

COPY

Mr K Ainge
National Secretary
Assemblies of God in Australia
9 Station Street
MITCHAM VIC 3132

Our Ref
TAVB 00/2463
Your Ref

Date
10 October 2001

Private & Confidential

Dear Keith,

OUR CLIENT: NORTHSIDE CHRISTIAN CENTRE INCORPORATED & ORS

We write to you at the request of Northside Christian Centre Incorporated.

As discussed with you, Northside and various individuals who were teachers or pastors are Defendants in a civil action as a result of the sexual misconduct of Mr Ken Sandilands.

Mr Sandilands, who taught at the school for over ten years and was a member in good standing at an AOG Fellowship, was convicted and imprisoned following his plea of guilty to multiple offences in late 2000. The offences which were the subject of the criminal proceedings, and now the civil claims, occurred in the period 1985-1991.

Northside's insurance arrangements have always been through what is now AOG Insurance Services.

Regrettably in 1987 a decision was made to change the public liability cover offered to churches and schools within the AOG community. This insurance with Zurich had a specific exclusion to protect schools, churches, pastors or teachers with respect to claims of sexual molestation. It is our client's view that this change in protection was never notified to the church or school. We are also instructed that the decision with respect to the operation of the insurance program at that time was ultimately the responsibility of the National Executive Council of Assemblies of God in Australia.

As a consequence, it now appears that our client may be liable for damages in the hundreds of thousands of dollars as the financial means of Sandilands is limited. Sandilands has indicated, through his lawyers, that he will only contribute financially if any settlement involves all parties bringing the claim.

Although Northside, its pastors and teachers maintained that they acted in good faith at all times, the decision by Sandilands to admit to the offences and not to defend the civil claims has left the school extremely exposed. This is because as early as late 1986/early 1987, when Sandilands was confronted by leadership with respect to allegations made by young children, he vehemently denied any inappropriate conduct.

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We understand he maintained this position through the balance of his teaching career at the school and presented the same position to the leadership of his church when challenged about it.

There are currently six sets of civil proceedings before the County Court of Victoria all with hearing dates in the near future. A joint mediation has been scheduled for 24 to 25 October 2001 involving all parties.

There is a high incentive to attempt to resolve the matter prior to Court as one negative judgment could have a flow on effect and potentially could lead to the church and school being closed and the assets seized. In addition, individuals may potentially lose assets and be forced into bankruptcy. The cost of multiple litigation and the negative publicity to the church, school and AOG community is also a significant factor.

Ansvar Insurance have full liability for two of the claims and part liability for three claims and have the conduct of those legal actions. One action for which Northside is completely uninsured is being defended by this firm. The first matter to be assessed in quantum of damages by Ansvar's insurers has them putting an estimate of compensation payable in the range of \$90,000 to \$130,000. The figures indicated by the lawyers for the Plaintiff are substantially in excess of this figure.

It would appear that Sandilands may have \$150,000+ to contribute to any settlement and the balance would have to be met by Ansvar and Northside in approximately equal proportions.

A number of the former students are alleging that the sexual abuse interrupted their schooling and has lead to psychological problems and other behavioural difficulties which have adversely affected their education and subsequent employment and careers.

We therefore seek the support of the Assemblies of God National Executive to financially underwrite any shortfall in damages and the legal costs incurred in defending these proceedings.

Although this fellowship, like all others, is independent, they relied fully on insurance put in place to cover the operations they were conducting. At no time were they advised that the change in insurance would lead to reduced insurance cover.

It has been suggested, but not verified by Northside or the writer, that the individual who was responsible for the insurance arrangements may have had some conflict of interest which saw him benefit financially from the arrangements made.

We understand that there is a National Executive Meeting to be held shortly and request that this matter be considered on that occasion.

It would be our view that it would be essential for a National Executive representative or representatives to be present at the scheduled mediation.

We should also indicate that at this stage the issue facing the churches is within the limited knowledge of the Northside Executive Council and has not been disclosed to the full membership. As you may or may not be aware, Northside are in the midst of a

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significant building program for which members have contributed substantial amounts in support of the church's ministry.

We await your prompt response and should you require further information please do not hesitate to contact the writer.

Yours faithfully
MOORES LEGAL

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Partner

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