

Whimp: I'm being unfairly picked on

By: KING David

According to documents filed in the High Court last month, three Christchurch firms have raised \$5.4 million from investors and lost most of it in a plan masterminded by businessman Bernard Whimp. But Mr Whimp says he is not to blame. DAVID KING reports.

It is a rickety ride up to the eighth floor of the old Manchester Unity Building. In Manchester Street, it is being renovated but, once you step behind the unfinished customwood wallboard and inside the offices of General Capital on the top floor, a clean, busy-looking corporate world with a great view of Christchurch unfolds.

This is the office of Bernard Whimp and accountant Clinton Rains, and the registered office of a number of companies that have hit the headlines in recent months.

Neither Mr Whimp nor Mr Rains would be photographed for this story but after an initial meeting they agreed to submit answers to written questions.

Both are insistent they are being unfairly treated by company watchdogs.

They argue the publicity is another distraction for them as they battle to keep their own companies running as well as assisting the liquidators to run the businesses taken out of their control.

But according to court documents filed on behalf of the Registrar of Companies, Bernard Whimp is the person who had effective control over the three companies that have come unstuck.

Affidavits filed in the High Court claim he has surrounded himself with people who front a number of businesses for him, attracting money from investors which is channelled to his own ends.

Last month three of the companies that the registrar has claimed he is linked to were placed in liquidation and are now being administered by liquidators David Crichton and Keiran Horne. The liquidation was unopposed.

The key company -- Carlton Capital -- raised \$5.4 million on the promise of returns of up to 13 per cent per annum from investors all over the country.

In a circular, the liquidators told the 129 investors that the security behind the advances made by Carlton Capital was low ranking and in some cases non-existent. Because of this the liquidator estimated returns of only 35 cents in the dollar to investors.

The other two companies -- General Debenture and General Debenture Nominees -- are registered with Mr Rains as a director. The function of both companies was to facilitate the raising of revenue for the main company, Carlton Capital.

According to the registrar of companies' statement of claim used in its application to put the companies into liquidation, Mr Whimp had effective managerial control over the companies and treated Carlton Capital as his own finance company, advancing millions of dollars of investors' funds to entities in which he had an interest.

The registrar claimed Carlton Capital had been grossly mismanaged, with 70 of 89 consumer loans in default, while 23 of 34 unsecured loans made by the company were also in default.

The registrar also claimed investors had been misled during the money-raising, the majority of the loans were unsecured or poorly secured, and the majority were in default, leaving investors' funds seriously at risk. Carlton Capital's loans were run by Yaldhurst woman Clare Snell, the company's sole director, who provided evidence for the registrar of companies.

But both Ms Snell and Mr Rains were just fronts for Mr Whimp, who ran the companies for his own ends, according to affidavits from two former employees.

According to an affidavit produced by Ms Snell, she was approached by one of Mr Whimp's staff and asked whether she would like to run her own finance company "with unlimited funds and an office in town".

She met Mr Whimp and agreed to establish a finance company with him. He chose the name, Carlton Capital.

Mr Whimp offered her a 50 per cent share, and he would own the other half.

But when the company was incorporated she was listed as sole director and shareholder, which she thought strange, but did not query.

"I believe that Bernard Whimp would have registered me as the sole shareholder because he does not like anyone searching the register and becoming aware that a company has connections to him. He told me this," she says in her affidavit.

Despite being registered as the sole director and shareholder of Carlton, she did not have any actual control over the company; Mr Whimp did, she says.

While she ran the consumer loan side of the business, Mr Whimp personally considered all loans that related to property development deals or advances to "Whimp-related" companies, according to the evidence.

According to a second affidavit by former employee Vicky Taylor, Whimp's modus operandi was to place friendly and willing acquaintances and associates in directorship positions of a number of companies which he controls.

One director was paid \$10,000 for every Whimp company he agreed to front, the employee claimed.

She said Mr Rains worked as an accountant but was the front man for Mr Whimp.

In her affidavit, Ms Taylor relates how, when creditors fronted up to the office and demanded to speak to the CEO or director of the companies, Mr Rains would either appear at the counter and deny that he was Clinton Rains, or simply hide.

"I have no absolutely no doubt that Bernard was and is in charge of the entire operation not only for General Debenture/ General Debenture Nominees/Carlton Capital but also General Mortgages (sic) and other companies associated within the group," Ms Taylor says in the affidavit.

All this has left Mr Whimp and Mr Rains feeling rather picked on, to say the least.

Mr Whimp, who went bankrupt a few years back but had the bankruptcy annulled after repaying the money owed, says in his statement to The Press the allegations against him are "quite bizarre" and he "absolutely" denies what has been alleged in the court documents.

"I did not control the companies, the directors of these companies discussed their companies' affairs with me from time to time as is only natural when people share the same offices, but ultimately all decisions about the companies were the responsibility of the company's director."

Mr Whimp has seen the affidavits filed but has not been party to the proceedings. He says he was not a director, a shareholder or an employee of Carlton nor a borrower. In discussions with The Press he characterised himself as a very able employee who now works for General Capital.

He says: "Because I was not a party to the liquidation proceedings I have not had any opportunity to respond or reply to any of the allegations made in the affidavits. Frankly, I think the allegations are nonsense. No-one consulted me or sought my view of these matters."

Both Ms Snell's and Ms Taylor's evidence is self-serving, he says.

In his statement, Mr Whimp says he does not own any property investments himself, but the mention of Whimp-related property may relate to investments owned by his brother Tristram Whimp's company.

"Carlton made loans to some of these companies from time to time. Carlton has earned substantial fees and interest from these loans and no loan to any of these companies has ever lost money.

"Any loans that exist to these companies at present will be fully repaid."

Mr Rains is a shy man who says he likes to remain in the background.

Whenever The Press has called to speak to him, Bernard Whimp inevitably speaks on his behalf.

But in Mr Rains' statement he said he had management control of General Debenture and General Debenture Nominees.

Mr Rains said General Debenture believes that, had Carlton not been put into liquidation, there would not be any loss to investors.

If it had been allowed to continue to trade, Carlton would have had the benefit of ongoing profits being available to offset losses, and the balance sheet could have been strengthened by introducing additional capital.

"The liquidation burdens the company with the liquidator's costs and terminates the company's ability to make profits," he said.

Mr Rains said the money Carlton's investors get back depends on the ongoing management of Carlton's loan book and the value of the assets supporting the loans.

"We are hopeful that investors will get most of their money back but it's too early to tell."

All eyes are now on the liquidator to see how much money is returned.

But in the midst of all the chaos, Bernard Whimp seems pleased when The Press phones him to ask him just one question -- is he a millionaire?

"That's a beautiful question," he chuckles.

.

GRAPHIC

THE 180 MANCHESTER STREET EMPIRE

.

GENERAL DEBENTURE

(Clinton Rains)

.

GENERAL DEBENTURE NOMINESS

(Clinton Rains)

.

CARLTON CAPITAL

(Clare Snell)