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KPMG defends itself over Westpoint claims

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KPMG has until next March to give its defence over the auditing of Westpoint companies as it takes on the Australian Securities and Investments Commission (ASIC) in court.

The Victorian Supreme Court has ordered KPMG to submit its defence to the corporate regulator's claims of negligent conduct, while ASIC has been told to expand on its statement of claim before both parties return to court on March 13.

ASIC alleges KPMG failed to identify issues relating to the continuing solvency of eight companies between 2002 and 2004 and failed to properly qualify the audits. The claims are in the order of \$200 million.

A KPMG spokesman told insuranceNEWS.com.au the company is disappointed by the ASIC action and will defend itself vigorously against the claims.

"KPMG has co-operated fully with ASIC during its investigation into the Westpoint collapse since December 2005," she said.

"While we understand that substantial monies have been lost by investors in Westpoint companies, and that various groups and individuals are naturally keen to recoup their losses, KPMG does not believe that the conduct of its audits of Westpoint entities caused or contributed to the collapse of the Westpoint Group or to losses suffered by investors."

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