Using Church Funds for Private Purposes

Over many decades of reading LDS history and studying numerous diaries and journals of high Church officials, I have been surprised at how often Church leaders have apparently used LDS Church funds for themselves or the benefit of friends. Be aware that through much of this history, there were no formal salaries for general authorities, so that needs to be kept in mind. Here are some of the situations I have learned about:

1. Joseph's Debts. "On April 23, 1834, [Joseph Smith] dictated a revelation that stated in part: '. . . behold it is my will that you should pay all your debts.' Then with characteristic irony, on the very same day Smith also required Kirtland's bishop Newel K. Whitney to cancel $3,635.35 of debts owed by several church leaders to Whitney, the largest of which was Smith's $1,151.31 debt. Whitney could hardly have relished such a personal loss to his own finances, and he variously described this transaction as having occurred 'because Joseph said it must be done' and because 'Joseph said it was the will of the Lord.'" In addition to Joseph Smith, Whitney also canceled debts for Sidney Rigdon, Frederick G. Williams, and John Johnson. (D. Michael Quinn, *The Mormon Hierarchy, 1832-1932: An American Elite*, 1976, Yale University, 138.)

2. Joseph Smith Declares Bankruptcy. May 1840. "At Nauvoo, Joseph Smith canceled his debts in 1842 by declaring legal bankruptcy under the recently passed federal bankruptcy act. A handwritten 'Schedule setting forth a list of Petitioners, Creditors, their residence, and the amount due to each,' signed by Joseph Smith, was apparently prepared to support his bankruptcy petition, and lists $107,395.60 in debts, at least $31,597.02 of which were debts contracted at Kirtland. Joseph's bankruptcy proceedings did not free him from indebtedness, and on April 24, 1844, the crowning achievement of Nauvoo's cultural history was the performance of a five act play 'Piccaro,' which was produced 'to aid in the discharge of a debt, against President Joseph Smith, contracted through the odious persecution of Missouri, and vexatious law suits.' . . . On the same day Joseph Smith filed for bankruptcy, similar petitions for bankruptcy were filed by his counselor Sidney Ridgon, Patriarch Hyrum Smith, and Presiding Bishop-designate Vinson Knight." (*The Wasp*, May 7, 1842; cited in D. Michael Quinn, *The Mormon Hierarchy, 1832-1932: An American Elite*, 1976, Yale University, 138-9.)

   a. Joseph Smith in Nauvoo. "While the assessments in Kirtland reveal a pattern of poverty for the Counselors in the First Presidency, for the Quorum of the Twelve Apostles, the First Council of Seventy, and the Presiding Patriarch, Joseph Smith's wealth as President of the Church continued to increase, even between 1835 and 1836 when all other groups were declining. Moreover, the disparities within the hierarchy increased at Nauvoo. Whereas the Quorum of the Twelve and Council of Seventy experienced relatively moderate gains at Nauvoo, Joseph Smith, his counselor in the First Presidency, and the new Presiding Patriarch . . . made tremen-dous gains. Joseph Smith almost tripled his wealth between his high at Kirtland and at Nauvoo, Hyrum Smith had increased his assessed valuation from $104 in 1837 when he was a counselor in the First Presidency to $3000 in 1843 as Patriarch and Associate President, and the mean valuation of the Counselors in the First Presidency had increased tenfold." (D. Michael Quinn, *The Mormon Hierarchy, 1832-1932: An American Elite*, Yale University, 1976, 91-2.)

   b. Joseph's Needs. On June 20, 1840, Joseph Smith asked to be released from his "temporal" duties, so that he could spend more time on the saints' spiritual welfare, adding "That when he is relieved from such temporal duties he would have no means of support whatever and requested that some one might be appointed to see that all his necessary wants are provided for, as well as, sufficient means or appropriations for a Clerk or Clerks which he may require to aid him in his important work." (*The Minutes of the High Council of Nauvoo, Illinois*, June 20, 1840, Typescript by Lyndon W. Cook, 1978.)

3. Apostles' Prosperity Contemporary evidence indicates that disparity in wealth was causing dissension among the members as early as 1859, when Apostle Wilford Woodruff recorded in his journal a discussion among the apostles: "Erastus Snow spoke concerning the feelings of many of the people against seeing the Twelve prosper in Temperal [sic] things. He thought if the Lord did not sanction this he permited it . .

. C. C. Rich spoke upon the same subject & said that he did not no as all the Twelve all experienced the same thing but I think the people are exercised by a spirit that they do not comprehend or know what it meant but there is an opposition to Joseph & the Presidency & Twelve against their prosperity." (*Wilford Woodruff Journal*, Feb. 22, 1859.)

a. Wealth of Mormon Hierarchy Soared. "By 1859 the non-General Authority wealth had barely escaped stagnation from its 1850 level, whereas General Authority wealth had increased sevenfold (excluding Brigham Young, a 525 percent increase.) . . . Whereas the non-General Authority wealth in Salt Lake County continued its snail's progression throughout the nineteenth century, with only few exceptions the mean wealth of the Mormon hierarchy soared." (D. Michael Quinn, *The Mormon Hierarchy, 1832-1932: An American Elite*, Yale University, 1976, 101-2.)

4. Brigham's Ogden Debt Cancelled. "In August, 1877, three weeks before he died, Brigham Young obtained a cancellation of his debts in Ogden, Utah, extending back to 1849." (*Franklin D. Richards Diary,* 4 Aug. 1877; cited by D. Michael Quinn, "LDS Finances from the 1830s to the 1990s," *Sunstone,* June 1996, 23.)

5. Report in 1870 Census. Brigham Young went on to become extremely wealthy. Stanley P. Hirshson reported that "in the 1870 census he [Brigham Young] declared personal property worth $102,000 and real estate valued at $1,010,600." (*The Lion of the Lord*, by Stanley Hirshson, Knopf Pub., 1969, 247)

6. Brigham Young's Estate. Brigham Young, at the time of his death, owed the Church nearly $1 million, and he bequeathed to his family property and assets that clearly belonged to the Church. As Leonard Arrington has written, "It came as a great shock to many—including his close associates—that the obligations of Brigham Young to the church at the time of his death totaled $999,632.90. . . . Thus, the investigation into the estate revealed that many of the enterprises which bore the name of Brigham Young as principal stockholder or officer, were in fact, enterprises of the church." (Leonard Arrington, "The Settlement of the Brigham Young Estate, 1877-1879," *Pacific Historical Review*, February 1952.)

a. Claimed Church Properties as Personal Assets. Brigham Young had bequeathed as his personal assets the Social Hall, the LDS Museum, the President's Office itself, the Council House, the Constitution Build-ing, the Salt Lake Theatre, one-third interest in ZCMI, and stock in the city's street railway and gas companies worth $113,500. In settlement, the Church offered to allow the heirs generously inflated prices for property re-turned to Church ownership (the Salt Lake Theatre, $125,000; Gardo House, $100,000), and to credit President Young's estate [after the fact] with $300,000 in salary for thirty years at $10,000 per year. (Samuel W. Taylor, *The Kingdom or Nothing: The Life of John Taylor, Militant Mormon,* 1976, 264-5.)

__________b. Brigham Young's Salary. At the death of Brigham Young, the Church worked diligently to try and separate his finances from the Church's funds. In a final settlement through the civil courts, his estate was credited with a sum of $300,000, which represented thirty years' salary for him at the rate of $10,000 per year. (*The John Taylor Papers,* Vol. 2, edited by Samuel W. Taylor and Raymond W. Taylor, 1985, 69.)

b. Owed $1,000,000. "Brigham Young and other church authorities, when need required it, drew on the tithing resources of the church, and at a later date repaid part or all of the obligation in money, property, or services. No interest seems to have been paid for the use of these funds. . . . This ability to draw, almost at will, on church as well as his own funds, was a great advantage to Brigham Young and was certainly one of the reasons for his worldly success.

(1) Other Authorities Also Used Church Funds. ". . . while Brigham Young was probably the largest borrower of funds from the trustee-in-trust, he was certainly not the only one." (Leonard Arrington, "The Settlement of the Brigham Young Estate, 1877-1879," *The Pacific Historical Review*, vol. 21, no. 1, Feb. 1952, 7-8)

Here are some specific examples:

(1) Union Pacific Railroad. "The contract taken by Brigham Young to construct the Union Pacific Railroad from Echo Canyon to Ogden has usually been regarded as a personal enterprise. It develops that this was not true, so that whatever was realized on the venture had to be credited to the church in the settlement of the estate." (*Ibid.*, 14.)

(2) ZCMI. "Zion's Cooperative Mercantile Institution. . . About a third of its capital stock, which was held by Brigham Young in his own name, was discovered to have belonged to the church because the original investment was made with church funds." (*Ibid*., 14.)

(3) Utah Central Railroad. "The Utah Central Railroad . . . was financed almost entirely with church funds and donated labor." (*Ibid*., 14.)

(4) Social Hall. "The Social Hall lot and building, the L.D.S. Museum lot and building, the Council House lot and building, and other pieces of real estate which Brigham Young had deeded to himself were constructed and maintained partly, or entirely, with church funds . . ." (*Ibid*., 14.)

c. Spent Without Authority. George Q. Cannon wrote in his journal in January 1878: "Some of my brethren . . . did have feelings concerning his [Brigham Young's] course. . . . In a few words, the feeling seems to be that he transcended the bounds of the authority which he legitimately held. I have been greatly surprised to find so much dissatisfaction in such quarters. It is felt that the funds of the Church have been used with a free-dom not warranted by the authority which he held." (Joseph J. Cannon, "George Q. Cannon," *The Instructor*, June 1945, 259.)

d. Why Was Brigham Rich? The following is from a book review of Leonard Arrington's *Brigham Young*: *American Moses*: "In his famous interview with Horace Greeley, Young told the publisher, 'I am called rich, and consider myself worth $250,000; but no dollar of it was ever paid me by the church.' Since he arrived in Utah not only broke but in debt ('As for myself, I owed for the teams that brought my family'), what was the source of his personal wealth? . . . In a remarkable understatement—still in the fine-print appendix—Arrington acknowledges that 'Brigham's ability to use church funds almost at will was one of the reasons for his worldly success.' In fact, the only reason for his worldly success was the fact that he helped himself freely to church funds. He had no other source of income, but this source was unlimited. . . .

(1) Frequently 'Borrowed' From Church. "The auditing committee that settled his estate identified the extent of Young's 'borrowing' from the church. To everyone's surprise it was discovered that Brigham's clerks had not 'settled' his accounts with the church annually, as he had asked others to do, and that his account with the church showed a debit balance of $999,633. Why does Arrington seem to blame the clerks? Is he suggesting that Young was at the mercy of bureaucrats and incapable of repaying his annual loans without their permission? Is he suggesting that a man with 'the business genius of a Rockefeller' had 'borrowed' just shy of a million dollars and failed to repay it simply because his clerks neglected their duty?" (Harold Muir, *The John Whitmer Historical Association Journal*, 1986, 79.)

e. Arrington's Summation. "Finally, it should be evident that a number of the enterprises which historians have credited to Brigham Young were, in reality, projects made possible by the church, with its unique organizational structure and its ready supply of community savings in the form of tithing. President Young's chief contributions to the economic development of the intermountain West were as trustee-in-trust of the church rather than as a business man who knew what he wanted and proceeded to get it. This knowledge should help to demolish the Great Man interpretation of Mormon economic history. It should also aid in eradicating the popular theory that the Mountain West was a land of rugged individualism developed by rugged individualists and rugged corporations. Much of the economic development of Utah, at least, was accomplished by group saving and group investment under the planned direction of leaders devoted to the ideal of building a cooperative Kingdom of God out of a lonely and unwanted desert waste." (Leonard Arrington, *The Pacific Historical Review*, Feb. 1952, 20.)

f. Allen and Leonard Summary. "LDS historians James Allen and Glen Leonard observed: 'It was finally determined that his estate was worth approximately $1,626,000, but obligations of more than a million dollars to the Church plus other debts and executor's fees reduced the family's claim to $224,000. When seven of his dissatisfied heirs challenged this settlement, however, that matter was settled out of court and the Church agreed to give the heirs an additional $75,000.'" (James Allen and Glen Leonard, *The Story of the Latter-day Saints*, 1992, 385)

g. B. H. Roberts' Summary. "During the three years' presidency of the council of the twelve [after the death of Pres. Young] the affairs of the church quite generally were prosperous. Some difficulty arose, however, in the matter of settling the estate of the late President Brigham Young. Some claims were made by a number of the late president's heirs respecting the possession of property that President Young held for the church as trustee-in-trust. It was alleged by them that President Young died seized [sic] of an estate valued at two and a half millions of dollars. This, however, was denied by his executors, and also by President John Taylor, who affirmed *per contra,* that the property to which Brigham Young held the legal right or title was not worth over $1,626,000; and further they affirmed, that much of said estate was held by the testator in trust for the Church of Jesus Christ of Latter-day Saints, and that Brigham Young was largely indebted at the time of his death 'and justly owed to said church over $1,000,000.' President John Taylor, who succeeded Brigham as trustee-in-trust for the church, and the administrators of President Young's estate, Messrs. George Q. Cannon, Brigham Young, Jun., and Albert Carrington, grouped the property of the estate into three classes as follows:

"*First.* A class of property known to belong to said church, and which he [Brigham Young] held and recognized as its property.

Second. A class of property which he held and claimed as belonging to himself individually, and disconnected from the church and in which he had no interest.

Third. A class of property which once belonged to the church but the legal title to which he had afterward acquired, such property was therefore regarded as uncertain."

"In the settlement of the liabilities of the estate to the church," declares President Taylor, in a court document, and in separating its property from his [President Young's] individual property, this dubious and uncertain class of property was all given to his estate as part and parcel thereof, and such only was claimed as church property about which there was no doubt or uncertainty." In addition to this, according to the statement of the administrators, a credit of $300,000 was secured by them from the trustee-in-trust to the estate of the late president for his services to the church." (B. H. Roberts, *Comprehensive History of the Church of Jesus Christ of Latter-day Saints*, vol. 5, 1965, 524-525.)

7. John Taylor's Debt Cancelled. "Monday 31 [August 1857]. Spent morning in the office—afternoon rode up city creek Kanyon. Elder John Taylor presented his acc[oun]t's upon return, and proved to be $5000.00 indebted to the church—but which because of long & faithful Services, was donated to him by Trustee in Trust." (*Diary of Brigham Young, 1857*, Edited and Introduction by Everett L. Cooley, 1980, University of Utah Tanner Trust Fund, 69.)

8. George Q. Cannon Drew $27,500 from Church Funds. 1860-72. President George Q. Cannon drew $27,488.67 (or nearly $2,300 annually) on his account with the Trustee-in-Trust from his appointment as an apostle in 1860 through the end of 1872. That was in addition to the $12,676 he drew to build a house. (Joseph J. Cannon, "George Q. Cannon," *The Instructor*, July 1945, 309.)

9. John W. Young's Debts Paid. 1877. Upon the death of Brigham Young in 1877, the Church paid for the accumulated debts of his son, apostle John W. Young, to the amount of $53,682.22. (Leonard Arrington, *Pacific Historical Review*, February 1952, 18.)

10. Interest Free Loans from Church. 1878. "A third device adopted to straighten out church property relationships and systematize church accounts at the time of the appointment of the new trustee-in-trust was to urge general authorities of the church to settle their own accounts with the trustee-in-trust. An interesting and important activity of the trustee-in-trust is here revealed to be that of serving as banker for general authorities of the church during a period when private banking was almost completely nonexistent in Utah. Brigham Young and other church authorities, when need required it, drew on the tithing resources of the church, and at a later date repaid part or all of the obligation in money, property, or services. No interest seems to have been paid for the use of these funds." (Leonard J. Arrington, "The Settlement of the Brigham Young Estate, 1877-1879," *Pacific Historical Review*, Vol. 21, No. 1 [Feb. 1952], 7-8.) Copy in my possession).

a. Reason for Brigham's Worldly Success. "In some measure these drawings represented a form of compensation in lieu of salary for work and time expended on behalf of the church, and to the extent this was true, borrowers were not required to repay them. This ability to draw, almost at will, on church as well as his own funds, was a great advantage to Brigham Young and was certainly one of the reasons for his worldly success. . . . while Brigham Young was probably the largest borrower of funds from the trustee-in-trust, he was certainly not the only one." (*Ibid.*)

11. John Taylor Cancels His Debts. In 1879, John Taylor, then president of the Quorum of the Twelve [there was no church president at the time], and president of Zion's Savings Bank and Trust, had the vice-president of the bank destroy two notes for $50,000 of Taylor's personal indebtedness to the bank. John Taylor also persuaded the Quorum of the Twelve, in 1880, to allow him a $10,000 claim for sugar machinery, a claim Brigham Young had refused since 1853. (*Joseph F. Smith Diary*, 17 July 1879, and 10 Nov. 1880; cited by D. Michael Quinn, "LDS Church Finances from the 1830s to the 1990s." *Sunstone,* June 1996, p. 23. Also recorded in *Wilford Woodruff Journal,* 10 Nov. 1880.) This is in addition to Taylor's cancellation of debt in 1857, recorded above.

12. Taylor Wants Unlimited Draw on Tithing for His Salary In 1882 President John Taylor explained to the Twelve that as President of the Church he should have "an unlimited draw on the tithing funds for his salary." There was immediate objection, and Taylor backed down the next day; but not before he had riled up several of the apostles. Apostle J. H. Smith wrote: "I was somewhat surprised to see the president attempt to bull down the Council after giving them the utmost liberty to speak, and he will find such talk will never hold the present Council in awe." (*Church, State and Politics: The Diaries of [Apostle] John Henry Smith*, 1990, 84.)

a. Pres. John Taylor Already Had "Unlimited Use of Tithing." 1882. "The item was that at a meeting of the Twelve some years ago a resolution had been passed which gave the President $2,500 a year, according to J. F. Smith's statement, but the minutes of that meeting showed that the Resolution gave to President J. Taylor the power to draw from the tithing without limit. J. F. Smith, Wilford Woodruff, Franklin D. Richards and M Thatcher spoke against any such power being placed in the hands of one man and that they wanted that Resolution rescinded when the men who passed it got together. President Taylor said he was in favor of it being withdrawn." (*Ibid.*)

b. <u>Objections from the Twelve</u>. On Jan. 4, 1882, apostle John Henry Smith noted in his journal: "Yesterday in the meeting of the Presidency and Twelve President J. Taylor presented an article that he had written thanking all hands for what they had done in fixing up the Gardo house [the President's residence]. J[oseph] F. Smith objected to its being published and Moses Thatcher and myself also concurred with him by speaking against certain items in the article. The other brethren were more non-committal but felt as we did. (*Church, State and Politics: The Diaries of John Henry Smith*, 1990, 70-71.)

c. <u>Taylor Angered by Apostles' Argument</u>. 1882. "Today at 10 a.m. the same brethren again met in the Twelves room and Bro. Wells met with us. . . . Conversation was had upon several subjects. Five hundred dollars per year was added to the Salery of T. O. Angell Sr. [architect for the Salt Lake Temple] and one thousand appropriated to fix up his house. President Taylor had his article on the Gardo House read again and with slight changes it was approved. Bro. Taylor then went for those who had spoken against his article the day before and he showed much feeling. (*Ibid.*)

d. <u>Has to Be Addressed in the Future</u>. "Lyman and myself did not speak on that matter because it was an action taken before we were ordained apostles, but I will not vote for the President to have unlimited draw at the tithing. Some mutual explanations were made and all felt well. When the party of brethren can be got together that Resolution must be taken under consideration." (*Ibid.*)

13. <u>Bullion, Beck, and Champion Silver Mine</u>. In April 1883, "President Taylor had received a formal revelation, confirmed by another, to invest in the Bullion, Beck, and Champion silver mine of John Beck near Eureka, Utah. Using a $25,000 Church loan, Taylor and George Q. Cannon joined Beck as proprietors and sole owners. The following October the transaction took an unusual turn. The three partners reserved 60 percent of the stock to Taylor for 'any purpose he may deem wise.' While the property should stand independent of Church control, it was understood that if the mine proved profitable, Taylor might reclaim the Kirtland Temple property, build the long-awaited Jackson County Temple, or perhaps endow Church education. In short, the idea of this extra-ordinary project was to create a Church fund independent of regular budget procedures for extra-ordinary purposes." (Ronald W. Walker, *Qualities That Count: Heber J. Grant as Businessman, Missionary, and Apostle.* special issue of *BYU Studies,* 43:1 [2001], p. 206.)

a. <u>Revelation Called for $25,000 Loans to Prests. Taylor and Cannon</u>. Oct. 4, 1883. "In the afternoon attended a Council meeting in Prest. Taylor's office—A revelation given to Prest. Taylor last April was read. It was voted that the Trustee in Trust loan to Prests Taylor & Cannon 25,000.00 for such time and with such securities, as he may think proper." (*The Diaries of Heber J. Grant, 1880-1945, Abridged,* 2010, [published privately; no compiler or publisher listed], 10.)

b. <u>Other Church Leaders Asked to Contribute Blindly</u>. "The mine often threatened its owners with financial ruin, and Taylor and Cannon scurried to reduce their liability by seeking new investors from both inside and outside the Church. . . . Elder Moses Thatcher, William B. Preston, Marriner W. Merrill, and Charles O. Card—then leading Cache Valley churchmen—were asked to contribute to meet what was described as a pressing but undisclosed Church need. Thatcher gave $5,000, Preston and Merrill $1,000 each, and Card $500." These men would control two-fifths of the stockholders' shares. Of the rest, "Taylor had absolute control." (*Ibid.,* p. 207.)

c. <u>Did Taylor Really Deed it All to Cannon</u>? "While unusual, at first none of this was controversial. It was later learned, however, that three weeks before his death, Taylor had deeded the dedicated stock to Cannon, who now claimed the same independent and absolute control as his predecessor. With the mine becom-ing profitable, several questions became important. Was Taylor competent to make the transfer? Why had the mine not gone to the Church? What right did Cannon have to the dedicated stock and its profits?" Cannon explained that it was thought "eminently proper" to deed the property to him, with the stipulation that the Beck property would be used for Church purposes. "Almost all of these details were unknown to the Quorum of the Twelve during the first stages of the succession episode." (Ronald W. Walker, *Qualities That Count: Heber J. Grant as Businessman, Missionary, and Apostle.* special issue of *BYU Studies,* 43:1 [2001], p. 207.)

d. Cannon Kept the Stock. For whatever reason, President George Q. Cannon failed later to convey the property to the Church when a new Church President (Wilford Woodruff) was selected. (*Ibid.,* p. 208.)

e. Apostle Threatened to Sue Cannon. In late 1888, apostle Moses Thatcher surprised his colleagues by threatening to sue Pres. George Q. Cannon over the Beck property stock and profit distributions. This extraordinary act—which introduced the possibility of two General Authorities engaged in legal action—cost Thatcher much of the influence he then retained with his colleagues. When Thatcher continued to agitate the Beck issue, Heber J. Grant privately warned him, much like Erastus Snow's early caution, of the possible result of his behavior. While the issue of Presidential succession hung in the balance [see below], senior apostle Wilford Woodruff asked Thatcher and Cannon to resolve their Bullion-Beck dispute, and consequently, Cannon at last agreed to distribute Thatcher's portion of dedicated stock. (*Ibid.,* pp. 218-19.)

f. Did Bullion Beck Stock Belong to Church or Prest. Taylor? Nov. 19, 1888. L. John Nuttall, secretary to the First Presidency, recorded in his diary: "I answered several public letters and in the afternoon had some conversation on Prest Taylor's Estate matters. I also talked with Prests Woodruff & Smith on the same subject. I knowing the whole proceedings in regard to the Pooled or consecrated Stock of the B[ullion] B[eck] & C[hampion] M[ining] Co. now in the custody of Prest Geo. Q. Cannon, I felt impressed to write to Bro Cannon and give him such suggestions as I think will be proper. I wrote a long letter which Bro F[ranklin] S. Richards wished me to do & he would take the letter to Bro. Cannons. I referred to the 22 shares of Salt Lake City Gas stock in the name of Prest John Taylor but which belongs to the Church. Geo. J. Taylor told me that Thos Ellerbeck said this stock belonged to his father & had paid him 3 dividends. Prests Woodruff & Smith talked with Bro. F[ranklin] S. Richards about this & some action will be taken." (*In the President's Office: The Diaries of L. John Nuttall, 1879-1892,* edited by Jedediah S. Rogers, 2007, p. 286.)

g. Issue Prevented Reorganization of First Presidency. A footnote adds: "The longstanding Bullion-Beck dispute between Thatcher and Cannon was a major reason why the First Presidency had not been reorganized immediately following the death of John Taylor, despite the wishes of Wilford Woodruff. . . . The full history of the Bullion mine has yet to be written." (*Ibid.,* p. 292-3, f43.)

h. Cannon Told to Repay the Church. In 1898, when Wilford Woodruff died, Lorenzo Snow assumed the office of Church President, and Cannon's heavy influence over policy diminished within hours. Snow asked Cannon to give an accounting of the Beck property stock, which had proven enormously profitable in the 1890s. Since the Woodruff succession, the Beck, Taylor, and Thatcher interests had each forced the dispersal of their portions of the "dedicated stock' and then used the proceeds for their own purposes. Cannon's share of the pool had earned an impressive $160,000, which he had used for a variety of Church and personal projects, including the quiet repayment of John Q. Cannon's speculations. The Brethren determined that Cannon should reimburse the Church for whatever amount of the Bullion and Beck profits he had spent personally. "The amount of Cannon's repayment to the Church was never announced, nor for that matter was the transfer itself." By this time, the value of the dedicated stock may have become worthless. "Whatever its virtues, the Bullion and Beck endeavor had generated more than its share or ill will." (Ronald W. Walker, *Qualities That Count: Heber J. Grant as Businessman, Missionary, and Apostle.* special issue of *BYU Studies,* 43:1 [2001], p. 223.)

i. We May Never Learn the Details. "The most potentially serious accusation against

George Q. Cannon was his gaining control of the Bullion-Beck consecrated property during Taylor's decline, the full details of which still wait extended historical analysis." [The George Q. Cannon journals are said to be explosive, but they have never been made available to historians, and are kept securely in the First Presidency's vault. The Church has taken significant action to assure they will not soon enter the public domain.] (*Ibid.*)

j. <u>Cannon Turned Over $115,000 to Church</u>. April 27, 1899. ". . . Prest. [George Q.] Cannon gave account of his consecrated [mining] stock and turned over to the Church 115 Thousand dollars. He is the only one doing so. [William B.] Preston and [Marriner W.] Merrill claimed that they did not know of this arrangement with Prest. [John] Taylor and hence considered it was theirs. Prest. Taylor's heirs have sold theirs. I felt much touched at Prest. Cannon acting so unselfishly." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, p. 52.)

(1) <u>Nearly $3 Million Today</u>. Because of inflation, something valued at $115,000 in 1899, would be worth $2,973,203.42 in 2010. ("The Inflation Calculator"; *www.westegg.com/inflation/infl.cgihttp*; accessed 12 Sept. 2012.)

14. <u>John Q. Cannon's Lifestyle and Embezzlement</u>. 1884. This son of President George Q. Cannon was named second counselor in the Presiding Bishopric in 1884, at the age of 27, at a time when his father was the *de facto* president of the Church. "After completing a mission in Europe, young Cannon had been called as a counselor in the Presiding Bishopric, but the assignment did not seem to hold much attraction for him. Heber J. Grant, watching the newcomer, saw him as careless and indifferent. But neither Grant nor any other Church leader, including John Q.'s father, realized the depth of the problem. More and more, the younger Cannon was enjoying the cigars, strong drink, and billiards of the Walker House, where he also gambled. Apparently to cover his losses or to support his style of living, he forged one $1,000 check and was reported to have removed $11,000 from the Church's general and temple accounts." (Ronald W. Walker, *Qualities That Count: Heber J. Grant as Businessman, Missionary, and Apostle,* special issue of *BYU Studies,* 43:1 [2001], p. 203.)

a. <u>Cover-Up by Father</u>. Just four months prior to John Q.'s excommunication for adultery, Apostle John Henry Smith wrote that John Q., as a counselor in the Presiding Bishopric, was "getting quite reckless" with the Church's tithing funds. A year later, on Aug. 3, 1887, Pres. George Q. Cannon told the apostles that "he admitted trying to cover up John Q. Cannon's stealings from the Church and that he & his son Abraham [one of the Seven Presidents of the Seventies] had made good John Q's defalcations to the amount of nearly Ten thousand dollars." (D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, p. 785.)

15. <u>Pres. Cannon's $25,000 Bond Forfeiture to Be Paid by Church</u>. March 2, 1886. At a meeting of the Presidency and Twelve, "The forfeiture of Pres. Cannon's $25,000 Prest Taylor gave us to understand that it was the mind of the Lord that Prest Cannon should not submit himself to his persecutors. Said from mining enterpri-ses in Tintic the money could be got in short time to pay the Bond, meantime we approved of his using Church funds or Securities to raise the amount. We all felt that we did not want Bro Cannon to appear in Court [for living polygamously]." (*The Diaries of Heber J. Grant, Abridged,* 2010, [no compiler or publisher listed], 23.)

16. <u>Apostles Vote to Pay Pres. Cannon's $25,000 Bond</u>. March 11, 1887. "Brother Richards remarked that many of the people were anxious to subscribe for the purpose of assisting President George Q. Cannon to pay the $25,000 bond. Brother Lyman then led out with the proposition that the bond be paid by the Church, and every one of the brethren endorsed his proposition, which was unanimously adopted I can say that there has never been anything of a financial character in connection with the history of the Church that has been more painful to me than the position in which Brother Cannon has been placed regarding this bond. It has been hu-miliating in the extreme to me, and must have humiliating beyond expression to him to be calling on the people to aid him to pay his bond by purchasing books from him. It was his official position in the church that caused him to be placed under such heavy bonds, and to my mind, simple justice demands that the Church should

pay said bond." (*The Diaries of Heber J. Grant, Abridged,* 2010, [no compiler, no publisher listed], 26.)

17. George Q. Cannon's Son Abraham Assisted with $10,000. "April 7, 1888. We passed upon a matter relieving Bro. Cannon of some financial embarrassment. It involved a note of his son [apostle] Abraham for $10,000.00." (*Church, State and Politics: The Diaries of John Henry Smith*, 1990, p. 196.)

18. $10,000 in Tithing Funds Spent to Spruce Up House for Presiding Bishop. December 17, 1888. "Bro. H[eber] J. Grant submitted the action of the committee . . . appointed to dispose of the church Real Estate. They had agreed to sell the Bernhisel House & lot to [Presiding] Bp Preston for $10,000.00. Bro. Jos F Smith thought that $12,000.00 was little enough, but it was argued that the Comty had figured on the matter & Bro Preston would not give any more, so they had concluded to let him have it. This property cost the church $7,500.00 to Bernhisel & Bp. Preston had expended some $10,000.00 of Tithing funds in putting the House and grounds into good shape to suit him." (*In the President's Office: The Diaries of L. John Nuttall, 1879-1892,* edited by Jedediah S. Rogers, 2007, pp. 297-8.)

19. Erastus Snow's Debts Paid Off by Church at His Death. April 3, 1889. "The sum of $2506.30 was allowed to the late apostle E[rastus] Snow to balance his account on the church books to Dec. 31, 1887. That amount having been overdrawn." (*Ibid.,* p. 334.)

a. Debts Paid by Church. "April 3, 1889. E[rastus] Snow's accounts with the church were squared off." (*Church, State and Politics: The Diaries of John Henry Smith*, 1990, p. 219.)

20. John W. Young Given $40,000 Bank Loan in 1889. Nov. 27, 1889. "I attended a meeting of the Directors of [Church-owned] Z[ion's] S[avings] B[ank] and T[rust] Co. At 10 a.m. A request of John W. Young [apostle-son of Brigham Young] to get some money from the Bank was considered. A resolution was adopted whereby he can get $40,00000 on loan if he complys with the requirements as set forth in the resolution. He appears to be a very unsafe man to do business with." (*In the President's Office: The Diaries of L. John Nuttall, 1879-1892,* edited by Jedediah S. Rogers, 2007, pp. 394-5.)

a. John W. Young's Salary. On Dec. 2, 1877, Joseph F. Smith wrote about the newly limited compensation for apostles: "One man [probably John W. Young, the son of Brigham Young], for instance, who has drawn $16,000 per year from the tithing office for his support, has been cut down to $2,000 per year. Thus some of the leaks are plugged up and we hope to be able by and by to build the temple." (D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, p. 774.)

(1) Regular salaries for apostles were not begun until October 1877, the first Conference after Brigham Young's death. That Young's son, apostle John W. Young, had apparently been receiving $16,000 a year from the tithing office for his support must have come as a shock to the other apostles.

b. Made Large Bonus in Mexico. June 18, 1891. "I read a letter aloud which the Presidency have received from John W. Young. . . . John W. tells of his good deal in the Mexican railway scheme. He has sold his franchises, etc., for a good large bonus (some say $1,500,000) and retained the right of construction, which will also bring him good profits." (*Candid Insights of a Mormon Apostle: The Diaries of Abraham H. Cannon, 1889-1895,* edited by Edward Leo Lyman, 2010, p. 220.)

c. Church Gave Him Huge Sums for Lobbying. Oct. 18, 1901. "John W. Young was in the office. He told me about how much money he spent in Washington [D.C.] in order to influence opinion in our favor [on polygamy issues and statehood]. I have my doubts on this matter. I have heard that large sums were placed in his hands and there had been no accounting. As he has no idea how he spends money, and he spent a fortune, he has an idea he spent it for the Church. I have an idea that he thought Brigham [Young, Jr.] was the rightful successor to Prest. [Lorenzo] Snow and that he came expecting to manipulate his brother in financial matters. He is still very nearly in reach of a fortune! Will he ever realize one? He is a pretty man. He has black hair and black moustache, while his hair is white naturally." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, p. 157.)

d. For other eyebrow raising entries regarding apostle John W. Young, see my paper, "Mormon Oddities."

21. Efforts for a Local Sugar Industry, 1889-1890. "Although an effort to make sugar during the 1850s had proved unsuccessful, the estimated million dollars per year drained from the region to purchase imported sugar, continued to gall Brigham Young's successors who were concerned with territorial economic indepen-dence. . . . When [Arthur] Stayner and a few other Mormon promoters of the Utah Sugar Company began raising funds in 1889, the Church authorities gave strong public encouragement. Still, by the fall of 1890, the heads of the company had managed to raise only $15,000 of the $50,000 necessary to construct the proposed factory in Lehi, Utah." In 1891 the First Presidency underwrote the enterprise by endorsing a loan note of $35,000 from Zion's Savings Bank and Trust. They also appropriated $50,000 from tithing funds, borrowed $150,000 from local banks, and negotiated an additional $100,000 loan from Wells Fargo in San Francisco. Because of the Panic of 1893, the country entered its worst economic depression yet, and the Church was in serious financial difficulty for many years. (Edward Leo Lyman,"George Q. Cannon: Economic Innovator and the 1890s Depression." *Journal of Mormon History,* Fall 2003, p. 6.)

22. How Sacrosanct Are Tithing Donations? Oct. 5, 1890. There have been some indications over the years that tithing funds have occasionally been used for peripheral purposes. For instance, an apostle reported on October 5, 1890, as part of the October general conference: "I then went to the Gardo House where the majority of the First Presidency, Twelve, First Seven Presidents of the Seventies, Presiding Bishopric and Presidents of Stakes were assembled. George Q. Cannon: 'Our financial affairs merit our earnest attention. The calls upon the Church are numerous and pressing, and we are constantly going deeper in debt. A "defense fund" should exist in each Stake and collections should be made from the Saints on this account. Now we are compelled to divert tithing from its proper channel and use it for political purposes and in various ways, because the Saints have failed to properly donate for defensive purposes.'" (*Candid Insights of a Mormon Apostle: The Diaries of Abraham H. Cannon, 1889-1895,* edited by Edward Leo Lyman, 2010, p. 145.)

a. Church Uses Tithing to Buy Sterling Mining. "Despite a national economic depression, the First Presidency in 1894 used $217,000 in tithing funds to establish the Sterling Mining and Milling Co. Within four years the church lost its entire investment in this speculative mining venture." (D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, p. 218.)

b. Auditors' Concerns About Use of Church Funds. In 1911, a committee of four Church auditors submitted a sharply worded report on their concerns about using tithing funds for a loan pool for prominent Mor-mons: "If certain members of the Church are entitled to borrow money for private ends, is this not a right of all members, for the same purpose? If this policy is admitted, would it not result in confusion, jealousy, loss of con-sequent wrong?" They added that "the debtors frequently look upon their obligations as being due to a rich and indulgent relative, to be paid (if at all) at their own convenience." (D. Michael Quinn, "LDS Church Finances from the 1830s to the 1990s," *Sunstone,* June 1996, 23.)

23. Tithing Funds Used for Political Purposes. Oct. 5, 1890, as part of the October general conference: "I then went to the Gardo House where the majority of the First Presidency, Twelve, First Seven Presidents of the Seventies, Presiding Bishopric and Presidents of Stakes were assembled. George Q. Cannon: 'Our financial affairs merit our earnest attention. The calls upon the Church are numerous and pressing, and we are constantly going deeper in debt. A "defense fund" should exist in each Stake and collections should be made from the Saints on this account. Now we are compelled to divert tithing from its proper channel and use it for political purposes and in various ways, because the Saints have failed to properly donate for defensive purposes.'" (*Candid Insights of a Mormon Apostle: The Diaries of Abraham H. Cannon, 1889-1895,* edited by

Edward Leo Lyman, 2010, p. 145.)

24. Incorporation of Saltair Beach Company. On June 2, 1891, leading officials of the Church, joined with others in organizing "a Bathing Resort near the Inland Salt Companys land on the south end of Great Salt Lake, also to build an Hotel & other places of recreation and amusement for the benefit of the Latter-day Saints &c &c." The stockholders put up this amount of money for the enterprise: Wilford Woodruff, $20,000; George Q. Cannon, $20,000 plus $125,000 as a "Trustee"; Joseph F. Smith, $20,000; Angus Cannon [president of the Salt Lake Stake, and GQC's brother], $5,000; L. John Nuttall, $5,000, James Jack, $10,000. (*In the President's Office: The Diaries of L. John Nuttall, 1879-1892,* edited by Jedediah S. Rogers, 2007, pp. 459-60.)

25. Church to Cover any Losses of Apostles Who Bought Sugar Stock. "[July 28, 1892; in apostles' meeting.]" Apostle Heber J. Grant, who had purchased a lot of stock in the Church's sugar enterprise, wrote: "I made a long talk on the affairs of the Sugar Co. saying I felt that it was too much of a load on Cannon Grant & Co. to carry as they had as individuals taken about $90,000 of the stock and were now standing under a load of about $200,000 and that in case of a failure it would crush them. They had not taken this load upon themselves from a business standpoint bu[t] simply from a spirit of loyalty . . . Prest. Woodruff said that in case of a failure he felt the Church should shoulder the load. Bro Thatcher said as the sugar business was a church move he did not see how the church could do other wise than shoulder the load in case of failure." (*The Diaries of Heber J. Grant, 1880-1945, Abridged,* 2010, [published privately; no compiler or publisher listed], 155.)

a. Apostle Grant, One Week Later: Motion Carried. Aug. 4, 1892. "I made a talk on the Sugar business and a motion was carried that [t]he Church should shoulder the load in case the business is a failure." (*Ibid.,* 155.)

26. Church Loaned Funds to Keep Embezzler out of Penitentiary. Aug. 24, 1893. "I was called to give a report concerning the L[eonard] G. Hardy case as far as we have gone. After hearing the report it was decided by vote that the committee continue its labors, and save Bro. Hardy from the penitentiary, and take steps to get the means to meet the amount of his defalcations, using his property in the accomplishment of this so far as it will reach. The Church is to make up any deficiency that may exist, so as to have Bro. Hardy act as receiver for the Church property, to which position he has been appointed by the courts of this territory, whose decision we hope will be affirmed by the U. S. Supreme Court." Hardy was bishop of one of the Salt Lake wards. (*Candid Insights of a Mormon Apostle: The Diaries of Abraham H. Cannon, 1889-1895,* edited by Edward Leo Lyman, 2010, 411.)

a. Church Paid Further to Help Hardy. Nov. 21, 1893. "I was at the President's Office to see if they would assist L[eonard] G. Hardy to pay the interest on some money which he hopes to be able to borrow in order to make good his shortage in the taxes. The brethren agreed to do this for him until he can pay back the amount." (*Ibid.,* 439.)

b. Hardy Needs $17,000 from Church Funds. Nov. 27, 1893. "I went to a meeting of the Presidency and L[eonard] G. Hardy . . .Bro. Hardy made a very strong plea for financial help to the amount of $17,000 to make up the deficiency above the sum he will be able himself to raise. The brethren said they would be willing to use the credit of the Church to this amount to help him, but they did not know where the money can be raised. It was left to Bro. Hardy and the committee to see what can be done." (*Ibid.,* 440.)

c. Church Will Borrow Money to Rescue Hardy. January 11, 1894. "The Presidency and apostles Snow, Richards, Lyman, Smith, Cannon and I [Heber J. Grant] were present. A motion that I made was carried to subscribe $5,000 to assist brother Hardy in case this amount would be sufficient to make up all that would be needed to save him and also provided I was able to borrow the money for a term of one year." (*The Diaries of Heber J. Grant, 1880-1945, Abridged,* 2010, [published privately; no compiler or publisher listed], 167.)

(1). Pooled Funds Will Keep Hardy Out of Prison. January 12, 1894. "[By pooling funds from the Church loan, a loan from the Brigham Young Trust Co., and Hardy family funds, Grant concludes there is enough to save Hardy from prison.]" (*Ibid.,* 168.)

d. Church to Pay $25,000 to BY Trust Co. to Help Them Loan Church Enough to Cover Debt. Jan. 16, 1894. "On motion of Pres. Cannon it was decided that the Church pay $25,000 to the Brigham Young Trust Co. so that they would be able to make a loan to the Church for two years and then this money could be loaned to the friends of Hardy to protect his credit." (*Ibid.,* 168.)

27. President Snow's Concerns About Apostles' Temporal Affairs. January 16, 1894. "On motion of Prest. Jos. F. Smith it was decided to purchase the Parsons ranch property in Nevada [where it was believed a railroad would be built to reach California] on terms proposed by him in the written statement taken by me [Heber J. Grant] this morning . . . Prest Snow . . . hoped that the time was not far distant when the First Presi-dency, Apostles, and Presidents of the Seventies would not have so much to do of a temporal nature so that they would have more time to attend to spiritual duties. . . . Explained that the Presidency felt that there was too little revenue for the Priesthood and it was being conferred to[o] freely." (*Ibid.,* 168.)

a. Pres. Cannon Reports on Trip to East Coast. Jan. 27, 1894. "Geo. Q. Cannon returned from New York this "AM at 3 . . . made a full report of his labors on his recent trip east. I feel very thankful indeed that no arrangement was entered into by Prest Cannon for the Church to make a guarantee of the Bonds of the proposed RR Co. to the coast or to Coalville." (*Ibid.,* 169.)

28. Huge Church Losses from Using Tithing Funds for Businesses. 1890's. "Official Church histories describe the $2 million Church debt in the 1890s as a result of the federal confiscation of Church properties from 1887 to 1890. Instead, the debts resulted from massive losses in the Church's interlocked mining, sugar, real estate, banking, and investment firms. For example, despite a national economic depression, the First Presidency in 1894 used $217,000 in tithing funds to establish the Sterling Mining and Milling Co. Within four years the Church lost its entire investment in this speculative mining venture. In June 1899, recently sustained Church President Lorenzo Snow told the apostles that 'the Lord was displeased with us for borrowing or going into debt to the extent of nearly two millions of dollars for business enterprises.' [*Journal History*, 8 June 1899, p. 6]. (D. Michael Quinn, "LDS Church Finances From the 1830s to the 1990s," *Sunstone,* June 1996, p. 25; see also D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, 218.) .)

a. First Presidency Loaned $50,000. April 18, 1895. "I spent [the greater part of the day] in trying to procure a loan for the Sterling Mining Co., which is for the benefit of the [First] Presidency. . . . The amount we procured here [the Commercial National Bank] was $15,000. I then obtained the payment to Zion's Savings Bank of $10,000 of the Bullion-Beck and Champion Company's notes, which amount the bank loaned the Presidency, and also made them a temporary loan of $25,000, making a total of $50,000, which amount makes the final payment for the purchases of [the Caroline and other] mining property recently made, and which are producing considerable gold each month." (*Candid Insights of a Mormon Apostle: The Diaries of Abraham H. Cannon, 1889-1895,* edited by Edward Leo Lyman, 2010, 646.)

b. Attempt to Borrow $25,000 More for First Presidency. April 22, 1895. "I called on [William S.] McCornick and [John E.] Dooley to try and procure a loan for the Presidency of $25,000, but as I had no security to offer I could not obtain the money." (*Ibid.,*650-51.)

c. $40,000 More Borrowed for First Presidency. April 24, 1895. "I spent most of the day arranging loans for the Presidency. I secured $20,000 from the Deseret National Bank, which went to Zion's Savings Bank to pay a note of the Presidency which went to Zion's Savings Bank to pay a note of the Presidency which there due. I then borrowed $20,000 from Wells, Fargo & Co. to pay a note at the State Bank of Cannon, Grant & Co." (*Ibid.,* 651.)

d. New Company Formed for Church Leaders, with $100,000 Capital. Oct. 9, 1895. “At noon I met with the Presidency and J. E. Langford and Hugh J. Cannon, and presented to them the form of an agreement for the purchase of the Confidence [mining] properties, which was accepted and signed. It provides for the formation of a company with a capital of $100,000, divided in shares of $1.00 each, which is to be divided as follows: Wilford Woodruff, Trustee, 12,500 shares; Treasury, 2,500 shares; Wilford Woodruff, George Q. Cannon and Joseph F. Smith, 15,000 shares each; Orson Smith, J. E. Langford, Hugh J. Cannon and myself, 10,000 shares each. J. E. Langford, to be manager. He believes he can pay the company’s debts, and declare a dividend by April next.” (*Ibid.,* 744.)

(1) Jos. F. Smith Gets 11,000 Shares of Sterling Stock; 4,000 to Presidency without Strings. “The Sterling stock of Orson Smith and J. E. Langford was reapportioned, giving to them and Joseph F. Smith 11,000 shares each, leaving 4,000 shares in the treasury to be used by the Presidency as they see proper.” (*Ibid.*)

e. Church Later Paid Off $160,000 for Sterling Mine. In January 1899, the First Presidency and Twelve met. "Hugh J. Cannon, John M. Cannon, Asahael Woodruff, Jerry Langford of the Sterling Mining Co. met and talked over the business of that Co. It is evident from the shape of the company's affairs that the church must eventually shoulder about $160,000.00." (*Church, State and Politics: The Diaries of John Henry Smith*, 1990, p. 416.)

f. Attempt to Sell Sterling Mine. Nov. 15, 1895. “The Presidency decided in the afternoon to sell the Sterling Mining Co. property for $300,000 if possible, and instructed me to tell Orson Smith to place the property in the hands of Sam Godbe to dispose of.” (*Candid Insights,* 761.)

g. Board of Directors All Apostles: Church Paid Off $107,000. "April 19, 1899. The Sterling Mining co. board of directors, Lorenzo Snow, Franklin D. Richards, Myself [Abraham H. Cannon], Heber J. Grant and Rudger Clawson [all apostles] considered a debt owing to the Zions Savings Bank and Trust Co. by the Sterling mining Co. and endorsed by Wilford Woodruff, Geo. Q. Cannon, and Joseph F. Smith. After hearing all of the facts to be reached, President Lorenzo Snow decided to accept and pay one note and interest amounting to $107,000.00." (*Candid Insights of a Mormon Apostle: The Diaries of Abraham H. Cannon, 1889-1895,* edited by Edward Leo Lyman, 2010, 423.)

29. Rescuing Apostle-Owned Businesses. It is hard to know how frequently the Church has come to the rescue of businesses owned by general authorities, because few journals are available to check. Some diaries, or diary excerpts, that are now available, however, indicate that during this era, several such businesses were rescued:

a. Vote to Bail Out Church Leaders. 1893. “‘In the first months after the onset of the Panic of 1893, according to the Francis M. Lyman Journal, August 3, 1893, LDS First Presidency office (access restricted), ‘President [George Q.] Cannon then reported fully his efforts in London to raise money [in which he] was unsuccessful [and] the fact that Cannon, Grant and Co. are staggering under the weight of the sugar factory with fair prospects that they would succumb. It was asked that the Trustee in Trust [Church president] take up the load [then] shouldered by Cannon, Grant and Co. to raise the money to build the factory when it could not be raised by the church. I [Francis Lyman] moved that the Trustee in Trust relieve Cannon, Grant and Co. by taking up the load and giving Trustee in Trust notes secured by sugar factory notes. Seconded by Pres. [Lorenzo] Snow and carried unanimously. If this can be properly done it may save Cannon, Grant and Co. who have jeopardized all they have on earth to carry out the inspiration of the Lord through President Woodruff and his counselors.’ An entry for July 13, 1894, states: ‘After [the] meeting, Pres. Cannon laid before Pres. Jos. F. Smith, John Henry and me the condition of Cannon, Grant and Co. Every dollar we invested is swept away and we are left penniless. Br. Jos. F. and I put in $25,000 each, Pres. Cannon, $100,000, Bro. Grant, $75,000, John Henry, $25,000. It may require even more than our capital to square our obligations. That puts every member of Cannon, Grant and Co. flat on their backs financially.’” (*Diary Excerpts of Heber J. Grant, 1887-1899*, 396 f10.)

b. <u>Heber J. Grant Asks for Financial Help</u>. March 1, 1894. "Heber J. Grant reported the deplorable condition of Grant Bros. Livery Co., but the brethren did not see any way in which to give him relief for this business." (*Candid Insights of a Mormon Apostle: The Diaries of Abraham H. Cannon, 1889-1895,* edited by Edward Leo Lyman, 2010, 475.)

c. <u>Cannon-Grant Crashes; Six Apostles Rescued</u>. In July, 1894, Cannon, Grant, and Company, the holding company for church finance, failed. "Every dollar we invested is swept away and we are left penniless." General authorities reckoned their losses at $100,000 for George Q. Cannon, $75,000 for Heber J. Grant, and $25,000 each for Joseph F. Smith, Francis M. Lyman, John Henry Smith and Abraham H. Cannon. Unable to shoulder such losses, the men kept the company technically afloat until 20 July 1898, when they asked the Trustee-in-Trust to save it. (D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, p. 796.)

d. <u>President Cannon Rescues His Son William</u>. July 13, 1894. "I was with Father [GQC] at the President's Office for a short time in the afternoon while he was explaining to Bros. Geo. Romney, Geo. H. Taylor and Francis Armstrong his ruined financial situation. He did so because their firm are dunning him for the payment of a note which Father endorsed for William [Cannon], and which the latter is unable to pay. After he had told them how he was situated, all said they would not press him, but would like him to do something for them as soon as he possibly could. I felt very much humiliated to hear him talk to them as he felt compelled to do, and I very much wished William had been there to hear what was said." (*Candid Insights,* 528-9.)

e. <u>Abraham Cannon's Lament</u>. July 14, 1894. "At 10 o'clock I was at a meeting of Cannon, Grant & Co. . . . My individual losses by this business will be $25,000, which I am at present unable to pay, but hope in time to make up, so as to bear my part of the burden. Father loses $100,000. We were in session four hours, and gave careful and full consideration to our condition, which is very discouraging, and yet we all felt that the only thing to do is to work with energy and faith to extricate ourselves." (*Ibid.,* 529.)

f. <u>Grant Bros. Livery Co</u>. "July 20, 1894. I was at the President's Office with the Presidency, and the Twelve who were in our Council yesterday. The question of the Church endorsing the paper of Grant Bros. Livery Co., in order to save it from [bankruptcy] assignment, was considered. Pres. Woodruff expressed himself at first as very much opposed to doing so, but after hearing the expressions of the brethren, his feelings changed. The final result was that the Trustee-in-Trust was authorized by us to endorse notes to the amount of $35,000, taking as security for the same a mortgage on the real estate. I felt that to let this company fair at present would do us far more financial injury than would the amount of money necessary to save it." (*Candid Insights of a Mormon Apostle: The Diaries of Abraham H. Cannon, 1889-1895,* edited by Edward Leo Lyman, 2010, 532.)

g. <u>Cannon, Grant & Co Loaned Assets</u>. Oct. 2, 1894. "We also decided to loan some notes to Cannon , Grant & Co. with which to pay an account which falls due in New York next month, with the under-standing that they are to repay the loan as soon as they can procure another loan on their securities." (*Ibid.,* 551.)

h. <u>Necessity of Bailing Out Top Leaders in Ogden Bank Disaster</u>. In 1896 the Utah Loan and Trust Co. of Ogden neared bankruptcy. Its officers were high church officials, plus the LDS leadership of Ogden. The First Presidency were persuaded to lend support when the church's loan agent in the East warned that if that bank went under, all the Church's loans would be jeopardized. The First Presidency called Elders Matthias Cowley and Heber J. Grant on a mission to find the money to save the bank. This letter was sent along with them: "We have called these brethren on a mission to raise the funds necessary to save one of the institutions of Zion from making an assignment. We feel that it would be a great calamity to have it fail . . . We appeal to you to render to these brethren all the financial aid that your circumstances will admit of. . . . we do not hesitate to appeal to you for aid in this matter, knowing that every sacrifice made in aiding any of the institutions of Zion will be sure to bring an ample reward from our Father in Heaven." The letter finally worked, and the brethren did not have to reveal that the original owner, Apostle Abraham H. Cannon, had died insolvent." (Ronald W. Walker, "Heber J. Grant and the Utah Loan and Trust Company," *Journal of Mormon History,* Vol. 8 [1981], pp. 23-36.)

(1). President Grant Recalled Details. On Jan. 7, 1942, President Heber J. Grant recorded in his diary a remembrance of the Ogden banking difficulty: "I then had a long talk with Charles C. Richards. Brother Richards originally organized a bank in Ogden known as the Utah Loan and Trust Company with a capital of $200,000. Subsequently Brother Abram H. Cannon purchased $90,000 of the stock at $60.00 a share, assuming a note of fifty cents a share of $45,000, and putting up additional collateral of $11,000 in the stock, making a total of $10,000 of the capital stock on his note of $45,000. Two or three months later Abram died and his estate was insolvent and the cashier of the bank came and told me that I could get $101,000 pf the capital stock of the bank if I would sign the note for $45,000 that Abraham owed the bank. I had just made an estimate of my financial affairs, and I was $88,000 worse off than nothing. The idea of getting $101,000 of stock that was well worth according to the cashier's estimate $60 a share appealed to me. I rushed up to Ogden at once to sign the note and to get the stock, but first I looked into the condition of the bank and decided that the stock was absolutely worthless. . . . I reported at the next Thursday meeting of the Presidency and Apostles. . . . I said the bank examiner was liable to indict the brethren who were directors of the bank for taking deposits in a bank without any capital. I made an appeal to President Woodruff to subscribe some money and let us try to raise the money to at least pay Abraham Cannon's note of $45,000, because he did not have a chance. . . . All my life it has been made one of the mysteries to me why on earth Abraham ever made such a purchase. . . . It was decided that the Church, because of the confiscation of its property [by the government during the polygamy era] ought not to help. Finally, Joseph F. Smith who had been elected President when Brother Cannon died, made a motion that we let it fail [.] I immediately said, 'I hope no one will second the motion, I do not think we ought to make any record at all of the transaction, it is one of your funeral and certainly we do not want to have in on our books that we are willing for Abraham Cannon to go down to posterity as having busted the bank." (*The Diaries of Heber J. Grant, 1880-1945, Abridged,* published privately, 2010, 460-61.)

i. Church Bailed Out Cannon, Grant & Co. "July 20, 1898. We adopted on my motion a Committee report asking the Trustee [of the Church] to save our Company [Cannon, Grant & Co.] from failure." (*Church, State and Politics: The Diaries of John Henry Smith*, 1990, pp. 415-16.)

j. President Paid Off Debt of Heber J. Grant. [August 1, 1898] "I learned that Cannon, Grant and Co had presented their petition to Prest Woodruff asking him to accept the notes as of such of the members of the firm and for him as Trustee in Trust of the Church to pay our debt to the Zion's savings Bank and that he had agreed to do this. I never had a thing in my life that I felt more humiliated over than to be a party to making such a request and when it was first proposed I was in direct opposition to making the request, but realizing that it was impossible to close up the business of the firm without assistance from the Trustee in Trust I finally consented to sign the document making the request. I feel that the condition of the business of Cannon, Grant and Co. has had much to do with the worry that has brought on the sickness of Prest George Q. Cannon." (*Diary Excerpts of Heber J. Grant, 1887-1899*; Aug. 1, 1898.)

k. Paid Off $45,000 on Authority-Owned Business. On Jan. 4, 1899, the First Presidency and Twelve "met with John R. Winder [a counselor to the Presiding Bishop] and others in regard to the Pioneer Electric Lighting & Heating Co. We tried to find out who should pay $45,000.00 in interest. LeGrand Young and R. S. Campbell were also present. We finally agreed to pay the money." (*Ibid*., p. 402.)

30. Idaho Stake President Needed Help. March 7, 1894. "Was called to the President's office to a meeting at 10 o'clock. Pres. Thos. E. Ricks of the Bannock [Idaho] Stake appealed to the Presidency for financial help. He is liable to be sold out unless he can get some temporary help. The brethren did not know how to aid him, but referred him to [Presiding] Bishop Preston, to whom they gave authorization to assist him if possible." (*Candid Insights of a Mormon Apostle: The Diaries of Abraham H. Cannon, 1889-1895,* edited by Edward Leo Lyman, 2010, 477.)

31. First Presidency Agrees to Guarantee $1,500,000 of Bonds on Their Signatures. Dec. 2, 1895. "The President stated that the Pioneer Power Co. of Ogden had expended over $50,000 on its property, which amount had been raised on the individual credit of the directors. The control of the Company is in the hands of the Presidency of the Church, and they desired to carry the work through to completion, because they believed it would be beneficial to Zion in whose interest they were working in this enterprise. The Company had unsuccessfully tried to sell its bonds, till now they have an offer from Mr. [Joseph] Bannigan, who purchased the Sugar Bonus to pay $1,200,000 of the bonds providing we have a bond of $300,000 in bonds and $300,000 of preferred stock of the company, which dividends are to be 8%; the bonds are also to be guaranteed by the signatures of the Presidency of the Church. In other words, he is to buy the $1,500,000 of bonds at 50 cents on the dollar; and the interest and principal of the same is to be guaranteed by the Church. His demand is a very heavy one, but there is no likelihood of our being able to do better.

a. Apostles Uncomfortable with Decision, But Go Along. "Pres. Woodruff desired to know if the brethren would approve of the endorsement of the Church on these bonds. The matter was considered at some length, resulting in all of the brethren voting for the motion . . . that we do give the Presidency our full support and faith in signing the same. John Henry Smith said he voted for the motion, though his conscience and judgment did not approve of the course which it was decided to take. He feared the credit of the Church might be injured by this action. Both he and F. D. Richards urged that we defer action till the majority of the Quorum are together, and thus get them committed to the policy . . . Pres. Snow remarked that the Presidency would have the support of the Quorum of the Twelve in whatever they decided to do, even though the course they took resulted in financial failure." (*Ibid.,*766.)

b. Don't Tell Moses Thatcher. "After meeting, Father was speaking to some of the brethren, when he said with the feelings which Pres. Woodruff entertained towards [apostle] Moses Thatcher, it would not be wise for any of us to mention this matter to him." (*Ibid.*)

c. Apostles Cowley and Lyman at Odds with Grant. On September 12, 1898, apostle Anthon H. Lund wrote, "I went over to the office and met Bro. M[atthias]. Cowley and F[rancis] M. Lyman. The latter [Lyman] told me about Bro. [Heber J.] Grant's speaking so harsh to him in my presence. Bro. Lyman says he [Lyman] had not the least intention to hurt his [Grant's] feelings. He had perhaps done wrong in letting Grant use his name and not objecting. He said he knew Grant was doing his best for him and the brethren. Lyman had sold his share in the bank for 50 cents on the dollar to Abraham Cannon but died before the transaction was con-summated." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, p. 45.)

d. Church Leaders Close to Bankruptcy. A footnote adds: "The dispute centered around the Ogden-based Utah Loan and Trust Company. Apostle Abraham H. Cannon purchased a controlling interest in the bank in June 1896. He then arranged for a loan of $40,000 but died six weeks later, the loan unpaid. While the bank teetered on collapse, the directors enlisted Heber J. Grant to assume Cannon's debt and help the bank. With the church's endorsement, Grant spent considerable time pressuring financially sound church members to donate to the cause, invoking the names of Joseph F. Smith and Francis M. Lyman, who were investors and directors of the bank. However, Lyman insisted that he had sold his shares to Cannon before the latter died and therefore objected to his name being linked to an unstable institution. Grant, suffering from a personal debt of over $90,000 and under tremendous pressure to save the bank, rebuked Lyman. Although the bank closed its doors two years later, Grant saved depositors from losses and prevented a financial crisis. (Walker, "Heber J. Grant and the Utah Loan and Trust Company," in *Qualities that Count,* 143-65; *Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, p. 45.)

e. Paying Off Apostle Abraham H. Cannon's Debt. Apostle Heber J. Grant noted in his diary, on December 3, 1898: "Spent the day with business matters. Chatted with John M. Cannon & Geo Q. Cannon on the proposition of arranging to pay AH Cannon's note for $40,000 favor Utah Loan & Trust Co." (*Diary Excerpts of Heber J. Grant, 1887-1899*; Dec. 3, 1898.)

f. Jesse Knight Donated $10,000 to Help. "December 20, 1898. Jesse Knight came through with $10,000 for Utah L. and Trust—much other money to save Ogden bank as First Presidency wishes." (*Diary Excerpts of Heber J. Grant, 1887-1899.*)

g. Possible Criminal Action Against Prest. Joseph F. Smith. On 1 April 1902, the First Presidency obtained ("at exorbitant prices") the last stock certificates in the failed Utah Loan and Trust Company in Ogden. It was necessary "to prevent civil and criminal action against its former president, Joseph F. Smith and director, Apostle Francis M. Lyman." (D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, p. 804.)

h. Need to Keep Matter Out of the Courts. Oct. 31, 1901: "In the afternoon we met with Bro [Reed] Smoot and F[ranklin] S. Richards on the Ogden Bank business. There are still some claimants unsatisfied. I moved that Bro. Smoot go to Ogden and see how he can compr[om]ise matters with the claimants in order to have that matter kept from being ventilated in the Courts." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, pp. 160-1.)

i. Anger at Hold-Out. Feb. 21, 1902. "Reed Smoot had seen E. H. Jones who holds the last of the bank-stock in the Ogden Trust Co. He asks 2000 dollars for it although he knows it is worthless. It is scandal-ous. Prest. [Joseph F.] Smith was indignant at such rascality. I said as we had swallowed the camel hair and all, we ought not to gag at the Tail! I see trouble ahead. Other stockholders may come in and make claims if by some hook or crook this man can get a decision against the bank. Then all our sacrifice will be in vain." (*Ibid.,* p. 181.)

32. Disagreement Over $40,000 Loan to Aid Heber J. Grant. "Dec. 22, 1897. Prest Jos. F. Smith took lunch with us today. I had a chat with him and among other things he said that Prest Cannon blamed me that Spencer Clawson had secured the forty thousand dollars from the money advanced by Claflin and Co some four years ago. I was surprised to learn this and I confess that it annoys me to think that Prest Cannon should think have it in his heart to think [sic] I would unload a bad debt on the Church so as to protect the State Bank [which Grant owned]. I have no recollection of asking that Spencer Clawson have any party [sic] of the money we secured from Claflin, but at the same time would have been perfectly willing to let him have any share of the money he may have wished as I looked on him as being very sound financially. I recall only too well that he did not want to sign an agreement to take the money for two years at twelve percent, but finally agreed to do so. The fact that the State Bank has since loaned him over thirty thousand dollars is proof positive that we did not consider his account bad, or we would have refused him any more money after we got the forty thousand which the Church loaned him. I told Prest. Smith with the utmost frankness that I did not have the confidence in Prest Cannon's financial methods that I wish I had, had I supposed he returned my feeling of distrust with those of distrust in me and my ability, and I supposed we would have to let the matter rest there.

a. Little Confidence in Cannon's' Son Frank. Prest Smith told me in confidence of a number of business matters in connection with Frank J. Cannon that he wished were otherwise, and I only had my lack of confidence in the methods of Prest Cannon decreased by what Prest Cannon told me. I do not hesitate to put in [it?] on record that I consider it an outrage pure and simply that a man who had made such a record as Frank J. Cannon should be used by the First Presidency to do business for the Church, and I know that Prest Smith that this was different, and Prest Woodruff I feel sure is not posted as to Frank's life, and this makes the responsiblity for his selection as the agent of the Church rest on the shoulders of Prest Cannon, and I am sure I would not like to carry it, but that is his business and not mine, and I shall go on praying for the Lord to bless him, and with all my heart hoping that he will get out all right ant [sic] that Frank may not bring disgrace upon the Church. I have fears that he will an so [sic] and cannot get away from them. I would thank the Lord to see a good man acting as agent for the Church." *Diaries of Heber J. Grant, 1880-1945, Abridged,* published privately, 2010, 241-42.)

33. Presidency and Twelve Approve Assisting Heber J. Grant. Dec. 23, 1897. ". . . Cannon offered to personally guarantee my account, but I feel that this would do me but little good as he is almost as deep in financial trouble as I am. . . .

a. Financial Burden Lifted by Vote of Apostles. "After this motion was carried I felt like as a man from whose shoulders a great crushing load had been lifted and with all my heart I feel to thank the Lord for his manifestation of the confidence of my fellow apostles. We endulged [sic] in a free and frank talk at our meeting and I found that I was not the only one who felt hurt that Frank Cannon was being employed as the agent for the First Presidency in financial matters. The feeling was that Prest Snow should have a free and full chat with Pres Jos F. Smith and let hm know just how we felt and then report to us, and perhaps we would then tell Prest Woodruff how we felt about this matter."

b. Grant Thought Cannon Misquoted Woodruff About Financial Aid for Grant. "I told the Brethren in our meeting that what I objected to more than anything else was the putting of words into the mouth of Prest Woodruff by Pres. Cannon. Prest Woodruff had expressed himself as willing to aid me after the brethren had spoken in favor of his doing so, and then Prest Cannon had claimed that his opposition to aiding me with the endorsement of the Trustee in Trust was based on Prest Woodruff's opposition." (*The Diaries of Heber J. Grant, 1880-1945, Abridged,* published privately, 2010, 242.)

34. Apostles Discuss $100,000 "Lost" by Prest. George Q. Cannon. Jan. 4, 1898; in apostles' meeting. "President Lorenzo Snow . . . There are two things required of us as apostles, a perfect union among ourselves, and a perfect union with the First Presidency. . . . He referred to the advanced age of Prest Wilford Woodruff, and the fact that his first counselor Bro Geo Q. Cannon was doing some things that we could not approve of. This makes no difference as it is our duty to sustain him. The loss of $100,000 more or less is nothing in comparison with our failing to sustain the First Presidency. Disunion in our midst would be sweet morsel for our enemies. It is the right of the twelve apostles to make known to the Presidency their suggestions on any matter of importance where the interest of the Church is at stake and in some cases it is our duty to express our feelings. After we have expressed our feelings it is then our duty to sustain the Presidency in their plans although they may be in opposition to our own feelings. After a free expression of our feelings we should sustain them, hit or miss, live or die. The Lord does not always select religious men to do His work, but he selects men of strong will and determination. I feel it in my bones that all will be well if we will be true to one [an]other and sustain the First Presidency." (*Ibid.,* 243.)

a. We Must Support First Presidency After Voicing Our Concerns About Finances. "Heber J. Grant . . . Expressed himself freely on the question of asking the Presidency to share their financial burdens with the apostles. Did not feel that it was right for men like Frank J. Cannon to be selected to represent the Church. Felt it was an outrage that Frank was used as he was and also that the Church's official paper should be edited by John

Q. Cannon. I expressed it as my opinion that we should ask the Presidency in a respectful manner for a knowledge of the affairs of the Church, and protest against such men as Frank Cannon being employed, and then if the Presidency did not wish to make any changes or to trust us with the business of the Church I was in for sustaining the Presidency. . . . I felt to say with reference to the Presidency, 'Even though they slay me, yet will I trust in them.' (243-44.)

b. Concerns About Pres. Cannon's Financial Dealings. Jan. 4, 1898. At a meeting of the apostles, Heber J. Grant recorded the thoughts of several who spoke. John Henry Smith: "If left to himself the question is would Prest Woodruff have consented to have borrowed a million and a half for the Ogden Power Plant. Would he of his own accord have borrowed the money with which to build Saltair, and would he have spent several hundred thousand dollars in a mine in Nevada. We all know that he would not have done these things. I fear that [the] great burdens which are now on Prest. Cannon are such that he has become desperate and he is plunging, so to speak. It is my belief that the life of Prest. Woodruff can be prolonged if a part of the financial load that he is now carrying can be shifted to the shoulders of the apostles. He loved all of the members of the First Presidency and he would not do a thing to humiliate him, but he would like to see more confidence exhibited in the apostles by Prest. Cannon. He felt that as the load would fal [sic] on the shoulders of the apostles in the event of the death of Prest. Woodruff that [it] is no more than right that we should be consulted in all of the business affairs of the Church where they were of importance." (*Ibid.,* 244.)

c. Prest. Woodruff too Feeble and Old to Counter Cannon's Influence. "[Brigham Young Jr.] felt outraged in his feeling to have a drunkard [Pres. Cannon's son, Frank J.] representing the Church as its agent in the east. I believe that it is the duty of twelve apostles to ask the Presidency to correct these mistakes. Prest. Woodruff in his feeble condition and advanced age is depending entirely on Prest. Cannon to direct in all these matters, and if the Prest. were to pass away we would humiliate Prest. Cannon into the dust by demanding that things be changed, and he felt that the proper thing was to have the Presidency change the present men, and not put a change off until the death of Prest. Woodruff." (*Ibid.,* 244.)

(1.) Church's Credit Used to Rescue Private Enterprises. "[Brigham Young, Jr.] The mining business in Nevada, Saltair, Ogden Power Co., were all private enterprises to start with as I understand the matter, and when they did not prove successful I understand the Church's credit has been used to carry them, if the Church has not made a purchase of these properties. Never in my life have I felt to pray more earnestly for the Presidency of the Church than I do today. I am inclined to think that the best thing would be for Prest Woodruff to appoint some one to act as Trustee in Trust and thus relieve himself entirely from all business matters." (*Ibid.,* 245.)

d. Apostles Refused to Support Railroad Line to Coast, and Cannon Quit Consulting Them. "[Franklin D. Richards]: There is a condition confronting us, and it is here, and while it is unpleasant to talk on such matters I feel that it is our duty to do so. The brethren who have spoken have clearly stated the condition of our affairs. You will all recall, brethren, that the contract with Mr. Clarkson to build a railroad to the Coast was brought before us, and we did not feel to approve of the Church going into debt to such a large amount, and Prest Cannon was annoyed at our not being willing to approve of his scheme, and this may be one reason he does not care to bring matters to our attention, as he fears we will not approve of them." (*Ibid.,* 245.)

(1). Many Not Paying Tithing: They Think It Is Not Used Properly. "There is today a wonderful lack among the people in the faith which they should have in the financial wisdom of the Church at the present time, and we should not lose sight of this fact. I feel that nearly every step that is being taken in a financial way is impairing the faith of the people, and the people and that is placing us in a false light, as we stand between the Presidency and the people, and the people expect us to know a put [about?] these things. There is a feeling of apprehension and the leading financial men in the church are beginning to lose confidence. I have no faith that it will assist matters to relieve Prest Woodruff as Trustee in Trust. . . . I could like to see our business matters changed around so that we could make a report of our affairs to the people, and not have everything in the card as it now is, that is so far as the saints knowing anything of our affairs. In days gone by there were reports made to the saints and these were appreciated and it was calculated to inspire confidence. Today many men will not pay their tithings because they feel that the money is not used in the proper way. I have prayed that Prest Woodruff might live to see the debts of the Church all paid." (*Ibid.,* 245.)

e. Don't Repeat Problems We Had After Death of Pres. John Taylor. "Heber J. Grant. "I am confident that there is not one man in the quorum of the apostles, but what would do anything on earth that was in his power for Prest Cannon, and yet there is a lack of confidence in our hearts because of his failure to be perfectly free and frank in talking with us. He seems to lack confidence in us, and I suppose that is one of the main reasons that we have not the most perfect confidence in him. I well remember the time we had at the death of Prest Taylor . . . I want to be in perfect union and harmony with the Prest of the apostles [Prest. Lorenzo Snow] and all of hy [my?] quorum and then I feel that I will be perfectly safe . . . and that there will be no danger of my getting into the dark as there was when we had so much trouble after the death of Prest Taylor." (*Ibid.,* 245.)

f. Let's Find What Our Duty is with Church Finances, and Then Do It. "John W. Taylor wanted to be directed by the Spirit of the Lord in my talk today or I do not want to talk. Felt that we should find out just what was our duty in reference to the financial affairs of the Church, and then do it." (*Ibid.,* 246.)

g. Disgrace May Come to Church Because of Financial Mistakes. A[braham] O Woodruff: "If disgrace shall come to the Church because of financial mistakes we will not be able to make any satisfactory explanation to the people, as we cannot tel [sic] them that we knew nothing of financial matters relating to the Church. The people expect us to know regarding all of the affairs of the Church." (*Ibid.,* 246.)

h. Prest Cannon is Virtually Head of the Church Today. Marriner W. Merrill. "Personally I have never believed in the wisdom of going into debt, neither have I felt that it was wisest for the Church to run into debt. . . . I feel that the Church should be lending money and not borrowing. If there is any danger of the tithing of the Church being bonded in the plan for relief which is in the hands of Frank J. Cannon, I feel that when it comes to the knowledge of the saints that the tithing is bonded to pay interest and debts that the tithing will stop coming in to a great extent. I feel that the Church should stop going into debt and do all possible to get out of debt, and have money on hand to loan. I feel that Prest Cannon is virtually at the head of the Church today, and is the responsible man, as Prest Woodruff in his advanced years leans on him in all matters." (*Ibid.,* 246.)

i. Lord Does Not Approve of Our Debt; We Need Information from First Presidency. "Prest. [Lorenzo] SNOW explained that there was the very best of feelings existing between him and Prest. Woodruff, also Pest. Cannon and Prest. [Joseph F.] Smith. But Prest Cannon knows that I do not approve of his methods of running into debt. Nearly all of his schemes where the Church has run into debt there has been a failure, and I have felt that the Lord did not approve of our running into debt personally or for the Church. The Prophet Joseph got into debt and the Lord told him that He did not approve of going into debt even to get the money with which to erect the Temple. I feel sure He does not want us to go into debt to build R. Roads, Power Plants, Saltair Resorts, etc. I feel that we should ask the Presidency to give us information on the finances of the Church." (*Ibid.,* 246.)

j. Apostles and Others Drawing from Tithing Will Have to Stop. "There was considerable informal chat at the meeting this afternoon and nearly all of us said something. We seemed pretty well united that the right thing was for us to ask for information on the financial condition of the Church. The fact that Frank J. Cannon had a large salary from the Power Co. at Ogden and that the Church had to pay the interest on the company's bonds, that Prest Cannon had said the Church was so deeply in debt that the apostles and others who are drawing from the tithings will have to stop were talked over, and the question came up as to whether the salaries that were coming to men in cases where the Church was carrying the companies would not be stopped before those of the elders engaged in the work of the Church. We have had a good time in our meetings today and I rejoiced to have been present." (*The Diaries of Heber J. Grant, 1880-1945, Abridged,* published privately, 2010, 246.)

35. Grant Asks Church President to Rescue Cannon, Grant and Co. with Church Funds. Aug. 1, 1898. "I learned that Cannon, Grant and Co had presented their petition to Prest Woodruff asking him to accept the notes as of such of the members of the firm and for him as Trustee in Trust of the Church to pay our debt to the Zion's savings Bank and that he, had agreed to do this. I never had a thing in my life that I felt more humiliated over than to be a party making such a request and when it was first proposed I was in direct opposition to making the request, but realizing that it was impossible to close up the business of the firm without assistance from the Trustee in Trust I finally consented to sign the document making the request. I feel that the condition of the business of Cannon, Grant and Co. has had much to do with the worry that has brought on the sickness of Prest George Q. Cannon." (*Diaries of Heber J. Grant,* 247.)

36. Pres. Snow Wanted Church Finances Audited, After Death of Pres. Woodruff. Jan. 5, 1899. "Meet-ing of the apostles in the Temple at 11 am. . . . John Henry Smith suggested that an auditing committee be appd. All of those who spoke on the proposition favored it very heartily. Prest Snow was decidedly in favor of such a Committee and said he was working in the dark. Wanted all of his transactions fully examined and audited. Said no one can be hurt by such a Committee and some might be greatly benefitted. There may be some transactions that can be explained to our perfect satisfaction during the life of Prests Cannon & Smith that could not be explained to our perfect satisfaction after their death. Prest Snow appointed [four apostles] and me as the auditing committee.

a. Heber J. Grant Ruined Financially. "The discussion took a very wide range, and during my talk I said my feeling had been hurt very much indeed when my allowance from the Church had been cut down without consulting me and learning that I absolutely needed the full amount of my former allowances. When I had money I had given away all of my allowance from the Church & now that I was ruined financially I felt my brethren should have been generous with me, and not made a reduction in my compensation."

b. Church Has to Rescue Sterling Mine. "This afternoon attended a meeting at Prest. Snow's office where the affairs of the Sterling mine was fully discussed. The[y] are in a very bad condition and as the Church has endorsed for a very large sum of money it looks as if it will be called on the [sic] make a large loss." (*Ibid.,* 264-65.)

37. Elders Cowley and Grant Receive Funds to Repay Church. Jan. 6, 1899. "Received $15,000 from John M. Cannon in full payment of the note of [apostle] A H Cannon deceased for $4000 favor Utah Loan & Trust Co. . . . My heart is full of gratitude to God for His assistance in aiding Elder Cowley and me in getting the funds necessary to cancel the note of A H Cannon and also the $7,500 needed to refund to the Church the money it had advanced to the Utah Loan & Trust Co. last April. . . . [*Letter from George Q. Cannon*]: My object in writing you now is to say that if $1500 will be any relief to you I can assure you that you will be very welcome to it. If you will accept of it, you need have no scruples about it, as I take it from what I call my dedicated stock money [money that came to him after the Church purchased the Sterling Mine.] . . . My first inclination was not to accept this present as I feel humiliated to be placed under a personal obligation to any of my brethren by having them make me a present, but on the other hand to refuse the gift would be sure to offend Pres. Cannon (read to Snow, Smith, Cowley and they all advised that I accept the present."

38. Personal Loans to General Authorities Not Paid Back. March 1899. "In many cases the trustee-in-trust [the Church President] gave personal loans to general authorities. By March 1899, outstanding loans totaled $115,000, much of which, one authority said, would never be paid 'in this life.' On occasion the church also appropriated money for travel and other special expenses." (Thomas Alexander, *Mormonism in Transition: A History of the Latter-day Saints, 1890-1930*, 1986, p. 100.)

39. Pres. Snow: Lord Displeased with Our Business Enterprises. "In June 1899 recently sustained church president Lorenzo Snow told the apostles that 'the Lord was displeased with us for borrowing or going into debt to the extent of nearly two millions of dollars for business enterprises." (D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, p. 218.)

40. Heber J. Grant Assisted Financially by Church. "Jan. 10, 1899. Heber J. Grant said his financial condition left him about $77,000.00 worse than nothing. He lamented because he had no living son. Prest. F. D. Richards prophesied that he would have a son [he never did] and means to pay his debts. . . .H. J. Grant and I called upon President Lorenzo Snow and he as Trustee in Trust forgave the interest on the notes given to the Church [by Grant and John Henry Smith] to save Len Hardy from disgrace. H. J. Grant paid $500 for me which I am to refund when I can." (*Church, State and Politics: The Diaries of John Henry Smith*, 1990, pp. 416-17.)

a. Heber J. Grant's Theatre Stock. "4 Jan. 1900: Apostle H. J. Grant stated that he had an oppor-tunity to lease the Salt Lake Theatre to Mr. Mulvey, manager of the New Grand Opera House, for a period of ten years to good advantage, and, if the brethren had no objections, thought he would do so. He would prefer, he said, to sell the church a controlling interest in the property—namely 51 shares or $51,000—but his circumstan-ces were such he had to do something. He called attention to the fact that he had a $30,0000 note at Zion's Saving Bank, a $12,000 note with the Trustee-in-Trust [the Church], and suggested that these notes be turned over to him for theatre stock and that the Trustee-in-Trust buy enough more to give the church the controlling interest. After some discussion it was moved by Pres. Jos. F. Smith that the suggestion made by Apostle Grant be adopted . . ." (*A Ministry of Meetings: The Apostolic Diaries of Rudger Clawson,* 1993, p. 130.)

41. Apostles Discuss Pres. Cannon's Financial Dealings. Jan. 11, 1899; in apostles' meeting. "Brother [Abraham O.] Woodruff suggested that we try and show to Prest Cannon that we appreciate his untiring energy and great devotion to the work of the Lord but being as considerate of his feelings as possible in all of our investigations of the Church's financial affairs." (*The Diaries of Heber J. Grant, 1880-1945, Abridged,* published privately, 2010, 267.)

a. He's Now In a Position of Humiliation. "Bro. John Henry Smith said that we cannot take the fearful load from Prest Cannon's shoulders which he is now carrying. He has in years gone by kept us at arms length and today he is in a position of humiliation. Bro. Franklin D. Richards said confidence was never had in the Priesthood by asking for it, & that our only way to have the confidence of the people was to so live that we would merit it. Felt very kindly to Prest Cannon but the humiliation which has come because of many Church business affairs can't be avoided." (*Ibid.*)

42. J. Golden Kimball's Sad Plight. April 19, 1899. At a time when those at the very top of the Church hierarchy were making deals with tithing money that ran into tens of thousands of dollars, those lower down in the chain were barely surviving. On of the saddest stories is that of Elder J. Golden Kimball of the First Council of Seventies. Kimball's wife, Jennie, "really wanted only two things from her marriage—the constancy of a husband and father in the home and freedom from financial problems that tormented them all of their lives. Sadly, Golden felt he was powerless to do anything about either. For all of this service to the Church, his living allowance was cruelly small—only $65 a month. . . . The unbearable public humiliation of personal financial failure which lay at the root of so many personal problems caught up with Golden in the spring of 1899. He could no longer ignore the obvious fact of his pitiable finances. On 19 April he filed personal bankruptcy with the U.S. District Court of Utah. In a written affidavit to the court he listed his assets as $2,031 and his debts as $11,126. The collapse of his personal finances meant that Golden could not settle his many debts with merchants, bankers, and numerous friends. He was shamed and humiliated by this unbearable situation. His despair was heightened because he knew that most of his debtors faced fiscal complications as grave as his own. . . . Although the Church did not increase Golden's allowance, he was the last General Authority in the Church to ever declare public bankruptcy." (James N. Kimball, "J. Golden Kimball: The Private Life of a Public Figure, *Journal of*

Mormon History, 24:2 [Fall 1998], p. 81.)

a. . "Fourteen years later [1913], he was still struggling with the direst poverty." At that time a grocery store owner "struck him several times in the face, inflicting a number of severe cuts and bruises on the head and cheek . . . He was 'so badly injured that the services of a physician were required.'" Apparently "the wounds indicated that a blunt instrument like brass knuckles had been used." The debt Golden owed was $24. He was 60-years old at the time, having been a General Authority for 21 years, and a mission president for three years before that. (*Ibid.*, pp. 81-2.)

43. Church Called on to Bail Out Sterling Mine Investors About $400,000. April 19, 1899. "A General discussion of the affairs of the Stirling Mining Co. was indulged in and President Snow finally agreed to assume a note of One hundred and odd thousand dollars due the Zions Savings Bank and Trust Co., signed by the Stirling Mining Co. and indorsed by Wilford Woodruff, George Q. Cannon and Joseph F. Smith. Presidents Cannon and Smith and Asahel Woodruff all testified that although the indorsement was a personal one it was made on behalf of the first presidency and not as individuals. The loss to the church on account of the Stirling Mining Co. will be between 3 and 4 hundred thousand dollars. In my heart of hearts I cannot help but feel that in as much as this business was originally a personal one and turned out a failure that President George Q. Cannon who has been wonderfully successful in other mining ventures should at least make good one sixth of the loss sustained by the Church, as his original interest in the Stirling Mine was one sixth. I would feel just the same as this refaridng [?] able to reimburse the Church, but I think it would be a great hardship to ask them to do so under their present financial circumstances. Brother Orson Smith remarked that if he were able he would consider it his duty to pay one sixth of the Stirling mine losses." (*Ibid.,* 275.)

44. Help Given Other Presidents' Families. Oct. 1, 1901. Apostle John Henry Smith commented: "It is difficult to reach this matter. Prest. [Brigham] Young had made property for his family. His policy was that the wives of the prophet should [blank]. Prest [John] Taylor left each wife 10,000 dollars in home and income. Prest [Wilford] Woodruff let his wives have homes and made special provision for the family which had the least means. It is humiliating for our leading men to be destitute. Prest Young helped my father's family with five hundred dollars until we could shape our affairs. There was a time when we could devote more time to our own affairs but as the work grows our time is more demanded. I should certainly be in favor of any measure you shall suggest in regard to Bro. [Lorenzo] Snow's family. The young family ought to be provided for. I like Bro [Brigham] Young [Jr.]'s policy to provide for the prophet's family. He also made liberal provision for O[rson] Pratt's family and for Bro. Pratt. My father's family was struggling and I went to Prest. Young myself and he gave them five hundred dollars. Prest. Snow has seven families. Three wives living and some of their children are married off. Minnie, Mary and Phoebe [Snow] have good homes. He has nothing himself. Something should be done for their support. I will endorse Prest B[righam] Young [Jr.]'s suggestion to do something for Prest. L. Snow's family. I do not want any of [his] wives to be under the necessity to go to the Bishop for support. The Apostles' children must learn to rustle for themselves." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, pp. 146-7.) Several other apostles concurred in the recommendation.

45. Pres. Lorenzo Snow's Surprising Financial Resources. President Snow died Oct. 10, 1901, at age 87. His last wife, Minnie, whom he married when he was 82 and she was 17, asked for Church help. On Nov. 21, 1901, "The Minnie J. Snow business came up. She told Bp. [William B.] Preston [the Presiding Bishop] she had no money except some sugar shares and wanted to remain in the Beehive House until next summer. Bro. [Joseph F.] Smith said she is a neighbor that I do not want, and then he showed that she had money over two thousand dollars drawing most of it seven per cent. Bro. Preston said: 'Then I will tell her she better get her the place she says she can get for 35 dollars.' She is going to build a house. I fear this is a poor speculation. If I were her I would go to Brigham City and occupy that pretty home she owns there. I have an idea that she desires to continue living in the City, having got a taste of life here. Some think she has considerable money in the bank. Prest Smith said 'When Brother Snow died, the same instant she left and went to Brother [Bernard H.] Schettler's

bank.' It is said that Brother Snow had 40,000 dollars there, and Minnie had that amount of money transferred into her name. [Those last two sentences were written in French.] Bro. Schettler is very uncommital on this point." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, p. 166.)

a. Today's Value of $40,000 in 1891 Dollars. "In 2010, the relative worth of $40,000.00 from 1901 is: $1,060,000.00 using the Consumer Price Index." (*http://www.measuringworth.com/uscompare/result*; accessed June 23, 2011.)

46. Spencer Clawson Owed Church $40,000 in 1901. Spencer Clawson's many connections to top Church leadership [see 3x5 card entry under his name] may explain this entry: "Dec. 19, 1901: In the President's Office. Bro. Spencer Clawson met with us and wanted us to let him have his stock back which he has given us in security for the 40,000 dollars which he owes the Church." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, p. 171.)

47. Possible Criminal Action Against Prest. Joseph F. Smith. On 1 April 1902, the First Presidency obtained ("at exorbitant prices") the last stock certificates in the failed Utah Loan and Trust Company in Ogden. It was necessary "to prevent civil and criminal action against its former president, Joseph F. Smith and director, Apostle Francis M. Lyman." (D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, p. 804.)

48. Brigham Young, Jr.'s Finances. "Feb. 5, 1902. At the Altar President Joseph F. Smith was mouth. Bro. B. Young [Jr.]s financial condition was talked over. I called upon Prest. Young [Jr.] but he did not seem willing to explain his management of affairs to me." (*Church, State and Politics: The Diaries of John Henry Smith*, 1990, p. 517.)

a. Brigham Young, Jr. Relieved of Debt. In February 1903, the Twelve heard a report from Apostle John Henry Smith, who "said that Brother Brigham Young [Jr.], whom he had recently visited, besides being extremely sick, was distressed and worried about his financial condition. Besides the usual expenses of his family, he was extending assistance to a sick son in Mesa, Arizona. After some discussion it became the sense of the council that Brother Brigham be not allowed to suffer from financial embarrassment, and that, therefore, his wants be relieved." (*A Ministry of Meetings: The Apostolic Diaries of Rudger Clawson,* 1993, p. 401.)

49. Zions Bank's Problems. At the same time Church leaders were desperately trying to keep the Utah Loan and Trust Bank in Ogden from defaulting, the Church bank in Salt Lake was also trying to stay solvent. First Counselor Anthon H. Lund noted: March 28, 1902: "Bank meeting. It was agreed to buy up the Canada stock company's bond. This one is $100,000.00." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, p. 186.)

50. George Albert Smith Given $500 to Clear Up Accounts. "Oct. 28, 1909. President Jos. F. Smith let me have Five hundred dollars for [apostle] George Albert to clear up accounts." (*Church, State and Politics: The Diaries of John Henry Smith*, 1990, p. 635.)

51. Church Loaned Large Sum to Heber J. Grant. April 14, 1910. "At 10 attended meeting of the Presidency and Apostles. Made an appeal that my stock in the Utah-Idaho Sugar Company be purchased by the Church. My appeal was not acted upon favorably but it was voted to loan me the full market value of the stock viz $8.75 a share. I am indeed thankful to get this loan as I can now pay all of my pressing obligations and be comparatively free financially speaking." (*The Diaries of Heber J. Grant, 1880-1945, Abridged,* published privately, 2010,

a. Worth $1,755,000 in 2010. An entry, above, from 1893 states that Grant's sugar stock was originally purchased for $75,000 from the Church. One dollar in 1910 was worth $23.40 in 2010, so $75,000 was worth $1,755,000 in 2010. (*useconomy.about.com/od/inflationfaq/f/value_of_a_dollar_today.htm?*)

52. Auditors' Concerns About Use of Church Funds. In 1911, a committee of four Church auditors sub-mitted a sharply worded report on their concerns about using tithing funds for a loan pool for prominent Mor-mons: "If certain members of the Church are entitled to borrow money for private ends, is this not a right of all members, for the same purpose? If this policy is admitted, would it not result in confusion, jealousy, loss of con-sequent wrong?" They added that "the debtors frequently look upon their obligations as being due to a rich and indulgent relative, to be paid (if at all) at their own convenience." (D. Michael Quinn, "LDS Church Finances from the 1830s to the 1990s." *Sunstone* 19, no. 2 (June 1996): 23.)

53. Request to Borrow Church Money for Business Dealings. Dec. 5, 1912: Bro [Melvin J.] Ballard wanted the Church to lend the Portland Cement Co. Twenty-thousand dollars. This Co. has been a failure and I am not in favor of lending the money." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, p. 491.)

54. Heber J. Grant. Apostle Reed Smoot noted in his journal for Nov. 7, 1912: "I opposed the Church advancing $40,000.00 on B F Grant's dry farm located in Juab Co. with a privilege of redeeming it in one year. This is to allow Heber J. Grant to pay what he is owing the Church and only partially secured. I prefer the Implement Co stock to the Dry farm of B F Grant. I met with Pres. Smith and Heber J. later in the day and gave my reasons. I believe Pres Smith will take the same position." (*In the World: The Diaries of Reed Smoot,* edited by Harvard S. Heath, 1997, pp. 170-1.)

55. Heber J. Grant Borrowed from the Church. "Oct. 14, 1913. "Bro. Heber J. Grant told me he was going to sell some stock on which he would lose 16,000 dollars in order to pay his debt to the Church. I told him Prest. [Joseph F.] Smith would not want him to meet such a loss, if he thought that the stock would go up. He asked me to get Z.C.M.I. to take some bonds on the Reservoir at Sevier Bridge. He would sell them at 85 cents which would make them a good 8 pr cent bond. I saw Bishop [George] Romney and he said he would speak to bro. [Thomas G.] Webber about it as he believed it would be a safe investment. Bro. Webber assented to the proposition and Bro. Grant felt happy as this will make it easier for him to place them in the East. This will make him a bonus of twelve thousand dollars." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921*, edited by John P. Hatch, 2006, p. 521.)

56. Church Bank Advances Money to Debtor. "Feb. 27, 1914. We had a meeting in the Nat. State Bank. There are several bad debts among them that of Pat Moran gave us the most concern. In order to save him we advanced him large sums of money, and now we find that he was nearly 85,000 dols worse off than first represented. We will have to do more in order to save what we have already expended but we do not want to vote to make him an excessive loan as that would involve us directors and perhaps oblige us to pay the loss." (*Ibid.,* p. 534.)

57. Businessman Begs Church to Bail Him Out. March 25, 1915. "I attended director's meeting in the State Nat. Bank [sic]. Bro. [Lyman R.] Martineau is about losing his farms and cried and plead with Pres. [Joseph F.] Smith to lend him $12,500 to avoid being foreclosed. The President guaranteed the loan on condition he sell enough land to pay off the loan." (*Ibid.,* p. 573.)

58. Elbert D. Thomas Asks for Church Loan. March 20, 1915. "Elbert Thomas asked the Church to lend him on his life policy $2000.00 to help save the store of his father for the sustenance of his folks. This was taken under consideration." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, 572.)

59. Joseph F. Smith Keeps Man from Bankruptcy. March 16, 1916. "Attended meeting of Z.C.M.I.

and executive meeting. Pres. [Joseph F.] Smith paid F[erdinand] F. Hintzes debt at Z.C.M.I. to save him from going into bankruptcy. They compromised at 50% on the face of note $739.00." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, p. 606.)

a. "Large Sums" Lent to Hintz. Dec. 11, 1916. "Poor Bro. Hintz. I am sorry for him being so hard run that he can not support his large families. We have lent him large sums to help him. Today we lent him [a] hundred dollars a month for half a year." (*Ibid.,* p. 635.)

b. Action Might Look Suspicious. Feb. 3, 1919. "I went to the Utah Savings & Trust Co. Stockholders' meeting. We elected three new directors . . . Col. [Nephi W.] Clayton had received a check $10,000.00 from Delray Salt Co. and suggested to Prest. Grant that this be divided among the directors of that Co. This would be suspicious to the U.S. Govt and would be looked upon a[s] defrauding the treasury. Prest. Grant thought it would mean $2000.00 to him [personally] said he did not want to do something that looked like backgrab." (*Ibid.,* pp. 728-9.)

60. Rodney Badger Embezzlement. Feb. 13, 1919. Went to the Council Meeting in the Temple. We voted that we would not advance more than 25,000 dols. towards saving the Bingham banks. It turns out that [Rodney] Badger cannot raise more than 25,000 dols. to meet his 130,000 defalcation [embezzlement]. There is some fear that we may be held guilty of loss to the banks by being held as agents for those banks by our keeping Badger as Vice-Prest. and Cashier." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, 730.)

61. Pres. Heber J. Grant Helps Self. Dec. 27, 1919. "Among the debtors was Apostle Heber J. Grant for a 'cash loan of $34,000.' . . . Then, on 27 Dec. 1919, a recently sustained Church President Heber J. Grant obtained the approval of his counselors to accept $30,000 worth of his stock (at par) in the Utah-Implement Vehicle Co. to cancel loans he received as an apostle from the Trustee-in-Trust." (*In the World: The Diaries of Reed Smoot,* edited by Harvard S. Heath, 1997, pp. 170-1.)

a. D. Michael Quinn recorded the incident this way: "Heber J. Grant obtains approval of his counselors to cancel $30,000 in loans he received as apostle from Trustee-in-Trust in exchange for stock." (D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, 817.)

62. President Grant Rescued His Brother's Business with Church Funds. 1920-26. [President Joseph F. Smith's] "successor, Heber J. Grant, continued to invest church funds in failing businesses, despite previous criticism. For example, after the First Presidency sold its financial interest in a Detroit salt factory (Delray Salt Co.) in October 1920 to Grant's brother, the enterprise lost money. From the director's minutes four years later, 'President B[enjamin] F. Grant stated that he had been in negotiations with President Heber J. Grant, Trustee in Trust, and had made arrangements whereby the said Trustee in Trust would loan to this corporation the sum of $50,000.00.' These funds, $640,000 in today's dollars, evaporated as the company continued its slide towards insolvency. Five months later the enterprise needed 'an additional $50,000.00' to 'properly continue the carrying on of the business.' Unsuccessful in obtaining this loan anywhere else, B. F. Grant in desperation again asked his brother for assistance in July 1925. This time the First Presidency of Heber J. Grant, Anthony W. Ivins, and Charles W. Nibley 'unanimously' refused. Because the church was the company's major creditor, the three instead instructed B. F. Grant 'that arrangements immediately be made to start liquidating the business.' None-theless, the saga of this salt enterprise's rescue by LDS funds was not over. B. F. Grant reported to its directors in November 1926 that 'he had finally succeeded in getting an offer from Zion's Securities Corp. to pay $120,000 for the [Detroit] property.' Heber J. Grant was president of Zion's Securities, and loaned nearly $1.5 million in 2010 currency to prevent his brother's financial collapse. Thus, the church used one arm of its financial network to repay a private loan from the primary arm of LDS finance: The Corporation of the President. Delray Salt's board of directors held its last meeting on Dec. 12, 1927.'" (D. Michael Quinn, *The Mormon Hierarchy:*

Wealth & Corporate Power, Signature Books, 2017, 112-13.)

63. Pres. Heber J. Grant Needs $800,000. June 14, 1923. Apostle Reed Smoot recorded in his diary President Grant's difficulties with the Consolidated Wagon Co., of which he was president. At a meeting of the First Presidency and Quorum of the Twelve on June 14, 1923: "Pres Grant reported his efforts towards the reorganization of the Consolidated Wagon Co and get it out of the hands of the Receiver. He wanted the church to loan him $50,000.00 payable 5,000.00 annually until paid so he could take that amount of the proposed issue of Preferred Stock to the amount of $800,000.00 the amount deemed necessary to save the business. He too gave the stock as security. He suggested his brother Fred and Geo Snow as managers. I stated it was unwise to put either of them in such a position they were not fitted for the responsibilities and would make a failure. Needed the best men that could be found and salary was a second consideration. I was willing the church should lend him the money but I doubted the wisdom of his proposition." (*In the World: The Diaries of Reed Smoot,* edited by Harvard S. Heath, 1997, p. 538.)

64. Church and Leaders Made Huge Profits on Sugar During World War I. In response to the Hardwick hearings, in 1914 the First Presidency authorized Charles W. Nibley to purchase—on behalf of the Church—all Utah-Idaho stock held by American Sugar. "The church allowed Nibley to hold the stock in his own name." Then, when World War I broke out that year, the greater demand for sugar by armies and civilians, combined with Europe's decline in production, advanced sugar rates from less than four cents a pound to seven-and-a-quarter cents by the end of 1914. Utah-Idaho stock certificates that were worth $7 each in April 1914 jumped to $29 in November 1916." (Matthew C. Godfrey, *Religion, Politics, and Sugar: The Mormon Church, the Federal Government, and the Utah-Idaho Sugar Company, 1907-1921,* 2007, p. 95.)

a. Enriched the Church and Its Leaders. President Wilford Woodruff "claimed that the industry would provide employment for the LDS people and a cash crop for Mormon farmers. Nowhere did he state that beet sugar would enrich the LDS Church and its leaders. But as Utah's economy changed between 1896 and 1920, and as Mormon participation continued, that is precisely what happened." (*Ibid.,* p. 15.)

b. A Monopoly. "Thus, by the close of 1905, the Utah Sugar Company dominated most of Utah's sugar industry, while the Idaho Sugar Company and the Western Idaho Sugar Company controlled Idaho's production. Because the same officers and virtually the same stockholders formed each company, Utah Sugar and its leaders, many of whom were high-ranking church authorities, essentially had a monopoly over both states' sugar production." (*Ibid.*, p. 46.)

c. Companies Combined. On July 31, 1907, the Utah-Idaho Sugar Company was officially incorporated under the laws of Utah, with President Joseph F. Smith as company president. Later, the Amalga-mated Sugar Company was purchased by the Church, and First Counselor Anthon H. Lund was president of that company. (*Ibid.,* p. 47.)

d. Nibley Made Millions. "The increase had an especially significant impact on [Presiding Bishop] Charles W. Nibley. He was now the largest stockholder in Utah-Idaho Sugar; when the price of sugar advanced not long after Nibley made his purchase, he obtained a considerable amount of money. Stock dividends went from 1.5 percent in the first quarter of 1914 to 7 percent for the rest of the year. "He later recalled with some exaggeration that 'never in the history of the west . . . has such a large deal been turned and out of which so much money has been made by everybody concerned.' Nibley attributed his good fortune to 'the blessing of the Lord,' and estimated that he 'cleaned up a large amount . . . running up to several million dollars.'" (*Ibid.,*95-96.)

65. Money Loaned to David O. McKay to Pay Debt. June 29, 1918. "I got Prest. [Joseph F.] Smith to guarantee D[avid] O. McKay's debt $11,500.00 He has property to cover it, so if he is careful he can in time get free." (*Danish Apostle: The Diaries of Anthon H. Lund, 1890-1921,* edited by John P. Hatch, 2006, pp. 694-5.)

a. July 11, 1918. "I called on President Smith to have him sign a guarantee on twelve thousand dollars for Bro. David O. McKay, who could only put $9055.00 in security besides his home valued a $5500.00. This the President did not want to take." (*Ibid.,* p. 696.)

66. Bro. Stevens Filmore Loaned $10,000. Jan. 28, 1919. "Bro. Stevens Filmore who was with me in England called. He is in the Senate and is trying to get good work done. He is connected with the great purchase of water from Sevier dam and the cultivating of many thousands acres of land. The Church lent his company ten thousand dollars." (*Ibid.,* p. 727.)

67. Paying Off Man's Son's Debt. April 12, 1920. "Andrew P. Anderson came and we arranged to help him with the amount his son has run him into debt." (*Ibid.,* p. 764.)

68. Should Church Bail Out Brethren in Ruby Valley? May 6, 1920. "I spent the day in the Temple. The questions of buying land in Ruby Valley [Nevada] to save the brethren who have invested there and have not been able to pay interest on the investment, and having let it be foreclosed. There were too many complications that we had gave it all up." (*Ibid.,* p. 766.)

69. Pres. Grant and Presiding Bp. Nibley Charged with Illegal Profiteering. On June 10, 1920, the U.S. Department of Justice filed charges against President Heber J. Grant and Presiding Bishop Charles W. Nibley for illegal profiteering on behalf of the church's Utah-Idaho Sugar Company. Nibley was already under indictment on related charge of conspiracy in restraint of trade. A Federal grand jury excluded Grant, since he had voted against the price increase, but included Nibley in its indictments on August 21, and added David A. Smith, first counselor in the Presiding Bishopric. (D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, 806.)

70. Saving Abraham H. Cannon's Honor. On July 21, 1926, the two widows of recently deceased apostle Abraham H. Cannon asked President Heber J. Grant if they could get any Church relief as widows of an apostle. Cannon had died unexpectedly at the age of 37 in an epidemic in Mexico. Grant didn't record his response to the specific request, but he noted: "I told them of the work I had done in paying a note of Abram Cannon's with interest to the Utah Loan & Trust Co., with the assistance of some friends, thus saving his honor. I did not care to tell them that the church had paid $15,000 to save the bank from failure, Abram being president of this bank at the time of his death. I explained to them that Abram had not borrowed the $45,000 from the bank originally but had assumed the note of other people. Told them I spent nearly three years of my life in raising funds to save this institution." (*The Diaries of Heber J. Grant, 1880-1945, Abridged,* published privately, 2010, 337.)

71. Huge Losses at Church-Owned Bank. "In 1927 first counselor Anthony W. Ivins calculated that the church had lost $526,900 in transactions involving the church's Utah State National Bank. Five years later second counselor J. Reuben Clark noted that those losses had increased to $1,374,000. In 1930 first counselor Anthony W. Ivins cataloged the church's loss of 'at least six million dollars' in stock and bond transactions during the previous decade." General Authorities were paid as officers of these and other businesses owned by the Church. (*Church, State and Politics: The Diaries of John Henry Smith*, 1990, pp. 70-71.)

a. $6 Million Lost by 1930. In September 1930, First Presidency counselor Anthony W. Ivins calculated that the church lost $6 million in stock investments and $900,000 in loans and business transactions under Presiding Bishop Charles W. Nibley before he was moved to second counselor in the First Presidency in 1925. Nibley served as Presiding Bishop from 1907 to 1925. (D. Michael Quinn, *The Mormon Hierarchy: Extensions of Power,* 1997, p. 821.)

72. Church Lost $900,000 in Loans to Presiding Bishop Nibley. 1930. "However, accepting stock to cancel personal loans caused enormous losses to the Church during Grant's administration. In 1930, First Counselor Anthony W. Ivins computed that the Church lost $900,000 in personal loans to Presiding Bishop Charles W. Nibley. Upon his appointment as second counselor in the First Presidency in 1925, Nibley had used stocks and bonds to repay his indebtedness to the Church." (*Anthony W. Ivins Journal,* 4 Sept. 1930; cited by D. Michael Quinn, *Sunstone,* June 1996, p. 23.)

73. Private Businessman Seeks Help. June 20, 1931. “Howard Brown and his brother called and said that their business is running so far behind it is a sure thing they will go broke unless we would take over their building and make a lease to them at a very low rental. They pledged themselves, as soon as business revives, which they hope will be in another year, to pay whatever rent we consider fair.” (*The Diaries of Heber J. Grant, 1880-1945, Abridged,* 2010, published privately, 359.)

74. First Presidency Wants U-I to Borrow $1 Million from Church. Sept. 5, 1941. “Told Bro McKay about Pres Grant’s and my insistence that U-I [Utah-Idaho Sugar] borrow some of its funds from us, say $1,000,000.” (*Ibid.,* 53.)

75. Loans for Four Failing Businesses Denied. Feb. 27, 1953. “Conducted the welfare meeting with the First Presidency at 8:00 a.m. Brothers Harold B. Lee and Henry D. Moyle are in the East. President Clark refused to okay four loans which we were recommending on the ground that the Church just could not undertake to bail out failing businesses.” (Appendix 2. *The Diaries of Marion G. Romney, 1941-1961, Abridged;* published privately, 2010, 308.)

76. Stake President in Idaho Given Church Assistance. April 30, 1953. “Henry D. Moyle and I had a conference with President Clark following the meeting, in which we were advised to help President Ross C. Lee, president of the Gooding [Idaho] Stake, out of a financial difficulty.” (Appendix 2. *The Diaries of Marion G. Romney, 1941-1961, Abridged;* published privately, 2010, 309.)

77. Money Loaned to Idaho Man Who Was Losing Home and Gas Station. Dec. 28, 1954. “Had a conference with President Clark at 4:30 p.m., concerning the making of a loan to a brother in Montpelier, Idaho who is losing his gas station, or at least losing his home and his gas business is about down to nothing. His home will be foreclosed unless he pays $1,500.00 by next Monday. His elders quorum has agreed to make the payments in the event he cannot pay them. Brother Clark approved a loan for $1,500.” (*Ibid.,* 316.)

78. Loaning Money to an Indian Woman for a House. Sept. 24, 1958. “I met President Clark over the ques-tion of making a loan for an Indian woman to buy a house in New York on an Indian Reservation.” (*Ibid.*, 326.)

79. Mark Garff Was Quietly Advanced $2.5 Million to Stave Off Bankruptcy. On Oct. 24, 1966, David O. McKay’s personal diary records: “Pres. Hugh B. Brown came to the cottage [McKay’s home in Huntsville]. He had with him Elders Mark B. Garff and Fred Baker of the Church Building Committee. Report was made of Mark Garff’s personal financial difficulties in his business. . . . During Bro. Garff’s absence from his business, his [replacement] has been running the business, and has invested large sums of money in the stock market and has lost the money, and has also gone into construction business in California which has been a losing proposi-tion. Now their business is facing bankruptcy unless some financial assistance is forthcoming. I told Pres. Brown that he, Fred Baker, and Mark Garff are to work this thing out, and that no one else is to be brought into the matter. . . . Oct. 30, 1966. I [McKay] told Pres. Brown to go ahead and give Bro. Garff the help he needs to get him out of his financial difficulty, and that he was to keep Pres. [N. Eldon] Tanner out of it. Bro. Garff needs $2.5 million, which will be paid back to the Church. Fred Baker was to work out the details. . . . Brother Garff has saved the Church millions of dollars at the sacrifice of his ow personal business, and his [replacement] . . . has

done some investing in the stock market which has proved to be disastrous to the company. Now they need help or hundreds of people will go down with them." (*Confidence Amid Change: The Presidential Diaries of David O. McKay, 1951-1970;* edited by Harvard S. Heath, Signature Books, 2019, 669.)

A. Decision Overruled. On Nov. 5, McKay recorded: "The Church attorney, Wilford Kirton, was called in, and the decision was reached that the Church cannot legally help the Garff Construction Company with Church funds, notwithstanding the fact that Mark B. Garff has saved the Church many millions of dollars since he took over the management of the Building Department."

80. Fulton Homes Rescue in Arizona. Ira Fulton and his wife Mary Lou rank among the most generous donors to Brigham Young University, having given perhaps as much as $100 million to the various BYU campuses over the years. In 2009, Fulton Homes in Arizona found itself in serious financial trouble, and filed for Chapter 11 bankruptcy reorganization.

A. Details of the Purchase. On Nov. 2, 2008, *The Arizona Republic* printed this article: "The Mormon Church has purchased a major chunk of undeveloped property in overbuilt Maricopa from two major home builders. Property Reserve Inc., a real-estate holding company owned by the Church of Jesus Christ of Latter-day Saints, paid home builders Fulton Homes Corp. and Shea Homes for Active Adults a combined $72 million in October for about 1,900 acres of virgin land in the Pinal County city, 35 miles south of Phoenix. The deal has left local real-estate professionals shaking their heads. They say the land isn't worth anything close to what the church paid. 'I can't understand paying that kind of price for land in Maricopa at this stage in the market,' said home builder Larry Kush, founder of Scottsdale-based Montevina Estate Homes. The median home price in Maricopa has fallen more than 40 percent since the housing market peaked in late 2005 and has shown no signs of leveling off, according to data from Information Market analyzed by The Arizona Republic. As a result, most home builders have abandoned plans for future development in the area. Scrapped projects include a 6,000-home community dubbed Avalea, which would have included one of Shea's active-adult communities as well as conventional housing by Fulton and Shea. Now the orphaned land of Avalea belongs to the church, and some local analysts say Shea and Fulton got off lucky. Jim Belfiore of Phoenix-based Belfiore Real Estate Consulting said finished lots in Maricopa - those connected to roads, water, sewer and power infrastructure - have been selling for less than what the church paid for the land, which features no such improvements. 'It's a phenomenal deal for the home builders, because very few buyers, I think, would be willing to pay that kind of money,' Belfiore said. Matt Baldwin, spokesman for Salt Lake City-based Property Reserve, did not return phone calls left last week, and neither did church officials. Kush said he has spent the past several months analyzing land deals and has seen raw, unimproved land in Maricopa selling for half the $37,000-per-acre price Property Reserve paid." (J. Craig Anderson, *The Arizona Republic, http://archives.azcentral.com/business/ articles/2008/ 11/02/20081102biz-mormonland1102.html?- nclick_check=1#ixzz5yh4ix8pa*; accessed 9/5/2019.)

B. There is at least a possibility that the Church decided to try and help out one of its strongest supporters by paying far too much for Fulton's land than local observers thought necessary. And if Fulton emerges from serious financial distress, it is possible the Church may be richly rewarded for its assistance at a difficult time.

C. Valley Music Hall? In response to the above item, someone texted on an exmormon website: "Back in the day the church bailed out Elder Ballard out of a bad business/real estate deal when he built a Play Theater in Bountiful/Woods Cross.
Two others responded:

The Valley Music Hall?

That was the best place ever for Stake Conference. I used to envy my cousins being able to go there. (*https://www.reddit.com/r/exmormon/comments/6lmwhx/old_info_but_needs_to_be_known_church_bails_out/* accessed Sept. 5, 2019.)

81. Rainy Day Fund, Ensign Peak Advisors (EPA). " "SALT LAKE CITY — David A. Nielsen, a former employee for the investment arm of The Church of Jesus Christ of Latter-day Saints, filed an IRS complaint last month alleging the church should be forced to pay taxes on returns made from invested tithing funds and challenging the faith's investment strategy, humanitarian efforts and tax-exemption status. Meanwhile, Nielsen's twin brother has posted videos on YouTube with a link to documents he said Nielsen took from his former employer to back his claims. Lars Nielsen also spoke to *The Washington Post*, which was first to publish a story on the IRS complaint Monday evening. 'We take seriously the responsibility to care for the tithes and donations received from members. The vast majority of these funds are used immediately to meet the needs of the growing church including more meetinghouses, temples, education, humanitarian work and missionary efforts throughout the world. Over many years, a portion is methodically safeguarded through wise financial management and the building of a prudent reserve for the future. This is a sound doctrinal and financial principle taught by the Savior in the Parable of the Talents and lived by the church and its members. All church funds exist for no other reason than to support the church's divinely appointed mission. Claims being currently circulated are based on a narrow perspective and limited information. The church complies with all applicable law governing our donations, investments, taxes and reserves. We continue to welcome the opportunity to work with officials to address questions they may have.'"

A. Ensign Peak Advisors. "David Nielsen, 41, resigned from church employment in August because, according to the Post, his wife and children had left church membership. Nielsen alleges in the complaint that Ensign Peak Advisors, the church's investment arm, has holdings worth between \$99 billion and \$101 billion. He claims Ensign Peak is not meeting IRS regulations for using a percentage of its funds annually for religious, educational or charitable purposes. Nielsen is seeking a whistleblower's reward of a percentage of any back taxes the IRS recovers, according to the Post. . . .

B. Latter-day Saints Charities Has Given Over \$2.2 Billlion in 197 Countries Since 1985. Leaders previously have said the faith provides \$40 million a year to address famines, respond to natural disasters, aid refugees, give medical care and training and more through its humanitarian arm, Latter-day Saint Charities. Latter-day Saint Charities reported in February that the figure is even larger. Its 2018 annual report says the charity has provided more than \$2.2 billion, or an average of \$64.7 million a year, in 197 countries since its creation in 1985.

C. Huge Church Welfare Program. "The church also operates other charitable concerns. For example, local bishops and branch presidents — leaders of the faith's 30,500 individual congregations around the world — help members with food, housing and other welfare needs on a daily basis. Nonprofit groups, including religious organizations, are exempted from paying taxes on income in the United States. Ensign Peak Advisors is an integrated auxiliary and supporting organization of the church and is tax exempt. David Nielsen did not speak to The Washington Post and has not commented publicly. In his letter, he asked the IRS to remove Ensign Peak's tax-exempt status and compel it to pay billions in back taxes. His twin, Lars, a Minnesota-based health care consultant, posted videos this week in which he accused church leaders of making fraudulent statements, derided BYU — his alma mater — for penny-pinching and mocked the religious reasons cited by Ensign Peak and church leaders for having a large reserve fund.

D. \$600 Million Given to Beneficial Life. "The Nielsens claimed that Ensign Peak made two payments from the fund that violate federal tax rules. They claimed that in 2009 Ensign Peak bailed out Beneficial Financial Group, a life insurance company owned by the church's for-profit arm, Deseret Management Corp., which also owns the Deseret News. They alleged that Ensign Peak delivered \$600 million to Beneficial in 2009. Beneficial made full disclosure to the Utah Department of Insurance that Deseret Management Corp., its owner, provided \$594 million to Beneficial during the 2008 financial crisis to strengthen its balance sheet. Those public filings are on file with the Utah Department of Insurance and the payment was reported in two articles published by the Deseret News at the time. Since 2009, Beneficial has paid dividends of almost a half billion dollars back to Deseret Management Corp., according to public filings at the Utah Department of Insurance.

E. $1.14 Billion Paid Out for City Creek Mall. "The second payment challenged by the Nielsens was made as part of the church's City Creek development in Utah's capital city. The Nielsens alleged that Ensign Peak Advisors improperly sent $1.4 billion from 2010 to 2014 to the church entity funding City Creek, Property Reserve Inc. The church did invest in the housing and parking elements of City Creek. Taubman Centers, Inc., a nationally recognized shopping center developer, owns and operates the shopping center. The church did invest in the housing and parking elements of City Creek. Taubman Centers, Inc., a nationally recognized shopping center developer, owns and operates the shopping center." (*https://www.deseret.com/utah/2019/12/17/21026182/ mormon-lds-church-washington-post-whistleblower-irs-complaint-taxes-ensign- peak*; Dec. 17, 2019.)

F. Even Pres. of the Twelve Kept in the Dark! "Boyd K. Packer, when he was next in line to succeed then-church President Thomas S. Monson, came to [EPA President Roger] Clarke wanting to know how much Ensign Peak had amassed and the details of its structure. Mr. Clarke told Mr. Packer that he could not share such details. Mr. Packer said, 'I think I should know. I'm the most senior apostle and president of the Quorum of the Twelve Apostles, and I'm a breath away from being the next prophet. I think I should be prepared.' Mr. Clarke reaffirmed that he had been instructed not to reveal that information to Mr. Packer, who went away perturbed and unsatisfied, as related to the whistleblower [David A. Nielsen] by Richard B. Willes, the head of fixed income at EPA at the time. Mr. Packer died before he could join the First Presidency and know the value of EPA." (*Salt Lake Tribune,* Dec. 22, 2019, A4.)

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