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## Westpoint's Norm Carey blames watchdog for company collapse

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**Ben Butler**

October 10, 2008 12:00am

**WESTPOINT founder Norm Carey has accused the corporate watchdog and his former lawyers of causing the collapse of his \$300 million property empire.**

In a cross-claim filed in the Federal Court on Friday, Mr Carey said the [Australian Securities and Investments Commission](#) (<http://www.asic.gov.au/asic/asic.nsf>) had been negligent and accused it of misfeasance in public office.

He alleged top-tier law firm Freehills had been negligent and engaged in misleading and deceptive conduct when giving advice to Westpoint.

Last night, both ASIC and Freehills said they would fight the allegations in court.

In the claim, Mr Carey said ASIC's investigations into the group in 2004 and 2005 were not procedurally fair, were "in breach of the rules of natural justice" and conducted "for an improper or ulterior purpose, namely to shut down the Westpoint Group".

He also launched a personal attack on ASIC deputy chairman Jeremy Cooper, alleging that Mr Cooper told Westpoint auditors KPMG to give the group an "absolute workout" when going over its 2004-05 accounts.

An ASIC spokeswoman said the watchdog was "considering Mr Carey's cross-claim and will respond in due course".

"The claims against ASIC are denied and will be vigorously defended," she said.

Mr Carey alleged Freehill's legal advice also led Westpoint into trouble.

The advice allegedly related to a series of mezzanine companies the group used to raise money from investors.

In his claim Mr Carey said that Freehills told him and other directors the structure was legal and did not require a prospectus or licensing as a managed investment scheme.

But in November 2004, the Supreme Court of Western Australia found it was an unlicensed managed investment scheme.

A Freehills spokeswoman said the firm had "acted at all times with integrity and in the best interests of our client".

"We deny Mr Carey's claims and will strenuously defend what we believe will be found to be baseless actions," she said.

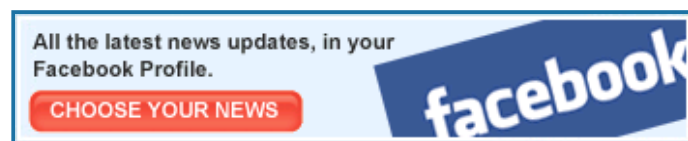
Mr Carey's claim did not say how much money he was seeking from ASIC or Freehills.

His salvo is the latest move in a long-running legal battle with ASIC.

ASIC launched Federal Court action against Mr Carey and other Westpoint directors after the group collapsed in 2005.

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