## Activity:

- 1. Intro video giving a synapsis of each of the cases to be researched: <u>https://thewest.com.au/business/a-scrap-heap-of-dodgy-deals-ng-b88723725z</u>
- 2. Students in pairs are given a company flash card.
- 3. Research the company (with guided questions)
- 4. Create a Word Cloud using Wordle <a href="http://www.wordle.net/">http://www.wordle.net/</a> with the key points.
- 5. Thirty second presentation about the company.

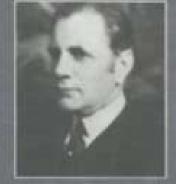
### Case studies:

- Quintis
- Great Boulder Proprietary Gold Mine (Wiluna Goldmines)
- Poseidon Nickel
- Teachers' Credit
- Bell Group
- Rothwells
- Sons of Gwalia
- Bond Corporation
- Great Southern
- Westpoint
- Timbercorp
- Laura Ashley
- Dick Smith
- Kambos

- Name of business and director(s)
- Type of company structure (Pty Ltd large/small, Ltd)
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## GREAT BOULDER PROPRIETARY GOLD MINE

Early 20th century mining pioneer Claude de Bernales used complex and elaborate schemes to assemble a mining empley, starting with the formation of the Willina Gold Mines company and borrowing £1 million in London to develop his leases.



Despite the 1930s Great Depression, he continued to raise millions of pounds in London and won control of the ore rich. Great Boulder mine, While operating from London his empire began to collapse in 1939 and the stock was suspended from trading by the London Stock Exchange, shortly before going into liquidation.

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# **POSEIDON NICKEL**



High demand for nickel during the Vietnam War in the 1960s sparked frenzied buying of Poseidon Nickel shares in 1969 after the company made a major nickel discovery at Windarra, near Laverton.

Starting at 80¢ in September, the shares soared to \$12.30 by October 1 and peaked at

\$280 in February 1970, before crashing. By the time Poseidon began mining, the nickel price had fallen and the ore was of lower quality than expected.

The firm was delisted in 1976 and its operations were taken over by Western Mining in 1991.

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# **TEACHERS' CREDIT**

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## BELL GROUP



The flagship company of feared corporate raider Robert Holmes a Court biossomed out of his purchases of transport and media interests across WA beginning in 1973.

Over more than a decade he mounted unsuccessful but profitable bids for Australian and international companies. including Elders and Carlton &

United Breweries. Holmes a Court was thwarted by Kerry Packer in using cash-flush Bell Resources to buy out its parent. The 1987 sharemarket crash exposed the weak cashflow and high debts of portfolio companies and he was bought out by Alan Bond in what became a landmark deal of WA Inc. The company fell into receivership in 1991.

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## BOND CORPORATION

Heavily geared before the 1987 stockmarket crash. Alan Bond doubled down with the disastrous takeovers of Bell Group, US brewer Helleman and British based mining conglomerate Lonrho. Hodarscorne h

billion as he bought the Moritz Hotel in New York the British Satellite Tiedd yme PLC

# ROTHWELLS



The merchant bank was known in business circles as a "lender of last resort" having built up a number of stakes in businesses acquired throughout the routhe

The 1987 crash sparked an Investor run on Rothweib, and

povernment as part of a rescue package cobbled together by founder Laurie Conveil, above. The political fallout from its eventual collapse in 1988 resulted in the WA inc myal commission that included WA government dealings with Bond Corp and the Bell Group.

#### **Research question**

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## SONS OF GWALIA



Once the world's third-biggest gold producer and owner of the historic Leonora mine, Sons of Gwalia collapsed in 2004 under the weight of \$US800 million debt, heavy hedging losses from complex gold option trading and falling gold reserves.

A \$63 million rights issue and restructuring were not enough

to save it after overpaying to buy Pacmin Mining and Tarmoola gold mine in 2001 and a collapsed wall at Tarmoola that set the company on the road to ruin. Some late-arriving shareholders were awarded the same status as creditors on February 27, 2006, because the company breached continuous disclosure obligations.

# TIMBERCORP

The manuged investment schime survived for nine years and owned more than 40 businesses, including forestry, pulpwood timber, avocado, clive, almond and other agribusiness schemes.

In 2004, profits soared by 50 per cent and Timbercorp's share price spixed

share price spixed 48 per cent, before nosediving 28 per cent in Februery 2007 after the government abolished tax relief on non-forestry investment

It was placed in administration on April 23, 2009.

## ali at ruin. Some

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## **GREAT SOUTHERN**



Australia's biggest agricultural investment scheme was established in 1987 and went into administration one month after Timbercorp.

Plantation forestry was its mainstay until the early 2000s, when it diversified into high-value timbers, beef cattle, olives, viticulture and almonds, reaching peak plantation holdings

of 240,000ha in 2008 and owning 176,500 head of cattle.

Profits and revenue topped out in 2006, but heavy debts, the global financial crisis and regulatory uncertainty proved its downfall, with losses in 2008 leading to insolvency.

# WESTPOINT

## Property developer

Norm Carey, right, and Richard Beck capitalised on the greed of some financial planners. Mr Garey's Westpoint paid big commissions to advisers for putting client money into property development financing schemes.

A total of \$304 million was raised from 3524 investors.



agamat

KPMG

Westpoint imploded in late 2005 owing about \$310 million and net assets of about \$21 million. Auditor KPMG and Westpoint directors agreed to pay up to



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LAURA ASHLEY	<ul> <li>Research questions:</li> <li>Name of business and of</li> <li>Type of company structularge/small, Ltd)</li> <li>When and where was it what year did they colla</li> <li>What did they trade in? (service/retail/manufactuletc)</li> <li>What were the indicator collapsing?</li> <li>What type of administration into? (voluntary/creditor order)</li> <li>What steps were taken wound up?</li> <li>Was there any unethication provides the information of a step information a ste</li></ul>

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