



STATE OF MINNESOTA

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May 8, 2002

Edward G. Palmer
15548-95th Circle NE
Otsego, MN 55330

RE: Solid Rock Church, Elk River, Minnesota

Dear Mr. Palmer:

Thank you for your letter dated February 12, 2002, as well as the binder of information that you provided to our Office entitled, *The Theft of Solid Rock Church, Elk River, Minnesota, Legal Brief*.

In your letter, you state that William Neal Matthews, the senior pastor of Solid Rock Church in Elk River, Minnesota ("Solid Rock"), has taken approximately seven to ten million dollars from the Church and its congregation. Although you do not appear to contend that he actually embezzled these funds, you believe that Mr. Matthews accomplished the same result by employing a "scheme" to bring the entire church under his control.

You state that the "scheme" that Mr. Matthews employed took place over a number of years whereby he would repeatedly amend the Articles of Incorporation. You state that each time that Mr. Matthews and the church board amended the Articles of Incorporation they increased their power and lessened the members' power. By gradually increasing their control and weakening the members' power, you contend that Mr. Matthews, in effect, "converted" Solid Rock property and certain members' property for his own use.

You also contend that Mr. Matthews and Solid Rock Church fraudulently induced you into transferring 545,000 shares of Solar Attic, Inc. common stock, the corporation over which you are CEO, to the Solid Rock Church. According to the documentation that you provided to our Office, it appears that this matter has already been considered and decided by Anoka County District Court Judge Pendleton.

Under Minnesota law, the Attorney General's Office has limited authority. For instance, our Office has jurisdiction to oversee certain charitable organizations. It does not, however, have jurisdiction to represent private individuals. Notwithstanding this limitation, I can provide you with the following comments, which I hope you will find helpful.

First, because you are no longer a member of the Solid Rock Church congregation, you may wish to proceed with your private civil litigation against Mr. Matthews and the Solid Rock Church that you have referenced in your correspondence and during our telephone conversations. Although Anoka County District Church Judge Pendleton dismissed your fraud claim, you may

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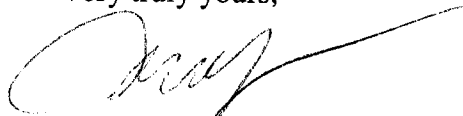
be able to refile your fraud claim so long as you comply with the pleading requirements for fraud claims set forth in his last Order. You may wish to consult with a private attorney to assist you in pursuing this matter.

Second, although the materials that you sent in do not appear to contain any complaints by current Solid Rock Church congregation members, these members may be able to seek injunctive relief against officers and directors who have violated any provision of Minnesota Statutes Chapter 317A. Minn. Stat. § 317A.467 (2000). They may also recover expenses, including costs and fees associated with pursuing such actions. Id.

I note that the issues that you raised in your complaint to our Office were previously addressed in correspondence you had with Assistant Attorney General Sheila Fishman in 1997. As Ms. Fishman noted in her letter, this Office cannot dictate the mission of a church, and a nonprofit corporation's business and affairs are directed by its board of directors. A copy of Ms. Fishman's July 29, 1997 letter is attached, for your reference. As Ms. Fishman indicated, this does not appear to be a matter which our Office would be in a position to pursue.

Again, I thank you for your letter.

Very truly yours,



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Assistant Attorney General

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