

Creditors take action against failed retailer

Exclusive

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Kathmandu founder **Jan Cameron's** fight to regain full control over her failed discount retail empire, Retail Adventures, may not be over.

While creditors owed \$49 million voted in favour of Ms Cameron's deed of company arrangement this week, creditors owed about \$32 million are taking legal action to wind the company up.

With funding from IMF (Australia), the creditors are finalising an application to the Federal Court to have the Retail Adventures DOCA set aside on the grounds that the resolution was only passed because of the support of related parties – creditors whose debt had been assigned to Ms Cameron's company.

"Related parties are permitted to vote, but it means the court can consider whether there is scope to set aside the decision," said Colin Biggers & Paisley partner Scott Hedge, who is advising the creditors.

Retail Adventures, Australia's largest discount variety retailer, ran more

than 300 stores under the Crazy Clark's, Chickenfeed and Sam's Warehouse banners before it collapsed in October.

Ms Cameron, the sole shareholder and only secured creditor, bought back 210 Sam's Warehouse and Crazy Clarks stores and two distribution centres for \$59 million from the administrators, Deloitte, in February.

The remaining 100 unprofitable stores and one warehouse were closed, with the loss of almost 1000 jobs. Some of the closed stores have been snapped up by Retail Adventures' largest competitor, The Reject Shop.

In its final report to creditors last month, Deloitte warned that Ms Cameron's deed of company arrangement was too risky and recommended that Retail Adventures be wound up. Deloitte estimated that the return to unsecured creditors could be between 20.7¢ and 45.12¢ in the dollar – well in excess of the 5¢ to 6¢ in the dollar return to creditors under the DOCA.

However, about 601 creditors owed \$49 million supported the deed, outvoting 141 creditors owed \$32 million.

The creditors who supported the deed included about 550 Retail Adven-



Jan Cameron was the sole shareholder in the failed retailer. PHOTO: EDWINA PICKLES

tures staff, most of whom will now transfer to Ms Cameron's new company, and suppliers whose debts of around \$30 million had been settled by Ms Cameron's DSG to ensure supply.

Some of the creditors who voted against the DOCA are now planning to take action to overturn the resolution, wind up Retail Adventures and pursue Ms Cameron and other directors for trading while insolvent.

Deloitte believes Retail Adventures may have been insolvent from at least July 2011 and possibly before this date.

The application will be filed in the Federal Court in the next few days.

"The vast majority of unrelated party

creditors – over \$30 million – voted in favour of liquidation," said IMF investment manager Paul Rainford.

"A lot of people have been badly hurt."

A spokesman for Ms Cameron said the legal action was not unexpected but would be a waste of time and money, as any return from pursuing preferential creditors – mostly Australian suppliers – and directors was likely to be minimal.

"We'll defend it – we're reasonably confident that the DOCA will stand," the spokesman said. "This has not been driven for the benefit of suppliers but for IMF. They're in it for the money – that's what their business is," he said.