Submission: by Graeme Webber

Inquiry: Economics Committee of the Australian Senate

Subject: Feasibility of Public Benefit Test for charitable/religious groups

Proposal: Tax Laws Amendment (Public Benefit Test) Bill 2010

Lodgement: 15 June 2010

Submission Summary

The widely understood term "cult" is used in this submission to describe the type of groups which covertly harm their own members and others in the wider community, but they do so in the name of charities and/or religion. This terminology is in keeping with the Senate debates which led to this inquiry during March 2010, when the term "cult" was freely used to describe certain groups which have been accused of controlling people with damaging effect.

As will be demonstrated later in this submission, there are many failures in the existing regulatory system – and these failures are allowing cults to not just survive, but also thrive on public funds. Introduction of a Public Benefit Test for Australian charitable and religious groups which receive various government tax subsidies would be a very worthwhile means to help ensure that public funds are spent wisely to assist the wider community. However, such a Test does have certain shortfalls – so additional measures are needed. Three broad "STRATEGIES" are therefore outlined for government to wage a more effective response to so-called charities and religious groups which acquire public funds (both by government subsidies and by direct donations) and yet cause so much harm.

"STRATEGY 1" covers a raft of changes (including a Public Benefit Test) to improve accountability, the foundation being the appointment of a "Charities Commissioner" to monitor and enforce rules for the charitable sector (including administration of a Public Benefit Test). All of these measures may be useful in protecting tax funds, but they are flawed in that they would only apply to charities – and harmful groups could simply change status to avoid scrutiny (yet continue to ruin lives).

A legal definition of a "cult" is therefore advocated, as per "STRATEGY 2", for a more long-term solution to ban severely harmful cults altogether (similar to the outlawing of terrorist networks).

"STRATEGY 3" does not require new legislation – it just involves proper enforcement of existing laws and government scrutiny of other questionable practices of problem groups, as per the case study outlined in STRATEGY 3.

In deciding whether this sort of government intervention is warranted, Senators are encouraged to consider the social dynamics involved with cults which (aided by taxpayers' funds) inflict seismic personal devastation. Members are often lured by false pretences and they may become powerless to escape due to induced fear and psychological damage. Senators are reminded that the most tragic cult victims are generally children and/or adults who grew up under the strong influence of harmful groups and were therefore indoctrinated from an early age. Children, of course, neither chose to join nor remain in cults.

In short, prevention is better than cure – especially when there *is* no cure for much of the damage which has been caused by groups which claim to have charitable and/or religious objectives but are, in fact, cults.

Introductory Remarks

> *"Many people think that William Kamm is a prophet, able to communicate directly with God and the Virgin Mary. This gives him enormous power over those who have these deluded beliefs. He has taken advantage of these people by satisfying his desire to have sex with young girls. .....*
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> *"What the offender did, by manipulating both the complainant and her family, was to ensure that she would not complain to anyone outside the community about what the offender was doing to her. It was part of the offender's manipulative efforts that he was able to commit these offences without any fear that the authorities would discover them. .....*
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> *"I find that the offence was part of a planned criminal activity. Indeed, the offender's modus operandi was to pursue the complainant and her parents through the use of fabricated communications with the Virgin Mary, to make them do something they would clearly not otherwise have done. The offender set out to achieve the objective of having sex with an underage girl and used his religious beliefs to achieve his ends. As I have mentioned, part of his planning also ensured that the risk of disclosure to people outside his religious community was minimised."*

These are not the words of a disgruntled ex-cult member or a journalist peddling sensational, scurrilous allegations. These are the words of a NSW District Court Judge in sentencing the founder and head of a registered Australian charitable/religious entity which has been receiving millions of dollars in declared *"donations"* as well as government subsidies for nearly three decades. The *"offender"* is known around the world as The Little Pebble; the said *"religious community"* is the Order of Saint Charbel which is headquartered at Cambewarra, near Nowra on the NSW south coast; and the quoted Judge is His Honour Peter Berman (who, in August 2007, increased Kamm's five-year jail sentence to 10 years for multiple sex offences against a second under-aged girl). The importance of the above quotation lies not so much in what is said about Kamm; it's the incisive exposure of the social environment that Kamm created to cocoon his miscreant shenanigans – all for the glory of God. This *"manipulative"* paedophile's efforts to engineer a religious community which would protect him against disclosure to police meant that, as Judge Berman observed, *"this was not a case where the offender has lived in fear of the knock on the door for many years"*. Kamm maintains his innocence.

A forensic psychological profile and pre-sentence report, which were instrumental in both sentencing procedures, gave further insights into Kamm's religious community. After the first trial in 2005, Judge John Williams mentioned that a Probation Officer had noted that remaining members of the Order continued to believe in Kamm's innocence and some *"had overtly attempted to vilify the victim"*. His Honour took note of *"the unwillingness of the community members to report anything adverse against Mr Kamm"* and added that *"people close to Mr Kamm from within the Saint Charbel community have indicated that they view the present court process as further evidence of his persecution by authorities"*. A psychologist who concluded that Kamm represented an elevated risk of committing further sexual crimes within his own community drew attention to factors such as:

> *"His position as a seer and leader of a religious family providing him almost unlimited access to any vulnerable person within the family and by invoking divine guidance as a licence to behave in what would elsewhere be seen as an inappropriate manner. .....*

..... His inadequate pro-social network of responsible non-collusive peers to support, monitor and supervise appropriate attitudes and behaviour."

This is the type of man, and group, that I urge all Senators to keep in mind as they consider how to answer the question: does Australia need a Public Benefit Test for charitable/religious organisations which extend their hands for government subsidies in the name of religious or charitable activities?

Senators are reminded that Kamm's group (which I unapologetically call a "cult") has been officially recognised by government authorities as both a religious and charitable entity since 1983. This official recognition has meant that Kamm and his group have been reaping all sorts of charitable subsidies at the expense of taxpayers, which in turn has bolstered public credibility to procure very large donations, both from within Australia and from overseas. "Donations/tithes" declared by the Order between 1987 and 2005 totalled $4,854,451. Kamm's Order is still alive and well, banking a further $491,543 in declared "donations" and "tithes" during the three financial years since Kamm was jailed in 2005. This total figure of nearly $5.4 million worth of donations does not include the value of various exemptions/rebates for income tax, GST (Goods and Services Tax) and Fringe Benefits Tax. Substantial extra government funding was used to establish the Order's two primary schools at Cambewarra in NSW and Tyaak in Victoria. [The Cambewarra school received $332,000 in federal funding between 1996 and 2004 but it failed to renew its registration the following year and was shut down.] The Order was also granted tax deductibility status for gift donations in addition to a permit to collect money from the public under the NSW Charitable Fundraising Act.

This has occurred despite Kamm and his group being widely complained about through the media since the early 1980s; despite the Roman Catholic Church (which Kamm claims to be a part of) thoroughly and repeatedly disowning the renegade sect; despite Kamm being outed as a religious fraud in Federal Parliament in 1993 by Stephen Mutch, then the Member for Cook [and I note that Dr Mutch has been invited to make a submission to this Senate inquiry, presumably due to his academic study of cults]. Despite all this, the so-called Order of Saint Charbel remains intact – awaiting Kamm's release on parole from April 2013.

The Public Benefit Test is a good idea – but it will not be good enough to deal with the sorts of problems that Senators from all sides of politics have recently raised concerns about. I am therefore suggesting a range of additional measures (refer STRATEGY 1 below) that might be pursued in conjunction with a Public Benefit Test. Some of these ideas are fairly straight-forward and could be introduced in the near-term; others are more complex and controversial and would require greater regulation. Crucial to this strategy is the creation of a centralised authority (which I have called a "Charities Commissioner") to oversee and handle complaints about any groups receiving tax subsidies on charitable and/or religious grounds. A common complaint of individuals who have been terribly mistreated by Kamm (or the sort of tax-exempt groups which have been named in the Senate recently) is that authorities fail to take proper action – if at all. A Charities Commissioner who is given powers to investigate and adjudicate a broad range of complaints against particular groups could help remedy the passive regulatory attitude which is failing to tackle cults.

However, the STRATEGY 1 reforms (including a Public Benefit Test) are limited in so far as they only apply to registered charities/religions. Established cults which have grown fat on a low-cost charitable tax regime may be able to convert all or part of their operations to a private business model in order to escape scrutiny (this would certainly disrupt cult activities, but not stop them altogether). As a case in point, William Kamm dubiously privatised part of the Order of Saint Charbel and put the main asset base into

his own name leading into the millennium year – an ominous period when many apocalyptic believers were nervy about cosmic events which, as we all know, again failed to materialise.

STRATEGY 2 involves devising a legal definition of a "cult" with a view to exclude harmful groups from public funding and perhaps prevent them from recruiting new members and even disband such groups altogether (in a similar way that terrorist cells and outlaw bikie gangs have been targeted). This approach may sound appealing at the outset, but it could be plagued by litigation, potential misuse against eccentric (yet otherwise harmless) groups and it might take years to settle into place. But it is still worth considering for the longer term.

STRATEGY 2 is not intended as an alternative, but as a complement to STRATEGY 1. Both approaches have merit – and different functions – so they need to be pursued together. While the "Various Legal Reforms" under STRATEGY 1 could be more effective in the short term, a more definitive and permanent set of controls might be achieved for the longer term under a STRATEGY 2 attempt to "Legally Define and Restrict Cults". And while STRATEGY 1 may be useful to protect public funds, STRATEGY 2 could bring broader protections for the public in general. Those groups that jump out of the net of proposed reforms for charities (as per STRATEGY 1) might still be hooked by a punitive legal definition of a "cult" (as per STRATEGY 2) so that charitable and non-charitable cults alike can be driven out of existence, not just out of public coffers.

I note from previous Senate debates that a Public Benefit Test should take into account any "harm" caused by groups with charitable tax subsidies. With that in mind, STRATEGY 3 is a demonstration of how even existing laws relating to charities have not been enforced in relation to a case-study cult which I know inside-out: William Kamm and his Order of Saint Charbel.

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Background of Submission

My interest in this subject is grounded on my authorship of an unauthorised biography of the notorious "Little Pebble" who claimed to be a prophet, but was proven to be a paedophile. Despite being bankrupt and transiently unemployed during the early 1980s, Kamm miraculously transformed himself into a multi-millionaire during the ensuing decades – evidently at the expense of many devout followers who were led (or misled) to believe they were reviving an archaic form of Catholicism. Taxpayers inadvertently supported The Little Pebble's infamous rise via various tax exemptions and the granting of permits to raise donations from the wider community. Regardless of his total lack of theological training and failure to even be accepted as a student priest, Kamm claimed that he would ascend to the top job in Rome to become the last Pope before Judgment Day and then spawn an immaculate race to live in utopia, Kamm's so-called "New Era". Back on earth, this Little Pebble got to work during the 1990s by impregnating many young women who had been brainwashed by his outrageous and devious plans.

This mind-boggling story is told in the book I released two years ago: "*a* **WOLF** *among the* **SHEEP**" [subtitled: How "God's Prophet" - The Little Pebble - became a womanising, millionaire cult leader]. The book concluded with my call for a joint Federal/State Parliamentary inquiry to oversee an audit of all the private companies, charitable entities, trusts, bank accounts, businesses and landholdings associated with William Kamm and his Order of Saint Charbel (Incorporated.). I have said that the efficacy of past financial scrutiny by regulators should also be examined by a Parliamentary inquiry which should involve bureaucracies such as: Australian Securities and Investments Commission (ASIC), Australian Tax Office (ATO), Centrelink, NSW Fair Trading Department and NSW Department of Gaming and Racing (in relation to fundraising activities). The need for an inquiry is not so much about Kamm's conduct – but about the existing regulatory system's failure to deal with him (either in terms of deficient laws or failure to enforce laws which already existed). My call for such an inquiry is further detailed in the "Epilogue" of the book, refer p363-366. [The book is strictly not part of my submission to the Senate inquiry, but ample copies have been supplied separately to the Secretary of the Economics Committee for reference purposes.] This call for government intervention to find out why regulators failed to adequately monitor Kamm's financial affairs (despite ongoing public complaints about the man) has been repeated in newspaper clippings and radio interviews which are replicated on the website associated with the book (www.awolfamongthesheep.com.au). But such appeals have so far fallen on waxen ears.

I do not resile from this appeal for a thorough investigation via a joint-Parliamentary inquiry. However, having observed Independent Senator Nick Xenophon's recent failed attempts to raise a Senate inquiry into claims about the Church of Scientology, I regrettably concede that the political reality is that the vast majority of current Senate members will not answer my call for an inquiry into Kamm's operations. When Senator Xenophon's motions were put to the Senate on 11 and 18 March this year, both major parties made it abundantly clear that individual groups would not be subjected to a public inquiry. But broader issues of public policy could be looked at, both Government and Opposition Senators indicated. So that's where I have focused my attention for this submission.

Senate Debates Leading to this Inquiry

I applaud Independent Senator Nick Xenophon for what he has achieved politically on this issue ever since he raised allegations against the Church of Scientology in the Senate on 17 November 2009. When Senator Xenophon formally called for the Senate to investigate the feasibility of a UK-styled Public Benefit Test for charitable/religious groups on 11 March 2010, he was soundly defeated by both the Government and Opposition. During that debate, a Senator representing the Labor Government cited a number of previous reviews relating to the charitable sector – including a Draft Bill from 2003 that was not even introduced to Parliament. The representative of the Government mentioned that the Henry Tax Review and another recent report by the Productivity Commission (both of which in part examined the charitable sector) were currently before the Government and that *"a further review of or inquiry into this issue is currently unwarranted"*. It was also said that three other important reviews into the not-for profit sector had been *"conducted over the past 15 years"*. The fact that this issue has been the subject of so many bureaucratic reports – and yet so little action – is a rolling indictment of successive Governments, I would say.

Senator Xenophon rebounded a week later with another motion for a Senate inquiry specifically into various claims against the Church of Scientology – which was repeatedly referred to in Parliament as a *"cult"*, as was the Exclusive Brethren (which Kevin Rudd also labelled an *"extremist cult"* not long before he was elected Prime Minister). That motion on 18 March 2010 was also defeated.

Having faced two such defeats, I was pleasantly surprised to see that this inquiry did eventually come to fruition when Senator Xenophon again pushed the issue on 13 May 2010.

I hope many voters go online and download the Hansard records to weigh up what their elected representatives have been saying about this ongoing problem of cults. I remain concerned that not all Senators comprehend the true nature of cults and are therefore too quick to dismiss calls for government intervention. So I decided to add these following comments to challenge the sort of attitudes raised in the Senate (which are probably fairly common in the wider community too).

One Senator posed the question: "…*how much can you in fact prevent people from voluntarily allowing themselves to be brainwashed on a particular issue in a particular area?"* It should always be remembered that children do not choose to join cults or volunteer to be inculcated with irrational behaviour. Mentally unstable individuals don't have the capacity to opt in or out of brainwashing either. During the Senate debate, it was also lamented that people in a free country were *"unfortunately, free to make the wrong decisions".* But should personal blame for *"wrong decisions"* really be cast upon minors (or adults who grew up in cults, none of whom were of age to voluntarily take up membership in the first place)? What about when psychologically vulnerable parents take their children into cult membership – is that just another free-market decision which becomes tough luck for whole families? And as far as adult cult victims who may be *"voluntarily allowing themselves to be brainwashed"*, I wonder how many Senators realise that there are countless examples of sound-minded and "normal" people becoming involved with legitimate groups which turn into cults? Or what about those unfortunate souls who do join existing cults – but they do so because of the deceitful expectations put forward by cult leaders (and other members) and new recruits are eventually rendered powerless to leave due to the coercive persuasion of fellow cultists over a long period of time? It's a bit rough to hear adult standards of personal responsibility being applied to people who were meanwhile described in the Senate as *"voluntarily" "brainwashed"* (and that unavoidably includes minors) to hold *"silly, bizarre and even dangerous views"*.

The fact that someone ends up in a cult, by whatever means, does not insinuate that they must have voluntarily chosen to surrender their wealth, individuality, sexual freedom or reproductive liberty. If parents have made *"wrong decisions"* in relation to cults, then to what extent will the Senate stand back and let children pay the price of those wrong decisions? There are plenty of situations where governments intervene to protect minors from the poor decisions/behaviour of their parents or other adults. It was mentioned in the Senate, for example, that people are free to exercise their right to refuse help from mental health professionals and that Jehovah's Witnesses were allowed to refuse blood transfusions. But another Senator clarified that: *"When it comes to minors, it is now the law in Australia that a doctor can give a blood transfusion to a child, regardless of the beliefs of the child's family, if the child is in danger of dying."*

This subject is far too complex for simplistic statements about people choosing to be brainwashed or assumptions about cult members being *"free"* to make bad decisions. A comment was also made that "*people choose to go into a religion and they can choose to leave it"*. Well, I know that the ability to *"choose"* to exercise *"freedoms"* is not a privilege that exists in extreme cults. And a diabolical contempt for individual decision-making is the backbone of cult leadership.

I don't believe that there is any legitimate basis for concerns previously raised in the Senate that this inquiry might become *"a religious witch-hunt"* or a *"persecution of religious organisations"* which *"actually threatens the very freedoms that we enjoy in this country"*. This important issue should not be allowed to degenerate into an anti-religious versus anti-secularist argument – it is about being anti-cultist. Genuine Christians and leaders of other faiths ought to be willing to cooperate with secularists for the common good of weeding out harmful cults. This is not a topic that should be bogged down in the centuries-old (and evolving) debates about Church versus State legal doctrines. Religious and non-religious community leaders alike ought to support efforts to differentiate between benign and malign charitable/religious groups. Cults hide behind the veil of religious freedom but, in reality, they don't allow too many freedoms for entrenched followers. I can not imagine how any conscientious follower of any genuine religion, be it Christian or otherwise, could stand in the way of legal reforms which are designed to target cults. Very few religious groups or bona fide charities should have anything to fear from a Public Benefit Test (or any other additional reforms that I am proposing).

For the record, I do not take a totally excusory approach to all cult members (and anyone who has read my book would know that). I support neither of the opposing extremist views that *"all cult members are victims"* or *"all cult members must be stupid"*. Notwithstanding the brainwashing and fearful coercion and psychologically-erosive environment that I am very sympathetic of, I still say that personal responsibility ought to kick in amidst growing awareness of harmful treatment of others. When I've had to weigh up individuals, I've taken into account various factors such as: age; emotional maturity; family background; various hardships prior to taking up membership; the stage at which followers joined the cult (in terms of how extreme the cult had become at that point and what public warnings already existed); seniority and awareness of happenings that were kept secret from other members; personal ambition and spiritual egotism; degree of exposure to grooming by peers and senior cult members; stubbornness and arrogance as a matter of personal character; and a willingness to deceive and mistreat fellow members. Considered observers will realise that there are all sorts of categories of people that make up a cult. But whenever I hear all cult members being blanketed with hard-line criticisms, I just give a reminder that it's children and other vulnerable individuals who are being re-victimised by such ignorant judgmentalism.

Having surveyed the decades of neglect from government departments and political leaders, I can see how the likes of William Kamm laugh in the face of public apathy and misconceptions about cults (especially when cult victims are blamed for being victims). I note for Senators that Kamm was able to boast to

prospective members that his organisation was legitimately registered with government authorities (which it was). Yes, Kamm's cult was administered according to laws that this current Senate demonstrated so much resistance to even inquire into, let alone reform. Kamm was also able to publicly dismiss media reports about a tax investigation by saying a government *"audit"* had found that his charitable organisation was *"found to be 100 per cent in order"*. I would very much like the Senate to have a look at that alleged government *"audit"*, and compare it to the financial irregularities referred to in STRATEGY 3. On another occasion, Kamm similarly assured his members that government authorities were monitoring the Order *"in all that we do"*. His internal address to members went on to say: *"In other words, we can't swindle you out of your money because everything is registered; everything is laid down clearly. So remember that."*

We Aussies like to boast about what a lucky country we live in – but not everyone who calls Australia home is so fortunate. Let's be honest: our society can not boast a glorious track record when it comes to looking after the most vulnerable members of our society – children. Just remember how our forebears forcibly removed Aboriginal children from their families; remember the part our governmental and church institutions played in receiving child migrants from the UK (some of whom were not *"orphans"*, as they had falsely been told) and remember that it wasn't so long ago that we used to lock away disabled children and adults in shocking mental institutions. Dare I refer to a more contemporary example, the excessively-long detention of children who have fled war-torn countries aboard rickety boats – only to be arrested as *"illegals"* and sometimes even separated from their fathers – is nothing to be proud of either. Yes, we have had our dark share of scandals involving institutionalised neglect of children. And it was not due to any initiative of government authorities that William Kamm was driven out of business either: that only occurred because two ex-cult members who had been sexually abused as underaged girls decided to file charges … but it was 10 years before those kids matured enough to reject his brainwashing and pursue justice. Clearly, a new paradigm of pro-active government oversight of religious and charitable groups is needed.

I sincerely believe that future generations will look back on us with horrified contempt, and rightly so, for our abject failure to protect children and vulnerable adults from certain cults which are widely known to be noxious. There are plenty of ways to deal with these cults, but authorities have mostly turned a blind eye and let cult leaders hide behind a guise of religious and/or charitable respectability. I hope the growing level of public concern about these issues will persuade Senators to consider broader measures to ensure that all charities and religions are really providing community benefits which justify government subsidies. I appeal for serious consideration to the following three STRATEGIES, because there comes a point where selective ignorance and continued inaction by those in authority is tantamount to facilitation of cults and the personal destruction they cause.

STRATEGY 1:

Various Legal Reforms to Police Cults

NB: I am not a lawyer, and these measures are by no means an attempt to write an Act of Parliament. STRATEGY 1 is an attempt to outline the general paths that might lead to a greater level of scrutiny for troublesome groups that masquerade as charities. Other people/groups may have fresh ideas that could be pooled under this general approach to have a central authority to oversee and help enforce new and existing laws. Increased regulation is seldom popular. But genuine charities (which should have no trouble meeting STRATEGY 1 requirements) would be asked to acknowledge the need for more red tape to weed out fake, self-serving "charities" which would in turn help protect the trust and reputation of the whole sector. Genuine charities and religions comprised of responsible citizens would comply with most of these measures anyway – but the new rules would be a major problem for fake charities which flout the rules for their own purposes.

1-a Appointment of a Charities Commissioner

I would like to see the instatement of a "Charities Commissioner" which would have an ombudsman-type role with authority to investigate complaints in the charitable sector and make rulings which are binding. I see STRATEGY 1-a as the most important reform of all, which is essential in making all the other reforms work. Nobody wants to see genuine charities (which largely operate with voluntary labour) being regulated out of existence. It is most probably true that only a small number of "charitable" groups are causing most of the problems. The answer is not to just ignore or accept those problem groups – the answer is to have a regulatory system which targets them, without creating too many new legal hurdles for groups which are already doing the right thing. I favour a complaints-based legal regime which actually responds to community concerns by handing investigative authority to a Charities Commissioner to focus attention on groups that require the most scrutiny. Concentrating the regulatory budget on problem groups is a better use of public funds – as opposed to across-the-board checks for all charitable groups. And official findings by an independent Commissioner would help vindicate the complainants or even vindicate a charitable/religious group from scurrilous complaints.

A Charities Commissioner should be given adequate legal authority to:

* receive and review all complaints about charities according to an established complaints procedure (which would require charities to respond to grievances)

* conduct a comprehensive review of any or all operations of individual charities

* access records and any documentation held by charities

* suspend and/or deregister charitable organisations for non-compliance

* suspend and/or ban Directors and senior office holders of failed charities from holding similar positions with other charities

* dismiss Boards and senior office holders and instead appoint administrators where a charity has substantially failed (without fair reason) to meet its stated objectives

* wind-up failed charities and re-distribute debt-free assets to genuine charities with comparable altruistic goals

* refer serious complaints to other law enforcement bodies with recommendations to prosecute

* make adverse findings with legal privilege

* recommend further reforms of the charitable sector

To ensure accountability of the position, the Charities Commissioner could meanwhile be asked by the government executive to show cause why he/she decided not to investigate a particular complaint.

Awkwardly, state and federal governments have separate regulatory roles over charities. In the case of NSW, there are further regulatory splits between the NSW Fair Trading Department (which oversees incorporated bodies) while charitable fundraising permits are issued by the NSW Department of Gaming and Racing. This disbursement of government regulation only benefits groups that see charities as a cut-price means to run their own private agendas – with little or no public benefit.

Clearly, the appointment of a Charities Commissioner would not be a simple reform to enact, but neither should it be impossible to streamline various government departments involved with the sector. Additionally, real charities could actually benefit from some bureaucratic simplification.

1-b Public Benefit Test

I could see no valid reason from the recent Senate debates as to why charities and religious groups should not have to face a Public Benefit Test to give account for their use of government hand-outs. One Senator commented that people do not join a community group just because it has tax-deductible status – and I suspect that would be true. I further suspect that cults would continue to operate even without government subsidies. But why should that be regarded as an excuse to do nothing except keep giving a helping hand to groups that can not demonstrate a reasonable social dividend to the wider community? A whole range of measures could be taken to rid the community of parasitic cults – but surely the first step is to get their hands off taxpayers' funds. Charities must lodge yearly financial statements – why not also require them to outline the social programs that have been subsidised by the tax office? And why not balance the positives against the harm that some groups have been causing? This would be a chance for genuine charities to promote their benevolent activities while sifting out fake charities which only help themselves.

1-c Abolish Fees for Public Access to Public Documents Concerning Charitable Entities

The more eyes that fall on a charity, the more accountable it will be to benefactors and recipients of those funds. Free access to public documents should be "free" in the financial sense of the word. Currently, the cost of checking over the books of a charity is prohibitively expensive. The last time I checked, annual returns from ASIC cost $36 each; NSW Fair Trade charges similar fees (but on a sliding scale, depending on the number of pages). So if you want to check out a group with 25-plus years of annual statements (and more than one charitable entity), then it costs thousands of dollars for the pleasure of spending countless hours threading together a paper trail. While some media are apparently afforded exemptions for document fees, the reality is that few editors give their journalists adequate time to undertake decent investigative work. There are some non-journalists with more time on their hands and an interest in

suspect charities – but they can not afford the cost of getting the paperwork. Consequently, not many "public documents" concerning charities ever become known to the public.

Currently, public servants need to be paid (via a user-pays fee) to sort through files and retrieve documents. Or do they?

Government regulators should get with the technology and upload onto their websites all financial returns and other filings classified as "public documents" so that they can be searched and downloaded for free. There would be an up-front cost for uploading the documents (which becomes easier and cheaper as returns and other documents are increasingly lodged electronically). But then there is negligible government cost in dispensing documents to anyone (including anti-cult groups, which could be instrumental in assisting regulators). If public documents are really public, then there should be no problem with retrospectively uploading the database of public documents relating to charities onto the internet so that historical documents can also be checked for free.

1-d Outlaw Privatisation of a Charity

It beggars belief that it should even be necessary to spell out such a law, but check the references below to see how William Kamm pocketed the multi-million dollar assets of the Marian Work of Atonement Society Ltd. According to papers that I obtained from ASIC, Kamm became the sole shareholder and sole director for the bargain price of $100. Once the financial conversion took place, the privatised company's annual financial returns were no longer considered public documents – so the lights went out on any further scrutiny (except by a regulator – ASIC – that has a track record of doing nothing about William Kamm and his cult). How could a Board of a charity be allowed to pass a *change-of-status* motion which made one person suddenly very wealthy – with great power over the members of the said "charity"? What response ought government regulators make to both Kamm and all the Board members who approved this unusual charitable act? As I wrote in the book: *"It would be outrageous if the transaction was carried out illegally, and even more outrageous if it could be done lawfully".*

A clear prohibition on a privatisation would prevent cult leaders like Kamm growing a religion under low-cost charitable rules, and then simply pouring all the money and assets into a private company or trust to block public accountability.

Reference: "*a* **WOLF** *among the* **SHEEP**" **[aWatS] p72; p84-87; p186-195.**

1-e Free Access to Meetings Held by Charities (with Strict Exceptions)

When I think of how a charity ought to be administered, what comes to mind is a Local Government model which sees funds supplied by ratepayers and other governments to (hopefully) deliver services in a transparent and accountable way. It's public money which is supposed to be used to assist people in need of public services. No doubt, there are circumstances where meetings need to be held in-camera for privacy reasons relating to staff or individuals who are being assisted. But in general, it's a fairly transparent process. Why should charities be much different? A cult – which, by antithesis, must instead have maximum secrecy and centralised power with no accountability – could not survive under an open, accountable system which welcomes internal criticism.

Charities should be required to advertise their meetings and welcome anyone from the public to view an Annual General Meeting or Board meeting etc. What genuine charity would be offended by this requirement … they would be only too happy to tell people about all the good work that volunteers have been doing. If certain matters are held in confidence by the Board but someone suspects that matters are improperly being handled in secret under false pretences, then a complaint could be lodged with the Charities Commissioner and she/he can check whether a set of confidentiality guidelines have been followed properly (and report back with a ruling).

If charities can't handle this level of scrutiny, then they shouldn't hold out their hands for public money (either in terms of government subsidies or direct donations from the public).

1-f Inspection and Destruction of Personal Files

Cults invariably have a penchant for keeping personal files on their members. **[REF: For example, see "aWatS" p106 and culture of rewards for spying p98; p353-4.]** Whether charities/religious groups ought to be allowed to keep such files is debatable. But what is clear is that the person(s) about whom those secret, internal files are kept should be able to inspect their own dossier. We're not talking about ASIO – charities should have to conform with the same or similar provisions under Freedom of Information (FOI) laws which allow for retrieval of personal records from government departments.

Another point about personal files that ought not be in dispute is that no "charitable" group should be allowed to destroy documents either about other people or belonging to other people – and there should be strong penalties for doing so. **[Ref: claims and counter-claims of document destruction as per "aWatS" p239-240 & p309-312]**

I think there should be new provisions to manage the type of personal information that can be collected, and how that information is stored and used. I don't think any group should have the right to destroy information willy-nilly – and it should not be done without consultation with the person(s) identified in those files. Again, any disputes about files should be handled by a Charities Commissioner, who should have the power to retrieve personal files and decide who to give them to.

1-g Deregister "charities" which Fail to Substantially Adhere to their Original Articles of Association

Charities may start out as benevolent institutions by well-intentioned founders. But they can be taken over, and degenerate into toxic cults. The obvious example here is the charitable entities that Kamm set up. **[Ref: "aWats" p186-7; p196; & numerous examples in STRATEGY 3]**

1-h Charitable Status and Subsidies Revoked for Repeat Offenders

Not all charities are lucky enough to attract the services of professional managers and honest mistakes and misunderstandings on the part of voluntary stewards might be tolerated to some degree. But "charities" which demonstrate a tendency to purposely, and repeatedly, defy requirements for democratic governance should have their charitable status revoked – thus removing all forms of charitable subsidies from the government.

Reference: see the numerous examples cited throughout STRATEGY 3

1-i Financial Returns to be Filed on Time – or Penalties Apply

Charities are already required to lodge annual statements and other filings on time. But that didn't keep the Order of Saint Charbel Inc up-to-date with recent returns [**Reference: "aWatS" p212**]. Charities which fail to submit returns within a reasonable time period (say, three months) should be given perhaps six weeks to show cause. If the returns are still not submitted and no reasonable excuse is given for the delay, the Charities Commissioner would have the authority to suspend the group and commence action to wind up the charity and re-distribute its assets to a legitimate charity with similar objectives.

1-j Bans for Directors and Senior Officeholders

Under corporations law, Directors who seriously fail to fulfil their duties may face lengthy bans from directing any other company. Likewise, failed charity Directors (and perhaps even senior officeholders) who have been found to be in serious breach of charitable laws should also be banned from directing or managing any other charity for 10 years or more.

1-k Ban on Re-application for Charity Status

Charities which have been forcibly deregistered or refused applications or re-applications for charitable status should not be allowed to re-apply for five years.

1-l Five-year Renewals

Some tax exemptions already have an expiry date, and reapplications are necessary to continue to receive certain government benefits. Perhaps charities should be required to renew their applications every five (or perhaps ten) years to ensure that the claimed charitable objectives and activities are kept up to date. This would help keep contemporary officeholders/Directors more accountable to their own claims about charitable activities/objectives (to lessen the incidence of decades-old charities drifting away from their original Articles of Association).

STRATEGY 2:

Legally Define and Restrict "Cults"

"Ban all cults" is a slogan that might initially sound like an attractive solution. When I first started thinking about new ways to handle people like William Kamm, I thought about how 9/11 ignited the political will to mobilise enormous government resources around the world to define, identify and combat terrorist cells and their fundraising support networks. Recent state laws in Australia to restrict outlaw bikie gangs is a similar approach that might work for other cults. [Arguably, terrorist cells and bikie gangs are just different forms of cults]. I'd be very happy to see bans placed on both government funding and private donations to legally-declared cults, so that they wither into bankruptcy.

But this apparently straight-forward idea may well turn out to be the most difficult of all.

Just as there are still underground terrorist cells and outlaw bikie gangs, other cults may likewise still persist. "Cult" is a fairly rubbery word, meaning various things to different people, and it may prove to be quite difficult to define in a legal sense exactly what the word is – and isn't. Until there is a major catastrophe involving a cult on Australian soil, the political will probably won't exist to have a serious crack-down on cults. If there is any new legislation, it may well be buried in litigation for years and years in test cases before any intended bans could even look like taking effect. And what if a ban isn't upheld by the courts? Or what if banned groups simply dissolve and reform under a new name, or convert to an underground cult? To pre-empt the critics, yes such laws might conceivably be abused to persecute groups which may be eccentric but cause no significant harm to anyone.

I don't mean to sound too defeatist about my own idea, but I am realistic about the complications. Despite all these possible draw-backs, a ban on cults may still work for the worst offending groups – but this outcome is not likely to come soon enough. Personally, I am still in favour of a legal ban on cults and I think the idea should still be explored by the Senate. But it is potentially very complex and I see it as a longer-term solution. Officially labelling cults as "cults" is worth trying, but other measures are needed in the meantime.

I'm not so concerned about having the legal authority to officially dispense "cult" labels for problem groups – I'm more interested in the government response to those groups. STRATEGY 1 is a more pragmatic approach to have new laws that deal with cultish and damaging behaviour – without needing to actually define and declare a particular group as a "cult". But there is still a requirement for proper enforcement of existing laws and new legislation to further sift the cults from the real charities. Efforts to disrupt cult activities and stymie growth could be more effective than the single pursuit of particular groups (by way of a legal definition and declaration of a "cult"). It's a bit like medicine: a doctor can spend a lot of time diagnosing and labelling a condition, but the patient just wants their symptoms treated, as per the reforms listed above in STRATEGY 1.

STRATEGY 3:

Enforce Existing Laws

& Scrutinise Questionable Dealings

William Kamm and his Order of Saint Charbel

A case study of a tax-exempt charitable religious group

Examples of financial irregularities and questionable conduct

NOTE: I make these references to "a **WOLF** *among the* **SHEEP***" and copies of the book have been supplied separately to the Secretary of the Senate Economics Committee for Senators to look up. But I do not release copyright on the passages that are referred to and under no circumstance will I allow those passages to be extracted or tabled in Parliament or circulated in any other manner. If the Committee chooses to accept my submission, then I have no objection to these page references (or any other part of this 19-page submission) being published by the Senate.*

*** Kamm's privatisation of the multi-million dollar assets of a charity**

Ref: p72; p84-87; p186-195.

*** Donations to "W Kamm"**

According to official financial returns, three donations totalling nearly $60,000 were paid to "*W Kamm*"; Kamm's signature meanwhile appeared in the Order's AGM minutes alongside the title "*Chairman*" and the name "*W Kamm*". This is strictly prohibited by the Order's own constitution and also Section 4 and 66 of the *NSW Associations Incorporation Act 1984*. **Ref: p196-7.**

*** The charitable Order of Saint Charbel made mortgage payments on property privately owned by Kamm**

Ref: p197

*** Nearly $60,000 recorded in financial statements for land tax and property rates, even though the Order had no landholdings recorded; the Order also paid more than $70,000 in rent to an unnamed landlord.**

Ref: p197 (third para).

*** Fair Trade?**

Trade "*by donation*" of religious items for miracle cures and other spiritual rewards – the spiritual quackery included easy remedies for cancer, AIDS, mental illnesses and even those who had been "*sexually molested and abused*". **Ref: p59; p88-89.**

*** During two particular years, hundreds of thousands of dollars worth of *"sales revenue"* from a store selling religious goods allegedly recorded as *"donations"* and, apparently, no tax was paid.**

Ref: p189 (third para); **p212** see also "Chapter Note i)" regarding sale of Kamm's autobiography receipted as a *"books donation"*.

*** Public fundraising drive for defamation actions that Kamm never pursued (although his personal bank account details were given for direct deposits).**

Ref: p183-4; p185 (Kamm confirms an elderly French woman was going to donate her retirement fund of $US250,000)**; p208-9.**

*** Order members were used to run a string of mini-markets that were privately owned by Kamm; cult members were berated for not shopping at "*our*" stores.**

Ref: p198-203

*** Draconian workplace conditions**

Ref: p199 (third para).

*** Wages and welfare**

Kamm minimised wages in his shops to maximise welfare payments for cult members – while other fringe benefits were billed to the Order. Yet the original Constitution of Kamm's Order specifically prohibited its members from receiving unemployment benefits from the government. **Ref: p201-2.**

*** Kamm's overt control of the Board of Directors, using the persuasion of "Mary says…"**

Ref: p183 (third star point); **p188-9.**

*** Lack of financial transparency**

The distinction between Kamm's personal finances and the Order's bank accounts was very blurred – especially on the question of whether all "*donations*" were channelled through the Order, or Kamm's back pocket. **Ref: p183** (second and fourth star point)**; p184** (bottom paragraph)**; p188** (second para); **p192** (first para); **p197** (last sentence of second para); **p200** (first para); **p207-8**.

*** Conflicting claims to different regulators**

Conflicting claims in lodgements to government departments about the nature and control of various entities associated with Kamm and the Order of Saint Charbel. **Ref: p85-86.**

*** Financial statements not lodged to NSW Fair Trading Department on time**

Ref: p212 point iii) [to update the situation, the 2005/06 and 2006/07 returns were not lodged until November 2008.]

*** Acting in the name of the Roman Catholic Church, yet disowned by that same Church**

As early as 1988, American Bishops warned that Kamm was collecting large sums of money in that country despite not having any church approval. **Ref: p84.**

Kamm nevertheless claimed to be a "*part of*" the Catholic Church despite denunciations from the hierarchy, as high as the office of Cardinal Joseph Ratzinger (ie the present Pope Benedict). **Ref: p78-79.**

*** Attempts to control and acquire personal wealth of members via spiritual coercion**

"*Inner Circle*" members were told in 1990 to unreservedly devote money and time to Kamm as the leader chosen by the Virgin Mary. **Ref: p85**

The constitution of Kamm's group required members to renounce their wealth and donate it to the Order; there were specific attempts to stop children inheriting the estates of cult members. **Ref: p206-7; p209.**

*** Oppressive internal discipline and isolation**

Ref: p105-7; p231-2.

*** Questionable use of Kamm's title as a JP (Justice of the Peace) on personal letterheads which included the claim that he was a "member" of the Justice Department since 1978**

Ref: p350

*** Kamm exempted himself from the 10 Commandments and other moral standards that followers were expected to follow**

Ref: p146; p152; p327.

*** Apparent justification for polygamy**

Ref: p144; p172; p176.

*** From the pulpit, Kamm prepared Order members for his upcoming child sex trials … intermingled with warnings about Satan's conspiracies and the importance of *"protecting God's work".***

Ref: p231-5

*** Kamm was beyond reproach and *"can not err"***

Ref: p69 (first para)**; p257; Chapter 13** is mostly a demonstration of how Kamm handled internal and external dissent in classic cult leader style.

*** Personal integrity and leadership's adherence to charitable (and religious) goals**

There's no law against hypocrisy, but William Kamm's serial adultery and paedophilia is now a well-established fact. He consistently excused himself from the strict religious standards that he imposed on everybody else. **Ref: Chapters 8; 9; 11; 14, 15 & 16.**