

The Australian

KPMG's \$67m Westpoint payout

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ACCOUNTING giant KPMG has agreed to pay about \$67 million to thousands of small investors in the failed Westpoint property empire after reaching a confidential settlement with the corporate regulator over allegations that its auditing was negligent.

The Australian Securities & Investments Commission said yesterday the settlement with KPMG and some Westpoint directors, including controversial founder Norm Carey, brought to an end its recovery actions. Investors are expected to see a return of about \$170m of the \$388m that was lost when the Perth-based Westpoint collapsed in 2006.

KPMG declined to comment but noted the settlement did not indicate an admission of liability.

News of yesterday's settlement was greeted with little celebration by Westpoint investors, many of whom have struggled to rebuild their lives and their finances over the past five years.

Perth investor David Ramsay praised ASIC for extracting the money from KPMG but said he was resigned to losing \$150,000 of his \$250,000 investment in the property empire.

He believed the only winners from the collapse would be the lawyers and liquidators who had been kept busy for the past five years.

"There are a lot of fat lawyers out there," Mr Ramsay said.

He said he felt Westpoint investors had been largely forgotten and he remained "disgusted" that Mr Carey continued to live well in one of Perth's more fashionable suburbs.

"The directors have felt none of the pain of the investors," he said. "They have brought a lot of misery to a lot of people."

Sydney retiree Graham Macaulay, who is head of the Westpoint Investors Group, said he had only seen \$5000 of the \$300,000 he and his wife sank into Westpoint schemes and he held little hope of recovering much more even after the settlement.

Mr Macaulay said the effect on him of the Westpoint collapse had been "profound" and he had found it difficult serving as a confidant to other investors who lost their life savings.

One of the most troubling aspects had been dealing with the suicides of Westpoint investors.

Mr Carey told The Australian he sympathised with the investors, reiterating his claim that ASIC had caused the collapse of the Westpoint group by shutting it down while it was still solvent.

"ASIC, in making its decision in the first place, ought to have considered the investors and allowed the projects to be finished so investors could get their money back," Mr Carey said.

"So I am sympathetic to the investors; they have had a raw deal."

Mr Carey said he was attempting to revive his career and would continue a lawsuit against ASIC for malfeasance. "No one is going to feel sorry for Norm Carey," he said.

"I am a professional businessman -- you have to cope with these things."

The settlement was announced in the High Court, which was about to begin hearing a constitutional challenge by KPMG to ASIC's powers to sue on behalf of investors

ASIC had alleged that KPMG negligently carried out audits of Westpoint by failing to identify issues related to the solvency of the companies. ASIC also claimed that KPMG should have notified it of suspected breaches of the Corporations Law.

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