

In the Title IV Disciplinary Matter
Involving the Rt. Rev. S. Johnson Howard
(Financial Matters)

Response of Bishop Howard

The Statement of Alleged Offenses prepared by the Church Attorney, Craig Thomas Merritt, dated June 27, 2024 (the “Statement”), states that Bishop Howard had a duty “to operate with transparency, obtain required approvals from Diocesan lay authorities and properly document the transactions and approvals.” (Statement, paragraph 9).

Bishop Howard will show, with regard to each of the three alleged offenses identified in the Statement, that each matter *was* transparent, was approved by lay authorities of the Diocese and was properly documented. Accordingly, the Hearing Panel should, after taking such evidence as appropriate, issue an order pursuant to Canon IV.13.13. dismissing this Title IV matter.

1. The Alleged Misuse of Discretionary Account.

In 2019 Bishop Howard had repairs made to his residence as indicated in paragraph 11 of the Statement. At that time the Diocese had an equitable interest in Bishop Howard’s residence by reason of a deed of trust (Statement, paragraphs 28-30). Further, Bishop Howard used his residence for multiple Diocesan purposes. For these reasons Bishop Howard discussed with the then

Treasurer of the Diocese, ██████████, the appropriateness of using the Bishop's discretionary account to pay for the 2019 repairs.

As the Statement suggests, the Bishop's discretionary fund was to be used "in pursuance of the Church's mission," (Statement paragraph 10). ██████████ ██████████ agreed that use of the Bishop's discretionary funds for the repairs was appropriate because of the Diocese's interest in the house, and the Bishop's use of his residence for Diocesan fundraising, entertaining and business and pastoral meetings, as well as occasional lodging for Diocesan guests.¹ As a result, the then Comptroller of the Diocese issued Diocesan checks to the vendors making the repairs and recorded the disbursements in the Diocesan ledger regarding activity in the Bishop's discretionary account.

Subsequently, when informed by the Diocese in February 2024 that the Church had inquired about the 2019 disbursements for repairs, Bishop Howard determined, in an act of goodwill and to avoid *any* controversy surrounding the issue, and because the Diocese then no longer had any legal or equitable interest in the residence, that he would reimburse the Diocese for the repairs. Bishop Howard then issued his check to the Diocese as stated in paragraph 13 of the Statement.

¹ During his tenure as Bishop, Bishop Howard personally raised more than \$15 million in donations to the Diocese.

Bishop Howard's use of his discretionary funds for the repairs, as alleged in the Statement, was transparent, was made with the approval of the lay authorities of the Diocese, and was properly documented in the records of the Diocese. And for these reasons, the use of those funds as described herein was not in violation of any canon law of the Church.

2. Use of Foundation for Assessable Compensation.

In the Statement's second alleged offense, the Statement complains that supplemental income paid to Bishop Howard by a member of the Diocese, and a corresponding pension contribution to the Church Pension Group by the Foundation of the Diocese, was a "misrepresentation" and prejudiced "the good order and discipline of the Church" (Statement, paragraph 55).

To the contrary, there was nothing misleading or opaque about the supplemental compensation arrangement. On December 12, 2012, a philanthropic member of the Diocese of Florida and President of the Diocesan Foundation, [REDACTED] accompanied by Bishop Howard, went to New York City and visited with [REDACTED], then Chief Operating Officer of the Church Pension Group. The purpose of the visit was to disclose to the Church Pension Group the intent of [REDACTED] to personally supplement Bishop Howard's income by \$120,000 a year and to have the Diocese's foundation, The Episcopal Foundation, Inc., make a corresponding 18%

(\$21,600) annual contribution to the Church Pension Group for the benefit of Bishop Howard's eventual retirement.²

Through this visit, [REDACTED], as President of the Diocesan Foundation, sought, and obtained from [REDACTED], the Church Pension Group's approval of the intended supplementation of Bishop Howard's income as Bishop of Florida, and the Foundation's corresponding annual contribution to the Church Pension Group for Bishop Howard's benefit.³

Further, as described in paragraph 17 of the Statement, on December 12, 2013 The Episcopal Foundation's Board of Directors unanimously approved the annual expense of \$21,600 "to be contributed to Bishop Howard's pension account." The Foundation's annual contribution to Bishop Howard's pension was paid to and received by the Church Pension Group.

[REDACTED] thereafter supplemented Bishop Howard's compensation with \$120,000 annually through 2022. As further described in the Statement (paragraph 20), Bishop Howard reported this supplemental income as earned

² As described in the Statement, The Episcopal Foundation, Inc. is a non-profit corporation organized "to support the charitable and religious purposes of the Diocese" (Statement, paragraph 14).

³ The Church Attorney was aware of the 2012 disclosure of these arrangements to and the approval of the Church Pension Group but omitted any reference of this disclosure in the Statement.

income on his annual Form 1040 income tax filings with the Internal Revenue Service.

For the foregoing reasons the annual supplement to Bishop Howard's income, and the Foundation's corresponding annual payment to the Church Pension Fund for the Bishop's benefit, were fully transparent, were approved by lay authorities of the Foundation and the Church Pension Group, and were properly documented in the records of the Foundation, the Church Pension Group and the Internal Revenue Service. Those arrangements were *not* proscribed by any canon law of the Episcopal Church.

3. Loan Forgiveness on the Bishop's Residence.

The essence of the third (and last) offense alleged in the Statement is that when Bishop Howard was employed by the Diocese in 2004, the Diocese assisted the Bishop in purchasing a residence in Jacksonville by lending him money, and subsequently forgiving that loan prior to the Bishop's retirement in 2023. As a result, upon his retirement the Bishop and his wife owned the residence free and clear of any debt to the Diocese.

The Statement characterizes these circumstances (the loan of money and its subsequent forgiveness) as a "conflict of interest" (Statement, paragraph 34), and "an elevation of Respondent's personal interest over his duty to protect the interests of the Diocese . . . that prejudiced the good order

and discipline of the Church, in violation of Canon IV.4.1.h.9.” (Statement, paragraph 58).

According to the Canons of the Diocese, however, the Finance Committee of the Diocese “is authorized to manage and invest Diocesan assets” and “to dispose of or encumber Diocesan property” (Canons of the Diocese of Florida, Canon 12, of Finance and Investment, Section 3(b)).

As acknowledged by the Statement, the Diocese’s forgiveness of the Bishop’s debt to the Diocese was expressly approved by resolutions of the Diocesan Finance Committee dated October 20, 2016 and December 8, 2021 (Statement, paragraphs 37 and 43). The reasons provided by the resolutions for the loan forgiveness was “to reward Respondent for his past and future performance as Bishop of Florida” (Statement, paragraph 37).


The Declaration of Trust described in the Statement (paragraph 28), the Diocesan Finance Committee’s October 2016 and December 2021 resolutions, and the Diocese’s forgiveness of the Bishop’s indebtedness to the Diocese by the time of his retirement are fully disclosed in the Diocese’s annual audited financial statements. Those audited financial statements are available on the Diocese’s website and were provided by the Diocese to the Church.

For these reasons, the transactions regarding the Bishop's residence described in the Statement's third alleged offense were (i) fully transparent, (ii) authorized by Diocesan lay authorities and (iii) properly documented in the records of the Diocese. The transactions are *not* proscribed by any canon law of the Episcopal Church.

Accordingly, the Hearing Panel should dismiss these proceedings pursuant to Canon IV.13.13.

Respectfully submitted this 19th day of August 2024.


The Rt. Rev. S. Johnson Howard


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