



## Ontario Superior Court grants ABCP restructuring agreement, but 30 families still awaiting settlement

**Kristine Owram, THE CANADIAN PRESS** 2009-01-12 18:01:00

TORONTO - A group fighting for the restructuring of \$32 billion in frozen asset-backed commercial paper investments said Monday the Superior Court of Ontario has approved the restructuring agreement and many smaller investors should get their money back within the month.

The Pan-Canadian Investors Committee for Third-Party Structured ABCP said the restructuring is expected to close on or around Jan. 16.

"After more than a year of patience and understanding on the part of investors, both large and small, and through the efforts and compromises of all the stakeholders around the table, we are very pleased to be entering this final phase of the restructuring," stated Purdy Crawford, chair of the investors committee.

"While no one could have predicted the scope and extent of the challenges that we've faced along the way, we continue to believe in the benefits of this restructuring and are pleased that we are arriving at its long-awaited and successful conclusion."

Asset-backed commercial paper was supposed to be a low-risk, short-term investment that would mature within a year.

Efforts to rescue the third-party ABCP - a form of debt that had been considered by many investors as a low-risk way to earn interest for a few months at a time - began soon after the market suddenly froze in August 2007.

The restructuring calls for holders of the notes, also called non-bank ABCP, to swap them for new notes that investors can hold or sell.

Most small investors will be fully refunded by the securities firms that sold them the ABCP. Larger institutional investors get the restructured notes.

Diane Urquhart, an adviser to a number of retail investors with ABCP, said the vast majority of the individuals who had large portions of their savings frozen in ABCP are "extremely pleased" by the decision.

However, she said approximately 30 families who invested more than \$1 million in ABCP didn't receive a full settlement because of the size of their investments.

"The bulk of families finally get their lives back, and for this they are extremely pleased," Urquhart said in an interview. "For the other families, the battle continues for them. It has been a gross injustice."

Urquhart said the restructuring prevents retail investors from suing over their investments, but she is in discussions with the Ontario Securities Commission, the Autorite des marches financiers in Quebec and the Investment Industry Regulatory Organization of Canada to seek a remedy.

"It was determined that none of the securities dealers did due diligence and none of them provided transparency in the marketing materials that would have allowed the retail customers to determine they were taking risk," Urquhart said.

"From a regulatory perspective, once there's a breach... there's no legal basis upon which there can be a difference between someone who owns under \$1 million and someone who owns over \$1 million. They're still retail customers and they had full legal entitlement to rely on their financial advisers."

Urquhart said these retail investors are being treated as corporations or pension plans when, in fact, they are hard-working individuals who want their life savings back.

"Most of them are retired, some of them are widows, they come from all walks of life," she said.

"This group isn't of the view that the notes are going to give them any money any time soon. But in the case of the elderly, they can't wait nine years, and anybody who has life savings would know that you didn't expect that it would dissipate and you wouldn't have access for all your life plans."

The first interest payment to large institutional holders of the investments is expected to be made within three business days after the restructuring closes, meaning investors could receive a payment as early as next week.

The amount of the payment will vary according to their holdings, and will represent interest that has accrued on ABCP between August 2007 and Aug. 31, 2008, net of expenses, including restructuring costs and reserves, the investors committee said.

Further payments representing interest earned in ABCP conduits between Sept. 1, 2008, and the closing date will also be made "as soon as possible," it added.

The investors committee announced on Christmas Eve that an agreement was reached with all key stakeholders - including the governments of Canada, Quebec, Ontario and Alberta - on the restructuring program.

An estimated 99 per cent of the notes are held by institutional investors, such as pensions and businesses, but about \$400 million is held by an estimated 1,800 individual retail accounts.

The freeze-up of the ABCP market was one of the first tremors of the financial earthquake that would later reverberate around the world.

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