

Federal judge approves partial settlement for lost AME Church retirement funds

by [Adelle M. Banks](#)

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The closing worship service of the African Methodist Episcopal Church quadrennial general conference on August 28, 2024, in Columbus, Ohio. (Video screengrab)

A district court judge granted final approval August 18 to a partial settlement for clergy and staffers of the African Methodist Episcopal Church after a substantial percentage of funds from their retirement plan were discovered to be missing.

The historically Black denomination has been accused of mishandling the retirement funds, leaving many plan participants with about 30 percent of what they had hoped to use for retirement. The denomination accused its former retirement department head of embezzlement after discovering in 2021 that he provided “deceptive, false and grossly inflated financial statements” about the retirement plan.

Judge S. Thomas Anderson of the US District Court for the Western District of Tennessee approved the partial settlements for the plaintiffs—totaling some 4,500 people whose single case was previously consolidated from six—with the denomination and Newport Group Inc., a third-party administrator involved with the church’s retirement services. He said if the case was not settled, the plan participants could “face the risk of rulings adverse to their cause.”

Under the approved settlement, the AME Church has put \$20 million into a settlement fund and Newport provided \$40 million, totaling \$60 million plus any interest.

Lawyers for plan participants and the church confirmed Tuesday that, not including interest, legal fees currently total \$20 million plus \$1.3 million reimbursement for out-of-pocket expenses—more than a third of the settlement.

Both lawyers for the church and for the case’s plaintiffs said they were pleased with the development but acknowledged there is more work ahead of a trial set for 2026. The trial would involve defendants who continue with the litigation and are not part of the settlements.

“It’s been a long and difficult battle, and we’re not done, but this settlement is a major milestone in our efforts to collect every penny that these pastors lost,” Matt Lee, co-lead counsel for the plaintiffs, said via email. “It’s hard to overstate what the restoration of these funds will mean for thousands of retired AME Church ministers. While we’re proud of the work our team has done so far, we will not relent until every stone is turned and every responsible party is held accountable.”

Douglass Selby, general counsel for the AME Church, said the denomination was “thrilled” by the legal juncture.

“It marks an important point to the litigation,” he said in an interview. “Obviously, we still have a ways to go to get our plan participants who suffered this wrong fully restored to their financial position, but this is an important series of first steps.”

Selby added that the church continues to seek “full recovery” from “the other parties that were participants in this scheme to defraud the church.”

Early in the litigation, the plaintiffs said some \$88.4 million was lost from the retirement funds. The AME Church said the situation was the result of embezzlement

by Jerome V. Harris, who retired in 2021 after 21 years as head of the denomination's Department of Retirement Services.

He died in May 2024, of a heart attack. Symetra Life Insurance Co. and his estate are among additional defendants in the case.

On Tuesday, Selby said, "We are going after the estate of Dr. Harris with full force, and our expectation is that if there are any funds there that we would secure them." Retirement plan participants could then recoup more of the lost funds if the court decides in their favor.

The judge, who has presided over the case for three years, wrote a 30-page order about its complexity. He said it has produced more than 1.5 million documents and numerous claims, counterclaims, cross-claims and third-party claims.

"Perhaps, most important, the money obtained from the settlements will allow the plan participants to begin receiving increased retirement benefits sooner rather than later," he said.

Anderson noted that the court received just two objections and no opt-out requests to the settlement. He acknowledged the concerns of two Florida ministers, including Charles Larkin Scott Sr. of Royal Palm Beach, who objected to the amount in legal fees for attorneys, but determined they lacked merit.

"The Plan participants relied on the promise of full pension benefits when they retired as outlined in The Book of Discipline and have been confronted with a broken promise just when they most need those benefits," Anderson wrote, referring to the rule book of the AME Church.

"The Court agrees with Reverend Scott's statement that the Plan participants have done nothing wrong and has made its decision based on considerations of how best to help those who have been injured."

Lawyers for the church and the plan participants said if those two ministers do not appeal within 30 days of Anderson's order, a settlement administrator will transfer funds to a trust from which eligible plan members or their beneficiaries can receive financial distributions.

In a Wednesday statement, Bishop Silvester S. Beaman, president of the AME Church's Council of Bishops, said the church "crossed a major threshold in the

settlement with the Newport Group” and that he was confident the funds would be available for plan participants by mid-September.

“This is a positive step forward in our quest to restore the funds that were lost,” Beaman said.

AARP Foundation, which has been part of the team of attorneys working on the litigation, also welcomed the judge’s approval.

“This settlement is a hard-won victory and will bring much-needed financial relief to thousands who dedicated their lives to serving their communities,” said William Alvarado Rivera, senior vice president of litigation at AARP Foundation. “This agreement helps restore critical retirement funds, without further delay and expense.”

Retired ministers [described](#) having to return to work or depending on their children for financial security, which was not how they envisioned spending retirement, as a result of the lost funds. Beneficiaries of ministers who died are also awaiting payment.

J. Edgar Boyd, a leader of the AMEs for Justice and Accountability group, said he has heard from retired clergy whose economic situations have been “imperiled tremendously” in the wake of the retirement fund losses. In an interview Tuesday, he said the funds available through the settlement amount to about \$39 million, not including interest. That’s because the \$60 million total is reduced by the attorneys’ fees and an additional \$200,000, as each of the 10 named plaintiffs will receive \$20,000 as a service award.

The parties involved in the settlement, which include AME Church defendants such as its Council of Bishops, Department of Retirement Services and General Board, as well as Newport, have not admitted liability. However, the AME Church has long declared it desired to make “participants whole.”

Anderson said that day is still in the future.

“However, to be clear, the present settlements will not make the retirees whole,” he wrote after stating in his order that the settlement calls for retirees to “recover proportionally what he or she invested.”

“The litigation continues with that goal in mind and with the assurance of Plaintiffs’ counsel that claims against all other defendants in this matter are being actively pursued,” he wrote. —Religion News Service