Mormon Church Slammed With $5 Million Fine After Being Accused of Hiding $32 Million Investment Portfolio

The Church of Jesus Christ of Latter-day Saints (known more commonly as the Mormon Church), alongside its affiliate investment manager, has been hit with a $5 million charge by the Securities and Exchange Commission after it was found that the organization was using burner companies to try to hide how big its portfolio actually was.

The Church is set to pay $1 million, and Ensign Peak Advisers (the investment managing company) will pay out $4 million for hiding an estimated $32 billion investment portfolio that oversees multiple assets, including stocks, bonds, and various real estate properties.

The SEC settlement said that, from 1997 through 2019, Ensign Peak failed to disclose the size of the Church's portfolio by hiding it among 13 fake companies, with the Church's knowledge of what was happening.

"The Church and Ensign Peak created thirteen limited liability corporations ("LLCs"), including twelve similar LLCs (the "Clone LLCs") with addresses located throughout the U.S., for the sole purpose of … preventing public disclosure by Ensign Peak of the Church's equity securities holdings," the document states.

The document also claims that Ensign and the Church created the LLCs to avoid specific paperwork with the state that would

have required the disclosure of the holdings.

“In May 2018, a public website reported that various entities that appeared to have ties to the Church had filed Forms 13F revealing holdings of approximately $32 billion,” the SEC said. “The website referenced evidence indicating that these entities’ domain names were all registered to an entity tasked with overseeing and protecting the intellectual property of the Church and that each of the LLCs identified listed a Business Manager whose name matched that of a Church employee.”

In a statement to the public, the Church claimed that Ensign Peak “received and relied upon legal counsel” as to how to report portfolio entities – while also keeping as much private as possible.

“As a result, Ensign Peak established separate companies (LLCs) that each filed Forms 13F instead of a single aggregated filing. Ensign Peak and the Church believe that all securities required to be reported were included in the filings by the separate companies,” the statement read.

The church said the SEC brought the issue to light in 2019, and, since then, Ensign has been filing information on the 13 LLCs under one “single aggregated report,” while noting that this week’s settlement is referring to reports that were filed by Ensign before the 2019 probe.

“Ensign Peak and the Church have cooperated with the government over a period of time as we sought resolution,” the Church wrote. “We affirm our commitment to comply with the law, regret mistakes made, and now consider this matter closed.”

As of December 2021, The Church of Jesus Christ of Latter-day Saints had an estimated 16.8 million members.

https://www.entrepreneur.com/business-news/sec-mormon-church-h

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