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ASIC reaches fourth Westpoint settlement

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By a staff reporter, with AAP

The Australian Securities and Investments Commission (ASIC) has completed the fourth settlement of its Westpoint compensation proceedings against State Trustees Ltd, with the regulator winning federal court approval for a \$13.5 million settlement on behalf of investors.

According to the regulator, the settlement with the Melbourne-based trustee company will allow about 525 investors to recover approximately 71 cents for every dollar they invested in Mezzanine notes issued by Market Street Mezzanine Ltd, a company in the failed Westpoint group.

State Trustees, which has not admitted liability in the case, has until March 15 to pay the settlement sum to the regulator.

ASIC commenced proceedings against State Trustees in March 2008.

As the trustee of unsecured mezzanine notes issue State Trustees breached its duty to the note holders and failed to comply with its obligations under the Corporations Act, ASIC alleged.

Eligible investors are expected to receive their share of the settlement sum by the last week in August.

The settlement with State Trustees follows earlier deals reached by ASIC with Masu Financial Management Pty Ltd, Professional Investment Services Pty Ltd, Bongiorno Financial Advisers Pty Ltd and Bongiorno Financial Advisers (Aust) Ltd.

About 3000 Westpoint investors were left \$388 million out-of-pocket when the group unravelled, beginning in late 2005.

ASIC has commenced 19 civil actions seeking to recover funds for investors in the majority of the Westpoint companies.

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