Foursquare to Elect New President in Wake of $14 Million Investment Loss

Former leader Paul Risser resigned i nMarch after the denomination lost money in two alleged Ponzi schemes

Delegates from the International Church of the Foursquare Gospel were expected to elect a new president during the denomination's annual convention June 1-4 in San Francisco. Former President Paul Risser resigned in March after the denomination lost $14 million in two allegedly fraudulent investment companies.

Federal investigators claim International Product Investment Corporation (IPIC), headed by California-based Gregory Setser, bilked Christians of $160 million over roughly three years, while Orange County, Financial Advisory Consultants (FAC), headed by James P. Lewis Jr., swindled hundreds of people out of $814 million over 20 years.

Setser, who says he is innocent of all charges, was released on bail in February and awaits trial. Lewis was denied bail in March.

In a statement, Foursquare officials said neither Risser nor the corporate treasurer, Brent Morgan, who also resigned March 10 as a result of the loss, were seeking personal gain through the investments. "There was no criminal intent or conflict of interest found on the part of the President or the Treasurer," the statement said. "Both men were acting only in a desire to further the interests and investments of Foursquare."

Risser said he hoped the investments—roughly 6 percent of the proceeds from the $250 million sale of a Los Angeles radio station—would “advance God’s kingdom both in the U.S. and around the world,” officials said. But the denomination’s board of directors questioned whether Risser had the authority to make the investments.

Foursquare spokesman Ron Williams said Risser is still held in high regard by the denomination, which was founded by Pentecostal evangelist Aimee Semple McPherson. Today Foursquare has 5 million members in 138 countries. Williams said Risser will continue to serve the denomination, possibly by speaking at churches and conferences and assisting the missions department.

Though both IPIC and FAC allegedly defrauded Christians in what Securities and Exchange Commission investigators say were Ponzi schemes that paid earlier investors with money from new investors, interest in FAC spread among several Foursquare leaders by word-of-mouth.

Believing the company had a 20-year track record, Jeff Miller, pastor of Mission Community Foursquare Gospel Church in Riverside, Calif., invested nearly $70,000 of his personal money in FAC after being referred to the company by other denominational leaders.

“I believe there were many Foursquare leaders involved in this fund,” Miller said. “My boss had been given a recommendation by other district supervisors.”

He questioned the fact that FAC did not have an advisory board. “But when you see such high returns, and when you see other pastors and denominational leaders investing, you think there is stability,” Miller, 52, told Charisma.

Within two years, he believed his retirement fund had grown to $100,000. A later statement put his investment at more than $140,000. But in November, FAC denied his request to withdraw money, claiming the Department of Homeland Security had frozen the company’s bank accounts. Miller received a payment in December, but he later found out the company was allegedly fraudulent.

The SEC charged Lewis with securities fraud in December. Lewis allegedly promised investors up to 40 percent returns, claiming FAC bought distressed businesses and resold them at large profits. But federal investigators say no specific information about FAC’s business ventures was ever supplied to investors.

Brick Kane, CEO of Los Angeles-based Robb Evans and Associates, the court-appointed receiver in the FAC case, said it is still unclear whether investors will recoup any of their money. He said Lewis’ assets would cover about 6 percent of what he owes investors.

Hindsight is 20/20, but Kane said there are warning signs for potential scams, such as high rates of returns, a lack of external audits and few details in annual reports. “If it sounds too good to be true, it probably is,” Kane said.

Miller said he and his wife are determined not to become bitter. “We were going to be able to retire at 57,” Miller said. “I would have loved to be able to do ministry without being concerned about income. But the Lord is our resource.”

Williams said Foursquare's board of directors has established a bylaw committee and financial committee to cooperatively clarify who is authorized to engage in investments. He said there was no loss of money from tithes or missions giving.

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