

# Most of Banksia loan beyond reach

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RECEIVERS winding up failed rural lender Banksia say they do not expect to recover most of an \$11 million loan to its parent company.

McGrathNicol has told out-of-pocket investors it has managed to claw back \$3 million of the outstanding debt, but warned it was unlikely to recoup much more.

"While we will continue to pursue Securities Holdco Limited for full repayment of its related party loan, the timing and quantum of any further recoveries is uncertain and it is expected that Banksia Securities Limited



THE  
**BANKSIA**  
FINANCIAL GROUP

will suffer a significant shortfall," it said in an investor update on Tuesday.

Securities Holdco is the ultimate parent entity of the Banksia group of companies and is majority owned by Banksia directors including its founder, Pat Godfrey.

McGrathNicol said yesterday it was unable to provide further comment on the loan.

Banksia spokesman Trevor Rowe said the company's directors were not in

a position to provide any more details on the loan outside those provided by McGrathNicol.

Mr Rowe said the directors were continuing to work closely with the receivers in an effort to maximise returns to debenture holders.

The investor update also said receivers were continuing to assess testimony given by Banksia directors, auditors and its trustee during a recent Supreme Court hearing, regarding whether there may be potential claims against key figures in the group.

The Kyabram-based Banksia collapsed in October last year owing some

16,000 mainly older and rural investors \$660 million.

McGrathNicol remains confident of eventually recovering 80c to 85c for every dollar invested, and are working to make another 5c to 10c payment on the dollar before the end of the year.

Investors have so far received back 65c in the dollar.

Banksia sold mortgage debentures — financial instruments that offer a fixed rate of return — and then lent the money out.

Funds that were invested with it were not covered by the government bank deposit guarantee.

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