

Castor trustee considers legal action

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The bankruptcy trustee of Castor Holdings, the Montreal-based property finance group backed largely by European investors, is considering further legal action against Mr Wolfgang Stolzenberg, the German-Canadian financier, and others involved in Castor's collapse.

An official of Richter and Associates, the trustee, said yesterday that investigations were continuing into the 'massive discrepancy' between Castor's assets and its liabilities. A decision on further action is expected in the next month or so.

Richter began proceedings last December to recover C\$24m (\$18.8m) which Mr Stolzenberg allegedly appropriated from Castor for his personal gain.

Richter won a court order to seize Mr Stolzenberg's personal assets in Canada, including a house and three penthouses in Montreal and two luxury cars. The trustee has also sued Castor's other directors, alleging they approved a dividend payout when the company was insolvent.

Castor, which specialised in high-risk second and third mortgages and construction loans, went into bankruptcy last July. Although the value of its assets was set at C\$1.9bn in 1991, creditors are likely to lose at least C\$1bn. Mr Stolzenberg has filed a motion seeking to overturn last December's court order on the grounds that the trustee failed to reveal all the facts of the case. Mr Neil Stein, a Montreal lawyer who represents Castor, added yesterday that 'most of the facts are denied'.

Mr Stein said Castor's other directors would also contest the trustee's claims. Mr Stolzenberg last December sold a controlling interest in Imry Merchant Developers, the UK property group, as part of a restructuring of Imry's debt by Barclays Bank. Castor's creditors have sought to establish a link between the Montreal company and Imry.

Mr Stein said the only link was the use of a Castor offshore subsidiary in an earlier Imry refinancing 'for technical, tax treaty reasons'.

The funds channelled through the subsidiary were guaranteed by a term deposit for the same amount. Mr Stein said that 'not one cent of Castor's money' was used.