

4.2%

The annualised rate at which the US economy grew in the second quarter of the year, according to the US Department of Commerce.

Pacific resort in damage control effort, writes **Tim Hunter.**

Carrick Graham in Hanover doco plan

A FORMER property developer has revealed an attempt to use his failed Fiji project in a TV documentary aimed at whitewashing Hanover Finance's reputation.

Kevin Storey, whose luxury Pacific Point development near Suva fell victim to Hanover's collapse in 2008, has described an approach by public relations man Carrick Graham and former Hanover director Kerry Finnigan, after Hanover's loans were taken over by Allied Farmers.

"I got a call from Kerry Finnigan, and he said would I be interested in having a chat with himself and Carrick Graham," said Storey.

The phone call led to a meeting involving the three men at which former TVNZ executive Bill Ralston was present, said Storey.

"They said 'we want to know whether you'd be interested in having a 60 Minutes documentary done on the Fiji development?'"

The aim was to show that the project had failed because of Allied's refusal to continue financing it.



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Storey said he played along with the idea and it led to a meeting to discuss a programme with Graham and then-TV3 reporter Tony Reid. When it was clear the proposal was aimed at casting Allied as the villain, Storey said he backed out.

"I said Allied took it off Hanover. It was Hanover that defaulted."

Graham and Finnigan did not return calls seeking comment.

Reid, now manager of government relations at the Financial Markets Authority, said he remembered the meeting, which took place at a cafe in Remuera, but not which programme they were pitching the story to.

He said although he knew Graham was Hotchin's PR representative at the time, he did not associate the Fiji story pitch with Hotchin or Hanover.

Ralston said he could not recall a meeting with Storey, although he had introduced Graham to Hotchin when the financier was seeking a PR representative.

Hanover's loan to Pacific Point was back in the news last week when it emerged that Hotchin had bought it back from Allied for \$1.

The loan to Ocean Pacific Resort Holdings, owned by Storey and his business partner Brent Gibson, was part of a portfolio of assets valued at \$396 million Allied acquired in late 2009. The deal meant Hanover's investors swapped their debentures for shares in Allied.

Like many of the assets, the Fiji loan turned out to have negligible value. Allied called in receivers to Ocean Pacific Resort Holdings in September 2010 when the loan totalled \$26m.

Storey said the development was on track and more than half way through extensive earthworks when the agreed finance from Hanover dried up. Although he was promised that Allied would restore funding this did not

Approach: Carrick Graham and former Hanover director Kerry Finnigan approached developer.

happen and the project stalled.

Loan conditions required by Fijian authorities meant receivers could not enforce security.

On September 13 last year Allied assigned its interest in the loan to someone else in a deal it described as settling an outstanding obligation. The settlement is understood to relate to a \$500,000 claim by Hanover that threatened Allied with liquidation in March last year.

Sources have told the *Sunday Star-Times* the loan was sold to interests associated with Mark Hotchin for \$1.

Also on September 13, Allied

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issued 3.5 million options to "professional investors" allowing them to buy Allied shares for 2.7c.

The *Star-Times* could not reach Hotchin for comment.

Pacific Point was marketed as a hotel, marina and residential development to investors in Fiji, New Zealand and the UK, but construction was still at the earthworks stage when Hanover collapsed.

Ocean Pacific's owners Brent Gibson and Storey reportedly threatened to sue Hanover for withdrawing funding part way through the \$40m project. The action, which could have derailed the Allied deal, was apparently averted when Hanover agreed to waive Gibson and Storey's personal guarantees covering the debt.

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New Zealand Racing Board (NZRB) is a truly diverse business focused on racing, wagering and entertainment. They are a totally Kiwi operation with more than 650 TAB retail outlets as well as their own national television and radio channels. The Racing Board is an integral part of the fabric of our regional and national economy.

NZRB's business focus is to increase NZRB's surplus for the owners, enhance the experience for customers from existing and new products and markets including increasing leverage via digital strategies, further strengthen relationships with customers and owners, ensure NZRB is a cost efficient organisation supported by a cohesive and high performing culture to be responsive to future opportunities and challenges.

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The Board is seeking a measured and well researched approach from the new Chief Executive to NZRB's continued implementation of the strategic plan that is both inclusive of the team at NZRB and the stakeholders and is based on sound commercial judgement.

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