

Foott, Law & Co.

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SOLICITORS

Foott, Law & Co. Pty. Limited
trading as Foott Law & Co.,

DIRECTORS -

PETER JOHN ROLAND - B.A. LL.B. (Syd)
LL.B.(Cantab.)

JOSEPH ANTHONY FAHEY - B.A. LL.B. (Qld)

Telephone: (02) 6642 1900

(02) 6642 1729

Fax: (02) 6642 5070

Email: admin@foottlaw.com.au



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Professional Standards
Legislation

56 Victoria Street
GRAFTON, 2460
(PO Box 18)
DX 7602 GRAFTON
ABN 90 120 596 689

Our Ref: PJR:REB 06-0030

Your Ref: SJH:HM:856432

23 January 2007

Messrs. Nicol Robinson Halletts,
Lawyers,
Box 380 GPO
BRISBANE, QLD 4001

"WITHOUT PREJUDICE"

Dear Sirs,

RE: THE CORPORATE TRUSTEES & NORTH COAST CHILDREN'S HOME

We refer to your letter dated 9 January 2007. We have been instructed by our client to reply in the following terms:-

The offer of settlement made on behalf of some of your clients will be put to Bishop-in-Council at its next meeting in late February. However it may be of assistance for you to be aware that the view of members of the Executive of Bishop-in-Council is that there is little chance of your current "Without Prejudice" offer of settlement receiving support at Bishop-in-Council. As you were advised at our Grafton conference, Bishop-in-Council is in possession of strong legal advice on this matter and has for some time anticipated your clients issuing proceedings. A settlement which reflects the Church's desire to provide Christian charitable support, the commercial reality for the Church of major litigation and relevantly, an appropriate discount reflecting the substantial difficulties and uncertainties still confronting your clients is, in the opinion of the Executive Members, more likely to be acceptable to the members of Bishop-in-Council.

Yours faithfully,
FOOTT, LAW & CO.

Per:

Peter Roland