

The Dallas Morning News

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BUSINESS

Grounding a frequent flier Former church bond dealer raises ire of SEC, American by shuttling air passengers

Bloomberg Business News

780 words

6 March 1993

The Dallas Morning News

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English

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FORT WORTH -- As many as 30 times a month, Dallas resident **Willard May** flies people back and forth to Europe at the expense of **American Airlines**.

Mr. May, a former Church of Christ minister, collects \$750 for each round trip, about half the normal first-class air fare. The airline collects nothing.

Until a few years ago, Mr. May made a living as the pre-eminent lender in the little known market for church financing. Today, with his church bond empire in ruins and criminal charges looming, Mr. May makes his living escorting airline passengers anywhere in the world using a pass on American.

He is part frequent-flier, part one-man charter airline. Both American and the Securities and Exchange Commission want to put him out of business.

"He is essentially selling the air pass," American spokesman Marty Heires said. "That is prohibited in the current rules."

The pass, bought in Mr. May's name through his now-defunct church bond brokerage, allows Mr. May and a companion to fly first-class, free of charge on any **American Airlines** flights for the rest of his life.

Since fall 1991, Mr. May has been using the pass to shuttle owners of a Dallas steakhouse back and forth to Europe, according to court documents.

In describing his new job during a recent deposition, Mr. May said he makes reservations, checks baggage and helps get his clients to the airport. But most importantly, he occupies the adjacent first-class seat, enabling his client to fly anywhere in the world for whatever price Mr. May decides.

In many cases, Mr. May flies to a city such as Paris, then hops on a return plane without ever leaving the airport. In his deposition, Mr. May said he and his son made test runs in 1991 to determine if Mr. May would be able to sit on the plane for 24 hours straight.

American first became aware of Mr. May's unique enterprise after the SEC began requesting travel records. The agency sued Mr. May and others last spring over the 1989 collapse of the Amarillo investment house that bought the pass.

Mr. May, whose church bond ventures were tied to everyone from the Rev. Jerry Falwell to convicted savings and loan swindler Charles Keating Jr., clings to the air pass as his only remaining asset.

The SEC is trying to negotiate a settlement with Mr. May involving the pass, but under American's rules, the pass is

non-transferrable.

Spencer Barasch, an SEC attorney in Fort Worth, said if American would allow the pass to be sold, the money could be used to help repay investors who are owed millions of dollars from Mr. May's failed church bond ventures.

Mr. May didn't return phone calls to his Dallas apartment. His Fort Worth attorney, Wayne Whitaker, said Mr. May would have no comment.

AMI Investment Corp., Mr. May's old church bond brokerage, bought the pass for \$265,000 and assigned it to Mr. May, according to court records.

"I had an agreement with the board when I left them or when we shut down in '89 that I would receive no further compensation in exchange for the **American Airlines** air pass and to provide them whatever services I could with the air pass," Mr. May said in a deposition.

During the 1980s, Mr. May built AMI from a small brokerage house into the nation's largest purveyor of church bonds, a largely unregulated \$1 billion market that churches tap into to build and expand sanctuaries. Churches in more than 30 states used AMI to raise between \$500 million and \$800 million.

The bonds, sold largely on faith and backed only by a church's offerings, can be pushed into default by something as unpredictable as a drop in church attendance or a change in pastors.

AMI promised annual returns of up to 12 percent, drawing in as many as 10,000 investors from around the country.

In 1989, Texas banking regulators declared AMI's trust company insolvent, saying it had mismanaged millions of dollars in investor funds.

Then, in late 1991, a grand jury in Amarillo issued a six-count fraud indictment against Mr. May relating to his AMI activities. The charges still are pending, and no trial date has been set.

Although Mr. May continues his frequent flying, American hints at plans to ground him.

"We can't discuss what we're going to do about it," said Mr. Heires. "We are addressing this, and we will take appropriate action."

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