

February 19, 2010
Members of the Senate Committee.

In May 2007 a TCF company based in regional Victoria experienced a dramatic drop in sales. This was due to our customers deciding they would purchase from importers who could give them a much bigger margin than we could as a local manufacturer. I was one of four employees who bought the business in 1980. We had developed a very good export business and always considered that this would be a buffer that would protect us from any local downturn. Unfortunately this was not the case and we found that to lower output we would have to reduce our staff. This meant a redundancy payout of over \$300,000. We did not have these funds and were not prepared to borrow this money. As a result we decided to liquidate the company knowing we had enough to pay all redundancies and thinking we would pay secured creditors. We were advised that we should go into Voluntary Administration prior to liquidation.

Speaking to someone who had been in a similar situation I was warned that “These insolvency firms are vultures that will make sure that they take everything and leave nothing for unsecured creditors”. I thought this was a bit harsh but when our business was finally dissolved in June 2009 I believe he was being kind to them. The firm (...)

proved to be unprofessional, incompetent, and I believe only interested in making sure that they maximized their fees. From an original estimate of \$200,000 the final cost was almost \$600,000!!

From the very first meeting with the factory staff where the Partner responsible for the Administration gave misinformation on the GEERS scheme they continued to muddle along, use an inexperienced manager (who was learning on the job) for the day to day operations and generally make mistakes which had to be corrected and charged for. The disposal of assets was a disgrace, the sale of the business was directed to one buyer who you would be lead to believe was “a friend”.

At no time did they use any of the partners experience to help get the best price possible for any of the assets and in fact we were all given a “red card” on their arrival to the plant.

Protests to the Partner responsible were virtually ignored and letters to ASIC proved to be useless – they did not seem to have the power to act.

My experience is that your inquiry is certainly necessary as this professional group appear to have very questionable business ethics.

If you would like to question me further on my experience I would be pleased to discuss them.

Brian Powell.

P.S. On ethics, their early investigations were to see if the Partners had put any money aside from the business to “feather their own nests”. When they found we hadn’t you had the feeling they considered us to be naïve.