

Investors asked to fund claim investigation

By Hamish Fletcher (published by the NZ Herald May 16, 2015)

Out-of-pocket holders of South Canterbury Finance preference shares have already contributed tens of thousands of dollars to investigate whether or not a claim to recover funds should be brought.

While the Government spent about \$1.7 billion bailing out the majority of South Canterbury Finance investors, close to 4000 holders of preference shares were left out in the cold.

These shares, at one point, were worth around \$120 million.

Almost half a decade after the Timaru company collapsed, Paraparaumu sharebroker Chris Lee has commissioned a Queen's Counsel and legal team for their opinion on whether the possibility of a claim should be looked into.

A letter from Hamilton's Nielsen Law, provided by an investor to the *Herald*, says the legal team is focusing on South Canterbury Finance's non-compliance with its continuous disclosure obligations. "We confirm there is merit in further investigating a prospective claim ..." it says.

The letter, though, says the precise nature of a potential claim and possible defendants is yet to be finalised.

Lee, who says he has spent between \$50,000 and \$100,000 of his own funds on the matter, is now calling on investors to fund the rest of the research to see if a claim should be brought or not.

He has organised meetings up and down the country for investors to attend to get more information.

The meetings will begin in the deep south in Invercargill and Dunedin on Monday and finish in Auckland the following week.

Lee said the response for funding so far was better than he'd hoped and that tens of thousands of dollars had already come in.

The legal team would need a minimum of about \$100,000 for the next stage of the investigation.

While investors are being asked to put forward money to investigate whether a claim should be brought or not, any legal action would likely be financed by a litigation funder, the Nielsen Law letter said.

Lee, who said about 80 of his clients had bought the shares, was motivated by his belief that a "very great injustice had occurred in New Zealand".

South Canterbury Finance, built up and run for decades by now-deceased Timaru financier Allan Hubbard, was placed into receivership in August 2010.

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