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**A Summary of an Interview with Pastor Paul Kuske**

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On March 25, 2000 I had the opportunity to interview Pastor Paul Kuske from the Lutheran Association for Church Extension (LACE). Pastor Kuske is one of the founding members of this organization. LACE began in October of 1960 and will be celebrating its 40<sup>th</sup> anniversary this year. I talked with Pastor Kuske about the history of LACE under six different categories: how it all began, the roles of Pastors Scheele and Kuske as LACE's early presidents, LACE's relationship with the state, LACE's relationship with WELS and CEF historically, the development of LACE's investment options to potential investors, and the development of the structure of LACE.

I found the interview to be interesting and informative. We spent the better part of two hours talking about LACE, where it has come from and where it is going in the future. Pastor Kuske spoke candidly and knowledgably on this subject. He has a wonderful perspective on the organization since he has been involved in it since its inception in one capacity or another. After completing this interview I can say with confidence that I have a much greater understanding of what LACE is all about and a greater feel for some of the significant events in the history of LACE's existence.

There are a number of things that I learned from this interview that also apply to ministry in general. It is therefore my intention to discuss some specific items from LACE's history and demonstrate how these items provide insight into ministry.

As I reviewed the videotaped interview with Pastor Kuske I couldn't help but notice time and again how God's hand was in control over the events in LACE's history. This organization began because God opened the door. He created a need, namely to find an efficient way to <sup>lend</sup> loan money to self-supporting congregations through a centralized agency at favorable interest rates. Prior to October of 1960 no such organization existed

within the WELS. Self-supporting congregations<sup>g</sup> who wanted to build additional facilities had one of two choices. They could apply for a loan at a local bank for the current rate of interest. Applying for a bank loan also meant that congregations would have to comply with that institution's rules and regulations. However, this process could be quite costly, and congregations weren't always approved for a loan even after meeting the stated requirements. Many banks view churches as high-risk loans since their finances are wholly funded by contributions.

The second option to raise money for building expansion was an internal push. Churches would seek to raise enough money to complete their building project through contributions and a sort of church "bond"ing program. There were congregations that successfully completed expansion efforts through this internal finance mechanism. This option also has a down side. In order to make this a viable option an individual or a committee was required to spend a great deal of time, energy, and effort in bookwork. This option had the potential to be a ticking time bomb. A certain amount<sup>of</sup> financial expertise was necessary on the part of those handling the funds and issuing the bonds. Secondly, the investor's privacy was put in jeopardy since fellow members were handling the finances. Such a scenario presents the temptation to gossip and compare. Thirdly, accountability and solvency are serious issues that the financial handlers were left to wrestle with. Fourthly, raising the funds necessary is always a delicate process, one that might better be managed by seasoned "experts." A local congregation is not likely to have such "experts" on hand. When all of these factors are combined this second option doesn't seem all that desirable, especially from a pastoral point of view.

This is why LACE was founded. LACE would become a centralized "expert" in the church "bond"ing business. It would take care of issuing "bonds" or as LACE refers to them, "certificates." It would take care of organizing and administrating the collection and disbursement of funds for churches. Because LACE is a third party the issue of investor privacy is immediately solved. LACE would also be better equipped to handle accountability issues because its treasurer would hold liability insurance and because his accountability would be clearly defined by the nature of his position and the structure of the organization. With regard to solvency issues LACE would have a greater cash base to draw from because it would be collecting money from numerous sources rather than a single congregation. Since LACE came into existence to carry out this type of financial activity on a continual basis they would presumably become experts in this field. Pastors Scheele and Kuske found some other men who were interested in starting an organization that would take care of these matters. As a result in October of 1960 LACE was born to fill a need that the Lord had created.

The Lord was in control from the beginning. As a brand new organization there were legal issues to address as well as policies to develop. Pastor Kuske remarked in the interview that it was good that LACE started small so that the board members could proceed slowly and prudently in the developing the policies and practices of this organization. There is an interesting example of this in LACE's early years. A gentleman came to LACE and offered to donate around \$1,000,000. He had one stipulation though. He insisted that he would donate this money to LACE only if it were a charitable organization so that he might claim a tax deduction. At that point in time LACE had not been granted charitable organization status by the IRS. Finally in 1965

the IRS granted LACE this status. By that time the man with \$1,000,000 had donated his money elsewhere. It would certainly appear that the Lord's hand was at work especially when one considers Pastor Kuske's earlier remarks. The Lord saw fit to divert that \$1,000,000 from the LACE coffers for the time being to allow the members of the board of directors to get adjusted to handling smaller amounts of money before tackling such a huge sum so early.

Pastor Kuske spoke about another event that points to the hand of the Lord at work. In the early 1990's the state-appointed, financial watchdogs started looking at church-run financial institutions with a greater degree of scrutiny. At that time Pastor Kuske revealed that technically LACE wasn't operating legally in many states. They weren't intentionally breaking the law. They were unaware that they needed to file compliance and authorization papers in each of these states. As a result a rather large outlay of money was required to bring LACE into compliance with the various states' financial codes and regulations for the selling of securities. While this reality hurt LACE's pocketbook it also prompted LACE to "mature" as a financial organization. During this period of time the board members recognized that they needed to keep extra money on hand in reserve accounts as a protective shield against the possibility of loan defaults or in case a great number of policy holders tried to redeem their certificates at the same time. Through this process Pastor Kuske stated that LACE became a financially stronger and sounder organization. Once again it would appear the Lord's hand was at work strengthening LACE to handle ever greater sums of money for work in the building of the buildings in his kingdom.

The Lord's hand was at work not just in times of pain but also by providing great blessings to this organization. For many years Pastor Kuske said that LACE enjoyed a 30% growth rate. The Lord saw fit to move people to entrust their savings to LACE to help in building visible churches here in the United States. LACE has also seen the blessing of the Lord as it looks at the list of defaulted loans. LACE happily reports that throughout its history not a single one of its loans has ever ended in default. Currently Pastor Kuske remarked that there is only one church that is significantly behind in its loan payments, but even this congregation is dedicated to repaying the money it has borrowed. The Lord has also blessed LACE with many faithful people who have helped form it and keep it running today.

Not only did I notice God's hand at work in the history of LACE, but I also noticed that a great many Christians responded to the opportunity that the Lord had presented before them. When God opened the door Christians responded. That response began with the founding members of the Lutheran Association for Church Extension. They could have complained that the Synod wasn't doing anything to help self-supporting organizations. They could have griped that nothing had been done sooner to establish an organization such as LACE. They could have let the opportunity pass by because they were too busy. But they didn't! They recognized this as a door the Lord had opened for them, and they took advantage of that opportunity to create an organization that would help many WELS and ELS churches in the future.

Not only did they seize this opportunity, but they also dedicated a great amount of their time and effort into making this "possibility" into a reality. All of their time and effort was *pro bono*. Their efforts began with a dream and a \$200 check from Pastor

Kuske. With the Lord's guidance and a great deal of effort and energy LACE has become a multi-million dollar organization today.

Throughout its history LACE has also shown that it doesn't want to be a maverick within the Synod. Right from the start the members of LACE were careful not to step on any Synodical toes. Beginning with the efforts of Pastor Scheele and continuing through the efforts of many others LACE has striven to be an asset to the Wisconsin Synod rather than a thorn in its flesh. It keeps in regular contact with the Church Extension Fund of the Synod. The two organizations have fostered a mutual respect and understanding. They have spelled out their clear and distinct roles within the Synod. They continue to operate as complementary organizations with the CEF serving mission congregations and LACE concentrating its efforts on self-supporting congregations. LACE continues to operate in humility, looking to serve the Lord's kingdom as best they can. If in the future it becomes clear that the best way LACE can serve the Synod is by dissolving and becoming a part of another organization within the Synod then that is what the Board of Directors of LACE will do.

Humility seems to be a hallmark of this organization. That truth is seen clearly from the start. Pastors Kuske and Scheele did not insist that only pastors run this organization. Rather they recognized that this organization provided an excellent avenue for lay involvement. In fact if this organization was going to be successful lay involvement was crucial. They needed laymen who were better qualified to work with the financial quirks and legal intricacies that are involved in an organization of this nature. To their credit these pastors did not attempt to go it alone. They quickly involved qualified laymen to assist them. They utilized these gifts of the Lord in a unique way to

serve the church. It is also worthy to note that these laymen responded to the task the Lord had put before them with great zeal and plenty of their own time and effort. Early on they traveled to the monthly board meetings without any reimbursement for travel or meal expenses. They faithfully carried out the tasks they were asked to accomplish. They did it all with all servant's heart that seeks to glorify God through works of service.

One final note about the response of God's people should be made. LACE would just be a Board of Directors had it not been for those people who were willing to entrust their savings to LACE to help build the Lord's visible churches. If these Christians had not responded to the call for funds LACE would never have been able to help any congregations. The response has been amazing from these committed Christians who desire to dedicate their financial blessings in service to the Lord. As a result of their trust and confidence LACE has been privileged to assist numerous congregations with their building programs and offering them substantial savings versus a commercial loan from a secular institution.

I think that many of <sup>the</sup> things that helped guide LACE to where it is today also apply to public ministry. Ultimately the Lord's hand is what guides us in where we go about doing the tasks that he has assigned to us. We watch carefully for him to open a door to a new mission field or a prospect's home. We watch carefully waiting for him to guide us in our decisions to erect a new structure or build an addition. We pray for his guidance and watch for his lead as we make all of our decisions through study in his Word and analyzing events and circumstances around us.

Secondly, as Christians it is important that we are patient in interpreting events. For LACE the loss of \$1,000,000 early on and the push by the various states to comply to



their statutes could have been interpreted as a real negative turn. However, as time has passed LACE has seen how even these events turned out to be blessings in disguise. Many times in life and in ministry things may immediately strike us as disasters. It's at times like these that patience is a must because God can turn even these events into incredible blessings for us.

Thirdly, I found the attitude of the founding members of LACE to be most admirable. Instead of complaining and bashing the Synod for not stepping in and taking action they recognized that situation as their opportunity to serve. So often it is tempting to place blame and guilt on Synodical shoulders. It is a real temptation to complain against the Synod when we think things aren't happening fast enough or something isn't being done the way we would like it or at all. At these times maybe these are opportunities for us to step up and lend a hand. Maybe these are opportunities for us to take the lead and take care of a need that the Lord has created.

It should also be noted that the leaders of LACE acted honorably as they formed this organization. They sought the blessing and guidance of men in Synodical positions. They did not intend to cause problems for the Synod but rather to act in conjunction with the Synod as an organization that could augment the Synod's purpose. In this regard it is important that as pastors we take the time to seek the advice, admonition, guidance, and blessing from our brothers. It should be our aim and goal to foster a partnership with our brothers that we might work together toward a common goal rather than spend our energy and our efforts fighting against one another.

Finally, as pastors I think we would do well to follow LACE's lead in utilizing qualified lay people in positions of service. There are many things that lay people are

qualified to do and many times more qualified to do than we are. Recruit them, train them, motivate them, and let them serve the Lord with the special gifts and talents that he has given them. We can't do it alone, nor do we have to. God gives us people to train for works of service. Now it's up to us to put them to work!

Through this project I've not only learned these truths for future ministry, but I've also learned a great deal about an organization that I may well need to call upon for assistance if I ever find myself in a self-supporting congregation that is looking to expand its facilities.

## Appendix A

### Questions for Pastor Kuske Personal Interview

#### **LACE: How it all began.**

1. Please begin by explaining how and why LACE began, focusing especially on the perceived need, the men involved, and the actions necessary in order to get LACE off of the ground.
2. How did you arrive at the name: Lutheran Association for Church Extension?
3. What did the founders envision the role of this organization to be?
4. Is the LACE of today what the founders would have envisioned on September 14, 1960? Elaborate.
5. What were the early years like as LACE sought investors before it was able to make its first loan?

#### **The roles of Pastor Scheele and Pastor Kuske in LACE as it is today.**

1. Please comment on the significant contributions that Pastor Scheele made to LACE as its President from 1960-1968.
2. How did Pastor Scheele's resignation affect LACE?
3. When you took the helm in 1968 what were your hopes for the future of LACE?

4. As LACE's President what would you point to as major contributions you made that have helped shape LACE as we know it today?
5. What vision do you have for the LACE of tomorrow?

**LACE's relationship with the state.**

1. What was the significance of Michigan's recognition of you as a corporation?
2. What was the significance of the US Treasury's decision to grant you tax exemption?
3. What kinds of challenges, hurdles, and pitfalls have you encountered as LACE expanded its horizons beyond the Michigan border?
4. How have these things affected the way LACE handles its business?
5. Are there any continuing challenges, hurdles, or pitfalls that you are still trying to work through?
6. How has the Federal Reserve Board and its actions with regard to the Prime Rate of interest affected LACE over the years?

**LACE's historical relationship with the Synod and with CEF.**

1. At LACE's inception how did it view itself with regard to Synod and CEF?
2. How has LACE's relationship changed with these organizations as it has grown?

3. What is the relationship between LACE and WELS and CEF at the present time?
4. Do you see any changes in LACE's relationship with these organizations in the upcoming years?
5. What was the significance of the Statement of Cooperation with the ELS on January 18, 1981?
6. Has the relationship of LACE with the ELS been any different than with the WELS historically?

**The development of LACE's offerings to potential investors.**

1. When LACE began what potential types of investment opportunities did you offer?
2. How did the Designated Certificate offering develop? What types of things have changed in this offering over the years?
3. How did the Optional Interest Plan develop? How has it changed as time has passed?
4. In what ways have you advertised or solicited investors in the past? How have these avenues changed as technological advances have occurred?

**The development of the structure of LACE.**

1. When LACE first started how was the corporation organized?

2. What organizational changes have taken place over the years? What made such changes wise and necessary?
3. How was the development of local branches affected the character of LACE? What challenges and advantages have been realized from this development?
4. How has the division of 1/3 pastors to 2/3 laymen affected the direction of LACE?
5. Discuss laymen who have had an impact on the direction of LACE and what that impact has been.