

Investors jeer, heckle ABCP committee

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VANCOUVER — Hundreds of investors jeered and heckled as the committee overseeing the restructuring of the commercial paper market took its cross-country road show to Vancouver wednesday.

One woman was on the verge of tears as she told Purdy Crawford, the lawyer leading the restructuring, how she had to return to work at the age of 65 because of the money she had tied up in asset-backed commercial paper.

Hundreds of people packed into a hotel ballroom to hear Mr. Crawford describe the plan his committee has drawn up to restructure the frozen \$32-billion market and pepper him with questions.

At one point a questioner asked those who intend to support the plan to put their arms up, prompting fewer than 10 hands to go up in the air.



Purdy Crawford

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The crowd heckled at the mention of rating agency DBRS, which had given strong ratings to most of the paper.

Questioners prompted jeers at other points as tension mounted, prompting Mr. Crawford to raise his voice and point out that “we didn't create this problem.”

Mr. Crawford, who spent seven harrowing months assembling the plan, remained largely unfazed for the bulk of the meeting.

“We are going to do everything we can to make what's available to you people a lot more than what will come from the restructuring,” he said, referring to the “moral suasion” he's using to pressure companies that sold the paper to do more to help their customers.

“I think there's sunshine over the hill for you,” Mr. Crawford told the Vancouver crowd.

His breaking point appeared to come as Bill Galine, executive vice-president of Universal Uranium Ltd., posed several pointed questions, including, “Who is going to jail here?”

Universal Uranium, which is listed on the TSX Venture Exchange, holds \$1.4-million of third-party ABCP, Mr. Galine said after.

Mr. Crawford pointed out that he and his associates did not create the paper.

Mr. Galine asked him why financial institutions shouldn't have to take care of retail investors, “the ones who are desperate and put their money in and didn't know the deal. Is that fair?”

“That's what I've been trying to tell you all day, that that's what's going to happen,” Mr. Crawford said, raising his voice.

A group of investors who have banded together on the social networking website Facebook sought to gather further support by asking

investors at the door for their names and contact details. The increasingly organized group could be identified by the pink carnations on their lapels.

“Mr. Purdy Crawford says the plan is in my best interest,” said one member of the group a 52-year-old Air Canada flight attendant who has about \$37,000 of her retirement savings stuck in third-party ABCP. “I don't believe it.

“For him to ask me to vote for a plan that protects the banks from lawsuits and will give me back pennies on my investment, and they can't tell me how many pennies it's going to be,” Ms. Bennett said, trailing off.

Like many individuals at the Vancouver meeting, she said she put her money in third-party ABCP through Vancouver-based brokerage Canaccord Capital.

Another Canaccord customer, Garry Walker, said he will vote against the committee's plan unless Canaccord or other major financial institutions and pension funds that are involved in the ABCP market ensure he gets 100 cents on the dollar for his commercial paper holdings.

“We'll scuttle the whole thing. And then we'll sue,” he said.

Canaccord has said it is actively searching for a way to help individual holders, but can't be held responsible for the entire problem for two reasons. First, the firm doesn't have the money, and second, the problem wasn't all of Canaccord's making. As such, the firm is looking for other players in the market to step up with help for the individual investors as well.

Mr. Crawford and the committee's legal and financial advisors again made a noticeable effort to simplify their presentation, having come under fire for making the outline of the plan too complex. They are weighing the need to help many individual investors understand against the risk of not giving the market enough details.

“We worked hard to create transparency and, obviously, the transparency is hard for people, including myself, to understand,” Mr. Crawford said.

One questioner interrupted to ask the definition of a basis point is, while others have asked detailed and specific questions about hard-to-grasp aspects of the restructuring.

“This thing's thicker than the bible,” one investor said, brandishing a copy of the 300-plus page plan.

“This was a great session, Mr. Crawford, but I didn't understand anything,” one woman said, garnering a round of applause.

Mr. Crawford told the crowd that “we're certainly looking at the possibility of extending the date of the meeting” scheduled for April 25 for investors to vote on the plan, because the roadshow has shown him some investors might need more time to digest it.

“Small investors have a very, very significant say in the outcome of this restructuring, intentionally so,” Stephen Halperin, a lawyer who is advising the committee, told the crowd.

If some investors don't like the economics or the process behind the plan, they are able to ask the court that's supervising the restructuring not to sanction the plan even if the majority of investors vote approve it, he noted. The plan also fails if it does not receive support from the majority of investors who vote on it.

“I'm just the messenger,” Mr. Halperin told the crowd at one point, as he discussed the legal releases that the committee's plan gives to major players in the ABCP sector, protecting them from any investor lawsuits. “It was something we had no choice about.”

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