



USING A GROUP EXEMPTION RULING AS EVIDENCE OF DENOMINATIONAL LIABILITY

To raise funds for a substantial building project, a church used fund-raising tactics that violated the antifraud provisions of state and federal securities laws. Several members who lost some or all their life savings filed a class action lawsuit against the church. They also sued the national denomination with which the church was affiliated, claiming the denomination was responsible for the acts of affiliated churches on the basis of its group exemption, which stated that it exercised "general supervision and control" over affiliated churches. A federal appeals court ruled that the denomination was not liable for the church's actions and summarily dismissed the victims' argument that denominational liability for the acts of affiliated churches can be predicated on a group exemption. *Kersh v. The General Council of the Assemblies of God*, 804 F.2d 546 (9th Cir. 1986).