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# Timbercorp directors targets of action

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THREE former directors of collapsed managed investment scheme spruiker Timbercorp will be targeted in a class action by lawyers acting for 1600 out-of-pocket Timbercorp investors.

Gary Lidell, Robert Hance and Sol Rabinowicz will be named as defendants in the legal action, which involves Timbercorp investors who borrowed to buy into the company's investment schemes in 2007 and 2008. The investors, who now face ongoing repayments on their jeopardised investments, say the true state of the company's finances was not fully disclosed in those years, and if it had been, they would not have borrowed to invest.

The class action, the work of Dandenong law firm Macpherson Kelley, includes several big Timbercorp investors who are being pursued by the company's liquidator, KordaMentha, for failing to repay debts to a Timbercorp subsidiary. They include financial adviser Peter Holt who, it emerged in the Supreme Court on Thursday, had more than 40 loans with a Timbercorp subsidiary. Mr Holt's Kew-based firm, Holt Norman Ashman, is believed to have been the biggest distributor of Timbercorp investments before the group's collapse in late April. His partner, William Norman, has also been named by KordaMentha, but, as of late last week, was yet to be served.

In a further legal twist, other investors being sued by KordaMentha, who were also clients of Mr Holt's financial advisory firm, are preparing legal action against Holt Norman Ashman over their Timbercorp investments.

On Thursday, solicitor John Dunne warned Justice Ross Robson that there could be a conflict within the group of investors being sued by KordaMentha, as several clients may be taking action against the financial advisers who sold them the Timbercorp products, including Holt Norman Ashman.

In the meantime, however, Macpherson Kelley said it was poised to launch its class action.

Macpherson Kelley lawyer Ron Williamson said Mr Lidell, Mr Hance and Mr Rabinowicz would have known since 2007 that the company was struggling and investors who put money into the company after 2007 could sue for "non-disclosure of material information about the financial viability of Timbercorp Group of companies".

"And misleading or deceptive conduct by maintaining silence about the company being on the verge of collapse," Mr Williamson said.

"And all of this was happening while Timbercorp was still collecting money from investors," he said. "They should have informed investors that the future of the company looked most uncertain, instead of taking money from investors."

Mr Rabinowicz declined comment when contacted by BusinessDay yesterday, but Mr Hance said he was aware of the threat and it would be "very strenuously defended" when it went to court.

"Really, we were not aware [of the financial problems] pretty much until we had to pull the plug," Mr Hance said.

Timbercorp went into voluntary administration on April 23 this year with debts of \$903 million.

Many investors were given loans by the company to invest in their almond, avocado, olive or mango plantations.

They were allegedly told by their financial planners that the harvest and sale of these fruits would cover the cost of the loan and provide a profit, according to documents lodged with the court.

However, the company collapsed before it was able to harvest the fruit, and the liquidators are trying to sell the olive and almond trees and fruit.

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