

WA BUSINESS NEWS

Investor recovers \$10m Stripe Capital loss

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QBE Insurance has been ordered to pay \$10 million to a Perth investor who was a client of stockbroking firm Stripe Capital and former Perth broker Todd King.

The legal action was brought by Bev Margetts, who was represented by Huggins Legal.

Three entities controlled by Ms Margetts - Young Investments, Rastus Group and Reid Park Investments - struck agreements with Stripe Capital and Mr King in 2006 and 2007.

Stripe was an authorised representative of Australian Stockbroking & Advisory Services between May 2006 and September 2008.

The plaintiffs alleged Mr King executed a number of unauthorised trades on their behalf.

Their investment portfolios included groups such as Allco Finance, which collapsed after the GFC.

Court documents show that Ms Margetts incurred losses totalling \$12.2 million.

Ms Margetts won a Federal Court action against ASANDAS but it collapsed and was subsequently deregistered.

QBE was ASANDAS's professional indemnity insurer but declined to pay the coverage.

Under the Corporations Act, Ms Margetts had the right to sue QBE directly for the amount of the insurance coverage.

QBE claimed the unauthorised transactions exclusion and the conflict exclusion of the policy meant they were not required to pay Ms Margetts.

In a ruling published today, Judge [Peter Quinlan](#) found this argument did not hold up and ruled QBE was liable up to the limit of its indemnity, of \$10 million.

After deductions, Ms Margetts recovered \$9.8 million plus interest from November 9 2016 totalling \$11.2 million.

This week's ruling comes after Mr King was jailed for two years in November 2014 for stealing almost \$1.5 million worth of shares.

He was found guilty of stealing two parcels of Wesfarmers shares worth about \$1.5 million from a client's account to meet margin calls on his mother's lending account.

His crimes were discovered after an ASIC investigation into Mr King's conduct between late-2007 and early-2008.

It also comes eight years after Mr King was banned by ASIC after it found he had engaged in misleading and deceptive conduct.

ASIC discovered Mr King had used a copy of a client's signature to authorise a transfer worth \$1.5 million, transferred funds from a client's account to his own, became a director of a client's company and undertook unauthorised discretionary trading on a client's account.