

## **Legal eagles hired to explore claim against South Canterbury Finance**

By Marta Steeman (published by the Christchurch Press and on the Stuff website May 11, 2015)

Kapiti Coast sharebroker Chris Lee is leading a group of South Canterbury Finance preference shareholders investigating a possible claim against the company nearly five years after its collapse.

A potential claim against the failed finance giant South Canterbury Finance by preference shareholders is taking another step forward.

A legal team led by Queens Counsel Chris Gudsell has been appointed to undertake more research on whether a claim against South Canterbury Finance should be filed on their behalf.

The almost 4000 preference shareholders lost thousands of dollars each when South Canterbury Finance collapsed in late 2010.

Investors in the preference shares are being invited to seven public meetings next week through the country and would be asked to contribute to the claim.

Letters have been sent to them about the meeting and possible legal action.

Advertisements will also appear in newspapers on Wednesday about the meetings and where they will be held.

Spokesman for the action is well-known Kapiti Coast investment adviser and sharebroker Chris Lee who had about 80 clients holding preference shares.

The aim was to raise at least \$100,000 to pay for the legal expertise of Gudsell and team which includes Hamilton lawyer David Neilson, and to get to the stage of deciding whether or not to file a claim.

Lee said the hope was that if the case went to court, the court would rule that the investors would be repaid if the case was won.

The meetings were intended for investors but others would not be stopped from coming.

He expects Gudsell and team to make a decision within two months.

"At the moment they believe that it is worthwhile performing more research with the objective of filing a claim," Lee said on Monday.

"They are not saying unconditionally that there will be a claim. They are saying whatever they continue to investigate will decide whether there is a claim."

"It's fair to say if the claim continues along its current path, then within two months of now I would imagine a claim would have been filed in the High Court."

Lee said it was not a Chris Lee claim now. It would be decided by people with considerable expertise.

"I won't be overruling anything. It's not a Chris Lee case. It's in the process of becoming a legal investigation."

The situation of the preference shareholders compares with the thousands of depositors and debenture holders in South Canterbury Finance who were paid out nearly \$1.6 billion in late 2010 because their investments were covered by a Crown guarantee.

Markets watchdog, the Financial Markets Authority, decided last year against taking the civil claims against the big finance company.

At the seven meetings starting on Monday next week in Invercargill, Lee will outline the investor's position, tell them about the law relating to their investments and how South Canterbury Finance performed in relation to that.

The meetings are in Invercargill, Dunedin, Timaru, Christchurch, Wellington, Kapiti and Auckland.

Lee said more than 60 per cent of the preference shareholders were in the South Island, including probably 25 per cent each in Dunedin and South Canterbury, and at least 10 per cent in Christchurch.

The register of preference shareholders shows 3200 investors plus two custodial services companies in which there may be another 600 to 800 investors.

"There would be a hope that if a claim is filed then at that point a funder would be taking over the responsibility for it and would be cut in on the proceeds."

Litigation funders would be approached if a decision was made to file a claim.

Lee said he had been researching and travelling the country for four years to get to where he was now.

"Obviously my view is a very serious offence took place."

The case to date had been done at no cost to anyone but himself and another very generous QC who had advised him at no cost.

The amount of work so far would have cost a six figure sum, he said. He had not charged for his time and would not and had paid for all the travel.

Original article available here:

<http://www.stuff.co.nz/business/68453505/legal-eagles-hired-to-explore-claim-against-south-canterbury-finance>