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MEDIA RELEASE RE NATHANS FINANCE

The New Zealand Shareholders Association believes today's sentencing of three Nathans Finance directors will send a clear message to company directors.

Chairman John Hawkins said that the Shareholders Association had always believed that directors had a responsibility to bring their own skills and judgment to every issue. "This prosecution and today's sentencing makes that obligation crystal clear" he said.

"Although the judge found no evidence of dishonesty in this case, he said the three directors were guilty of gross negligence. By imposing custodial sentences on two directors the judge has demonstrated that the court will not tolerate misleading or untrue statements that are "rubber stamped" by directors, rather than being carefully considered." said Hawkins.

Hawkins said the Shareholders Association is aware that some individual directors feel the requirements being placed on them have become unduly onerous. Anyone in that position should not feel obligated to continue. We constantly hear of highly skilled individuals who struggle to gain a board position, and are comfortable that there is plenty of talent available, he said.

While we are pleased that the FMA is progressing a number of actions, the distressing reality is that numerous private finance company collapses have left many people seriously out of pocket. This has damaged confidence in the securities markets. Because boards will now be more mindful of the full extent of their obligations and the potential penalties, this is a helpful step in restoring that confidence" said Hawkins.

John Hawkins
Chairman
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