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U.S. DISTRICT COURT  
WESTERN DISTRICT OF MICHIGAN  
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UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF MICHIGAN

Three Angels Broadcasting Network, Inc.,

Case No. 1:08-mc-03

an Illinois non-profit corporation, and

Danny Lee Shelton, individually,

Richard Alan Enslin  
Senior, U.S. District Judge

Plaintiffs,

v.

Gailon Arthur Joy and Robert Pickle,

Defendants.

**Affidavit of Gailon Arthur Joy in support of Defendant's Motion to Compel  
Production of Remnant Publications, Inc Documents pursuant to FRCP 45**

Now comes the Affiant, Gailon Arthur Joy of Sterling, County of Worcester,

Commonwealth of Massachusetts and declares and states as follows:

The affiant is a defendant ecclesiastical journalist in an action brought by Three Angels Broadcasting Network, Inc (hereinafter 3ABN) and Danny Lee Shelton (hereinafter Shelton), personally, both parties being from Thompsonville, Illinois. Plaintiff's have alleged defendants are engaged in a conspiracy with the Plaintiff 3ABN's former vice -- president and the ex-wife of Shelton, for "publication and dissemination of defamatory, disparaging, and slanderous statements regarding 3ABN and its President Danny Shelton".

Plaintiffs further have alleged the Defendants's "have published numerous untrue statements that 3ABN and its President Danny Shelton have committed financial improprieties with donated ministry funds," that "3ABN Board members have personally

enriched themselves as officers and directors of 3ABN in violation of the Internal Revenue Code,” that “Danny Shelton wrongfully withheld book royalties from 3ABN and refused to disclose those royalties in proceedings before a court of law related to the distribution of marital assets,” and concluded that “Each and every one of the statements set forth above is false and Defendants published them with malice, either knowing them to be false or with wanton and reckless disregard for the truth or falsity of the statements.” Plaintiffs further allege the defendants have claimed “Shelton perjured himself through the course of court proceedings relating to his divorce from Linda Shelton”, and therefore “Defendants’ conduct as heretofore set forth evidences a malicious and purposeful campaign of defamation, slander, and disparagement intended and designed to embarrass, discredit, and defame 3ABN and its President Danny Shelton and to vitiate, dishonor, and impair the reputation and goodwill of 3ABN and its President, Danny Shelton.” “and impute serious misconduct to Plaintiffs 3ABN and Danny Shelton and are therefore defamatory per se.”

Defendants have denied the allegations and have undertaken discovery to defend against the allegations of the plaintiffs, including the production of documents from non-parties pursuant to FRCP Rule 45.

Upon information and belief, the Plaintiff Shelton continued to receive royalties from publications copywritten during the marriage and for draft documents originally written during the marriage, eventually purchased and inventoried by the Plaintiff 3ABN. One such document was the book *Anti-Christ Agenda* purportedly written and published by Shelton which was later redrafted into a smaller publication known as *Ten Command-*

*ments Twice Removed* in a joint venture with Shelton and Shelley Quinn.. The co-author, Shelly Quinn states that *Ten Commandments Twice Removed* sold over seven million (7,000,000) copies.

The defendants had discovered from interviews with former employees of 3ABN and Remnant Publications, Inc that the original publication was done by Pacific Press Publishing Association in the sum of about 500,000 copies that were purchased and inventoried by the Plaintiff, 3ABN. Shelley Quinn and a group of administrators of 3ABN in concert with administrators at Remnant Publications, Inc, put together a campaign to distribute the book *Ten Commandments Twice Removed* via congregations of the Seventh-day Adventist church for the cost of shipping and handling at 25c per book from March through May of 2006, culminating in a National Ten Commandments Week-end Campaign in Washington DC hosted by 3ABN. Upon information and belief, 3ABN purchased an additional four million three hundred thousand (4,300,000) books from Remnant Publications, Inc, at a cost of about three million (\$3,000,000) dollars, or about sixty seven (67) cents per copy prior to the event. Based upon Shelley Quinn's public statement, they have printed and published about two million two hundred thousand (2,200,000) books since the event from Remnant Publications, Inc, at an unknown cost except that one Remnant source told this journalist that a 3ABN Director had paid a sum in the amount of three hundred thirty five thousand (\$335,000) dollars to Remnant Publications, Inc, to pay a 2007 invoice for the same book.

Based upon representations of former employees of Remnant Publications, Inc and the former General Counsel of 3ABN, Nicholas Miller, the Plaintiff Shelton specifically hid

his 2006 royalties from his own board of directors. The board was put in the position of borrowing from trust and annuity accounts of the 3ABN Trust Services Department and incurred nearly a three million (\$3,000,000) dollar loss to the Plaintiff 3ABN despite record revenues for the 2006 fiscal year, according to their filed 2006 990. Further, while the Remnant Publications, Inc, 2006 990 demonstrated a substantial increase in royalties paid for the year 2006, the 3ABN 990 did not reflect a disclosure that the 4.3 Million were purchased from Remnant, nor did it disclose that the President, co-founder and Director, Shelton, received any royalties or other consideration for this project.

The Plaintiff's have claimed the loss of nearly three Million ((\$3,000,000) dollars was the result of inaccurate reports from the Defendants and filed suite against the Defendants to recover it's purported losses, despite the fact the record will demonstrate that Plaintiff's undertook the campaign knowing that it would result in substantial losses and that the Defendant Shelton clearly stood to benefit from the campaign regardless of the damages to the Plaintiff, 3ABN.

Further, the defendant Shelton did not amend his Financial Statement filed with the Illinois Family Court to reflect any income from the sale of books or publishing activities. Upon inquiry, Linda Sue Shelton states she did not receive royalties from this or any other book.

Defendant Joy's investigation discovered from former employees of Remnant Publications, Inc, that the Plaintiff Shelton had formed a contract with Remnant Publications, Inc with the assistance of Dwight Hall, the President of Remnant

Publications, Inc. that was later amended at the Fall Campmeeting of 3ABN in late September, 2006. I quote from one source:

“...Last year when 3ABN launched the 10 commandment book give away I thought it was wonderful that they were doing this kind thing, I soon learned the Danny was getting royalties from Remnant Publications, which was odd since he was the one who decided to give the books away, in my opinion it was a conflict of interest but anyways. ... and when the board started to inquiry about the royalties, Danny secretly talked with Dwight Hall the president of Remnant Publications and made a deal with him that Remnant would hold all future royalties till they worked something else out that would not cause any more controversy - meanwhile Remnant is sitting on \$80, 000.00 dollars (that's right eighty thousand dollars) of Danny's royalties not wanting anyone to know about it ... As a Christian ministry's they should be transparent not hiding things. You may wonder how I know this - ... I was told in a round about way don't worry about it - it was none of my business.” And later: “I can assure you what I have shared is a fact and I can provide all the details with dates and times and details about the contract deal Dwight and Danny worked out, when and where Danny and Dwight meet, when and where he signed the contract - that was suppose to be top secret. Remnant is hiding Danny's money. And it was done at Danny's request - and Dwight agreed to do it. The only other person at Remnant that knows about it is Dwight's brother Dan Hall he is the CFO - ... and they don't let to many people see what really goes on.” And finally “Danny first talked with Dwight about the Royalties in June 06 and told him he needed to find some way to shelter the money for awhile because of Linda was trying to get some of it and because 3 ABN's [board] wanted to know what he was getting. Dwight told him he



would hold it till they could work something else out and Dwight would keep it [quiet] so nobody knew. The 80k was the first installment for royalties that was due Danny, after 3ABN's [board] wanted to know how much Danny was getting. Remnant did not run any more royalties reports - Remnant runs a standard report every quarter on all the books shipped, they stopped running it on Danny's book after June 06 at Danny's request. Remnants original contract with Danny stated he would get 10% royalty of the **retail price** [emphasis provided] - Dwight never thought they where going to sell 4.3 million books, Dwight talked with Danny about re-doing the contract and putting the royalty on a sliding scale based on volume Danny agreed to it. ...Dwight re-did the contract and brought it to Danny at 3ABN's fall camp meeting... and signed the new contract. 3ABN paid for all the books that where ordered - Remnant billed 3ABN for almost 3 Million dollars.”

Another source later confirmed this story and noted that they had seen a six figure sum credited to Defendant Shelton and carried on the books of Remnant Publications which “...was close to three hundred thousand (\$300,000) dollars...”. If these allegations are correct then we have a violation of the Internal Revenue Code and would constitute a personal inurement to the Plaintiff Shelton undisclosed by the Plaintiff 3ABN or the Plaintiff Shelton with the assistance of Remnant Publications officers and directors. Plaintiff's have alleged Defamation and Defamation Per se by and through counsel. Therefore it is incumbent upon the defendants to prove that they have issued reports based upon reasonable representations from reliable sources and we have the duty to discover from the co-conspirator, Remnant Publication, Inc, the documentation to validate the statements of sources and to prove its case by a preponderance of the

evidence at bar in the US District Court of Massachusetts, Central Division.

Further, defendants' forensic accounting expert requires the complete picture of financial activity and will need the documentation from Remnant to fit together with documentation from the plaintiff's, the Plaintiff's auditor and bank statements. The court has already ordered the production of bank statements subject to the confidentiality order of the United States District Court of Massachusetts, Central Division.

Defendants have also reported, based upon various sources, that the Internal Revenue Service criminal division is investigating the Plaintiffs, and plaintiffs have asserted that Defendants various allegations of financial impropriety implies Defendants are claiming Plaintiff's actions reported by the defendant constitute crimes or criminal activity and Purport this supports their claims of defamation per se alleging and that the Defendants reporting inaccurate reports was maliciously intended to cause financial damage to the Plaintiff's.

In fact, defendants need the documentation from Remnant Publications, Inc and other third parties to demonstrate that it was the maladministration and misdeeds of the Plaintiff's that have raised serious public questions and caused damage to the Plaintiff's and Shelton and to demonstrate by the preponderance of the evidence the defendants reported properly journaled information from multiple and reliable sources.

Further the affiant states not this 30<sup>th</sup> day of April, 2008.

A handwritten signature in black ink, appearing to be the initials 'JPM' or similar, written in a cursive style.