

24 October 2019

RE: CBL Class Action

NZSA supports the prospect of CBL Shareholder Legal Class Action and see it as the best remaining option for retail investor shareholders of CBL to obtain any compensation for losses suffered. This action is also important to rebuild confidence in the capital markets through companies and directors being held to account.

“CBL dual listed on the NZX and ASX on 13 Oct 2015 where it raised \$125 million from retail investors alone. It had a capital value of \$747 million just before its trading was halted on 8 Feb 2018 and is now said to be worth nothing.” said Tony Mitchell Chair of NZSA. “Retail investors accounted for \$205 million at the time of its collapse. There are significant allegations regarding the actions of the company and directors who must be held to account to answer these questions” he went on to say.

NZSA want investors to have confidence in the financial markets and want them to be fair, efficient and transparent. Without the FMA being willing to act under Section 34 of the Financial Markets Authority Act and stand in the place of shareholders, class action is now the best option to pursue.

Retail investors will note that there are two litigation companies preparing for CBL Shareholder Class Action. While it is the shareholders choice to decide which option to sign up to, shareholders should note that the companies are taking different approaches. One is taking class action against directors and the other against CBL Corporation.

While the actions are taking different approaches to start, both should be seeking to maximise compensation for shareholders and their approaches will provide discovery for any further action that could be taken, i.e. action against actuaries, accountants, auditors. Both will include shareholders that held shares from the IPO or purchased at any stage during listing through to collapse.

Given there is confusion surrounding the question if shareholders can sign with both proposed actions, NZSA will be asking both litigators to make comments to clarify this point.

Ultimately any class action should seek to obtain the most compensation in the most efficient way, hold the company and directors to account, have a high level of specific legal expertise, have the resources to see through the litigation process and have the support of the larger shareholders.

Mitchell said, “NZSA encourage all retail investor shareholders that held CBL shares at the time of its collapse to engage in the class action process. Ultimately it is the shareholders decision as to whether they do and if so, who they sign up to and they should review the options.”

More information on CBL Shareholder Class Action can be found on the below links.

<https://www.cblclassaction.co.nz/>

<https://imf.com.au/cases/register/cbl-corporation-ltd-shareholder-class-action-overview>