

14 May 2019

## **CBL Saga Grinds On**

The End of the Beginning

Now to find the facts

“At last CBL is in liquidation, something that should have happened over 12 months ago but for the legal manoeuvrings and vain attempts to put in place a DOCA (Deed of Company Arrangement)”, said Tony Mitchell, the new chair of the Shareholders Association. Proposals for a DOCA were not successful as they failed to gain the necessary support from creditors. One of the outcomes of a DOCA could have been to remove the possibility of litigation against some of the parties.

NZSA first called for liquidation back in July 2018 when a draft rescue plan for CBL was leaked to the media.

Mitchell added, “The intricate web of transactions, ownership and lack of disclosure in CBL’s past left shareholders in the dark while the Reserve Bank, which regulates insurance companies, remained silent and allowed trade in the company’s shares to continue”.

“NZSA remains convinced that the best way to secure any sort of reasonable outcome for creditors and investors is for FMA to act under Section 34 of the Act and stand in the place of shareholders to take action against CBL and any other parties who may have contributed to the collapse of this company and the widespread fallout from that.”

The time taken to reach this point may mean that some potentially voidable transactions have been put out of reach of liquidators, further reason for the FMA to step up with their greater powers and the potential to pursue recoveries from a wider group of candidates such as actuaries and insurers as this is the only hope for shareholders to see any value.

Ends

The Team at NZSA

Tony Mitchell

Chair

phone 021897597