

EXHIBIT S

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The Rev. Donald Barnett
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Gentlemen:

Melinda Erickson has asked me to review some possible amendments to the Community Chapel By-Laws, which has resulted in my looking in depth at your church structure. I have also been referred several civil cases which have been filed against the organization, some of which also name individuals as defendants.

Because of this concurrent activity on my part, as attorney for the church I feel that it is appropriate for me to point out some concerns that have been raised in my mind that may effect you as individuals, as well as as how they effect the church. Please forgive me if this appears presumtuious, and, as individuals, you may wish to confer with your own attorney, in this regard.

Generally speaking, an individual board member is not liable for the acts of the corporation or any of its employees. However, there is an exception to this general rule, which is that if the board becomes aware of a pattern of conduct on the part of the corporation or its employees which is either illegal or which could subject the corporation to civil liability, and if, with that knowledge, takes no steps to either stop the pattern of conduct or to discharge or discipline the culpable employee, the individual board member may be found to be individually liable for civil damages that result from the action of the corporation or its employees. ✓

~~100~~ 100 R. W. Mackenzie
10/19/90

Let me stress that the liability could only be for acts for which the board members have actual knowledge and for which the board members did not take reasonable action to insure that it did not continue. ✓

In context, as a board you are aware that there are allegations which have been made against the corporation and individual employees of the corporation. In no case am I aware that these allegations are factual. However, should you find that the allegations are true, and that the facts relate to on-going conduct by an employee, and further, if you do not take reasonable steps to insure that the conduct ceases, then you individually could be liable for damages incurred after your failure to take reasonable action. ✓

As a further warning, liability could even be based upon your failure to appropriately investigate allegations of continued illegal or tortious behavior. ✓

Another matter which concerns me after reviewing the By-Laws is the authority of the Senior Pastor.

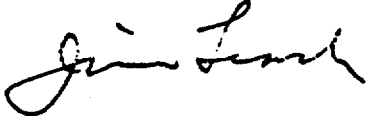
In a number of respects the Senior Pastor has the authority to supercede the actions, or veto the actions of the Board.

The Washington Non-Profit Corporations Act provides that a non-profit corporation shall be governed by a board of Directors. Your Articles of Incorporation make that same provision. In so far as your By-Laws conflict with the non-profit legislation or with your own Articles of Incorporation they are not controlling. Any provision which purports to give to the Senior Pastor the authority to supercede the Board authority should be revised to comply with your Articles of Incorporation and with Washington law.

I have not yet completed my review of the detailed amendments which have been proposed, and when I have I will make my comments to Melinda Erickson. However, these concerns were serious enough in my mind that I felt constrained to raise them in this fashion to you as individuals.

If you have questions that these comments have raised, please feel free to contact me.

Very truly yours,



James G. Leach

Show all areas where
Senior Pastor has inappropriate
authority assigned to him.