the Committee. An insider familiar with WWIC finances stated that Randy and Paula White each received compensation in excess of \$1,000,000.⁹

Compensation Committee

According to the response given by the organization, WWIC and Paula White Ministries does not have a compensation committee. Although the organization did not provide the name and address of persons or entities that provided compensation studies, in the board minutes provided by the organization dated 11/19/2004, it states that the Chairman of the Board (Randy White) presented a compensation study completed by *The Strategic Compensation Group of America*. The compensation study included “amounts of compensation, bonuses, cost of living adjustments, other forms of compensation, benefits and similar features involving the pay scale and overall compensation structure of the church.” The compensation package that was presented was subsequently approved.

In response to question #4 under “Other”, WWIC stated that “all members of the Board of Directors exercise voting rights.” It is not clear but it appears that Randy and Paula White did not recuse themselves when voting on their own compensation.

Honorariums

The following is from the Auditor’s Notes to the financial statements.

“The senior pastors, representing themselves and not the Church, at times preach and speak at other churches and venues. For those engagements where the pastors are representing themselves, the pastors typically receive honorariums from the host church. These honorariums are passed through the Church as a revenue item and then as an expense. The travel expense associated with these activities that may initially be incurred by the Church is fully reimbursed by the host church. The senior pastors also receive gifts and love offerings that are passed through the church.”

⁹ Ibid

The auditor's notes do not say how or if these honorariums, gifts and love offerings are reported to the IRS. Honorariums are payments in cash or checks for the service conducted by a minister.

Parsonage/Housing Allowance

According to Hillsborough County property records, from 2002 until their divorce in August of 2007, the Whites owned 4301 Bayshore Boulevard, Tampa, FL, an 8,072 sq. ft. home located in the very prestigious area of Bayshore. The residence has a waterfront view of Tampa Bay (see pictures below). According to Hillsborough County records, the 2008 market value of the home is \$2,681,211. The Whites purchased the property in 2002 and borrowed \$2 million dollars from Suntrust Bank. An insider told Committee staff that an accounting firm hired by WWIC told the Whites to purchase the largest house they could find. In spring of 2003 the Whites hired a pool contractor to put a new inground concrete pool and spa at this residence¹⁰. A recent aerial view of the residence indicates the pool was completed. As of December 2008, the registered owner of the Bayshore Boulevard home is Randy White.¹¹

According to an insider, Randy and Paula White also purchased a \$3.5 million condo in Trump Tower in New York City.¹² The total cost of the condo was \$3.5 million, however, only \$2,625,000 was financed so it appears the down payment was \$925,000.¹³ WWIC did not provide any information related to possible housing allowances being paid for the residence on Bayshore Drive and the Trump Tower condo. However, an insider familiar with WWIC finances stated that housing allowances for both residences were paid from WWIC/PWM funds.¹⁴

According to the audited financial statements the for tax years 2005 and 2006, WWIC paid total housing allowances of \$713,779 and \$883,120, respectively.

¹⁰ Hillsborough County, Clerk of the Court

¹¹ Hillsborough County Property Appraiser

¹² Third Party Informant C

¹³ NYC Department of Finance, Office of The City Register

¹⁴ Third Party Informant B



(4301 Bayshore Blvd., Tampa, FL, July, 2008 - picture courtesy of independent source)



(4301 Bayshore Blvd., Tampa, FL, July, 2008 – view from front door, courtesy of independent source)

Vehicle Allowances

The organization did not provide any information regarding the vehicle allowances being paid for Randy and Paula White. An insider familiar with WWIC finances indicated that in the past WWIC would pay for the vehicles driven by the Whites.¹⁵ Below are pictures of vehicles driven by Randy White as of July

¹⁵ Third Party Informant B

of 2008. One vehicle is a late model Mercedes Benz and the other is a 2007 Bentley convertible.



(Cars parked at 4301 Bayshore Blvd., Tampa, FL, July, 2008 – courtesy of independent source)

In addition, a former insider stated that WWIC at one time purchased a car for Norva Carrington. The car was in the name of WWIC but was used exclusively by Norva Carrington.¹⁶

Other Benefits

An insider familiar with WWIC finances stated that the Whites used WWIC credit card and checking account to pay for many of their personal expenses such as gas, meals, clothing and other personal items.¹⁷ Randy would promise to pay WWIC back but did not reimburse the organization for these personal expenses.¹⁸ Randy incurred expenses on his personal credit card totaling approximately \$24,000, of which \$13,000 was the cost of mirrors for WWIC. The remaining balance was for personal expenses. Randy insisted that WWIC pay the entire credit card bill even though there were insufficient funds in WWIC bank account to cover payroll.¹⁹

Two persons traveled with Randy White, Joey and Christopher Capnoplous.²⁰ They were responsible for paying any travel expenses incurred by Randy White.²¹ They would then request reimbursement from WWIC. As long as there were receipts, WWIC would pay for the expenses.²² A ministry insider indicated that the Whites chartered jets for personal use and the ministry paid for these

¹⁶ Ibid

¹⁷ Ibid

¹⁸ Ibid

¹⁹ Baird Helgeson and Michelle Bearden, "Financially, Walls are Closing in On Church" Tampa Tribune

²⁰ Third Party Informant C

²¹ Ibid

²² Ibid

expenses.²³ For example, the Whites chartered a jet for a trip to Las Vegas to attend a boxing match which was paid for by WWIC.²⁴

Compensation to Relatives

In response to question #2 under "Other" in the Committee letter dated November 5, 2007, the organization gave partial answers. It provided the name and relationship of each related party, but did not give the specific amounts received by each.

Information provided by WWIC indicates that WWIC the organization paid family members of Randy and Paula White, including Paula's son and Randy's son, daughter, father and sister, up to \$420,000, \$560,000, \$700,000 and \$1,075,000 in tax years 2004, 2005, 2006 and 2007, respectively.

Real and Personal Property

Real Estate

Per the response to the Committee, there are no overseas bank accounts or investments belonging to WWIC, PWM or any of its integrated auxiliaries and related entities for the years 2004 to present.

Per the response to the Committee, WWIC owns five properties, four in Florida and one in California. The four in Florida were purchased by WWIC and the one in California was donated to WWIC in 2005.

Aircraft

Per the response to the Committee, "the ministry" owns a 1969 Gulfstream GII, Model Number N374PS. It is not clear whether the term ministry here refers to WWIC or PWM. The response further states that the aircraft was purchased in January 2006 for \$1,200,000.00. During calendar year 2004, the ministry used chartered flights and "dry leased" aircraft. In 2004 and 2005, any aircraft that were leased were rented from various private leasing companies. For the years 2004 and 2005, chartered flights were booked through two other private companies. Per the organization, the leasing and charter companies did not provide WWIC with the flight records. The organization failed to provide the cost of leasing aircraft that was used by the ministry. Per a third party informant, a private company sells fuel to WWIC's Spirit Led, LLC.²⁵

An insider stated that the Whites chartered jets for personal use and charged the ministry. The insider recalled one charter to Las Vegas where the Whites took several sports personalities for a boxing match. The tickets for the boxing matching in Las Vegas were for several sports personalities including Gary Sheffield, Darryl Strawberry, Michael Pittman, Anthony Telford and Juan Long.

²³ Third Party Informant B

²⁴ Ibid

²⁵ Third Party Informant D

The cost of the tickets for the boxing match alone was between \$17,000 and \$18,000. The Whites used the WWIC American Express to pay for the trip, including the hotel costs.²⁶

A former business associate stated that the Whites used charter jet flights, primarily a Lear 35A that was registered as N405GJ.²⁷ The former associate indicated that the jet was primarily used by Paula and was flown extensively, sometimes as much as 20 hours a week.²⁸ In addition, the jet was often flown to the islands.²⁹ According to the former business associate, the Whites would depart on a flight plan that was filed to the islands.³⁰ Occasionally, when they left US airspace, they would cancel their original flight plan and re-file a second flight plan to the Cayman Islands while in the air.³¹ They would do the same procedure on their return.³²

The Whites would also use the aircraft of other televangelists such as Jesse Duplantis and Benny Hinn.³³

Intellectual Property Rights

In response to question 3 under "Other" the organization indicated that the question goes "beyond the scope of the Senate Finance Committee's investigation into tax exempt organizations.

Gifts

There is no published information concerning any gifts to the Whites. However, a ministry insider told Committee staff that during an organization service the Whites asked members to bring their jewelry to the altar to give as an offering. At a later date at least one item given as an offering was placed in the Whites' personal safe.³⁴

Employment Agreements

WWIC provided the Committee with employment agreements for Randy and Paula White. The following are highlights of the agreements:

- Randy White is founder of the church and serves as the President, Chief Executive Officer, Senior Pastor, Spiritual Overseer and Bishop.
- Paula is Co-Founder and serves as Vice-President, Secretary, and Senior Pastor/Co-Pastor
- employment continues until termination by the Board but there is no indication of who can initiate termination.
- compensation shall be determined in accordance with IRS rules

²⁶ Third Party Informant B

²⁷ Trinity Foundation Inc.

²⁸ Ibid

²⁹ Ibid

³⁰ Ibid

³¹ Ibid

³² Ibid

³³ Ibid

³⁴ Third Party Informant B

- compensation can be deferred and discretionary bonuses are authorized
- intellectual property rights are owned by the employees but there is a requirement to disclose to the Board of Directors, all ideas, concepts, programs, methods, plans, developments or improvements, developed by employees, that relate directly or indirectly to WWIC's business.
- they choose their vehicle and whether it will be leased or purchased

Use of Ministry Assets

In August of 2008 the organization defaulted on a \$1 million loan due to California-based Evangelical Christian Credit Union which prompted the credit union to file foreclosure proceedings. The filing also included a \$12 million loan made to the organization in December of 2003.³⁵

In an article written by Sherri Day of the St. PetersburgTimes in July of 2007, Paula White indicated she sent Bishop T.D. Jakes a black convertible Bentley for his 50th birthday. White did not indicate if the source of the funds used were from her personal income or that of the ministry's.³⁶

An insider stated that Randy White would fly to California twice a month for unknown reasons. The organization owns a piece of property in California that was donated; however, the organization had no active plans for the property. White flew a commercial jet but WWIC covered all his expenses.³⁷ In addition, Randy White placed his girlfriend and her parents on payroll and gave them retroactive pay. Randy While also authorized organization pastor Jimmy Higgins to take a leave of absence. It was later determined that Higgins had plastic surgery that was paid for by WWIC.³⁸

Eddie L. Long of New Birth Missionary Baptist Church of Atlanta conducted a service at WWIC in 2008. Long charged WWIC \$7,500.00 for jet fuel for his private aircraft. In addition, WWIC covered the costs of hotel expenses and paid Long \$15,000 for being a guest minister.³⁹

³⁵ Baird Helgeson and Michelle Bearden, "Financially, Walls Are Closing In On Church" Tampa Tribune

³⁶ Sherri Day, "Questions Tarnish Rise To Top" St. Petersburg Times

³⁷ Third Party Informant E

³⁸ Ibid

³⁹ Ibid