

# Greater Ministries International

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## INTRODUCTION

Greater Ministries International (GMI) is a Central Florida-based “church” run by antigovernment extremists who, for much of the 1990's, ran a massive pyramid investment scheme, cloaked in Christian rhetoric, that took in hundreds of millions of dollars from thousands of naive and/or greedy investors. In 2001 its main leaders were convicted on numerous charges, and received prison sentences ranging from 13 to 27 years.

### Quick Profile

**Founded:** Circa 1993

**Headquarters:** Tampa, Florida

**Leader:** Gerald Payne

**Background:** Greater Ministries has run a nearly half-billion dollar pyramid scheme

**Outreach:** Seminars, mail and web-based solicitations

**Ideology:** Anti-government, conservative Christian, some white supremacist elements

**Number swindled:** Around 18,000

## THE BIRTH: PENNIES FROM HEAVEN

If asked to describe extremist criminals, most people would picture camouflaged haters wielding automatic rifles and pipe bombs. In fact, many extremists have perfected an entirely different sort of crime: the big scam that targets people's life savings rather than their lives. Although numerous extremist frauds emerged in the 1990's, none were larger, more colorful or more damaging than the massive pyramid investment scheme concocted by a Tampa, Florida-based organization called Greater Ministries International. For years, GMI raked in millions while defiantly thumbing its nose at regulators who tried to shut it down. Its criminal activities may finally have been halted, but most victims will never see their money again.

GMI was the brainchild of Gerald Payne, a Florida contractor who found religion in the 1980's and became a minister. But Payne, who spent some time in prison in 1979 for lying to a grand jury, discovered that the material rewards of preaching did not match the spiritual uplift. With his typical energy, he attempted to remedy the imbalance. With James Maher (formerly on probation for running a pyramid scheme), he incorporated a financial planning firm in the early 1990's that offered a gold coin-investment program. Shortly thereafter, with the help of Haywood "Don" Hall, Payne created a religiously



Gerald Payne

couched investment plan that would ostensibly double the "blessings" that people invested. In 1993, they named their operation Greater Ministries International.

Payne and Hall knew they had found a winning ticket. To the outside world, GMI seemed to be a well-meaning, if somewhat unorthodox, church that helped the homeless and addicted with programs providing housing and work -- in fact, the church could even boast of public officials who had commended its work for the unfortunate. But, inside, GMI was like no other church. Its headquarters in Tampa had 14 safes and two vaults as well as a money-counting room. And the people who ran the church were like few other church leaders. Gerald Payne was a preacher who kept one gun in his boots and another in his glove compartment. In 1997, upon his return from one of many trips abroad, customs agents in Atlanta found 26 videotapes in Payne's luggage depicting bestiality. Hall, Payne's associate, was held without bond for two months in the mid-1990's for aggravated stalking and violating a domestic-violence injunction.

Over the years, Payne and Hall had gravitated towards the extreme anti-government ideology of the so-called "Patriot" movement. The people with whom they surrounded themselves with ranged from members of the sovereign citizen movement to rabid white supremacists; their key associates included Patrick Henry Talbert, a sovereign citizen and self-declared "Ambassador of the Kingdom of Heaven," (Adherents of the anti-government teachings of the Stayton, Oregon-based Embassy of Heaven use this title.) and Charles Eidson, formerly head of the virulently white supremacist Church of the Avenger, who moved into GMI's headquarters and helped Payne with legal filings (until their eventual split and Eidson's jailing on unrelated charges). GMI also hosted seminars by Patriot figures like Eugene Schroeder and David Wynn Miller and involved itself in the activities of nearby extremists, including common law court activist Emilio Ippolito. In fact, when Ippolito and numerous followers were indicted on conspiracy and obstruction of justice charges in 1997, seven of GMI's top officials were named as unindicted co-conspirators.

### THE PITCH: GIVING UNTIL IT HURTS

Some of the people who coalesced around GMI were attracted by ideology, others by greed - and there were many attractions for the greedy. Payne and other GMI leaders worked tirelessly to market their investment schemes around the country. Their flagship program, the "Double Your Money Gift Exchange," promised to double contributions thanks to GMI's (nonexistent) investments in precious metals. GMI marketed the program to ultraconservative political and religious groups as well as to other communities outside the mainstream, especially the Amish and Mennonite sects. The program, stated Payne, was based on Luke 6:38: "Give, and it shall be given unto you." Claiming to accept money only from active Christians, Payne said that God had modernized the multiplication of the loaves and fishes and asked him to share the secret.

Payne and the "elders" of GMI had few scruples in soliciting investments. They urged people to empty bank accounts, to cash in IRAs, to max out credit cards - even to sell their businesses and equipment. They declared that it was the opportunity of a lifetime, an opportunity to double, triple, even quadruple one's initial investment. Those who were convinced donated thousands or tens of thousands of dollars (the highest single investment appears to have been several million dollars); some liquidated their entire life savings. GMI seminars were standing room only; 700 people crowded into a hotel conference room at one meeting in Pennsylvania that raised half-a-million dollars. But this was nothing compared to the sums that Payne claimed GMI doled out. In seven years, Payne said, GMI had returned \$500 million. His operation was so big, he asserted, it had outgrown banks. And in fact, because the initial investors were being paid off with

funds pouring in from subsequent investors, there were at first many happy customers to spread the word further.

Because the audiences that Payne and his followers targeted were insular and far from the mainstream, GMI was able to operate for some time with almost complete impunity. But by 1995, local and state officials in Florida had heard enough about GMI to suspect that Payne was operating a pyramid scheme. In late September, a state agency issued an emergency cease-and-desist order; in response, Payne merely changed the name of the program to "Faith Promises." Pennsylvania also banned the group from selling securities, yet GMI continued to solicit money, especially from the Amish and Mennonite communities. In all, GMI attracted well over 4,000 investors from Pennsylvania, about half of whom came from Lancaster County.

The group had money to burn. In 1997, it bought Western Kentucky's largest hotel and convention center. At its Tampa headquarters, it started an "herbal research center" led by Joel Arcilla, a doctor whose license was suspended in Pennsylvania for practicing without malpractice insurance (Arcilla later claimed that his only connection with Greater Ministries was as a research consultant for several months, and that he was not involved with other Greater Ministries activities). Eventually Payne began looking overseas; in partnership with Niko Shefer, a South African who had served six years in prison for bank fraud, Payne began pouring money into Liberia--eventually millions of dollars--in order to secure mining rights and set up gold and diamond mines and a bank in that war-torn country. Despite this investment, GMI never dug up a single nugget of gold.

Meanwhile, Florida regulators were having difficulties bringing GMI to heel. After the group changed the name of its program to "Faith Promises" and dropped explicit promises of monetary returns from its literature, a state appeals court ruled in early 1997 that it was not a security subject to state oversight. Although a federal investigation had been launched, there seemed to be no progress on that front, either. In fact, GMI even mounted a counterattack of sorts: Payne and Eidson filed a \$10 billion lawsuit against three newspapers that had published articles about GMI, arguing that the papers had led a "conspiracy against Christianity" (the lawsuit was later dismissed).

## THE DOWNFALL: REAPING WHAT WAS SOWN

The first cracks in GMI's edifice originated in the outside activities of some of the figures associated with the operation. In November 1997, GMI elder Patrick Henry Talbert was charged with multiple counts of racketeering, fraud and other crimes related to a separate pyramid scheme that he and associate Norman Lower, a GMI volunteer, had established. Talbert waged a "sovereign citizen" battle in the courts for months, refusing to recognize their jurisdiction over him and alleging that state officials owed him a million dollars for economic loss and deprivation of liberty. He was eventually convicted and sentenced to a ten-year prison term. Jonathan Strawder, a former GMI employee and nephew of a GMI officer, also wound up in legal trouble after setting up a copycat pyramid scheme that took in around \$14 million between May and December 1997. He was arrested and later entered into a plea bargain in which he agreed to cooperate with authorities investigating GMI.

By 1998, even some extremist publications claimed that GMI was operating a pyramid scheme, but, as ever, GMI's leaders were defiant. In the summer of 1998, GMI sued two people for libel for stating that it was under federal investigation. Later in the year, when Pennsylvania officials issued another injunction, Payne and Hall openly defied the order and held meetings in that state. They defied, as well, a new Florida

injunction against their financial activity. Payne argued that his religious convictions prohibited him from obeying any law not written by Jesus Christ. GMI also announced a new, even more ambitious program in 1998 called "Greaterlands," in which donors could receive a square-foot parcel of land in an as-yet-undefined "sovereign" country.

However, GMI then received a serious blow - not from any law enforcement or regulatory agency, but from a crooked bank. In the summer of 1998, state regulators in Colorado shut down Boulder-based Best Bank, where GMI had unwisely deposited much of the money it had accumulated. Within a short period, Payne was forced to suspend payments to all donors. Even though new funds continued to come in, the loss of the bank deposits caused the pyramid scheme to begin collapsing. GMI promoters had to tell their audiences that "Faith Promises" would not return dollars but, instead, certificates backed by the (nonexistent) gold and silver mines GMI owned in Liberia. Adding further injury, the state of Pennsylvania, moved to action by GMI's repeated defiance of its injunctions, announced a \$6.4 million civil penalty in March 1999 and began legal efforts to seize GMI property.

GMI had no sooner found itself on the defensive than it received a possibly mortal injury. The federal investigation that had wound on for four years, while millions of dollars flowed in, finally concluded on March 13, 1999, with indictments charging GMI leaders with money laundering, fraud and criminal conspiracy. Seven people were arrested: Gerald Payne, Betty Payne, Don Hall, Patrick Henry Talbert, David Whitfield, Andrew Krishak and James Chambers.



United States marshals seize GMI headquarters.

Payne and his associates were also eventually locked out of their own building, which was seized in August even as the true scope and nature of GMI's activities became clear. Computer record checks indicated, for instance, that GMI owned more than 100 cars and trucks. Church elders profited handsomely through 5-percent commissions (called "gas money") for the investments they brought in; one defendant alone, James Chambers, received \$1,300,000. More sinister plans were discovered as well, including a planned arsenal of weapons for an island ("Greaterlands") that GMI was trying to buy; the group's shopping list included claymore mines, explosives, grenade launchers, machine guns, sniper rifles, surveillance balloons and radar systems.

Early estimates placed the amount of money GMI collected at \$100 million. Later estimates (based on the 5-percent gas-money commissions) put the sum at \$450 to \$500 million, taken from as many as 18,000 people, making GMI one of the largest pyramid schemes ever. While not all of that money was lost--because

early investors received some returns--victims did lose around \$174 million, more than half of it from Pennsylvania.

Two of the defendants, Chambers and Krishak, agreed to plea bargains, but the others fought on. GMI's legal defense rested primarily on its contention that the government had no authority or power over any religious organization; in Payne's opinion, the entire matter was a First Amendment issue. The jury disagreed; after a lengthy trial that ended on March 12, 2001, all five defendants were convicted on multiple counts. Immediately after the verdict, the judge ordered them jailed to await sentencing. In August 2001, the five received prison sentences ranging from 13 years (for Betty Payne) to 27 years (Gerald Payne). Don Hall received a 15-year sentence; David Whitefield and Patrick Henry Talbert were sentenced to 19 and 19 1/2 years respectively.

The consequences of GMI's reign of larceny have not yet fully been established. Numerous people involved with GMI have yet to be prosecuted, while copycat schemes have already emerged. Meanwhile, most past victims are unlikely to get back much, if any, of the huge sums they invested. An extremist ideology combined with consummate con artistry made sure of that.

## Report Updates (2002-2005)

### **GREATER MINISTRIES INTERNATIONAL: UPDATE**

July 1, 2002

Though the leaders of Greater Ministries International sit in prison with sentences ranging from 13 to 27 years, the fallout from their \$500 million pyramid scheme - the largest in U.S. history - continues more than a year after their conviction.

Much of the activity has surrounded GMI's supporting cast. In April 2001, James List pleaded guilty in federal court in West Virginia to fraud and tax charges related to his GMI activities. In June 2001, two church elders, Andrew Krishak and James Chambers, pleaded guilty to conspiracy for their role in the massive fraud scheme, and were sentenced to 2 ½ years and 5 years in prison respectively. In December 2001, GMI elder Paul F. Bennett received a one-year sentence after pleading guilty to a separate fraud scheme that cheated investors out of \$290,000.

Meanwhile, authorities continue their efforts to recover GMI assets with which to repay the many victims of the scam. GMI bankruptcy trustee Kevin O'Halloran estimated in December 2001 that legitimate losses totaled around \$84 million; less than 10 percent of this amount has been recovered in assets. Federal authorities are investigating allegations that some of the money was hidden in banks in Mexico, while some victims have launched a lawsuit against a Florida bank that housed GMI funds, alleging that the bank was aware of GMI's activities. It is unlikely that most of the money will ever be recovered, however.

## **GREATER MINISTRIES INTERNATIONAL LEGAL CASES REACH THE U.S. SUPREME COURT**

February 16, 2005

In January 2005, Greater Ministries made news when a case involving members David Whitfield and Haywood Hall reached the U.S. Supreme Court. Whitfield and Hall had been convicted of participating in a money laundering conspiracy that yielded more than \$1 million in commissions - referred to as "gifts" - from Greater Ministries between 1996 and 1999. In an appeal, they argued that the jury had not been instructed that prosecutors had to prove that an overt act was committed as part of the conspiracy. The court ruled unanimously, however, that the federal money laundering conspiracy law did not require proof of an overt act by defendants.

Hall was more successful in court in 2004, getting his 15-year sentence reduced by three years. His original term was in part based on the allegation that in the pyramid scheme he abused a position of trust as a church leader, but the 11th Circuit Court of Appeals rejected that part of the sentence because Hall was not the personal pastor of the investors.