

COURT FILE NUMBER: 1501-00955

COURT: COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE: CALGARY

APPLICANTS: LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT, ENCHARIS COMMUNITY HOUSING AND SERVICES, ENCHARIS MANAGEMENT AND SUPPORT SERVICES, AND LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

DOCUMENT: AFFIDAVIT

ADDRESS FOR SERVICE Sugden, McFee & Roos LLP
AND CONTACT Barristers & Solicitors
INFORMATION OF PARTY #700 – 375 Water Street
FILING THIS DOCUMENT Vancouver, B.C. V6B 5C6

Attention: Errin A. Poyner

Telephone: 604-687-7700

Fax: 604-687-5596

File No. K-5820(1)

AFFIDAVIT OF COURTNEY CLARK

Sworn on March 4, 2016

I, COURTNEY CLARK, of Vancouver, British Columbia, SWEAR AND SAY THAT:

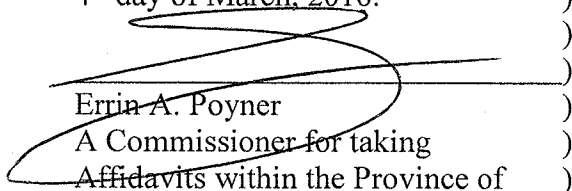
1. I am a legal assistant with the law firm of Sugden, McFee & Roos LLP, and solicitors for Elvira Kroeger and Randy Kellen herein, and as such have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief and where so stated I verily believe the same to be true.
2. Attached hereto and marked as **Exhibit "A"** to my affidavit is a true copy of a letter dated March 4, 2016 from Errin Poyner of Sugden, McFee & Roos LLP addressed to

Rev. Dr. Glenn Schaeffer, President of Lutheran Church Canada Alberta British Columbia District, which was sent by registered mail from our office today.

SWORN BEFORE ME at the)
City of Vancouver, in the)
Province of British Columbia, this)
4th day of March, 2016.)



COURTNEY CLARK


Errin A. Poyner)
A Commissioner for taking)
Affidavits within the Province of)
British Columbia.)

ERRIN A. POYNER
SUGDEN, McFEE & ROOS LLP
Barristers & Solicitors
700 - 375 Water Street
Vancouver, B.C. V6B 5C6
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SUGDEN, McFEE & ROOS LLP

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VIA REGISTERED MAIL

Lutheran Church Canada
Alberta British Columbia District
7040 Ada Boulevard
Edmonton, AB T5B 4E3

Attention: Rev. Dr. Glenn Schaeffer, President

Dear Sirs:

Re: Lutheran Church of Canada – Alberta and British Columbia District (the “ABC District”)

I act for Ms. Elvira Kroeger and Mr. Randy Kellen, both of whom are Depositors in the Alberta British Columbia District’s (“District”) Church Extension Fund (the “CEF”).

I hereby demand, on behalf of my clients, that the District commence legal proceedings in negligence against the auditors who provided audit opinions to the District between 1993 and 2012 as follows;

- a. Deloitte & Touche (1993 – 1999);
- b. Rolfe Benson (2000 – 2010); and
- c. Pennock Acheson Nielsen Devaney (2011 – 2012)
(the “Auditors”).

My clients allege that Deloitte & Touche, *inter alia*:

- a. Failed to identify and report upon the misappropriation and misuse by District of CEF trust funds for the purchase and development of the POP Village lands between 1993 and 1999;
- b. Failed to independently verify and report upon the value of the POP Village Lands; and
- c. Failed to identify and report upon the misappropriation and misuse by District of CEF trust funds by “extinguishing” a CEF mortgage loan to ECHS in the amount of \$5,850,000.00 in exchange for title to the Strathmore Lands.

My clients allege that Rolfe Benson, *inter alia*:

- a. Failed to identify and report upon the misappropriation and misuse by District of CEF trust funds to finance ECHS’s ongoing development of the POP Village Lands from 2006 to 2010;
- b. Failed to independently verify and report upon the value of the POP Village Lands as security for the mortgage loans advanced to ECHS between 2006 and 2010;
- c. Failed to identify and report upon the risk to District in respect of the mortgage loans advanced to ECHS;

File No.: K-5280(1)
Email: epoyner@smrlaw.ca
March 4, 2016

This is Exhibit “A” referred to in the
Affidavit of Courtney Clark
sworn before me at Vancouver, B.C.
this 4th day of March 2016

A Commissioner for taking Affidavits
within British Columbia

- d. Failed to identify and report upon the relationship between District and ECHS;
- e. Failed to identify and report upon District's misuse of CEF Funds to make an operating loan in the amount of \$8,000,000.00 to the Prince of Peace Congregation in 2008, and the subsequent forgiveness of all or part of that loan in 2009;
- f. Failed to identify and report upon the misappropriation and misuse by District of CEF trust funds by way of loans advanced to Shepherd's Village Ministries Ltd. ("SVML"), and the subsequent forgiveness of all or part of those loans;
- g. Failed to independently verify and report upon the value of the SVML Lands as security for the loans advanced to SVML; and
- h. Failed to identify and report upon the relationship between District and SVML.

My clients allege that Pennock Acheson, *inter alia*:

- a. Failed to identify and report upon the misappropriation and misuse by District of CEF trust funds to finance ECHS's ongoing development of the POP Village Lands from 2011 to 2012;
- b. Failed to independently verify and report upon the value of the POP Village Lands as security for the mortgage loans advanced to ECHS;
- c. Failed to identify and report upon the risk to District in respect of the mortgage loans advanced to ECHS;
- d. Failed to accurately identify and report upon the relationship between District and ECHS;
- e. Failed to identify and report upon the misappropriation and misuse by District of CEF trust funds by way of loans advanced to Shepherd's Village Ministries Ltd. ("SVML"), and the subsequent forgiveness of all or part of those loans;
- f. Failed to independently verify and report upon the value of the SVML Lands as security for the loans advanced to SVML; and
- g. Failed to identify and report upon the relationship between District and SVML.

In the event that District is unable or unwilling to commence this action and advance these claims against the Auditors, my clients demand that District assign to them its right of action, thereby avoiding the need for my clients to seek leave of the Court to commence a derivative action.

I look forward to hearing from you at your earliest convenience.

Yours truly,

SUGDEN, McFEE & ROOS LLP

PER:



ERRIN A. POYNER

EAP/cc

cc: Francis Taman
Jeffrey Oliver