

## **Investors mull SCF legal action**

By Hamish Fletcher (published on The New Zealand Herald website 5:30 AM Monday May 25, 2015)

Meeting at Ellerslie Racecourse today follows a number of others around the country with \$100k already raised.

Out-of-pocket South Canterbury Finance investors will meet today in Auckland to join others rallying behind a probe looking into possible legal action which has already raised more than \$100,000 to support it.

The meeting will be held at Auckland's Ellerslie Racecourse at 11am and follows a number of others around the country.

It is hoped that another \$50,000 can be raised, with the funds used to investigate whether a claim should be brought to try to recoup money for holders of the company's ill-fated NZX-listed preference shares.

The South Canterbury Finance preference shares were issued in 2006 and at one point were worth \$120 million but their value slid as the company hit the rocks.

In June 2010, months before receivership, the shares were worth 27c. Shareholders got nothing from the taxpayer's \$1.7 billion bailout of South Canterbury Finance, which saw debenture holders get their investments back.

Directors at the time of receivership were Stuart McLauchlan, Arthur Baylis and James Shale. Edward Sullivan and Allan Hubbard resigned in the months prior and Robert White and Stuart Natrass the year before.

The chief executive was Sandy Maier who had been brought in to try to salvage the company in 2009.

The precise nature of any potential claim or the possible defendants is yet to be finalised but a legal team has focused on South Canterbury Finance's non-compliance with its continuous disclosure obligations.

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

The investor meetings were organised by Paraparaumu sharebroker Chris Lee, who earlier commissioned a Queen's Counsel and legal team for their opinion on whether the possibility of a claim should be looked into.

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

Lee said on Friday that the response from investors had been "terrific" and they weren't dependent on Auckland to hit the funding target.

Contributors so far had put in an average of about \$200 each,

Around 500 holders of the preference shares live within an hour's drive from Auckland. Lee, however wasn't expecting anywhere near that number to turn up at today's meeting.

**Possible claim**

- While the Government spent \$1.7 billion bailing out South Canterbury Finance investors, around 4000 holders of preference shares got nothing back.
- These NZX-listed shares were worth \$120 million at one point but their value tanked when the company hit financial trouble.

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