

Banks move in on trust

PUBLISHED:

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INVESTORS caught in the collapse of the Prime Retirement and Aged Care Property Trust have received more bad news, with banks appointing receivers to most of the properties controlled by the fund.

Prime was one of at least four funds associated with former Westpoint director Richard Beck that were recommended to clients of Newcastle's Prosperity Advisers.

Mr Beck resigned as a director in late 2005 and, despite concerns raised in 2006 by the Australian Securities and Investments Commission, Prime listed on the stock exchange in 2007.

Prime's current chairman is former Liberal MP Michael Wooldridge.

Prime opened at \$1 in August 2007 but soon fell and was trading at less than half a cent when suspended from the exchange in July this year.

Prosperity went into voluntary administration this month because its professional indemnity insurer was declining to cover it for millions of dollars in losses incurred by Prosperity clients on Prime and other investments.

Prosperity founder and chief executive Allan McKeown declined yesterday to say how much Prosperity clients had lost with Prime, but said the firm had written to its clients to tell them of the Prime receivership.

He said the investment was supported by independent research and had planned to capitalise on the fast-growing retirement sector.

"Prosperity advised clients to sell their investment on listing, which some clients were able to do," he said.

"Due to a lack of liquidity the stock price soon dropped below its listing value. The net tangible asset value was well above market price for some considerable time."

Internal issues and the global financial crisis caused the price to deteriorate further.

Newcastle Herald

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