

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

B E T W E E N :

GREEK COMMUNITY OF TORONTO

Plaintiff

- and -

SOTIRIOS ATHANASSOULAS (a.k.a. METROPOLITAN SOTIRIOS,  
GREEK ORTHODOX METROPOLIS OF TORONTO (CANADA),  
FATHER PETER AVGEROPOULOS, FATHER KONSTANTINOS PAVLIDIS,  
FATHER SPYRIDON VITOULADITIS, FATHER PHILIP PHILIPPOU, IOANNA  
PHILIPPOU, GEORGE PHILIPPOU, MAGGIE PHILIPPOU-INFANTINO,  
VASILIKI TSIOLIS, HAIDO CHRISTOFORIDIS, VASILIKI KARSAKI,  
APHRODITI SKLAVOS, MARIA DIAKOLOUKAS,  
ATHINA PLASSARAS, ATHANASIA GIANNAKOPOULOS  
and MARY MANOUKAS

Defendants

**STATEMENT OF DEFENCE AND COUNTERCLAIM**

1. The Defendants admit the allegations contained in paragraphs 4, 5, 7, 8 and 9 of the Statement of Claim.
2. Except as expressly admitted herein, the Defendants deny all other allegations contained in the Statement of Claim, including the claim to relief at paragraphs 1, 2 and 3 and put the Plaintiff to the strict proof thereof.

**The Parties**

**a. The Plaintiff**

3. The Plaintiff, the Greek Community of Toronto (the "**GCT**") was an ecclestical corporation prior to 1965, which history is discussed in more detail below. It is currently a registered non-profit charitable organization. The GCT is the owner of four physical church buildings in Toronto, Ontario being the Annunciation of the Virgin Mary Greek Orthodox

Cathedral, St. Demetrios Greek Orthodox Church, St. John the Baptist Greek Orthodox Church and St. Irene Chrisovalantou Greek Orthodox Church (collectively the "**Churches**").

**b. Metropolis and the Structure of the Orthodox Church in Canada**

4. The Defendant, Greek Orthodox Metropolis of Toronto (Canada) (the "**Metropolis**") is an eparchy of the Church of Constantinople under the jurisdiction of the Ecumenical Patriarchate of Constantinople. It is headquartered in Toronto, Ontario and has dominion over all Greek Orthodox Christian churches in Canada, including those owned by the GCT. The Metropolis' primate is the Defendant, His Eminence, the Metropolitan Archbishop Sotirios Athanassoulas (the "**Metropolitan Archbishop**" or "**His Eminence**").

5. The Metropolis provides numerous services to parish communities (the "**Communities**"), including the Churches. In addition to appointing priests (as described in more detail below), the Metropolis also provides a number of other benefits to the Communities. These include, directly or indirectly, the following: annual youth assemblies; a monthly newspaper entitled the Orthodox Way; certain social services; Metahomes, transitional housing for the homeless; a weekly television program entitled the Orthodox Voice which is broadcast across Canada; the School of Byzantine Music; the Convents of St. Kosmas of Aitolos (Ontario) and the Virgin Mary of Consolation (Quebec); Greek Orthodox Education in Ontario through certain "Metamorphosis" schools; the Athens Villa which provides 47 low income housing units; the Toronto Orthodox Theological Academy; Metamorphosis summer camps; the Metropolis Cultural Centre; and the G.O.M. Resort and camps.

6. The relationship between the Metropolis and the individual Communities, such as the Churches, is governed by the *Uniform Community Regulations of the Greek Orthodox Metropolis of Toronto (Canada)* (the "**Regulations**") enacted pursuant to the Metropolis' constating documents.

7. The Clergy-Laity Assembly (the "**Assembly**") is responsible for determining the content of the Regulations. The Assembly meets every second year and is composed of three members of the laity from each Community, as well as one clergyman from each Community.

8. Pursuant to the terms of the Regulations, each Community, including each of the GCT, has certain financial obligations to the Metropolis. Specifically, Article 15, section 3 of the Regulations provides that:

Each Community will contribute to the Greek Orthodox Metropolis of Toronto (Canada) 15% of the total gross income of the Community from all sources (only excluding Government grants), which contribution shall not exceed forty thousand dollars per annum, per church, but not less than fifteen thousand dollars annually, unless it is declared by the Metropolis Council to be a Missionary Community. (the "**Annual Contribution**")

9. This formula is intended to create a fair and equitable scheme for the payment of Annual Contributions and avoid unduly penalizing larger communities by ensuring that such communities, like the GCT, will not be subject to more than the maximum payment set by the Regulations.

10. In the event that any Community fails to meet its financial obligations to the Metropolis as set out in the Regulations and otherwise, the Metropolis may take certain remedial measures, including the acceptance of direct membership or other assessments of the faithful to the Metropolis.

**b. The Relationship Between the Priests, the Churches and the Metropolis**

11. At the request of the GCT, the Metropolis provided priests to minister in the Churches in accordance with the Regulations. The appointed priests are four of the Defendants (collectively referred to as the "**Priests**") each of whom has been resident at the Churches for varying periods of time. Each of the Priests were appointed with the agreement of the GCT pursuant of the Regulations. Specifically, the Priests are:

- a. Father Philip Philippou ("**Father Philip**") who was appointed to, and who has served, the parish of St. John the Baptist Greek Orthodox Church since September 1, 1981;
- b. Father Peter Avgeropoulos ("**Father Peter**") who was appointed to, and who has served, the parish of Annunciation of the Virgin Mary Greek Orthodox Cathedral since September 1, 1996;

- c. Father Konstantinos Pavlidis ("**Father Konstantinos**") who was appointed to, and who has served, the parish of St. Demetrios Greek Orthodox Church since August 1, 2009; and
- d. Father Spyridon Vitouladitis ("**Father Spyridon**") who was appointed to, and who has served, the parish of St. Irene Chrisovalantou Greek Orthodox Church since December 15, 2014.

12. Pursuant to the Regulations and by agreement, the GCT employs the Priests. In matters of faith and those pertaining to the Orthodox Church, the Priests are subject and accountable to the Metropolitan Archbishop. The Metropolis Council, in consultation with the Council of Presbyters, establishes certain minimum obligatory remunerative standards and benefits for the Priests. Such remuneration is to be paid by the GCT communities that the Priests serve.

13. As described in more detail herein, at all material times, the Priests have acted as exemplary clergymen who have fully discharged their duties to their respective parish communities.

**c. The Philippou Family Defendants**

14. The Defendant, Ioanna Philippou ("**Ioanna**"), is the wife of Father Philip. The Defendants, George Philippou ("**George**") and Maggie Philippou-Infantino ("**Maggie**") are the adult children of Father Philip. Each of Ioanna, George and Maggie (collectively referred to as the "**Philippou Family**") are volunteers in the parish community of St. John the Baptist Greek Orthodox Church.

**d. The Philoptochos**

15. The Defendants, Vasiliki Tsiolis ("**Vasiliki**"), Chaido Christofordis (incorrectly called "Haido Christofordis" in the Statement of Claim) ("**Chaido**"), Vasiliki Karsaki ("**Karsaki**"), Aphroditi Sklavos ("**Aphroditi**"), Maria Diakouloukas ("**Maria**") Athina Plassaras ("**Athina**"), Athanasia Giannakopoulos ("**Athanasia**") and Mary Manoukas ("**Mary**") (referred to collectively as the "**Ladies**") are all members of the Greek Orthodox Ladies Philoptochos Society (the "**Philoptochos**").

16. The Philoptochos is a women's organization that is dedicated to providing charitable, benevolent and philanthropic outreach as well as perpetuating and promoting the Orthodox faith and its traditions as has been the case for many decades. It is governed by the Metropolis in accordance with the Regulations. There are currently over fifty active chapters in Canada, four of which were, until recently, operated out of the Churches.

17. At all material times, the Ladies acted in accordance with their oaths of office to serve the Metropolis and the greater Orthodox Church in keeping with the charitable objectives of the Philoptochos.

18. As described in more detail below, since January 1, 2015, the GCT has prevented the Philoptochos from operating out of its Churches and has purported to replace the Society with its own creation, the "Pronia" (referred to here as the "**Women's Auxiliary**") which is answerable only to the GCT.

#### **Strained Historical Relationship Between the Metropolis and the GCT**

19. Historically, the relationship between the Metropolis and the GCT has been a difficult one, and has occasionally been fraught with litigation.

20. As described above, the GCT is the owner of the physical buildings of four of the sixteen churches in the Greater Toronto Area, all of which fall within the jurisdiction of the Metropolis.

21. Prior to 1965, the GCT (and/or its predecessor) was incorporated under the terms of the Regulations. Beginning in 1965 however, without authorization and in breach of its obligations to the Metropolis and the Ecumenical Patriarchate of Constantinople, the GCT:

- (i) resolved to reincorporate under Ontario legislation;
- (ii) improperly usurped the churches of St. Irene Chrisovalantou Greek Orthodox Church and the Annunciation of the Virgin Mary Greek Orthodox Cathedral; and
- (iii) subsequently refused to acknowledge the applicability of the Regulations to the Churches for the majority of the period between 1965 and the present.

22. In the mid-1970's the GCT became enmeshed in two legal battles. One of those proceedings involved injunctive proceedings to stop the GCT from interfering with the priestly functions of an appointed priest and continuing to pay the priest's salary.

23. The second litigation matter was an action styled *Palmer et al v. Marmon et al* (the "**Palmer Litigation**") which the GCT commenced against the trustees of the Guaranty Trust Company of Canada and the Public Trustee. In the course of the Palmer Litigation, the GCT again adopted the Regulations as an attempt to gain strategic advantage in litigation, styled *Palmer et al v. Marmon et al* (the "**Palmer Litigation**"), it had commenced against the trustees of the Guaranty Trust Company of Canada and the Public Trustee.

24. Notwithstanding the GCT's intermittent denial of the applicability of the Regulations to its organization, throughout its existence the GCT has received benefits under those Regulations, including the acceptance of priests to its Churches.

25. The GCT has also has the right and the opportunity to participate in the Assembly by sending twelve representatives (being three members of the laity from each of the Churches) along with a clergyman from the parish to provide input on the form and content of Regulations on a bi-annual basis. The GCT has opted not to exercise this right and has, instead, elected to unilaterally select which portions of the Regulations by which to abide.

26. The actions taken by the GCT to date, and the allegations made in this Action, are simply part of a series of actions taken by the GCT in an attempt to remove it from an ecclesiastical organization to a secular club and discredit and destroy the Metropolis and its leader. The GCT's improper intentions were recognized by Justice O'Driscoll of the Supreme Court of Ontario in the Palmer Litigation when he stated:

When success and wealth had been achieved in the secular order some of this group embarked upon an ego trip seeking to build a civil and political power base upon an ecclesiastical and religious structure, their Greek Orthodox Church. **Indeed, the actions of some of these power hungry parishioners were in absolute defiance of properly constituted ecclesiastical authority and appear to have been designed to neutralize and perhaps destroy – for their own grandisement – all ecclesiastical authority in the Greek Orthodox Church in the Toronto area.**

The end result of these "power trips" is chaos, brother against brother and a factual and legal maze which has engulfed the Greek community in Toronto since themed-1950's.

Over the years the Archbishop and Bishops of the Greek Orthodox Church have held "settlement sessions" with the warring factions in an attempt to bring an end to this unseemly litigation; unfortunately, common sense did not win the date.

I can think of no problem less suited for a courtroom and the adversary system than an internal disagreement amongst members of a religious domination.  
[Emphasis added.]

27. Despite this strained relationship between the Metropolis and the GCT, at all times, the Metropolis has provided and made available all of its services to the members of the Churches and has fulfilled of its obligations to the GCT in good faith.

### **The GCT Experiences Financial Difficulty and Defaults on Its Financial Obligations to the Metropolis and the Priests**

28. Beginning in 2009, the GCT found itself in a strained financial position. As a result, it began defaulting on its financial obligations to the Metropolis by failing to remit the full amount of its Annual Contributions.

29. Similarly, beginning in 2011, the GCT failed to honour its obligations to pay the salaries and benefits of the Priests. Initially, the GCT continued to pay the Priests' salaries but failed to make the necessary contributions to their respective Registered Retirement Savings Plans. However, over the course of 2012 and 2013, the GCT also fell into arrears in the payment of the Priests' salaries and other compensation.

30. The Metropolis demonstrated a willingness to work with the GCT to find solutions to its financial difficulties. To that end, on or about April 13, 2011, the GCT entered into a verbal agreement with the Metropolis regarding the payment of current and past due Annual Contributions, as well as the payment of Annual Contributions going forward. The GCT subsequently memorialized this agreement in writing later that same day signed by the GCT's President, Nikona Georgakopoulos, Secretary, George Kakarelis, and Treasurer, Dr. George N. Nikopoulos (the "**2011 Agreement**").

31. Thereafter, the GCT repeatedly acknowledged its financial obligations to the Priests and to the Metropolis until mid-2014 and provided assurances that all such debts would be paid.

### **GCT Repudiates Its Financial Obligations and Enacts the GCT Bylaw**

32. By mid to late 2014, the GCT reversed its position on its obligations to make financial payments to the Priests and the Metropolis. Specifically, the GCT asserted that:

- a. The Annual Contributions were paid by GCT to the Metropolis pursuant to a contractual agreement which expired in January 2015, not the Regulations, and no further such contributions were required to be paid; and
- b. The Priests were not "employees" of the GCT and were only entitled to the payment of a small stipend from the parish communities and not the full salary and benefits which had been paid consistently prior to 2011.

33. The GCT made no further payments to the Metropolis and/or to the Priests in satisfaction of its financial obligations since on or about December 2014.

34. In and around this time, and certainly no later than the fourth quarter of 2014, the GCT asserts in the Statement of Claim that it learned the Metropolitan Archbishop, Father Philip and/or the Philippou Family and the Philoptochos were involved in an improper scheme. Specifically, the GCT contends that these Defendants were improperly diverting and using funds donated to the Philoptochos for their own personal benefit.

35. Accordingly, the GCT took steps in November and/or December 2014 to prohibit the Philoptochos from continuing its operations through the Churches. To that end, the GCT created the "Pronia", or Women's Auxiliary, to replace the Philoptochos at its Churches by enactment of a by-law effective January 1, 2015 (the "**GCT Bylaw**").

36. As a result of the GCT Bylaw, the GCT effectively brought the collection of the substantial donations under its direct control through the GCT's oversight of the Women's Auxiliary.

37. The Ladies are certain members of the Philoptochos who would not agree to continue to their charitable works through the GCT's newly created Women's Auxiliary in violation of their previously sworn oaths of office to the Philoptochos. The GCT now alleges that these Ladies were involved in the alleged scheme to misappropriate donated funds.

38. Contrary to the allegations made in the Statement of Claim, those individuals who agreed to join the newly created Women's Auxiliary, thereby breaching their oaths of office to the Metropolis and the Philoptochos, have not been excommunicated by the Metropolitan Archbishop, nor have they been subject to either verbal or physical abuse on the part of Father Spyridon.

39. Rather, all members of the Women's Auxiliary who are in breach of their oaths are welcome to partake of the sacrament of Holy Communion after attending confession as required by the Holy Canons of the Orthodox Church.

#### **Civil Action by the Priests Against the GCT for Unpaid Wages**

40. In August 2015, the Priests commenced a civil proceeding against the GCT and its Board of Directors for their unpaid salaries and benefits. That action is pending before the Superior Court in Toronto under Court File No. CV-15-533769 (the "**Priests' Action**").

41. In that Action, the Priests claim that they have been and are employees of the GCT, ministering out of the Churches. At all material times up to 2015, the GCT issued payment slips and T4 slips to the Priests, acknowledging their employment relationship and disclosed the payment of the salaries and benefits in the GCT's annual audited financial statements which were prepared by KPMG.

42. However, in 2011, 2012 and 2013, the GCT fell into arrears in paying the Priests their salaries and benefits and ceased all such payments in or about January 2015. Thereafter, the GCT abruptly took the position that the Priests were not employees of the GCT and no salaries or benefits were owed to them.

#### **Authorization of the Sacramental Fees in Response to the GCT's Default**

43. In late 2015, after the repeated failure of the GCT to pay the Annual Contributions owing, the Metropolis commenced assessing a sacramental fee in the amount of \$600.00 (the "**Sacramental Fees**") for every baptismal, wedding and funeral rite performed by the Priests at the Churches.

44. Such Sacramental Fees were levied against the GCT in accordance with Article 15, Section 4 of the Regulations as a means of ensuring fairness and equality of treatment between the GCT and other communities that have faithfully paid their Annual Contributions despite their own financial constraints.

#### **Commencement of the Current Proceeding**

45. In retaliation against the Priests' Action and the levying of the Sacramental Fees, the GCT commenced this proceeding. The Statement of Claim represents the first time that the GCT has formally raised a host of allegations of misconduct on the part of these Defendants and, in particular, the Metropolitan Archbishop, some of which date back to 1993.

46. The allegations now advanced by the GCT are unmeritorious and without any basis in law or fact. These allegations are an abuse of court process as they are primarily designed to attempt to embarrass and otherwise discredit the Defendants and, in particular, the Metropolitan Archbishop whose reputation they seek to destroy.

#### **No Financial Impropriety on the Part of Any of the Defendants**

47. Contrary to the allegations in the Statement of Claim, none of the Defendants has engaged in any form of improper financial scheme involving any funds donated to the Philoptochos, to Baby Alexander or for any other purpose.

48. At all material times, the Metropolis and these Defendants have followed and adhered to the highest level of financial accountability and transparency in conducting its operations and in accordance with all requirements of the Canada Revenue Agency.

##### **a. No Wrongful Diversion of Donations by the Philoptochos**

49. At all material times, the Philoptochos has operated under the auspices of the Metropolis and not the GCT which merely owns the Church buildings out of which chapters of the Philoptochos operated. Accordingly, none of the funds donated to the Philoptochos are properly characterized as property, or held for the benefit, of the GCT.

50. In any event, the Ladies and the Philoptochos acted appropriately and in accordance with their charitable mandate in collecting any and all donations. No donations received by the Philoptochos were ever, directly or indirectly, used for the personal benefit of any of the Metropolitan Archbishop, Father Philip or the Philippou Family.

51. Father Philip and the Philippou Family further expressly deny that they wrongfully received donation monies from the Philoptochos which were in turn donated back to the GCT for the purposes of obtaining tax benefits.

52. To the contrary, while Father Philip and the Philippou Family have each made charitable contributions to the GCT over the years, all such donations have been made out of their personal funds and have been entirely appropriate.

**b. No Wrongful Diversion of Funds Raised for Baby Alexander**

53. The Metropolitan Archbishop and the Metropolis further deny that they engaged in any misappropriation of funds raised for the benefit of Baby Alexander as alleged in the Statement of Claim or at all.

54. The Metropolis states that, in or about 2012 period, it was involved in raising funds for several causes including Somalian relief, Greek relief and the transportation of Baby Alexander from Greece to Canada.

55. The Metropolis, at the request of the Global Angel Charitable Organization, agreed to raise and donate \$10,000.00 for the benefit of Baby Alexander for the express purpose of transporting Baby Alexander from Greece to Canada for medical treatment.

56. The Metropolis fulfilled its obligations and did raise \$10,000.00 for the benefit of Baby Alexander and this sum was contributed to the Global Angel Charitable Organization as agreed.

57. No portion of the funds raised and collected for the benefit of Baby Alexander were used for any other purpose, charitable or otherwise.

**No Breach of Sacred Oaths by the Metropolitan Archbishop**

58. Contrary to the Allegations set out in the Statement of Claim, the Metropolitan Archbishop has not sworn any oaths of office in any of his roles as Priest, Bishop or Metropolitan Archbishop.

59. At all material times, the Metropolitan Archbishop has acted in the service, and best interests of, the Metropolis and its Community members. He has a record of being an exemplary clergyman and leader within the Orthodox Church, Christian community and Canadian society. The GCT's allegations against His Eminence personally are maliciously made and entirely without any basis in fact.

### **No Negligent Appointment of Priests**

60. At all material times, the Metropolitan Archbishop and the Metropolis have fulfilled all of their obligations and have taken all reasonable care in the circumstances in the selection and appointment of clergymen in all parishes of the Metropolis, including the Churches.

61. The Metropolitan Archbishop and the Metropolis specifically deny that they have either negligently or intentionally appointed known sex abusers as clergyman and put the GCT to the strict proof thereof. Contrary to the allegations made in the Statement of Claim:

- a. Ioann Pop has never been appointed as a clergyman in any parish in the Metropolis;
- b. Demetre Tsevlivos ("**Tsevlivos**") was not appointed by the Metropolitan Archbishop, but by His Eminence's predecessor in 1975. It was not until 1993 that the Metropolis and Metropolitan Archbishop were first made aware that Tsevlivos may have engaged in inappropriate sexual conduct and, on learning this information, they immediately took steps to relieve Tsevlivos of his priestly duties and informed the police of the allegations being made; and
- c. Georgije Djokic is a retired Bishop in the Serbian Orthodox Diocese of Canada and is not currently, nor has he ever been, defrocked as has been confirmed in writing by the Serbian Orthodox Diocese of Canada.

### **No Breach of Contract/Breach of Duty of Good Faith**

62. Contrary to the allegations in the Statement of Claim, the Metropolitan Archbishop, the Metropolis, the Priests and the Ladies deny that they are in a contractual relationship with the GCT and puts the GCT to the strict proof thereof.

63. Strictly in the alternative, in the event that a contract is found to exist between the Metropolitan Archbishop, the Metropolis, the Priests, the Ladies and the GCT, which is denied, at all material times these Defendants have acted in good faith in their dealings with the GCT and in accordance with their obligations under said contract.

64. At no time have any of the Metropolitan Archbishop, the Metropolis, the Priests and/or the Ladies improperly diverted donations collected by the Philoptochos either for their own benefit or at all.

65. The Metropolitan Archbishop and the Metropolis further deny that the Annual Contributions and/or the Sacramental Fees have been improperly imposed on the GCT. Rather, such fees have been levied in accordance with the Regulations applicable to all Communities under the jurisdiction of the Metropolis and owing to the GCT's own default of its financial contributions.

66. The GCT has accepted the appointment of Priests pursuant to the terms of the Regulations. In addition, until 2014, the GCT has regularly acknowledged its obligations to pay the Annual Contributions required by the Regulations. The GCT is therefore estopped from arguing that such Regulations do not apply to it on the basis that the GCT is not a signatory to those Regulations.

#### **No Breach of Trust/Fiduciary Duty**

67. The Defendants deny that a fiduciary relationship existed between the GCT and any or all of the Metropolitan Archbishop, the Metropolis, the Priests and the Ladies. The GCT is an experienced corporate entity, governed by its own Board of Directors and with its own independent advisors.

68. Strictly in the alternative, if any of these Defendants owed a fiduciary duty to the GCT, which is denied, these Defendants deny that they breached any such duties.

69. Rather, the Defendants took all reasonable care in the circumstances to ensure that any donations collected by the Philoptochos were used for their intended purposes and in accordance with the organization's charitable mandate.

#### **No Inducing Breach of Contract, Breach of Fiduciary Duty or Breach of Trust**

70. The Defendants deny that any or all of them induced any or all of the Metropolitan Archbishop, the Metropolis, the Priests and/or the Ladies to breach any contractual or fiduciary duties owed by any of them to the GCT.

#### **No Fraudulent Misrepresentation**

71. The Metropolitan Archbishop, the Metropolis, the Priests and the Ladies deny that any misrepresentations, fraudulent or otherwise, were made to the GCT with respect to the donations collected by the Philoptochos.

72. Contrary to the allegations made in the Statement of Claim, none of these Defendants engaged in any scheme to divert or misappropriate the donations collected by the Philoptochos for their own benefit or for any other purpose.

#### **No Interference with Economic Relations**

73. The Defendants deny that they have committed any acts which have deprived the GCT of any revenue owing to it and put the GCT to the strict proof thereof.

#### **No Conversion**

74. The Defendants are not liable to GCT for conversion. They did not take, use or destroy any goods belonging to the GCT in a manner inconsistent with GCT's right of possession, or in any other manner for that matter.

75. As stated herein, the Defendants deny any involvement in, directly or indirectly, improperly diverting any funds from the Philoptochos for their own personal benefit or for any other purpose.

#### **No Unjust Enrichment**

76. The Metropolitan Archbishop, the Metropolis, Father Philip and the Philippou Family deny that they have been unjustly enriched at the expense of the GCT.

77. These Defendants deny that they have improperly received monies donated to the Philoptochos and put the GCT to the strict proof thereof.

### **No Civil Conspiracy**

78. The Defendants deny that they have conspired with each other or unknown persons for the purposes of harming the GCT. At no time have the Defendants agreed to, nor have they, engaged in any scheme designed to improperly divert and misappropriate funds from the Philoptochos to themselves either as alleged or at all.

### **No Entitlement to a Constructive Trust and/or Equitable Tracing**

79. The Defendants further deny that they are liable to the GCT as constructive trustees. The GCT has not, nor can it, establish a constructive trust in this regard nor an entitlement to equitable tracing.

### **No Damages**

80. If the GCT has suffered any losses, which is denied, the Defendants are not liable to the GCT for any part of that loss, which, if suffered was sustained solely as the result of the GCT's own actions.

### **No Jurisdiction Over the Claim**

81. The Defendants state that this Honourable Court has no jurisdiction over the allegations made in the Statement of Claim and this proceeding should be dismissed in its entirety.

82. At its core, the GCT's claim against the Defendants relates to the organization and appropriate functioning of the Metropolis and the Philoptochos and, in particular, the Metropolitan Archbishop's authority to make decisions to collect fees from the communities within the Metropolis' jurisdiction.

83. The courts have no authority to interfere with the internal organization of religious organizations such as the Metropolis where the complainant has failed to utilize the

organization's internal processes for dispute resolution or in the absence of a breach of natural justice.

84. The GCT has not attempted to resolve this dispute pursuant to any of the avenues available to it under the Holy Canons of the Orthodox Church and it is precluded from litigating these issues in the Ontario courts.

#### **The Claim is Statute-Barred**

85. Further and in the alternative, if GCT is entitled to claim against these Defendants, which is not admitted and is expressly denied, the Statement of Claim issued on October 18, 2017 is statute-barred. Under the *Limitations Act, 2002*, S.O. 2002, c. 24, Sched. B, the limitation period applicable to GCT's claims against the Defendants is two years from the date that GCT discovered the claim.

86. The GCT knew, or ought to have known, of the alleged conduct complained of in the Statement of Claim more than two years before the Statement of Claim was issued, and in any event, no later than:

- a. December 2014 in respect of the alleged improper collection, or wrongful diversion, of funds donated to the Philoptochos away from the GCT for the benefit of one or more of the Metropolis, the Metropolitan Archbishop, Father Philip and/or the Philippou Family;
- b. December 2012 in respect of the allegations of wrongful diversion of charitable donations made for the benefit of Baby Alexander; and
- c. In or about 1993 in respect of the negligent or intentionally reckless appointment of Tsevlikos;

87. As such, GCT's claims are out of time and should be dismissed in their entirety.

88. The Defendants respectfully request that this action be dismissed with costs on a substantial indemnity basis.

**COUNTERCLAIM**

89. The Priests claim against the GCT for:
- a. A declaration that they are employees of the GCT;
  - b. Damages for unpaid wages as of December 20, 2014, which non-payment is ongoing. As of the date of this claim, outstanding wages owed to each of the Priests amounts to approximately \$204,000.00;
  - c. Damages for failure to pay benefits, and in particular, Registered Retirement Savings Plan contributions, in the amount of approximately \$12,000.00 (for each of Father Peter, Father Philip and Father Konstantinos);
  - d. An interim and interlocutory injunction requiring the GCT to pay the Priests their wages and benefits pending the resolution of this dispute;
  - e. Strictly in the alternative, damages in the amount of \$648,000.00 on a *quantum meruit* for services rendered to the GCT as though they were employees;
  - f. \$100,000 each for aggravated and punitive damages;
90. The Metropolis claims against the GCT for:
- a. Damages for breach of contract which are ongoing, in an amount to be provided prior to trial;
  - b. Strictly in the alternative, damages on a *quantum meruit* basis for services rendered by the Metropolis to the GCT, which damages are ongoing and the amount shall be provided prior to trial;
91. All Defendants claim against the GCT for:
- a. General and special damages for defamation in the amount of \$2,000,000;
  - b. \$1,000,000 in aggravated damages;
  - c. \$1,000,000 in punitive damages;

- d. an interim interlocutory and permanent injunction preventing the GCT from publishing any further defamatory material regarding the Defendants;
- e. pre-Judgment and post-Judgment pursuant to the Courts of Justice Act, R.S.O. 1990, c. C.43;
- f. their costs of the counterclaim on a substantial indemnity scale; and
- g. such further and other relief as this Honourable Court may deem just.

### **The Priests' Claim for Unpaid Wages and Salary**

92. The Priests repeat and rely on the allegations set out in the Statement of Defence as well as in their Statement of Claim in the Priests' Action.

93. Since 2011, the Priests have been repeatedly subjected to harassment on the part of the GCT. This harassment and abuse has taken a toll on the physical and mental health of each of the Priests.

94. In addition to withholding wages and benefits from the Priests, the GCT has embarked on a campaign to hinder the Priests in the fulfillment of their duties to the members of their respective Churches. Particulars of this harassment include, but not are limited to:

- a. Stripping the Priests of their physical offices at the Church premises;
- b. Severely reducing and limiting the administrative secretarial support historically made available to the Priests;
- c. Requiring the Priests to complete sacramental rite paperwork thereby significantly increasing their respective workloads;
- d. Interfering with the Priests ministrations within the Churches;
- e. Interfering with the conduct of Sunday School classes in the Churches; and
- f. Verbally abusing the Priests, particularly Father Philippou, in front of their parishioners.

95. The Priests state that this conduct pleaded above entitles them to an award of punitive damages.

96. The Priests' Counterclaim raises separate and distinct issues first set out in the Priests' Action. These allegations should be heard discretely and expeditiously, either in the Priests' Action or in the Counterclaim.

### **The Metropolis's Claim for Breach of Contract**

97. The Metropolis repeats, adopts and relies on the allegations set out in the Statement of Defence.

98. Since January 2015, the GCT has defaulted under its obligations under the 2011 Agreement to make payment of its Annual Contributions to the Metropolis.

99. The GCT has repeatedly acknowledged this debt and is liable to the Metropolis the amounts which remain outstanding thereunder.

100. Strictly in the alternative, in the event that there is no enforceable agreement to provide the Annual Contributions to the Metropolis, which fact is denied, the Metropolis is entitled to compensation on a *quantum meruit* basis for the services provided to the GCT from 2014 through to the present and for which the Metropolis has received no compensation from the GCT.

### **The Defendants' Claim for Defamation**

101. In or about June 2016, the GCT provided the Defendants with a copy of the draft Statement of Claim (the "**Draft**") which eventually evolved to be the Statement of Claim issued in this Action. The Draft was broader in scope and named more defendants than the within Action. The GCT subsequently disseminated the Draft to a number of other individuals within the Greek Community, the identities of which are known to the GCT.

102. The Draft contained a number of defamatory statements which were designed to injure the reputations of the Defendants. Such statements include, but are not limited to, the following:

- a. The Metropolitan Archbishop is not "fit to hold and discharge the office";

- b. The Metropolitan Archbishop has extorted funds and services from the Women's Auxiliary;
- c. The Metropolitan Archbishop has intentionally sent, imposed and/or placed known sex offenders, defrocked priests and criminals as Priests at the Churches;
- d. The Metropolitan Archbishop engaged in "extortion, abuse, coercion, arbitrary imposition and punishment" of the Churches by imposing Sacramental Fees;
- e. Metropolitan Archbishop has breached his oath of loyalty to the Orthodox Church by "secretly, becom[ing] and continu[ing] to be a member of a secret fraternal organization, Free Masonry...";
- f. The Metropolitan Archbishop "in breach of the laws of Canada and/or the Greek Canonical Laws, was involved and/or continues to be involved in...improper and/or unlawful and/or fraudulent and/or criminal conduct..."
- g. The Metropolitan Archbishop has "breached his oath of chastity" and was not celibate both before and/or while serving in his current role;
- h. Father Philip was involved in a "fraudulent plot" whereby he collected and used funds from the Women's Auxiliary and/or the GCT for his personal benefit;
- i. Father Philip has engaged in tax evasion; and
- j. The Ladies engaged in "improper and/or fraudulent" transactions with the Metropolitan Archbishop and/or Father Philip.

103. The Defendants rely on the natural and ordinary meaning of these words used in the Draft which are *prima facie* defamatory false and misleading.

104. The Defendants state that the defamatory words have harmed their respective reputations in the community and the Defendants have been damaged as a result.

105. The Plaintiff has refused to apologize for the content of the Draft.

106. The Defendants plead that the Plaintiff has acted in a malicious manner in publishing the defamatory statements in the Draft entitling them to aggravated and punitive damages.

107. The Defendants request that the balance of the Counterclaim, other than the issues relating to the Priests Action, should be tried together with the Main Action.

Date: March 29, 2018

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Plaintiff and

SOTIRIOS ATHANASSOULAS et al.  
Defendants

Court File No.: CV-17-584750

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at TORONTO

**STATEMENT OF DEFENCE AND  
COUNTERCLAIM**

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