

## Insurance 'may pay out Westpoint losses'

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Investor losses in Westpoint could be recovered through the professional indemnity insurance of a financial planner that encouraged clients to invest in the group, a court has found.

Andy Chen, an authorised representative of Quantum Securities, which is now named Minox Securities Pty Ltd, advised clients to invest almost \$6.9 million in two Westpoint developments that went into liquidation December 2005.

These were the Bayshore development in Port Melbourne and the Mount Street development in North Sydney.

The listed law firm Slater & Gordon launched a class action against Quantum in March 2007 on behalf of 59 Quantum clients, one of whom invested \$447,000.

The Full Bench of the NSW Supreme Court's Court of Appeal on Tuesday unanimously found that Quantum's insurance with QBE Australia could be relied upon to cover the losses of Quantum's Westpoint clients if the class action was successful, Slater & Gordon said in a statement on Thursday.

"The decision is a major win for mum and dad investors who lost money through Quantum," Slater & Gordon associate Ben Whitwell said in the statement.

"It means the Quantum class action can continue and, if successful, investors could be able to recover their money through the insurance policy.


"This is yet another hurdle that Quantum clients have been forced to jump over as they try to recover some of the money they lost as a result of receiving inappropriate advice."

QBE unsuccessfully claimed in court that Quantum's professional indemnity insurance could not be used to cover Mr Chen's allegedly inappropriate advice.

Slater and Gordon launched class actions against Westpoint licensees Masu Financial Management Ltd and Australia's largest dealer group, Professional Investment Services, in 2007 and 2006, respectively.

Mr Whitwell told AAP that Slater & Gordon hoped the three class actions would be resolved in the next 12 months.

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