

# COPY

Mr K Ainge  
National Secretary  
Assemblies of God in Australia  
PO Box 336  
MITCHAM VIC 3132

**Our Ref**  
TA(NM)/VB 00/2463  
**Your Ref**

**Date**  
7 December 2001

**Private & Confidential**

Dear Keith,

**OUR CLIENT:           NORTHSIDE CHRISTIAN CENTRE INCORPORATED & ORS**

We write to you at the request of our client, Northside Christian Centre Incorporated, to update you with regard to the above matter.

We note we have not heard from you as to the outcome of your notification to the insurer detailed in your letter dated 9 October 2001. We would be pleased to receive your response as soon as possible.

A mediation in these various matters took place on Wednesday 24 to Friday 26 October 2001.

The mediator was Ms Mary Anne Hartley and Northside Christian Centre Inc was represented by David Myers of Counsel, instructed by Moores Legal. Ansvr Insurance was represented by Richard Smith, instructed by Herbert Geer & Rundle. Ken Sandilands was represented by Don McKay, solicitor and the Plaintiffs were all represented by David Munro, instructed by Galbally & O'Bryan.

You may recall that six civil proceedings before the County Court of Victoria, were subject to the joint mediation. Five of those claims were settled, however the remaining matter of AGC was unresolved. In respect of those matters, we inform you as follows:

1. AGC

The matter of AGC was removed from the original mediation as it became apparent that having regard to his age at the time (under 18 years) and the level of compensation being claimed, further investigations may need to be conducted. As a consequence, his claim listed for hearing on 5 December 2001 has been adjourned to a trial date in September 2002. A further mediation has, however, been arranged and scheduled for Thursday, 13 December 2001 as the solicitor for Ken Sandilands has indicated that should

this matter not also be resolved then his client may not comply with the terms of settlement in the other five proceedings. It is for this reason that we have agreed to participate in the AGC mediation next week with a view to seeing whether the matter can be resolved.

Northside Christian Centre Inc has full liability for this claim as it falls completely within the period where they were uninsured due to the sexual abuse exclusion clause in the insurance policy at that time.

## 2. Other Claims

After very substantial negotiations over three days, the other five matters resolved and terms of settlement have been finalised. These terms include confidentiality and are identical with the exception of the amount of compensation. Five payments are to be made to the various Plaintiffs, totalling \$525,000, the largest individual settlement sum being \$225,000 and the smallest \$55,000. All compensation payments were made inclusive of legal costs and disbursements.

Of that total sum, Northside Christian Centre Inc are responsible for \$140,000 to be paid by 11 January 2002. This sum represents a proportion agreed given that some of the Plaintiffs were injured during the period of time that Northside was uninsured due to the aforementioned exclusion clause.

We believe that the settlement achieved was by far the most appropriate outcome as the damage to the reputation of the Church, the School and the legal costs involved in fighting the claims both against the Plaintiffs and against the other Defendants would have been substantial. Ansvar Insurance also threatened, during the process of mediation, to withdraw their indemnity to Northside with respect to any period which would have required them to be joined as a Third Party to the action.

There remains some considerable concern that there may be other potential Plaintiffs who could still bring actions against Northside and Sandilands as a result of Sandilands' misconduct.

In addition to the settlement sum which Northside must pay, legal costs incurred by the Church to date amount to approximately \$20,000.

On behalf of our client, we therefore seek your urgent assistance with access to funding to meet an immediate liability of up to \$200,000. This amount makes provision for contribution to a settlement offer to AGC which, if the matter does not settle, would not be required at this time.

Should the Church be unable to pay as at 11 January 2002 then the settlement will fail and it is likely that the Plaintiffs will be sufficiently angered to take action which involves the sale of the Church and its assets together with an attack on the assets of various individual Defendants named in the proceeding.

Mr K Ainge

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We would appreciate your urgent attention to this matter and look forward to receiving your response at the earliest possible opportunity.

Yours faithfully  
**MOORES LEGAL**

**Tim Adam**  
Partner

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**Our office will be open during the Christmas/New Year period.  
We wish you a joyful Christmas.**

