

Announcer (00:03):

C13 Originals.

Andrew Jenks (00:06):

If you have any tips about Jerry Falwell Jr. or Liberty University, you can contact us at tips@gangstercapitalism.com. We can ensure anonymity.

Jerry Fallwell Jr. (00:25):

I'm calling him right now.

Dave Siegel (00:25):

Coming this way?

Jackie Siegel (00:26):

Got Jerry Falwell over here calling the President.

Jerry Fallwell Jr. (00:29):

President, Mr. President. We're right here watching your plane come over the beach.

Andrew Jenks (00:36):

It's May 30th, 2020. A video from that date on Jerry Falwell Jr's Instagram shows him and his family standing on the Cocoa Beach Pier in Florida after watching the SpaceX Dragon rocket launch. Air Force One is about to fly over the pier, and Falwell Jr. dials up Donald Trump from his cell phone.

Jerry Fallwell Jr. (01:02):

We're on the pier at Cocoa Beach. I got David Siegel here, say hello to David.

Dave Siegel (01:06):

Mr. President?

Donald Trump (01:07):

David, hi.

Dave Siegel (01:13):

Great launch.

Jerry Fallwell Jr. (01:16):

David owns the pier. I've never seen anything like that before in my life.

Andrew Jenks (01:22):

David Siegel is the owner of Cocoa Beach Pier and Westgate Resorts. Back in 2016, Forbes reported his net worth at \$940 million. It wouldn't be difficult to imagine that Falwell is trading on his access to President Trump.

Jerry Fallwell Jr. (01:42):

Your plane is coming right toward us. And you're going to fly right over

Jackie Siegel (01:47):

[crosstalk 00:01:47] Tell him Jackie Siegel the [crosstalk 00:01:49]

Jerry Fallwell Jr. (01:48):

And Jackie's right here.

Jackie Siegel (01:48):

Hi Donald.

Jerry Fallwell Jr. (01:55):

I'm not kidding. You're about to fly right over us. We're standing on the pier.

Andrew Jenks (02:00):

Everybody is impressed with Falwell's ability to talk to the president as he flies by overhead.

Jerry Fallwell Jr. (02:05):

Yeah, we're on the beach. Look out the right side at the pier.

Andrew Jenks (02:15):

He looks impressed with himself too, as he walks around, drink in hand, basking in the adulation.

Jackie Siegel (02:22):

Is that super cool? He was on the phone with the president [crosstalk 00:02:31] on the fly-over.

Speaker 3 (02:32):

He just flew over when Jerry was on the phone.

Jackie Siegel (02:32):

Oh my god. That's so super cool.

Andrew Jenks (02:37):

The next day, Falwell posts more photos and videos on Instagram. One caption reads, quote, "After watching the launch at Kennedy Space Center Saturday, the owner of the pier introduced me to his business partner, who is the only private owner of silver springs like this in Florida. We spent Sunday there. It's like a private Jurassic Park, unbelievable experience." Here's video Jerry posted of him talking with the owner, Jim Gissy.

Jerry Fallwell Jr. (03:09):

That's incredible.

Jim Gissy (03:10):

I told you, baby. Didn't I tell you?

Jerry Fallwell Jr. (03:13):

I can't believe it.

Jim Gissy (03:14):

Hey, look at here. Now see, there's caves under here. This was all under the ocean at one time. You got to see it to believe it.

Jerry Fallwell Jr. (03:20):

I can't believe it.

Jim Gissy (03:21):

But look, this is an aquatic nature preserve on the highest level of protection from the state of Florida, for outstanding waterways.

Jerry Fallwell Jr. (03:28):

And it's not open to the public.

Jim Gissy (03:29):

No, no, I own this. This is private.

Jerry Fallwell Jr. (03:30):

I mean, you don't like people coming in

Jim Gissy (03:33):

No, that's what's unique about it. And let me... Listen. This is why I want you to bring Donald Trump and his family here because it's the only place

Andrew Jenks (03:43):

Falwell gets to spend the day with his family at an amazing natural spring. And Gissy gets to pitch him on bringing Donald Trump there one day. But what you can't tell from Falwell's Instagram posts is who paid for this trip to Florida or how they got there. Information about the use of private jets can be difficult to find. Companies can pay the FAA to have their flight records blocked from public scrutiny. Liberty University takes advantage of this. On Jerry's orders were told. However, Gangster Capitalism was able to gain access to more than a year's worth of flight records. And those records show that on May 30th, the day of the SpaceX launch, the university jet flew from Lynchburg to an airport just south of Kennedy Space Center. Then the very next day, it flew to an airport in central Florida near the location of Gissy's spring.

Andrew Jenks (04:50):

And then later that night it made a return flight to Lynchburg. One of our sources told us that Falwell would create reasons for taking these trips, like saying that

he was speaking with potential donors. This source told us that he was once in Liberty's then CFO's office when Falwell Jr. called and spoke about a trip that the family took to New York on the private jet so that their daughter Caroline could attend a boy band concert. Falwell told the CFO to mark it down as business-related because he said he spoke to the band about Liberty Online. Speaking of Caroline, on July 24th, 2020, she and two friends walked a red carpet onto the Liberty jet to fly from Lynchburg to join her family in Key West. It's difficult to see any business reason for three Liberty students using the school's private jet.

Andrew Jenks (05:55):

In a written response to questions to Jerry Falwell Jr. about the jet use, Becky Falwell told us that a certain number of personal hours on the jet for Jerry was written into his contract with the school and that Jerry paid taxes on the value of each trip. But we've been told that whatever limit Falwell's contract allowed for private jet use, he abused it. And that sometimes when the school needed to use the jet for actual business, it wasn't available because the family was taking it somewhere. One of the ways that Jerry Jr. was able to skirt the rules, we were told, was that if you searched names of passengers on the Falwell flight manifests might not even come up.

Andrew Jenks (06:43):

Two sources with direct knowledge of the private jet billing told us that Falwell had the ability to have flight records changed. That may be because Liberty University owns a company called Freedom Aviation, which acts as an operator of the Lynchburg airport. And Freedom Aviation is run by Andrew Wallace. Andrew is the son of Laura Wallace, who is Liberty's executive vice president of human resources. And as you already know, Jerry Falwell Jr.'s first cousin. Wallace is also listed as the secretary of Freedom Aviation and Jerry Falwell Jr. is listed as its president. One of our sources on the private jet use was particularly upset because he said those trips get paid for with tuition money, and with Liberty receiving so much federal money for student loans. Guess who really footed the bill for these family vacations? You.

Andrew Jenks (07:56):

From C13 Originals, a Cadence13 studio, I'm Andrew Jenks. And this is Gangster Capitalism, Season Three. Jerry Falwell, Jr. and Liberty University.

911 Operator (08:42):

Bedford 911. What is the address of your emergency?

Becki Falwell (08:46):

It's Old Cifax Road.

911 Operator (08:48):

Okay. What's going on there?

Becki Falwell (08:50):

My husband's fell earlier and is bleeding. His face has been hit.

Andrew Jenks (08:56):

You heard Becky Falwell's 911 call in Episode four, and what was written in the police report. The blood, empty alcohol containers, slurred speech. But the report also stated that Becky told the responding officers from the Bedford County Sheriff's Department that she was concerned that the Liberty University police department had stopped patrolling their residents. Apparently the Falwells had been using LUPD officers as personal security outside their farm. We asked Jerry Falwell Jr. if he or anybody in the Falwell family has ever used LUPD officers for any personal tasks or tasks outside the scope of their duties as university officers. Becky, responding for Jerry, wrote quote, "We do not, although the LUPD has acted on its own to protect the family at certain public events. And when threats were made." Here's one of those former LUPD officers, Dave Alison.

Dave Alison (10:08):

So every night a police officer would be assigned to drive out to the Falwell farm. That was our regular patrol schedule. I thought this was a little bit odd because that is the personal property of the Falwell family. Why are we being tasked to provide private security for a private individual away from the campus, to a place where we literally had no jurisdiction to do police work at all? I felt like I was being dangled on the edge of a legal wire because like, man, I don't have any jurisdiction out here. What am I supposed to do or say? And how does my training reflect that? Stop. I am random armed citizen who just so happens to be in a police car with a badge, with a patch on. Uh, oh.

Dave Alison (10:59):

It didn't make a ton of logical sense. I raised my concerns to the department and then all of a sudden we had jurisdiction out there. I was sworn in as a Bedford county deputy, which is fine. I'm glad they were able to address my concern that way. But I'm not sworn in as a Lynchburg police officer and I'm not sworn in as a Campbell county deputy. And those are the jurisdictions in which Liberty proper occupies. Why is that? What's happening here? It felt like we're providing a service to the Falwell family and diverting police resources to do so. But who suffers is the students. That is one cop that is off the road, the entire shift. And if there's something on campus, you're a ways out. Good luck. If we at the patrol level have an idea about how to more professionally interact with the students or figure out a call or have an idea of a policy, good luck pushing that through. The university has its priorities, and it's not that. But it's a little weird how, when something is for Jerry, the doors are open.

Andrew Jenks (12:14):

Whether it was small things like using school resources to build a two-story dock at the Falwell residence and supplying it with jet-skis, or using employees to tend to his horses or babysit his daughter, we've been told that Falwell Jr. used the school for his own benefit in any way he could. But there were bigger things, too.

Andrew Jenks (12:38):

Of all of the potential 501c3 violations we've come across, one stands out. Two sources told us about the time that the 2016 Republican National Convention asked Liberty to supply employees to work the event. Here's part of a letter from the RNC to Liberty.

RNC (13:02):

On behalf of the Cleveland 2016 host committee for the Republican National Convention, we invite Liberty University to lend staff talented and experienced in hospitality, event, programming, media management.

Andrew Jenks (13:14):

But in fact, it was Jerry Falwell's suggestion to use LU employees for the RNC. And David Corry, Liberty's general counsel, had even written the suggested language that the RNC used in their request you just heard, almost word for word. We were told that these employees traveled up to Cleveland and worked tirelessly at the RNC all on Liberty's dime. Here's part of a thank you message afterward.

RNC (13:47):

Hi, Jerry and Becky. I hope you enjoyed your time at the convention. I just wanted to thank you so much for sending your staff to help.

Andrew Jenks (13:57):

Becky responds.

Becki Falwell (14:00):

I am so happy that they were able to come, and

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Becki Falwell (14:03):

I am so happy that they were able to come and help. We are blessed to have them at Liberty.

Andrew Jenks (14:09):

We were also told about the time that Jerry Falwell Jr's contract was coming up for renewal in 2012. Falwell presented the executive committee of Liberty's board, the group that approves his compensation, with charts showing that based on a comparison with CEOs of other schools, Falwell was vastly underpaid. He told the executive committee that the charts came from an independent analysis, but it wasn't an independent analysis. In fact, Gangster Capitalism was given emails and documents proving that Falwell Jr used a Liberty employee to create charts for him which would support his claim that he was underpaid. When the employee compared Falwell's salary to other private religious schools, Falwell's pay was toward the top. So, Falwell gave directions to the employee to compare his salary

to schools that Liberty was most often mentioned with in the media. That didn't work either.

Andrew Jenks (15:16):

So then he asked the employee to have his salary compared to CEO's of other in-state schools in Virginia. Still, his pay appear to be in line with those CEOs. Finally, a chart was made comparing Falwell's pay with the CEOs of other large online schools, which all happened to be for-profits. Liberty, of course, is a nonprofit. This apparently was the chart that Falwell Jr presented to the executive committee. As a result, Falwell's base compensation jumped from \$463,000 in 2012 to \$779,000 in 2013, a 68% increase. When it came to Liberty employees, we were told that Jerry used similar charts, but with different schools, which would justify paying them less.

Jason (16:19):

So this was sometime between, I want to say, 2017, 2018, I got a call. It was early in the morning. It said, "Hey, you need to be at this off-campus location in the downtown area. There's going to be some folks down there from the university. They're making some kind of deal, and they just want you in the area." At the time that was not really abnormal.

Andrew Jenks (16:55):

You heard Jason, a former LU PD officer, in previous episodes, speaking about how Liberty approached the reporting of sex crimes on campus. Here, Jason describes a questionable job he was called to at the Plaza Shopping Center, to help Jerry and Becky's son, Trey Falwell.

Jason (17:17):

So I go to the shopping center that the university owned. I go into this building and only the emergency lighting was on. It was kind of dark. And I was like, "What the hell?" And at the time, the person in charge of the off-campus properties was Trey Falwell. So we go in and he's just like, "Hey, [inaudible 00:17:41], just hang out there," and gestures over to the side. And it's like, "Okay. I'll go stand in the dark corner with a gun, I guess, if you need it. Okay. This is sketch, but all right. We'll just see what's going on." Then some other folks come in and there's an envelope exchanges. There's changes of papers, they're signing stuff. So I'm assuming it's just another real estate deal, because that's typically how these things would go. They finish, head out, and he comes over. He's like, "All right, thanks, man. If you can just lock up the building." It's like, "Okay. I think that's legal. They signed papers. I don't know." That was a standard Tuesday in the office, that kind of stuff.

Andrew Jenks (18:26):

The reason that Trey Falwell was conducting business at the Plaza Shopping Center is because he manages this Liberty university owned property through his own private company. Falwell told the media that he gave the shopping center to his son to manage because the Plaza was, quote, "Distressed, blighted, and in rough condition, and we couldn't get any of the major companies to manage it." It sat,

he said, less than 25% occupied. But less than two months after Trey took over the property, an article on Liberty university's own website bragged that the school had poured in more than \$500,000 into the property, and quote, "Now, the center is booming with business, with occupancy at 90%." Trey's private company has continued to make money off of Liberty University properties for almost a decade now.

Andrew Jenks (19:26):

Making the conflict more obvious, according to Liberty's lawsuit against Falwell Jr, Trey was hired to be the assistant to the president at Liberty, his father, for a term of almost 15 years, back in 2016. Then, the following year, Trey was promoted to vice president of university services. In just two years, his salary doubled earning more than \$234,000 a year, plus a car allowance. Trey was recently let go as a Liberty employee, but his wife, Sarah, was also given a high ranking job at Liberty. And Wesley Falwell, Jerry and Becky's younger son, he's on the payroll too, as is his wife, Laura. In fact, Laura and Sarah's fathers were given high ranking positions at the school as well. Becky Falwell was employed by the school for several years too. In all, family members of executives were paid more than \$9 million over the course of a decade, and that's just what's publicly reported. Here's Philip Hackney, a professor of tax law at the University of Pittsburgh, who focuses on nonprofits.

Philip Hackney (20:49):

If you're hiring family members and insiders, it makes it more likely that you're not making decisions in favor of the organization, but in favor of the family. And that's the key, right? All the people that are part of the Liberty family deserve that organization to be run to further the mission of Liberty University, for their religious cause. But if everybody's family, they might start operating it for themselves rather than for that mission. And that's a problem. And that's why the state cares. That's why Congress set up tax laws to care in these ways and try and direct these organizations down a good path rather than a problematic one, which this one sure raises.

Andrew Jenks (21:36):

It would seem that real estate stays in the family too.

Jerry Falwell Sr (21:39):

We're asking the Lord right now here to help us...

Andrew Jenks (21:43):

Back in 1986, Jerry Falwell Sr bought a cable network to broadcast his sermons and promote Liberty University.

Jerry Falwell Sr (21:52):

We're asking every family of the church to invest funds is a gift to Liberty University.

Andrew Jenks (21:58):

He named it Liberty Broadcasting Network, or LBN. LBN is a nonprofit, and Jerry Falwell Jr was later named a director of LBN. He still is one. But LBN didn't do well. And so to help it stay afloat, Jerry Sr transferred various properties from his ministries, including Liberty University, to LBN. Prior to becoming president at Liberty, and while serving both as LU general counsel, and often also serving as the director of LBN, Falwell Jr oversaw several transactions which transferred LBN owned properties to friends and associates at prices sometimes half the assessed value. Then, several years later, the properties were sold for a massive profit. On one of these exchanges, LBN sold a property to a private LLC for \$327,000. Falwell Jr was a member of the private LLC, which bought the land from LBN. That property was sold five years later for \$2.7 million. And Jerry did the legal work on the sale.

Andrew Jenks (23:23):

Another time, LBN, using a deed prepared and signed by Jerry himself, sold a property to one of Falwell's business partners. That property is now worth six and a half times what Falwell's friend bought it for. Then another time, Jerry oversaw the transfer of properties from LBN to a family friend. A few years later, Jerry Jr got partial ownership of those same properties. Then, again using paperwork prepared and signed by Jerry Jr, over the course of six years, these properties were sold for more than 10 times what was paid for them. And then there was that time that Falwell Jr announced that a pedestrian tunnel would connect Liberty's campus to a shopping center. The school spent \$2.2 million on the project. Falwell and his business partner own a part of the shopping center. You get the picture. Here's Philip Hackney again.

Philip Hackney (24:31):

To me, it's a classic case of insiders misusing a nonprofit, misusing a charitable organization, misusing a religious charitable organization for their own benefit. It certainly has all the appearances of that, where something's going to happen. It's heading for some sort of crash with the amount of conflicted deals, sweetheart deals, transactions with people it has no business, on its face, doing business with. At some point, when you send all these balls into the air, those balls have to come down.

Jerry Falwell Jr (25:09):

We've built so many new academic buildings, built a new lawn and torn down all the old temporary buildings that were built in the '70s and the early '80s.

Andrew Jenks (25:36):

Jerry Falwell Jr. is proud of the construction projects that he's overseen during his tenure at Liberty. One source said Jerry was hooked on the narcotic of construction. Liberty has been transformed under his watch into a gleaming campus with state-of-the-art buildings, Becky Falwell, listing Jerry's accomplishments, told us that he spent nearly \$1.6 billion on the reconstruction of

the campus. And over the last several years, most of those construction projects have been handled by a company called Construction Management Associates, or CMA.

Andrew Jenks (26:21):

Gangster Capitalism was given a copy of the contract between Liberty and CMA, which went into effect on January 1st, 2014. Jerry Falwell Jr signed on behalf of Liberty, and a man named Bobby Moon signed as the president of CMA. As part of the deal, Liberty gave moon a \$750,000 loan to start up the CMA business. Then, the contract states, for a five-year term Liberty, guaranteed CMA a minimum of \$50 million of work per year, and an additional 2.5% fee for CMA as well. Included in the deal, LU covered salaries of CMA employees, as well as overhead for office space, cell phones, and computers. Also listed in the contract is a section titled, "Conflicts of interest," which states that any and all conflicts should be brought to the attention of Laura Wallace and Liberty HR. Sarah Falwell, Trey's wife, worked at CMA for two years. But maybe the biggest conflict is that Bobby Moon, the president of CMA, is a long time friend of Jerry Falwell Jr's, and the two families have deep ties that go back many years. Multiple insiders have told us that when jobs first went out for bid, CMA was consistently

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Andrew Jenks (28:02):

... just went out for bid, CMA was consistently millions of dollars, sometimes tens of millions of dollars over on their bids, but won the jobs anyway, including one bid for an on-campus dorm, which came in at double the price of a top competitor. Later, we're told jobs just stopped being bid on altogether. They were handed to CMA. Emails we've been given show that Jerry Falwell Jr. was pushing to get work to Bobby Moon, even when Moon was trying to turn down some of those jobs. Well, since that initial \$750,000 loan from Liberty, CMA has been awarded more than \$238 million in construction contracts from Liberty. One telling email in particular, prior to entering into the CMA deal, shows Falwell Jr.'s thinking when it came to the contractor, subcontractor relationship.

Jerry Falwell Jr (29:09):

They made it clear that they want to use a certain partner of theirs to do the 5 million worth of work. It would be so easy for that company to charge 5 million and do 3 million worth of work.

Andrew Jenks (29:22):

When we asked what if anything Falwell is getting in return, multiple sources told us they believe that Jerry owns a piece of the crane business that CMA uses as a subcontractor. Becky Falwell denied this to us, but a source with direct knowledge of the internal investigation, Liberty is conducting into Falwell Junior's business dealings, tells us that the CMA deal is a large area of focus of the investigation. Other friendly deals may be as well. Like this one.

Ben Crosswhite (30:00):

I get to the gym about 4:45 or 4:40. I just, I get up because I know that that person needs me at 5:00 AM, they need me at 6:00 AM. And if I don't show up, they have no accountability. And that could be their make or break decision for that day.

Andrew Jenks (30:20):

This is a promotional video for Crosswhite Fitness in Lynchburg, Virginia. Ben Crosswhite, a former Liberty student is the owner of Crosswhite Fitness, which is located about seven miles from Liberty's campus.

Jerry Falwell Jr (30:36):

Is that fast enough?

Ben Crosswhite (30:36):

Let's go. Come on.

Andrew Jenks (30:39):

Crosswhite was Jerry and Becky's personal trainer for many years. And a deal that transferred ownership of the fitness facility from Liberty to Crosswhite has also been the subject of quite a bit of attention over the last few years.

Ben Crosswhite (30:55):

Little faster. Come on. Push it. Little faster. Let's go. Come on.

Andrew Jenks (31:02):

You're hearing the sound of Falwell Jr. Pushing a sled in Crosswhite's expansive gym. Well Crosswhite sits on it and films, selfie style. In a 2013 article in the Liberty Champion, the school's newspaper, Falwell credited Ben Crosswhite with helping him to lose 75 pounds. Although you might remember from Jerry's statement in episode two, addressing the Granda story, he blamed his weight loss on his mental suffering. A Reuters article written by the same journalist who broke the Granda story reported that Falwell Jr. signed a real estate deal back in 2016 that transferred ownership of the facility, from Liberty University to Crosswhite. The article and others that followed drew close attention because of the Giancarlo Granda relationship. Remember, starting in 2012, Granda had gone from a pool attendant to partial owner and business manager in a valuable piece of commercial Miami real estate. Crosswhite went from a part-time trainer to owner of the sprawling facility, in what was seen by many as a sweetheart deal. In a photo that surfaced the day the Granda story broke, Giancarlo Granda stands with Jerry and Becky Falwell in front of the Liberty private jet, but there's another young man in the photo with his arm on Granda's shoulder, Ben Crosswhite. Liberty, in a statement said that they covered expenses for Falwell's annual physical. So, even though there are likely capable doctors for a checkup in Lynchburg, Falwell was given permission to take the private jet to Miami.

Andrew Jenks (32:58):

Crosswhite, the statement said came along on the trip to quote, explain to the doctors, Mr. Falwell's diet and exercise program and help document the results. A photo from that trip shows Crosswhite with his arms around Trey and Jerry Falwell, poolside, shirts off with the caption, Miami with my wing men. There's been no evidence that Crosswhite had any sexual relationship with the Falwells and he denies any such accusations, according to this ABC News report from last September.

News Announcer (33:38):

Jerry Falwell's personal trainer, Ben Crosswhite says years of scrutiny over a business deal between the two is catching up with him. Now, he wants to set the record straight.

Ben Crosswhite (33:48):

There is no inappropriate behavior whatsoever. They want it to fit the bill. They want it to play into their narrative of me being the second pool boy kind of thing. And it's just not true. There's nothing that they, really that sketchy behind the transaction. It was a normal business, legitimate transaction, and I'm kind of looking forward to them putting that out there for everybody to see.

Andrew Jenks (34:14):

This March, Crosswhite sued Reuters for defamation, claiming that the article painted him as another pool boy, and that has hurt his reputation and his business.

Andrew Jenks (34:26):

In a written statement to Gangster Capitalism, Crosswhite said, " My relationship with Jerry and Becky was completely professional, and if I didn't agree with something they did, I was the first and probably only one to try to set them straight. Never once did Becky come on to me."

Andrew Jenks (34:46):

But many other news outlets did think the transaction itself was sketchy. Fox News called the Crosswhite Fitness deal. "One of the most egregious examples of Falwell bending the rules." Calling out the fact that Falwell used Liberty's assets, which are backed by federally funded student loans and grants to help Crosswhite. Pushing back on the stories that began to come out, Falwell in the school released written statements to the media. Here's a portion of Falwell's statement given to the Washington Post.

Dave Alison (35:25):

Actually the poor trainer, we sold it to him for assessed value because we were losing money. Somebody had donated to us, our tennis team was using it, we were losing money on it. We rented a little part of it to this kid who had just graduated, and he ran an exercise gym, paid rent for a few years, but then he wanted to buy it. We thought, well, we're losing money on it. Nobody else wanted it. And it was a

good deal for Liberty. And I'm thinking now, maybe it was a little too good of a deal for Liberty.

Andrew Jenks (35:58):

Both Crosswhite and Falwell Jr. Have said that Liberty got the better end of the deal, but new documents and emails given to Gangster Capitalism show that Falwell Jr. took a very special interest in helping Crosswhite over a several year time span.

Student Reporter (36:17):

The Sports Racket is Liberty University's newest facilities edition. Just 15 minutes from campus, the Sports Racket is available for students to use. The Sports Racket has five indoor courts, five outdoor courts, racquetball courts, and a small gym, all free for students for student use.

Andrew Jenks (36:32):

It began in 2011 when a tennis and fitness facility called the Sports Racket was donated to Liberty.

Student Reporter (36:40):

Like all things Liberty, the new tennis building will be top notch.

Andrew Jenks (36:43):

This school video and an article on LU's website, advertised the Sports Racket's grand reopening, touting renovations made and free use for Liberty students. An email from April 2011, just two months after Liberty took over the facility asked Jerry if he wants to upgrade the tiny fitness portion of the gym so students and faculty can use it. Falwell Jr.'s reply.

Jerry Falwell Jr (37:13):

No, I don't want to spend any money on workout equipment for Sports Racket. When the equipment that's there wears out, we use that room for something else.

Andrew Jenks (37:24):

But a few months later, Falwell Jr. is told about Crosswhite coming to train at the Sports Racket.

Jerry Falwell Jr (37:31):

Let's cut him a sweet deal.

Jerry Falwell Jr (37:33):

Becky and I wouldn't mind working out over there with Ben as a trainer because it's more private.

Andrew Jenks (37:38):

Falwell then gives the blessing for Crosswhite to also get a full-time job at the new

gym on campus. So he can get benefits while he also trains clients at the Sports Racket. But the manager of the campus gym complains that there is no position available for Crosswhite. An email is then sent from a Liberty administrator, not giving the manager much choice.

LU Administrator (38:05):

This is what the boss wants to do so we need to figure out how to make it work.

Andrew Jenks (38:10):

After Falwell Jr. had already said earlier that he doesn't want to spend any money on equipment for faculty and staff in the fitness section of the Sports Racket, Crosswhite, an hourly trainer, emails him directly.

Ben Crosswhite (38:25):

Hey Jerry, would there be any room in the budget at Sports Racket to get a dumbbell set up to like 40 or 50 pounds? Dumbbells allow for the biggest majority of exercises. Sure.

Andrew Jenks (38:39):

In March 2012, Falwell is sent pictures of Crosswhite's new private office at the Sports Racket. And a few months after that, Crosswhite emails Falwell, this time asking for a piece of equipment that costs \$2,200, which he receives. And then later that year, Crosswhite e-mails Falwell again.

Ben Crosswhite (39:04):

Jerry, in order to grow my business like I want, I would need to expand, add more equipment, and if possible, close off the gym to make it a private one-on-one training setting without the interruptions of members. My proposal would be to move the machines, which was the only equipment before I came to a smaller room and form a lease agreement to have the current gym as my business only. I would also like to utilize the wasted space in the back by adding a covered outdoor bootcamp and sports training area with turf. This would be a very cost-effective way to separate my bootcamps while maintaining a private setting for clients, such as Becky and yourself. I am open to ideas and as you know, I usually go the route you tell me the best option would be.

Andrew Jenks (39:48):

Falwell forwards Crosswhite's email to Liberty administrators adding.

Jerry Falwell Jr (39:53):

I see very few Sports Racket members using the workout room. Most of the people back there are Ben's clients. He's been looking for a site to set up his own gym, but the sports racket is the best location for him. The roof structure that Ben is talking about over the clay courts would probably cost between \$10,000 and \$15,000. Another option might be to add onto the existing workout room, going out to the side into the back. The bottom line is Ben is looking for about 3,200 square feet to

lease at market rates. Please get with Ben to work out the details.

Andrew Jenks (40:26):

With the full backing of the president of Liberty, Crosswhite's business is growing quickly. In early 2013, an email from Liberty's finance department shows that a budget labeled sports racket expansion, is open and funded with \$250,000. Shortly after that, a separate request from Crosswhite is pushed through asking for two spin bikes for Jerry and Becky ASAP. Even though the request is for the bikes to be sent to Falwell's house. A few months later, Crosswhite posts a photo of his new exercise pavilion that Liberty paid for.

Andrew Jenks (41:11):

A Liberty official forwards Crosswhite's posts to school executives, adding, "We are paying for it, designing it and building it." As the expansion continues that year, Crosswhite sends a list of to-do items to a high ranking Liberty official.

Ben Crosswhite (41:30):

Outside landscaping, back, landscape shrubs, new rocks, take down fence, woods cut back, sidewalk pressure washed, new stairs in, closer to door, old stairs out, cover electric, clean up other tennis area, walkway to indoor room. Front, pressure wash walkway, plant flowers, landscaping, trees, flower bed border out, new one in, new rocks lines on parking lot

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Ben Crosswhite (42:02):

New rocks, lines on parking lot.

Andrew Jenks (42:05):

After Liberty expands the building, buys signage and equipment, and does landscaping, Crosswhite Fitness' grand opening is ready for September of 2013, but there's a snag. Liberty students still have access to workout there and Jerry doesn't like it. He sends an email to put an end to it.

Jerry Falwell Jr (42:29):

I've been watching and we're only talking about a handful of students, and they seem to be social misfits. It just makes sense not to mix students and non-students any more than we have to. I may make the change over Christmas break.

Andrew Jenks (42:44):

Crosswhite has the fitness center all to himself now, and expansions continued. In 2014, Liberty agreed to spend more than \$74,000 on upgrades to the outdoor pavilion portion of the gym. In the same agreement, Falwell also instructed that a proposed rental increase to Crosswhite be cut in half. In 2015, Falwell's assistant emails Liberty officials.

LU Administrator (43:17):

Jerry asked me to set up a meeting with all of you and Ben Crosswhite next week. Does anyone know the topic?

LU Administrator (43:24):

Yeah, Ben wants to lease the entire sports racquet, and it involves a construction edition.

Andrew Jenks (43:30):

The upgrades to the facility continue, on Liberty's dime, as Crosswhite even makes a request for batting cages he bought to be installed.

LU Administrator (43:41):

I think we need to ask Jerry if he wants us to provide this. Is Ben going to pay this amount?

LU Administrator (43:47):

Sure, he will. He's getting the labor for free.

Andrew Jenks (43:52):

Liberty has said to media outlets, "Crosswhite Athletic Club expanded its indoor workout facility, more than tripling its size, with no financial assistance from Liberty University or anyone else." In a Falwell Jr statement to the media, he said, "The facility was a drain on university resources." One former Liberty official told us that he always thought that Falwell wanted to create the appearance that the business was losing money in order to justify the sale to Crosswhite. According to documents we've received, revenue from Crosswhite's business, including the rent he paid to Liberty was being accounted for separately from the rest of the building and the sports racquet business. In 2015, Trey Falwell was told via email of the questionable accounting tactics being used. His response?

Trey Falwell (44:51):

Are you saying Ben's business is separate from the building? That's an interesting way to keep the books.

Andrew Jenks (44:59):

In a statement Falwell gave to the Washington Post about the facility, he said, "Nobody else wanted it." But Gangster Capitalism was given an email from 2014, sent by a real estate developer, looking to buy a portion of the property. He was told that Liberty was not interested. If there was a chance to offset some of the losses Liberty claimed, why not sell some of the land? And in fact, according to a source, the property was never even put on the open market to see what it could fetch. On January 27th of 2016, Jerry Falwell Jr signed a contract to sell the entire building and the 18 acre property it sits on to Crosswhite for the assessed value of the building: \$1.2 million. But that number is deceiving. Under the terms of the contract, Crosswhite would be given more than \$642,000 by Liberty as a

credit toward tennis court rental time for the school's team to use for nine years, up through 2025. Then, Liberty financed the remaining \$580,000 for Crosswhite. Crosswhite wasn't even required to put any of his own money down at closing. And even after the sale, Liberty floated Crosswhite another \$75,000 loan to make repairs. As one Liberty official put it, "We gave Ben everything he asked for." Here's IRS tax attorney and professor, Philip Hackney, again.

Philip Hackney (46:53):

As a president of a nonprofit organization, I would never, ever go to my directors, officers, whoever's involved and say, "Let's cut Ben a sweet deal." That's problematic. That's operating directly against what you should be doing. The loan and the price sure seemed like a sweet deal.

Andrew Jenks (47:20):

We asked Jerry if the Liberty board approved the sale to Crosswhite and the terms drawn up in the contract. Becky Falwell, answering for Jerry, wrote that Randy Smith, not a board member, but Liberty's then COO, structured and negotiated the Crosswhite sale. An employee of Liberty of more than 30 years with direct knowledge of the transaction said, "Falwell is lying." Even though Randy Smith released a statement to the press saying it was his idea, the employees said Smith was protecting Jerry. He said, "Nobody could buy toilet paper on campus without Jerry's permission, and the deal was all Jerry's idea." Randy Smith could not be reached for comment. Liberty did not respond to questions about the Crosswhite deal either.

Philip Hackney (48:21):

The Ben Crosswhite deal seems problematic to me on its face. This really comes up against this fiduciary duty of care, which is a state law duty that all nonprofit directors have. Before you enter into a transaction, you're supposed to ensure that it's the right transaction, that you're getting fair market value for these things, that this is going to the purpose that it needs, that if you're going to loan money, it makes sense. None of the details of the deal makes sense to me. I don't see how the Ben Crosswhite deal begins to pass [inaudible 00:49:00]. I just don't. I don't understand how you can give a 3% loan to somebody who has no business having this business and continue to push that the organization provide him more things. That, I'm pretty disturbed by it. I think it really crosses some lines there.

Andrew Jenks (49:21):

Here again, part of Jerry Falwell Jr's statement to the Washington Post.

Jerry Falwell Jr (49:27):

The poor trainer, it was a good deal for Liberty. And I'm thinking now, maybe it was a little too good of a deal for Liberty.

Andrew Jenks (49:35):

We asked Jerry if he still stood by his statement, that it was too good of a deal

for Liberty. Becky Falwell answered that it was a bit too good for LU because Crosswhite's organization is struggling financially. Ben Crosswhite, in a written statement to us said, "Liberty definitely got the better end of the deal, as I've put hundreds of thousands of dollars into renovating the building." He added, "There was definitely not any financial assistance given to me of any kind." In April of 2018, Crosswhite secured a \$2 million line of credit, which he recently increased to 2.5 million, on the property from a local bank, which she used three days later to pay off the \$580,000 that Liberty had financed for him. Today, Crosswhite Fitness Center has a spa, is building a brand new parking lot and a 17,000 square foot indoor swimming facility. The property, according to the Lynchburg Assessor's Office, will be worth more than \$2 million in July of this year. That's \$800,000 more than what Liberty sold it to Crosswhite for just five years ago. As to Becky's response that Crosswhite's businesses struggling, Ben said, "The business that I originally bought, which was the tennis side, is definitely struggling. My personal training business is doing great because that's my passion and I'm good at what I do, so it's easy to train other trainers to be successful. The problem is the building is so old. I'm spending all of my money, updating it as needed." But one more thing.

Student Reporter (51:29):

Brand new 48,000 square foot tennis facility, indoor facility is coming to Liberty University's campus in January of 2021. Some exciting news for those men's and women's programs.

Andrew Jenks (51:41):

This past February, Liberty cut the ribbon on its brand new \$5 million indoor tennis facility on campus. So we called up Crosswhite Fitness in April, and we were told by the front desk that Liberty no longer practices there. So Crosswhite, who received nine years worth of tennis rental money up front in his deal, running through 2025, was [inaudible 00:52:07] handed almost \$300,000 with no strings attached. Today, Crosswhite also owns a restaurant across the road from Liberty's campus, on-property, which Falwell used to own by the way. And Ben's LLC, Crosswhite Holdings, has applied to build 12 condominium units and two commercial units on another piece of property he bought. It certainly appears that despite what anybody claims, Jerry Falwell Jr has helped to turn Ben Crossway from a part-time fitness trainer to a burgeoning Lynchburg businessman. The only question that still remains is why? Regardless, it's been a fun ride for the Falwells and their friends.

Andrew Jenks (53:09):

On the next episode of Gangster Capitalism.

Jerry Falwell Sr (53:12):

You need to know the truth about the perverted homosexual and lesbian agenda and what it will mean for America if they succeed in their mission.

Andrew Jenks (53:20):

A history of homophobia at Liberty deeply affects its LGBTQ students.

Speaker 23 (53:27):

I did not want anyone at Liberty to know I was gay. I must not tell anyone, otherwise I don't know what could happen.

Andrew Jenks (53:35):

And a history of bigotry on campus rears its ugly head, forcing many to confront a painful reality.

Speaker 24 (53:43):

When I was swinging with the governor, I inadvertently hit people that love me, and that was the Liberty African American community. And so I apologize to the people that I never intended to hurt.

Speaker 25 (53:56):

I remember basically saying to God, "If this is who your people are, I don't want you." If parents care about their kids, then they should not be sending them to Liberty.

Andrew Jenks (54:08):

If you have any tips about Jerry Falwell Jr or Liberty University, you can contact us at tips@gangstercapitalism.com. We can ensure anonymity. This has been a creation and presentation of C13 Originals, a Cadence 13 studio, executive produced by Chris Corcoran, Zach Lovett, and myself, written, produced, and directed by Zach Lovett, produced by Perry Crawl and myself, research and production support by Ian Mont, editing by Perry Crawl and Bill Schultz, mixed and mastered by Bill Schultz, production coordination by Terrance Malingon, studio coordination by Sean Sherry. Our work in design by Kurt Courtney, marketing by Brian Swarf, Josefina Francis, and Melissa Wester, and PR by Hillary Shuf, original music by Joel Goodman. And our theme song, Your Sins Will Find You Out, is by Eli "Paperboy" Reed. (Singing).

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