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## **HIGH COURT DECISION WELCOMED BY HENRY KAYE VICTIMS**

The High Court has given fresh hope to victims of Henry Kaye's failed property investment seminar company National Investment Institute Pty Ltd (in liquidation).

The High Court yesterday upheld an earlier finding by the Victorian Civil and Administrative Tribunal that the finance company which provided loans to many Henry Kaye students breached provisions of the Consumer Credit Code.

The Court found that Australian Finance Direct Pty Ltd's failure to disclose a secret agreement with Henry Kaye's NII contravened the Consumer Credit Code.

People who borrowed from AFD to participate in the property investment courses promoted by Kaye and NII were unaware that AFD retained from 10 to 50 per cent of the amount credited to NII on behalf of the borrowers.

In most cases borrowers borrowed an amount of \$15,340 to fund their participation in property investment courses. Typically, AFD kept an amount of \$1534 but in some instances may have held back as much as \$7670. The monies were held back to compensate AFD for the higher risk of default under these loans.

Consumer Affairs Victoria has indicated that they will now seek civil penalties of up to \$500,000 against AFD.

More than 1500 group members of a Slater & Gordon class action currently before the Supreme Court of Victoria will be encouraged by yesterday's High Court decision.

It increases the prospects that they will have their credit contracts with AFD re-opened and/or receive restitution of the money held back by AFD, should they succeed in their claims.

AFD is a member of the New Zealand based Hanover Group of companies.

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