

# Court overturns ASIC Prime case

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In an expensive rebuff for the corporate regulator, the Full Court of the Federal Court has overturned findings of liability and penalties against former federal health minister Michael Wooldridge and other directors of the collapsed Prime Retirement and Aged Care Property Trust.

The complex case brought by the Australian Securities and Investments Commission centred not on the collapse itself in 2010 but on the directors' approval for the controversial payment of a \$33 million listing fee to Prime's founder Bill Lewski after the trust went public in 2007.

ASIC had alleged Dr Wooldridge and the other directors breached their duties by approving changes to the trust's constitution, allowing the listing fee be paid out of trust funds to Mr Lewski, who controlled the trust's responsible entity.

The five directors defending the case include Mr Lewski, Dr Wooldridge and Liberal Party stalwart and former Places Victoria chairman Peter Clarke, along with Mark Butler and Kim Jacques.

"The trial judge should not have concluded any of the directors contravened the Act as alleged by ASIC," the Full Court found.

Both the corporate regulator and the directors themselves had appealed earlier rulings in 2013 and 2014 by Federal Court judge Bernard Murphy, who meted out corporate bans and fines to the directors.

Mr Lewski had been disqualified from corporate management for 15 years and fined \$230,000. Dr Wooldridge had been disqualified for two years and three months and slapped with a \$20,000 fine.

Mark Butler and Kim Jacques, had been banned for four years and fined \$20,000 each. Mr Clarke avoided disqualification but had been fined \$20,000.

Dr Wooldridge issued a statement acknowledging the impact of Prime's collapse on its shareholders, and noting the legal battle had also taken a "serious toll" on himself and his family. "I am glad the decision by Mr Justice Murphy has been overturned; I always maintained his decision was unjust," he said.

Through his lawyer, Sam Bond, Mr Lewski said he was "particularly relieved" the court had found all directors had acted honestly. Mr Bond declined to comment whether his client would seek redress for the ban, which he had partly served before it was overturned.