

Email from RSL-SA Board Member, Colonel Steve Larkins:

From: Steve LARKINS

Sent: Tuesday, June 6, 2017 12:58 AM

Dear RSL Sub Branch Secretaries / Presidents,

I refer to Rod Murray's widely distributed email of 29 May 2017 addressed to sub branch secretaries and others. Accordingly I am disseminating this on the same basis.

I'll start by saying that the Board is prevented from issuing statements whilst under Administration. I am issuing this on my own behalf, and I have advised the Administrator accordingly.

I have had enough of Rod Murray's vexatious attacks and relentless vilification of people who are trying to do their best in the interests of the RSL and its membership as a whole. He needs to get his facts straight and also consider the motivation of some of his 'sources' which are not necessarily concerned with the best interests of the RSL-SA and its membership.

For the record, I returned to the Board on 21 March 2017 in order to ensure that the Board could operate the affairs of the State Branch. I had previously served on the Board from Jul 2011-Jun 2016.

First, Mr Murray refers in one of his missives to a meeting of the Committee of Creditors on 15 May 2017. Mr Murray was not present at that meeting. Neither was I. The Minutes of that meeting are in the public domain and they do not reflect the comments Mr Murray attributes to the meeting. Even if these statements were made, my understanding is they are incomplete, 'selective', out of context and are therefore misleading.

To set the record straight, he names me in the context of an amount of \$73,000 transferred to the Virtual War Memorial Ltd prior to the Administrator being appointed. The inference is clearly that the transaction was somehow inappropriate. The transaction was minuted as part of a meeting on Thursday 13th April 2017. The funds were residual State Government Grant funding originally paid via the RSL / ANZAC Memorial Trust specifically for the VWM Schools Program (which for the record has over 1500 students across 34 schools currently actively engaged in research projects). The VWM was separately incorporated in August 2016, and the intent of all parties including the State Government was that VWM Ltd was to assume responsibility for the Department of Education and Child Development contract. The use of those funds for any other purpose would have been in breach of the Grant agreement. It had been the clear intent to transfer the funds earlier but that had not occurred because of administrative impediments.

Other inferences derived from the media article on P4 of the Sunday Mail 28 May which pretty much reflects the content of Mr Murray's email, infer that the 'Board' approved a payment to Tim Hanna of \$8,000. Not so. I had no recall of the transaction in question and a quick check revealed that it was paid as a routine transaction in a similar manner to payroll and it represented monies owed to the President dating as far back as 2014.

It was further inferred that the payment to the President was somehow linked to and made at the expense of Staff Superannuation. It did so with the clear intent of maligning him. It was not at all as was alleged. The Board explicitly sought assurance that Staff Super had been paid. It had been held up since Dec 16 because the accounting services firm that had managed RSL payment runs had been terminated without replacement arrangements having been put in place causing residual access issues. Staff Super payments are a routine transaction that do not require explicit Board authorisation. I am advised that the transaction was initiated but 'bounced' because the accounts were frozen after CoB when the Administrator took control of RSL-SA and related entities.

Second, Mr Murray's inferences about the RSL finances are misleading and wrong, particularly the use of the word 'insolvent'. He uses the word out of context. His allegations over time that RSL was 'insolvent', based on only partial information, are unsustainable. An operating deficit at a point in time does not of itself constitute 'insolvency' as long as there is asset cover and debts are met as and when they fall due.

Before I address that in detail I note that Mr Murray cites extracts of Board Papers. Like many activities in business they are subject to privilege and confidentiality, in this case under provisions of the Corporations Act 2001. Mr Murray is not entitled to access Board Papers no matter what 'rights' he believes his role as a "Regional Coordinator" may confer on him. I am certainly not entitled to access, for example, the October minutes because I was not a Board Member at that time.

"Members have the right to inspect the minutes of general meetings, but not those of directors' meetings (s 251B)"

Here is a guide <http://www.tqlaw.com.au/wp-content/uploads/awms/Upload/Files/Alert%20-%20Directors%20Duty%20of%20Confidentiality%20-%20Oct%202008.pdf>

This begs the question as to which Director or Officer breached the duty of confidentiality in providing papers to Mr Murray in the first place.

Mr Murray's strident demands for his interpretation of 'transparency' do not transcend statutory provisions around confidentiality.

His statements have the effect of undermining the RSL, particularly in the context of the associated media campaign that has been waged since earlier this year.. A determination as to whether or not RSL was trading whilst insolvent has already been made by people more qualified than him, and it is not as he alleges. He has inferred that I am a knowing party to insolvent trading which is untrue.

"Managing creditors' is not an offence as inferred. It is a normal part of business operations. One possible output (and the preferred solution) of the Administration process is a Deed of Company Arrangement which outlines a process to do exactly that with the agreement of the Creditors. Mr Murray's actions and allegations are actively undermining that process at great risk to the future of the organisation.

RSL-SA needs to be stabilised. It has always had a problem of a paucity of revenue. Simply put, Membership revenue is declining and it is not enough to even keep the doors open. Other revenue sources need to be secured. A number of strategies were put in place but not all have been successful.

The much maligned purchase of the Avoca Hotel was cited in one of Mr Murray's emails. The Avoca is returning a dividend of the order of \$250K p.a plus to RSL-SA which is better than the interest it would earn if the capital had been put in the bank. The capital was an advance of the annual licence fee paid by RSL Care SA following its creation by the transfer from RSL-SA Poppy Day Trust of \$20M worth of property assets in late 2011 to what had been the War Veteran's Home. The Avoca may have recorded an operating deficit of \$900K or so in its first year but as was explained that included establishment costs AND the payment to RSL SA.

Mr Murray's continuing efforts to convene an EGM for his stated purposes are not supported in the Constitution or By Laws, as he ought to know. There is no provision to appoint a substitute Board from the floor, and if successful would result in an unlawfully contrived governance vacuum. Whoever comprises a future Board needs to be elected constitutionally and they need to inherit a going concern. Most of us want a sustainable future for the RSL. Mr Murray's campaign makes it even more difficult to convince all the stakeholders to continue in their support of the RSL and its objectives, particularly given what is happening interstate.

Of particular concern are the personal attacks inherent in the very public media campaign. No one on the Board is acting out of self interest, avarice or hubris.

Mr Murray's increasingly strident campaign of distributing misleading information, if not so designed, is having the effect of maliciously impugning my personal reputation and that of colleagues.

I have been advised that his comments about me are defamatory and I reserve my position.

Colonel Steve Larkins, RSL-SA Board Member.

Email from Mr Rod Murray, RSL Regional Coordinator, Southern Metro:

From: Rod Murray <mailto:rodmurray45@gmail.com>]

Sent: Tuesday, 13 June 2017 11:36 AM

To:

Subject: My email of 29th May 2017

Importance: High

Dear Presidents and Members,

On 29th May 2017 I sent an email to a number of Sub-Branches.

That email was subsequently forwarded on 30th May 2017 to most Sub-Branches in SA, NT and Broken Hill.

Since those emails I have also received emails from Steve Larkins, Jill Hoare and Colin Johns informing me that they were not at a Board meeting to approve Tim Hanna's payment of \$8,000 and a Board meeting was not held to approve Tim Hanna's payment of \$8,000.

I withdraw any suggestion or imputation that a Board meeting was held to approve the \$8,000 payment to Tim Hanna and apologise for any distress my statement may have caused to Steve Larkins, Jill Hoare and Colin Johns.

I withdraw any suggestion or imputation that the \$73,000 payment to the Virtual War Memorial was inappropriate and apologise for any distress my statement may have caused to Steve Larkins.

Regards

Rod Murray

RSL Regional Coordinator

Southern Metro

M 0401122336

