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### KMPG, Westpoint directors action settled

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The corporate watchdog has settled out of court in its proceedings against several directors of collapsed property development group Westpoint Group and its auditor KPMG.

The Australian Securities and Investments Commission (ASIC) in late 2008 launched legal action in the Federal Court against the accountancy firm over its allegedly negligent auditing of companies in the Westpoint Group.

The property group collapsed in 2006, leaving investors \$388 million out of pocket.

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ASIC chairman Tony D'Aloisio said the settlement would avoid delays associated with conducting the proceedings through to a trial in the Federal Court, scheduled for September.

"A confidential commercial resolution is, because of the age and circumstance of the investors, the preferred resolution in a case such as this where litigation can take years," he said in a statement.

ASIC said the settlement would result in an additional recovery for the benefit of investors through the liquidation process of up to an additional \$67.45 million.

The settlement will involve an amount of \$57 million being made available in the next 30 days, with the balance available to the liquidators of the relevant companies subject to a number of confidential conditions.

This follows the settlements announced previously as a result of ASIC's actions against State Trustees Ltd and several financial planners, which produced settlements in excess of \$25.5 million.

Another \$49.2 million obtained through the liquidation process has also been distributed, a figure that is expected to reach \$56 million, ASIC said.

ASIC said returns from Westpoint companies not in liquidation were expected to reach \$22.5 million.

"In all, investors are expected to see a return of around \$160-170 million of the \$388 million in losses following today's settlement," it said.

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