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BUSINESS

Corpcapital comes under fire at heated annual general meeting

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Lazarus defends Corpcapital move against criticism

Shareholder vents anger at closure decision

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After a bruising public feud with former director Nic Frangos, government launched a probe into whether Corpcapital breached any laws or flouted corporate governance standards.

The probe continues, but Corpcapital's board decided last year to sell assets and wind up as it had become "impossible for us to do business", according to director Neil Lazarus.

But shareholder John Theo criticised Corpcapital yesterday for failing to get shareholder authorisation for this step.

"Who gives you the right?" he said, arguing that if the game plan was to close the company then this should have been put to a shareholder vote.

Theo referred to section 228 of the Companies Act, which states that "the directors of a company shall not have the power, save with the approval of a general meeting of the company, to dispose of the ... undertaking of the company; or the ... assets of the company".

Lazarus and Benji Liebmann, who were both reappointed directors by 95% of shareholders present yesterday, rejected Theo's contention.

Lazarus said the decision to sell assets was a "strategic decision, which is in the domain of the board (although) shareholders do have the authority to approve the sales of the assets".

"When we make a policy decision to sell assets, the argument that we are required to get shareholder consent is not valid. But when we did sell off major assets Corpbuild and Vestacor we did get shareholder approval for those individual sales," he said.

Lazarus said if shareholders had a problem with the intention to wind up, they would have raised it at earlier meetings. "If shareholders shared your view they would have said so at those meetings, but they do not," he told Theo.

Corpcapital may have room to argue as section 228 also speaks of a "specific transaction", suggesting the section applies only where assets are sold all at once. Experts said this meant Corpcapital might be allowed to sell assets piecemeal without shareholder approval as it was not through a single sale.

But the Securities Regulation Panel, which is in charge of monitoring compliance with section 228, said this section needed to be changed.

Panel director Richard Connellan said section 228 was "deficient because it does not necessarily cover what it ought to. Clearly, the intention of the act is to ensure that where a company, on a consolidated basis, disposes of its entire undertaking, or a greater part of its assets on a consolidated basis, (this should be put) to shareholders. So this section of the act needs modification", he said.

Nevertheless, Corpcapital's plan to sell assets and return cash to shareholders is going well. Although its share price is now 182c it will have returned 205c to shareholders before March, and is expected to provide a further payout of an estimated 76c before it is wound down.