

FACTS CONCERNING DAYSTAR MOTOR HOMES

Daystar Motor Homes was established in January 1972 to generate funds to support full-time workers and build church meeting halls. Throughout the United States and overseas many were seeking help in practicing the New Testament pattern of the local church. Witness Lee had observed Watchman Nee using profits from a business to meet the financial needs of workers among the churches (Witness Lee, *Watchman Nee—A Seer of the Divine Revelation in the Present Age* (LSM, 1991), 98-99). With a similar desire, Witness Lee and others had set up Overseas Christian Stewards (OCS) in Taiwan to support the Lord's work to raise up local churches in the United States and abroad.

Looking for an investment opportunity likely to generate significant revenues, OCS settled on the manufacture and sale of high-end recreational vehicles (RVs). RVs were gaining popularity at the time, and Americans anticipated having more leisure time to travel. The RVs were to be manufactured in Taiwan by a company named Fosforus and sold in the United States through Daystar. Though nominally the president of Daystar, Witness Lee had no part in its daily operation. Many local church members invested in the endeavor. Others made loans to Daystar. The plan foundered, however, just as the manufacturing phase began in 1973, principally because the Arab oil embargo of that year pushed the U.S. economy into a recession and oil prices quadrupled, making gas-guzzling RVs uneconomical. The manufacturing process also ran into unanticipated problems. Daystar folded, and most of the money invested in it was lost.

Those who had made loans to Daystar were repaid, unless they explicitly forgave those loans. To facilitate repayment of those loans, the church in Boston loaned the church in Anaheim \$100,000 on July 22, 1976. The loan was repaid in two installments of \$50,000 each on September 3 and September 13, 1976. These payments were reflected in Daystar's accounting records and acknowledged in letters from the church in Boston, signed by the church corporation's president and treasurer.

In the lawsuit over *The Mindbenders*, defense attorneys, seeking proof of financial malfeasance, called Bill Gilbow, a non-profit accounting expert for Peat Marwick International, one of the largest accounting firms in the world. Gilbow had been asked to review the financial records and procedures of Living Stream Ministry (LSM). Gilbow also examined transactions involving both Daystar and Fosforus. He noted that while those who invested in Daystar lost their investments, those who loaned money to the enterprise were repaid, unless they explicitly forgave those loans, which approximately one-third did (Deposition of Bill Gilbow, May 4, 1982, 48-49). He also testified that he had several for profit clients in the motorhome business who had also either gone out of business or had scaled back drastically because of the oil embargo, including some who had been leaders in the industry (49-50).

Gilbow testified that he was impressed by the quality of LSM's accounting procedures, in contrast with many other non-profit organizations. Based on their review, Peat Marwick made only minor recommendations for changes (96). In the course of his work Gilbow had also participated in an audit of LSM's financial records by the Internal Revenue Service (IRS) in 1977. At stake was the tax-exempt status of LSM. The IRS agent in charge of a review can issue one of three findings:

- A no-change report, which means an organization's accounting practices meet IRS standards;
- An adverse opinion, which identifies specific activities, which, if not corrected, will jeopardize an organization's tax exempt status; and
- Revocation of the organization's tax exempt status.

During the audit of LSM, the IRS agent examined the books and records of OCS, Fosforus, and Daystar, including how the loans to Daystar were created and their disposition. The IRS was satisfied and issued a no-change report (22-23, 98-99). Through the ensuing years, a few people have continued to allege, without evidence, that Daystar funds were mishandled, but both the professional review of Peat Marwick's expert in accounting for non-profit organizations and the Internal Revenue Service's examination of the financial records of the corporations involved yielded no support for such charges.

Those who allege impropriety cite a telephone conversation between Witness Lee and Sal Benoit, which the latter recorded on September 22, 1978, in violation of both Massachusetts and federal wiretap laws. Benoit, who was a leader in the church in Boston, had been seeking for several months to cultivate a personal following among members of the local churches on the East Coast. In August Witness Lee visited Boston and, in several long times of fellowship with the elders, tried to rescue Benoit and the church there. Benoit promised to change his course but did not do so.

On September 21 Benoit called a meeting that turned into unbridled accusations against other churches and workers. The following day a real estate broker complained to the other elders in Boston that Benoit had circumvented an exclusive right to sell agreement and had sought to personally collect the broker's fee by offering a church property for sale at about two-thirds of the agreed upon price. The other elders removed Benoit as an officer of The Church in Boston as of that date. It was on that evening that he called Witness Lee and tried to bait him repeatedly. Witness Lee told him he was overstepping the scope of his authority. In October Benoit sought and failed to elect his own followers as officers of the church corporation to wrest control of the church's funds and properties. In the November 5 general meeting, the church's members removed him from any position. When he moved out of a church-provided residence on November 11, he took with him items that were not his. He also took many of the church's corporate and financial records.

Benoit had an opportunity to tell his side of the story when the attorney representing the authors of *The Mindbenders* scheduled him for a deposition on January 12, 1982. He failed to appear for his deposition, even though he was seen at the location the day before.

A graphic posted on the Internet makes several false claims that it attributes to Benoit's telephone conversation with Witness Lee. It says that \$100,000 from the church in Boston went through Witness Lee to OCS. It did not; it was a loan to the church in Anaheim. It further claims that OCS sent money from the Boston loan to Fosforous. That never happened. The money was used to repay loans made by church members in America. The graphic also gives no indication that the loan was quickly reimbursed, although it was reimbursed two years before Benoit's phone call.

One of the primary online purveyors of the Daystar accusation was sentenced to four years in prison for defrauding investors by selling them \$25 million in worthless oil exploration leases between 1982 and 1984 ("Man, 41, Admits Fraud in Phony Oil Lease Sales," *Los Angeles Times*, December 12, 1986; Daniel G. Hummel, *Covenant Brothers* (Philadelphia: University of Pennsylvania Press, 2019), 190).