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Nathan B. Oman: The cost of secrecy isn't worth it for the LDS Church

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By Nathan B. Oman | Special to The Tribune

The finances of the famously closed-lipped Church of Jesus Christ of Latter-day Saints are in the news again. [A leaked document](#) is making sensational claims about huge investments, nefarious bailouts and violations of the law.

Most of these allegations don't hold water. The legal claims are weak, the "bailouts" are investments of the kind you'd see in any large portfolio, and the church has long stated that it places a portion of its revenues each year in a rainy-day fund.

The story does raise the question of why the church feels the need to be so secretive about its finances. Why not publish a simplified financial disclosure each year?

The church has not always been so closed lipped about its money. Brigham Young used to discuss church funds from the pulpit in some detail and, until the mid-20th century, the church's semi-annual general conferences included a stripped-down financial statement. What changed?

In the 1950s and 1960s, the church began an aggressive international building program, putting up chapels and temples around the world. It had never done anything like this before and, unsurprisingly, there were growing pains as the church learned how to predict costs and manage expenses.

Toward the end of President David O. McKay's tenure, the church was operating in the red, at least on a cash flow basis.

This wasn't the first time church leaders had faced red ink. During the course of its history, the church has repeatedly found itself financially embarrassed as its ecclesiastical ambitions have outstripped its resources and – at times – its financial sophistication.

Most famously, around the turn of the 20th century, the church teetered on the brink of bankruptcy only to be rescued at the last minute by a series of loans engineered by future Church President Heber J. Grant.

In the 1960s and 1970s, largely under the leadership of N. Eldon Tanner, a counselor in the church's governing First Presidency who had previously served as a government minister in Canada, the church chartered a new course based on three principles.

First, its annual expenditures would never exceed its annual revenues. Never. Second, it would not take on any debt. Third, each year a portion of the church's revenue would be placed in a rainy-day fund. Tanner's principles eliminated the precariousness that had previously afflicted church finances, and their steady application for half a century has led to the huge reserves that are grabbing today's headlines.

The church stopped publishing financial information to avoid the negative publicity created by the cash-flow problems of the McKay presidency. Those embarrassments are a thing of the distant past. Today, what generates negative publicity is precisely the aura of secrecy created by the lack of disclosure. This strikes me as unnecessary and unhelpful for the church.

Were the church to begin publishing stripped-down financial statements, there would be an initial burst of publicity and some gasps at the size of the numbers. However, at the end of the day there is nothing particularly surprising about an international organization with millions of members having budgets, cash flows and reserves in the billions.

It is fair to ask if the church needs the enormous reserves it currently has, but there is nothing scandalous about having a healthy financial cushion.

Do you know what never makes the news? The routine financial disclosures of large, conservatively managed institutions.

Nathan B. Oman

Nathan B. Oman is the Rollins Professor at William & Mary Law School. He is an active Latter-day Saint.