

Whistleblower to spill beans

By RICHARD OWEN

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A STOCKBROKER is threatening to shake up the financial services industry in Queensland.

He has stepped forward as a whistle-blower to voice support for a \$200 million investor class action over the collapse of Australian Magnesium Corporation's \$1.7 billion Stanwell light metals plant last year.

A statement – provided by at least one former ABN Amro Morgans client adviser – is understood to be highly critical of the company's internal culture and approach to ensuring that AMC's \$528 million capital raising in November, 2001, was fully subscribed after an earlier effort had collapsed.

It is understood the whistleblower's claims could first be used to support a series of test cases that may be brought against ABN Amro Morgans by about a dozen investors who claim to have been misled about the high-risk nature of investing in the Queensland Government-backed distribution entitled securities (DES).

Melbourne legal firm Slater & Gordon has been engaged to run the test cases, as well as the proposed class action by a Brisbane company called Financial Class Actions (FCA), on behalf of 22,000 shareholders.

Many have lost almost their entire investment in AMC after re-investing half-yearly capital "distributions".

AMC's Stanwell project collapsed last year after the cost of the magnesium smelter blew out and the company was unable to find another equity partner prepared to inject fresh capital.

FCA's principal, Roger Brown, said yesterday the larger damages suit was also likely to single out ABN Amro Morgans from joint lead managers JB Were and Rothschild for promoting the DES issue to unsophisticated retail investors as a government-guaranteed offer.

Mr Brown described the whistle-blower as "an immensely powerful witness" who had committed a "major act of bravery in this town" by coming forward.

"It has taken a long, long time to get this witness to come forward and he has some bombshell information," Mr Brown said.

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