

Money

Sunday

Australian Dollar	0.790 ▼
US Dollar	0.702 ▼
British Pound	0.452 ▼
Japanese Yen	60.25 ▼
European Euro	0.553 ▲



Wellington NZX	3000.40 ▼
London FTSE-100	5195.28 ▼
New York Dow Jones	10,213.62 ▼
Tokyo Nikkei	9179.38 ▼
Sydney ASX200	4430.9 ▼

Rulings rocks firm

Owner may start crusade over law.

By Maria Slade

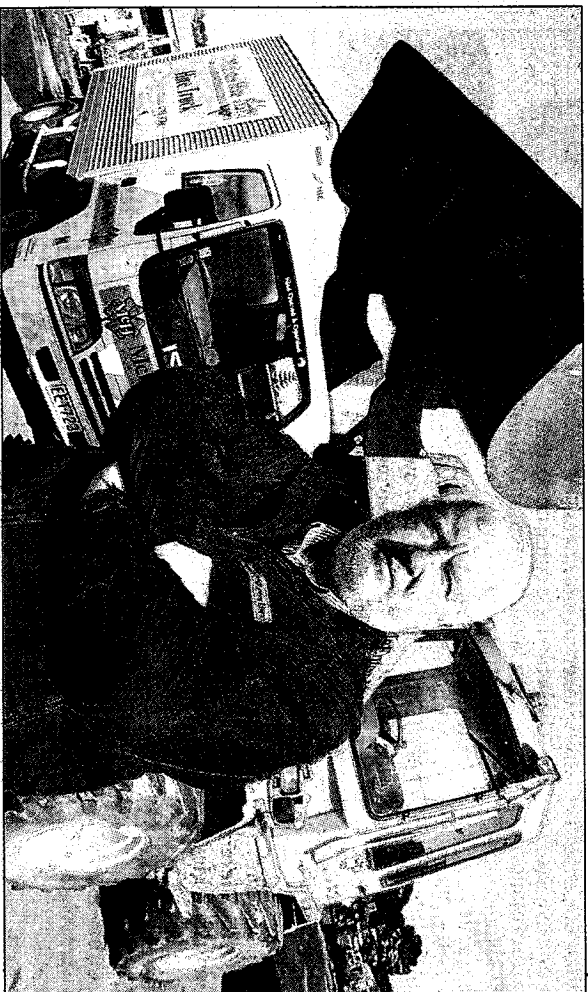
THE OWNER of an equipment hire company is considering crusading against a law ordering businesses to hand back payments from firms that turn out to be insolvent.

Bill McEntee says a section of the Companies Act, which allows liquidators to claw back payments made in the run-up to a company's failure, is "totally unfair".

North Island-wide McEntee Hire has just lost a case in the Rotorua High Court against liquidators of paving business Taupo Paving and More.

The court has ruled that McEntee Hire must pay back \$21,400 it earned from Taupo Paving in early 2008, several months before the company went into liquidation.

Section 292 of the Companies Act, designed to stop



STUNNED Bill McEntee says a clawback law that liquidators are using is unfair.

JANNA DIXON

creditor queue-jumping, says liquidators have the right to demand the return of payments made to a firm's creditors up to two years prior to its collapse.

Associate Judge Tony Christiansen said in the Rotorua decision the business relation-

ship between McEntee Hire and

Taupo Paving changed on January 9, 2008, when McEntee issued Taupo Paving with a Stop Credit Notice; Taupo was behind with its bills and McEntee referred the debt to a collection agency.

"A reasonable person in McEntee's position would have

suspected the company was insolvent."

Bill McEntee said: "I've been in business 32 years. I've never had this before."

He was prepared to campaign against the law if there was support and assistance from the business community.

from the business community.

Boss wins backing

READERS REACTED strongly to the *Herald on Sunday's* story last week about Boss Systems, the North Shore cabling company which has been given notice under Section 292 to hand back \$37,000 it received last year from a now-failed electrical firm.

No justice

This has to be another law written by people who have never been in business, especially SMEs. The company mentioned in the article did the work and got paid, end of story. That's how business is done. Another case of there is no justice, just a legal system.

Hang on to cash

It appears to me the liquidators are chasing the smaller business on the pretence that they would not put up much resistance as they would not have the capital for large legal fees. Boss Systems hang on to that money and tell them to go get s**t@#d as you have a

greater responsibility to your staff, creditors and shareholders.

Rob, Forrest Hill

It's ridiculous

Ridiculous, what are you supposed to do — create an online balance sheet for businesses to refer to with every purchase order?

Jonathan Stormont, Sydney

Insolvency question

With the Privacy Act how does one know they are insolvent? Owning a small business one tries to get paid in order to pay employees, tax, account payables and so on.

Christine, Murays Bay

More protection

I'd like to see the period extended to five or more years if it means better recoveries for investors in finance companies. I wonder how much preferential treatment anyone got from failing finance companies before they declared failure?

Dennis, Wellington