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[CURRENT ISSUE](#)

[RESOURCES](#)

[PROPERTY](#)

[SMALL BUSINESS](#)

[FINANCE](#)

[» Home Page](#) [» ASIC settles Westpoint action](#)

ASIC settles Westpoint action

1-February-11 by Dan Wilkie

Out-of-pocket investors will recover an additional \$67.5 million from Westpoint Group, after the Australian Securities and Investments Commission agreed to settle litigation against Westpoint's directors and accounting firm KPMG.

ASIC announced today that a confidential commercial resolution had ended Federal and High Court proceedings it had commenced against KPMG on behalf of a number of mezzanine companies which formed part of the Westpoint Group.

Under terms of the settlement, \$57 million will be made available in the next 30 days, with the balance available to the relevant Westpoint company liquidators subject to a number of confidential conditions.

ASIC chairman, Tony D'Aloisio, said the settlement would avoid delays associated with conducting a trial in September, and provided an additional return for investors who lost money as a result of the collapse.

"A confidential commercial resolution is, because of the age and circumstances of the investors, the preferred resolution in a case such as this where litigation can take years," Mr D'Aloisio said.

"This view has been shared by parties involved who have engaged in constructive and bona fide discussions to resolve these issues."

Investors in Westpoint-related financial products had \$388 million outstanding when it collapsed in 2005.

The latest settlement brings the approximate total funds recovered from the collapse to between \$160 million and \$170 million, ASIC said.

ASIC had previously recovered more than \$25.5 million through settlements with Victoria-based financial services firm State Trustees and a number of other financial planners.

Liquidation processes have recovered \$49.2 million, and ASIC expects that figure to reach \$56 million once all assets have been sold.

Returns from Westpoint companies not in liquidation are expected to reach \$22.5 million.

Article tags: [asic](#), [australian securities and investments commission](#), [investors](#), [kpmg](#), [westpoint](#)

