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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

November 5, 2007

RUSSELL SULLIVAN, STAFF DIRECTOR
KOLAN DAVIS, REPUBLICAN STAFF DIRECTOR AND CHIEF COUNSEL

Kenneth and Gloria Copeland
Kenneth Copeland Ministries
14355 Morris Dido Road
Newark, TX 76071

Dear Mr. and Mrs. Copeland:

The Finance Committee has a long tradition of reviewing tax-exempt organizations. It is important that the Congress and the public have confidence that public charities, which benefit from very significant tax breaks, are operated in a manner that promotes continued trust and that they adhere to guidelines established by the Internal Revenue Service. In addition, every donor has the right to know how each dollar donated is spent. The American public has a long tradition of giving to many religious organizations and for that reason should be assured that all donations are being used for the tax exempt purpose of the organization.

Recent television reports and new articles regarding the possible misuse of donations made to religious organizations have caused some concern for the Finance Committee. Since your organization is not required to File Form 990 with the Internal Revenue Service, we are requesting you answer the following questions and provide the following information for our review.

Please provide the requested information on searchable disks or electronically by December 6, 2007.

General

1. The audited financial statements for Eagle Mountain International Church (EMIC), Kenneth Copeland Ministries (KCM) and any other non-profit entities organized by the Copelands, including, but not limited to, Pitcherman, Inc. for years 2004, 2005 and 2006.
2. The names of all integrated auxiliaries of EMIC.
3. The names and addresses of members of the EMIC and KCM board of directors for years 2004 to present and an explanation of their relationship to Kenneth and Gloria Copeland.
4. Names and addresses of EMIC and KCM compensation committee members for years 2004 to present and an explanation of their relationship to Kenneth and Gloria Copeland.

5. The dates and locations of all board meetings for EMIC and KCM and the names of the persons in attendance from 2003 to present. Provide the total cost associated with conducting each meeting, including, but not limited to, lodging, meals, travel, entertainment and any extracurricular activities.

Executive Compensation

1. A detailed explanation of the compensation paid by EMIC and KCM to Kenneth Copeland, Gloria Copeland and John Copeland, including, but not limited to, cash and non-cash gifts, housing allowances (to include a detailed break-down of expenses paid to maintain housing) and loans (including the terms of the loans and a schedule of repayment) for years 2004 to present.
2. A detailed explanation of the personal use of assets of the tax-exempt organization (i.e. jets, employees, facilities) and an accounting of any repayments made to the tax-exempt entity for the personal use of stated assets for years 2004 to present.
3. Any other payments to Kenneth Copeland, Gloria Copeland and John Copeland including all cash or cash equivalent **excluded** from income reported to the IRS on Form W-2 or Form 1099 for years 2004 through 2006.
4. A detailed accounting of total housing allowances paid by EMIC, KCM and any other related tax-exempt entity for the purpose of providing housing for Kenneth Copeland, Gloria Copeland, John Copeland and any other related persons for years 2003 to present.
5. A detailed accounting of the total monthly expenses to maintain the personal residence of Kenneth and Gloria Copeland for years 2003 to present. A detailed accounting of all expenses paid by EMIC and KCM to purchase, furnish and maintain all residences used by Kenneth Copeland and Gloria Copeland including, but not limited to, the property located at 6000 Indian Creek in Tarrant County Texas.
6. Credit card statements for all credit cards used by Kenneth Copeland, Gloria Copeland and John Copeland for years 2004 to present for expenses paid by EMIC and KCM. An explanation of all credit card expenses paid by the organization on behalf of Kenneth and Gloria Copeland for years 2004 to present.
7. A detailed accounting of all expense account items for Kenneth Copeland, Gloria Copeland and John Copeland for years 2004 to present.
8. A list of all vehicles (Year, Make and Model) purchased, leased or maintained by EMIC, KCM, or any other tax-exempt entity for the benefit of Kenneth Copeland, Gloria Copeland, John Copeland and any other related person. A detailed accounting of the yearly expense to purchase and maintain each vehicle for years 2000 to present. This accounting should also include date(s) of purchase, purchase amount(s), date(s) of disposition and an explanation of the disposition.

Real and Personal Assets

1. A list of all domestic and overseas bank accounts and investments of EMIC, KCM, and any of its integrated auxiliaries and related tax-exempt entities for years 2004 to present.
2. A list of all real property purchased by EMIC and KCM from ministry inception to present, including the square footage and tax-exempt purpose of each property.
3. Has any of the land or assets tied to the land that was deeded to the church from the estate of Paul H. Pewitt been transferred, conveyed, gifted or otherwise placed in the control or possession of any other entity or person? If so, who, when, for what amount and for what purpose? Provide the names and addresses of all person(s) who made to the decision to relinquish control of the real property.
4. A copy of all mineral leases and division orders related to any portion of land originally deeded to the church by the estate of Paul H. Pewitt.
5. A list of all real property owned or purchased by EMIC, KCM or any related entity, including the square footage and tax-exempt purpose of each property from ministry inception to present.
6. Provide detailed information (Year, Make, Model and Number) of any aircraft owned, used or leased by EMIC, KCM or any related or integrated auxiliary, including amounts paid for the purchase and/ or lease of the aircraft and all maintenance expenses from 2004 to present. Copies of the flight records of any aircraft owned, used or leased by EMIC, KCM or any related or integrated auxiliary from 2004 to present. Copies of Kenneth and Gloria Copeland's itinerary from 2004 to present.
7. On December 15, 1997, EMIC caused the formation of the for-profit company, Security Petrol, Inc. (SPI) by contributing cash and a mineral deed to SPI. This deed caused the 100 percent interest in oil, gas and other minerals once belonging to the church to capitalize this for-profit corporation. Provide the names and addresses of the persons who authorized this use of the church's assets. Provide the value of the mineral deed at the date of this transaction. Provide the amount of cash that was used to form SPI and the original source of this cash. Does Kenneth Copeland, Gloria Copeland or any related parties, officers of EMIC or KCM, or board members of EMIC or KCM currently have any interest in Security Petrol, Inc. or any related subsidiaries? Who are (were) the officers of SPI?

Other

1. Provide a copy of all employment agreements between Kenneth Copeland and EMIC in effect from 2000 to present. Provide a copy of all employment agreements between Gloria Copeland and EMIC in effect from 2000 to present.
2. A detailed list of all cash and/or non-cash payments received by each board and compensation committee member for years 2002 to present. Copies of Form 1099 or Form W-2 issued to these persons.

3. Provide an explanation of the relationship between EMIC, KCM, Kenneth Copeland, Gloria Copeland, John Copeland and the following entities: Pitcherman, Inc., Integrity Media, Inc., Security Petrol, Inc., Victory Eagle Utility Service Y, Inc., Victory Eagle Marketing and Distribution Z, Inc. Provide the names and addresses of the officers of the above-mentioned corporations and each officer's relationship, if any, to Kenneth and/or Gloria Copeland.
4. A list of all for-profit companies operating on the real property of EMIC and the officers of each for-profit. Identify all officers related to or affiliated with Kenneth and Gloria Copeland.
5. El Rancho Fe is a for-profit working ranch owned by Kenneth and John Copeland. Is any of the property used by El Rancho Fe the same property deeded to the church by the estate of Paul H. Pewitt? If so, how is the church compensated for use of this asset and in what amounts for tax years 2002 to present? Who approved the use of this asset? If the Board of Directors approved, provide the names and addresses of the board members.
6. The written contract between Kenneth Copeland and EMIC d/b/a KCM regarding the publishing of his works. If there is no written contract, but a verbal agreement exists, provide the date and the persons who were part of that verbal agreement, the terms of the agreement and the amount to be paid to Kenneth Copeland.
7. The written contract between Gloria Copeland and EMIC d/b/a KCM regarding the publishing of her works. If there is no written contract, but a verbal agreement exists, provide the date and the persons who were part of that verbal agreement, the terms of the agreement and the amount to be paid to Gloria Copeland.
8. The name and address of the person and/or company that prints, audio records and video records Kenneth and Gloria Copeland's material? The name and address of the person and/or company that owns the titles, copyrights, royalties or similar interests in sermons, videotapes, books, CDs, DVDs, or other materials prepared by EMIC and/or KCM. Are any of the ministry's paid employees involved in the printing, publishing, recording and distribution of the books, videotapes, CDs, or DVDs?
9. The names and addresses of the persons who decide how the funds of EMIC and KCM are spent. Are these decisions, both operational and financial, subject to the oversight by any body within the organization? If so, is this body elected or appointed? If appointed, by whom and on what basis are the members of the body appointed? Who has voting rights within EMIC and KCM? How often does the board meet? Provide copies of all board meeting minutes for years 2004 through 2006.
10. Provide a detailed list of all entities operated by related parties that received payment from EMIC and/or KCM. Provide a detailed list of all persons related to Kenneth and Gloria Copeland that received any form of payment or benefit from EMIC or KCM for years 2004 to present.

11. For years 2004 through 2006, provide a detailed list of all payments, including any honorariums and love offerings, paid to visiting ministers, musicians or guests. Include the name and address(es) of each person and copies of Forms 1099 that were issued.
12. In January of 2004, Attorney Dennis G. Brewer, Sr., advised EMIC d/b/a/ KCM that based on proposed IRS amendments, the compensation committee could not have any disqualified person, board member, or other person that depends on the ministry for remuneration on the committee. Did KCM follow the advice of counsel? When? Who was present when these decisions were made? What steps were taken? Did any members of the compensation committee receive payment, cash or non-cash, from January 31, 2004 to present? If so, who and in what amounts?
13. According to documents provided to the Finance Committee, in November 2000, EMIC borrowed \$1,000,000 from Gloria Copeland for operation of ministry affairs. In 2002, the EMIC board of directors executed a replacement promissory note in the amount of \$1,083,407.29. Provide the committee with copies of the executed notes and a copy of the board meeting minutes for each date, an explanation of the loan distribution including the original source of the loan (i.e. personal check, cashier's check, wire transfer), names and addresses of the board members present at each meeting and a breakdown of the loan repayments to Gloria Copeland since the inception of the original note. Also explain why the church borrowed money from Gloria Copeland when it owns assets in excess of \$20 million dollars.
14. KCM solicited donations through brochures to ministry partners to build "The Revival Capital of the World." This project was to include ministry facilities, a headquarters, a resort hotel, a radio and television center, a kingdom park and a retirement community called Wisdom Heights. What is the current building status of "The Revival Capital of the World?" What is the status of the donations given for this project? Are the funds being held apart from other ministry donations? Have donors been given an update or status report for the ministry project? Is there a relationship between "The Revival Capital of the World" and the land currently being used for El Rancho Fe a/k/a Copeland Cattle Company?
15. The names of all affiliated churches/ministries that have made personal donations and/or gifts to Kenneth and/or Gloria Copeland in years 2004 to present and the amount of each gift or donation. If the donation or gift was a non-cash item, provide a list of the donations/gifts.
16. The names and addresses of speakers paid for their participation in any conferences sponsored by EMIC and/or KCM for years 2004 through 2006. A list of amounts paid to each speaker and copies of Form 1099 issued.
17. Detailed list of all the donations/gifts made to other ministers, ministries/churches from EMIC and KCM, to include the name of each recipient, address and amount of each donation/gift for years 2004 to present.
18. Copies of executive compensation recommendations received by Kenneth and Gloria Copeland and the name and address of any person who provided recommendations.

19. Explain the procedures for handling cash received during crusades, meetings or conferences held outside of the United States, including if bank deposits are made prior to returning to the United States.
20. It has been reported to the committee that in October 2006, the Copelands used the ministry jet for layovers in Maui, the Fiji Islands and Honolulu. Provide an explanation of the tax-exempt purpose of each layover and the names and addresses all ministry personnel who were part of these layovers. Provide a detailed accounting of the cost of each layover to the ministry, including, but not limited to, salary expenses, housing, food, jet fuel, incidentals and any extra curricular activities. What entity paid for these expenses? Who authorized the payment of these expenses?
21. In December 2006, the Copelands used the ministry jet for trips to Yampa Valley, CO, and the La Fonda Ranch in South Texas. Provide an explanation of the tax-exempt purpose of each trip, the names and addresses of the persons who were part of each trip and the hotel where personnel stayed. Provide a detailed accounting of the cost of each trip, including, but not limited to, salaries, housing, food, jet fuel, incidentals and any extra curricular activities. Which entity paid for these expenses? Who authorized the payment of these expenses?
22. It has been reported to the Finance Committee from several independent sources that in celebration of KCM's 40th anniversary, there was a gathering of ministers from all over the country. It has further been reported that during this celebration, Kenneth Copeland was presented a "personal gift" in excess of \$2 million. Please provide the names and addresses of all ministers present at this celebration and the total amount received by the Copelands.

Thank you for your time and attention to this matter.

Sincerely,


Charles Grassley
Ranking Member

CC: The Honorable Max Baucus
Chairman
U.S. Senate Committee on Finance