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Megachurch Seeks Deliverance From Debts

By **Elaine Meyer**

Law360, New York (October 19, 2010) -- Crystal Cathedral Ministries, one of the nation's oldest megachurches, known for its televised weekly church service "Hour of Power," has filed for Chapter 11 protection, seeking to resurrect itself from about \$43 million in debt.

The Orange County, Calif., church filed a voluntary petition Monday in the U.S. Bankruptcy Court for the Central District of California, blaming the economic downturn for a 30 percent drop in donations, according to the ministry's lawyer, Marc Winthrop of Winthrop Couchot.

The church's largest debt is the \$36 million mortgage on its 40-acre campus, which includes its 2,800-seat cathedral, a 1970s glass building designed by architect Philip Johnson. Its assets range from \$50 million to \$100 million, according to its petition.

"Budgets could not be cut fast enough to keep up with the unprecedented rapid decline in revenue due to the recession," said Sheila Schuller Coleman, the church's pastor.

The ministry, which says it has more than 10,000 members, decided to file for Chapter 11 after being sued by a small number of creditors. The church had been negotiating with a creditors' committee during the last year over a repayment plan.

"As is often the case, negotiations and decisions do not move fast enough to satisfy all parties," the church said.

Many of the church's unsecured creditors are media or promotional companies, including television networks in California and Texas.

Referring to its petition as "another chapter," Crystal Cathedral appeared optimistic about emerging from bankruptcy.

"Our announcement today to file for the protection of Chapter 11 is just one more chapter in the book that He is continuing to write -- and we know that God's plans are good -- we have no doubt His chapter will be good!"

Crystal Cathedral, which is Protestant, was founded in 1955 by Rev. Robert Schuller and his wife Arvella.

Its first venue for Sunday morning services was a drive-in theater off of Highway 101. The church grew rapidly in the 1970s and built the cathedral against warnings about putting an all-glass building in an earthquake zone.

The church has already taken cost-cutting measures this past year, including selling off a retreat center that is now being leased by Rev. Rick Warren's Saddleback Church in Oklahoma, and putting on hiatus an annual Easter pageant that features live animals.

It expects to put its annual Christmas show on hiatus as well, but plans to continue televising "Hour of Power," an hourlong broadcast of the congregation's weekly church service. Crystal Cathedral is represented by Marc Winthrop of Winthrop Couchot.

The case is In re: Crystal Cathedral Ministries, case number 8:10-bk-24771, in the U.S. Bankruptcy Court for the Central District of California.