

**Media release – 27 April 2012**

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**ATTENTION:** News Editors, Chiefs of Staff

## **Trilogy retains Maurice Blackburn to start \$60m Federal Court action against former City Pacific directors**

### ***Trilogy Funds Management Limited v Philip Sullivan & ors, Federal Court proceeding***

Class action law firm Maurice Blackburn has today filed a claim in the Federal Court in Sydney against directors and officers of the former ASX listed City Pacific Ltd, Philip Sullivan, Stephen McCormick, Ian Donaldson, Thomas Swan and Peter Trathen. The claim is brought on behalf of Trilogy Funds Management Limited as responsible entity for the Pacific First Mortgage Fund (formerly the City Pacific First Mortgage Fund) following millions of dollars being written off by the Fund as a result of its significant losses on loans to property developers, Bullish Bear Holdings Pty Ltd and Atkinson Gore Agricultural Pty Ltd between 2006 and 2009. The claim follows notices of demand being sent to the former directors and officers.

In July 2009 Trilogy replaced City Pacific Ltd as responsible entity of the Fund at a time when the value of the Fund had already been written down by \$514 million. Trilogy's case alleges that lending decisions made by the defendants were unreasonable and failed to follow the Fund's own lending criteria causing significant loss and detriment to the Fund's 11,000 predominantly elderly investors.

The claim seeks damages of \$60 million for losses arising from several transactions being the Fund's loans to Bullish Bear in connection with its 'King Tide' development in Broadbeach, Queensland and loans to Atkinson Gore Agricultural relating to its 'Seven Mountains' development in Canungra, Queensland.

Maurice Blackburn principal Jason Geisker said:

*"It is fundamental to the fair and proper operation of any registered managed investment scheme that those entrusted with management of such schemes act in the best interests of scheme members. Investors are entitled to expect responsible entities and their officers to comply with their statutory obligations. Where managed investment schemes are not conducted in accordance with their constitutional requirements, investors are exposed to unacceptable additional investment risks without their knowledge or consent."*

### **Background**

For further background on the action and a copy of the statement of claim filed today go to:

<http://www.mauriceblackburnsw.com.au/areas-of-practice/class-actions/current-class-actions/city-pacific.aspx>

### **Maurice Blackburn's other significant actions**

Maurice Blackburn lawyers have secured compensation for many thousands of retail and institutional shareholders over more than a decade through shareholder class actions.

In March 2011 Maurice Blackburn settled a massive claim against Amcor and Visy for \$120m inclusive of costs. Maurice Blackburn is the only class action law firm to have achieved settlements over \$100m including against Aristocrat (\$145m), GIO (\$112m), Multiplex (\$110m) and Amcor/Visy (\$120m). The firm is currently acting in a series of other shareholder class actions including claims against NAB, Nufarm, Gunns and Centro. Class actions for victims of faulty products and price fixing cartels are also being conducted by Maurice Blackburn. It is also conducting the largest class action in Australian corporate history against banks over exception fees and charges.

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