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*This site is a vital resource to all New Zealanders concerned about pressing news stories not being reported by the complacent media who fear retribution from the secretive & often malevolent New Zealand Courts.*

*The catalyst for this site is a shady and morally bankrupt accountant named Michael Stiasny who for years has preyed on New Zealand citizens with the assistance of a few old lawyer friends who have become High Court judges.*

*His story is not an isolated case but rather a watershed in New Zealand justice.*



WELCOME TO STIASSNY.ORG

CAN THIS MAN BE TRUSTED?

READ HIS OWN LETTERS FOR SHOCKING INSIGHTS



S-G David Collins

Wellington: 25 August 2007

We do not want to say too much about the new Solicitor General David Collins. It is far better you see what the chief law-enforcement officer of our fine country is like by reading his own words (with subsequent commentary of course). READ LETTERS

NATIONAL COURT NEWS :

dateline: November 2006

Michael Stiasny is seeking the shelter of the New Zealand Courts yet again for his role in what is being recognized as the largest tax scam in New Zealand history, the \$1.7 Billion CWF forestry tax dodge. The Inland Revenue Department shut the tax dodge down after nearly four years of operation and ordered the parties to pay back the taxes, as well as millions of dollars in penalties. The tax dodge vehicle, CWF Holdings Ltd, was then cast off into liquidation by the perpetrators. The appointment of the liquidators by Stiasny and others was

## Vector Limited in Struggle over Massive Debt Brought on by Stiasny.

25 March 2008

Embattled Chairman Michael Stiasny looks for help from his mates in government to cover up his mismanagement of electricity and gas provider Vector Limited. See [www.vectorlimited.co.nz](http://www.vectorlimited.co.nz)

## THE NEW ZEALAND ATTORNEY GENERAL NAMED AS DEFENDANT IN STIASSNY CORRUPTION ACTION

10 January 2008

In a move that has resulted in New Zealand Judges' demanding the Auckland High Court Registrar find a way to reject a court action that exposes serious Court corruption so a judge will not have to, High Court Registrar Tony Mortimer attempt to follow the order by replying a day after filing **"I have now had the chance to further peruse your 9 January statement of claim, and I find I am unable to determine that the document meets the requirements of rule 108."** Brilliant. The Registrar has said that he is unable to find fault but still 'suspects' the filings may not meet rule 108. Rule 108 states the claim must provide sufficient information to be answerable. Read for yourself why case CIV2008 404 0104 is writing a new chapter in exposing judicial corruption of the 'old-boys' system. Videotape of Registrar Tony Mortimer acting unlawfully coming to YOUTUBE soon.

READ COURT FILINGS

## VECTOR AGM A LESSON IN CORPORATE TERRORISM

20 October 2007

Amid hired security forces that rivaled that of a traveling head of state, Vector Chairman Michael Stiasny threatened looming electricity infrastructure cutbacks and looked to blame Vector's lackluster business performance and its huge and mounting debt on government regulators during the company's annual general meeting yesterday. About three hundred people attended the gathering held at Ellerslie Event Centre. At least two shareholders were prevented from attending by Russell McVeagh solicitor Michael Heron who said he had orders from the board of directors to instruct security staff to prohibit these shareholders from entering.

In a scene reminiscent of Jonestown (the former Jim Jones sect compound in Guyana infamous for murder and mass suicide) the Chairman commenced the meeting by pointing out all the exits before launching into claims that the company was under siege from the Commerce Commission. Security guards stood ominously at the doors as he spoke. Cameras were not allowed in. He wasted no time telling shareholders that this regulatory environment singularly threatened their investments. In a salvo fired at consumers he warned the company's future investment into electricity and gas supply infrastructure was also at risk. Both Stiasny and Acting CEO Simon McKenzie stressed the uncertainty and unpredictability of the regulators as the true source of Vector's financial woes.

subsequently challenged in the High Court at Auckland by Trinity Foundation Limited, a charitable foundation administered by the Anglican Church that was used by Auckland Solicitors Bradbury & Muir as the cover for the tax avoidance scheme. Trinity claims not to have been paid in excess of \$12 million owed it by CanWest, the local division of the Canadian Media conglomerate. Stiassny and Grant Graham are alleged to have breached their duties to the company and engaged in a breach of trust by acting minimally in a de facto fiduciary arrangement with CanWest. In an appeal brought by Trinity, and heard by the Court of Appeal on 18 September 2006, Trinity counsel Bruce Stewart QC sought the right to pursue Stiassny individually for his key role in the failed tax scam, noting that the current liquidators are unlikely to do so as they are beholden to Stiassny and certain others involved. As of this printing, no ruling has yet come down from the Court of Appeal. The IRD has not legally prosecuted those involved in the scheme. Anonymity was granted as part of a settlement reached. Two of the three judges considering the Trinity appeal, namely Court of Appeal President William Young and Justice Terence Arnold, are at the same time considering an appeal on the papers for a stay of a High Court costs ruling that Stiassny secured against Auckland businessman Vince Siemer for an alleged violation of a High Court injunction, an injunction that Stiassny has claimed prevents Mr. Siemer from revealing information regarding other dubious accounting schemes that Mr. Stiassny has been involved in. In order to obtain the injunction, Mr. Stiassny submitted an affidavit to the Auckland High Court on 8 April 2005 wherein he swore that none of the allegations Mr. Siemer had

Vector's financial troubles are no small problem, not simply for the investors but also the regional consumers who have seen the company's debt skyrocket over the last few years to a current \$3.127 billion – up \$46 million from last year despite selling off nominal assets. In order to maintain the dividend payment to shareholders this year, retained earnings went into negative territory. The monopoly utility also has \$1.6 billion in goodwill that it has been unable to significantly write down due to its perilous financial position. This overall financial scenario is now being used to pressure the regulators into letting Vector charge power consumers more than the Commerce Commission has said they are entitled to do.

Two years ago Stiassny was proudly telling public meetings that he was responsible for a half billion dollar unrealized capital gain on the acquisition of NGC by Vector. If true, Vector could sure stand to capitalize on this gain now. However, as with much that comes from Stiassny, this was part arrogant bluster and part accounting parlor tricks serving to pass as accepted fact. Nevertheless, the real story is the substantial debt that the company took on board at the time of this purchase and which it now is struggling to discharge. The company has recently looked hard at selling off assets to get its debt ratios down to reasonable levels and its precarious BBB+ (with negative outlook) credit rating up.

Although the investors were generally unhappy, the Chairman and acting CEO were reasonably successful in diverting attention away from Vector's recent management chaos. Three directors resigned en masse within the last year and both the Chief Executive Officer and Chief Financial Officer abruptly resigned five months ago. Director Karen Sherry, a lawyer and political appointee with little business experience had been put in charge of risk assessment for Vector in the midst of this drama.

Vince Siemer was one shareholder unlawfully prevented access to the meeting. Stiassny filed a \$1.25 million defamation claim against Siemer two and a half years ago but has done virtually nothing to advance the matter since. In July of this year – when Siemer was on a two week trip overseas – Stiassny was able to get a High Court order from Justice Judith Potter that debarred Siemer from defending his defamation claim. This issue is now before the Court of Appeal. For two months the Court of Appeal has failed to schedule a hearing citing the large number of appeals Siemer has filed as one reason for the delay. Potter was deeply involved with the Electricity Commission before her appointment as judge and has openly defended Stiassny in court. Three of Stiassny's former lawyers now sit as High Court judges. The judge that granted Stiassny his injunction against Siemer is a former chambers' partner of Stiassny's current lawyer Julian Miles QC.

Siemer, who has a bachelors degree in industrial relations and an MBA from Washington University in the United States and has run successful companies abroad, wanted to ask the directors questions regarding the goodwill, debt covenants and foreign currency risks. In being denied entry into the meeting, Siemer drew a parallel with attempts to silence critics of ENRON ten years ago. He considers it is no accident that no one on the Board other than Chairman Stiassny has comprehensive accounting or finance experience and has made a written request of each director asking them whether they personally agree with the company's current financial statements. Siemer views the recent move to appoint Hugh Fletcher (husband of the Chief Justice of the Supreme Court) a director of Vector is little more than a political pressure move. Hugh Fletcher's own business background, while extensive, is uninspiring. Excluding Stiassny, the current directors of this \$4 billion dollar essential service provider average less than a year on the board.

## FREE SPEECH CASE THROWN OUT BY NEW ZEALAND SUPREME COURT

Wellington, New Zealand 21 August 2007

In a move that confirms New Zealand has taken its justice system to the dark ages with the formation of a Supreme Court two years ago, Justices Tipping and McGrath - speaking for New Zealand's Highest Court - refused to hear an appeal where High Court Judge Judy Potter ordered the editor of [www.stiassny.org](http://www.stiassny.org) sentenced to six weeks in the notorious Mr. Eden maximum security prison for merely publishing this site. The official charge imposed by Judy Potter was "*conspiracy to defeat the cause of justice*" which seemed Freudian given Ms. Potter's refusal to allow accurate recording of the proceedings, her disallowing cross examination of witnesses against the accused, conducting part of the proceedings outside the presence of the accused and his lawyer, making multiple findings of 'beyond reasonable doubt' based on untested hearsay evidence and refusing to recuse herself where both the accused and his lawyer had formal complaints pending of judicial

made about him on the [www.stiassny.org](http://www.stiassny.org) website were true. Stiassny then filed a \$1.25 million defamation suit against Mr. Siemer on 12 April 2005, as he was required to do in exchange for obtaining the ex-parte injunction against Siemer, but he has repeatedly failed to advance his case against Mr. Siemer since obtaining the injunction. On 6 October 2006, Stiassny failed to comply with a court imposed deadline that he provide discovery in that case. These matters are part of a firestorm of controversy currently surrounding Mr. Stiassny. Last week, Stiassny refused to allow media cameras into the Vector Limited AGM held in Auckland. The very next day Stiassny was the catalyst for a raucous revolt that disrupted the Auckland Energy Consumers Trust AGM and required the unsuccessful intervention of security personnel. Those who did not realise Stiassny was in the room had their attention directed to the man wearing the dark business suit and the 'Dumb-and-Dumber' haircut sitting to one side of the room. Stiassny was then whisked from the building by Vector staffers. The AECT was the 100% owner of Vector Limited until Chairman Stiassny led a 24.9% sell-off in the form of a public share offering on the NZX exchange in August 2005. The need to pay down Vector's ballooning \$3.15 Billion debt – in part a result of its contentious acquisition of NGC the year before – was cited at the time as a primary reason why the public equity float was necessary. Yet only 2% of the debt was ultimately paid down after the successful 25% share float. Mr. Stiassny has been publicly claiming he grew Vector from a \$1 Billion company to a \$5 Billion company in 3 years. At the Auckland Consumers Trust AGM much of the controversy was directed at Vector's claim that assets had appreciated 17.9% in the last fiscal year and

misconduct against this judge - on separate matters - including ruling on behalf of her brother-in-law in a case without disclosing her relationship to her brother-in law litigant.

The NZ press is largely forbidden from publishing stories of judicial misconduct and, where they do, the suspect judges are granted name suppression. Tony Stickley with the *New Zealand Herald* informed the editor of *Kiwifirst* that even when the Herald is correct in its reporting, the Court awards a hundred thousand dollars in costs against them that they cannot afford.

Fundamental law violations by judges have become commonplace since New Zealand abolished the Privy Council in England as an impartial appeal Court in favour of the newly formed 'Supreme Court' in 2004. At the time there was widespread concern among New Zealand's lawyers that such a move would promulgate up the ladder the 'old-boy's network' favours that had made a cesspool of established law in the lower courts. Key lawyers accurately pointed out the tremendous number of NZ Court cases that had been overturned as proof that the Privy Council was needed to instil discipline in a judiciary that had become corrupted by special interests. This concern was validated by New Zealand's closest ally when, shortly after the Supreme Court was formed in 2005, Australia refused to extradite two defrocked priests to stand trial in New Zealand, saying flatly this refusal was because they were unlikely to get a fair trial here. Two months ago the Privy Council issued its last New Zealand Case ruling, overturning the conviction of David Bain for murder due to fundamental failures by the New Zealand Courts in following due process procedures. When Kiwis generally are respected the world over for their ingenuity and honesty, this embarrassment is a tremendous blow to national prestige.

Since the abolishment of the Privy Council as an independent judiciary, New Zealand has lost considerable status among law-respecting democracies. Economically, many international businesses (sensing the legal risks) have shunned having operations in New Zealand. A large number of New Zealand companies have quietly moved their operations offshore. Most Kiwis point to the new Chief Justice Sian Elias' husband Hugh Fletcher being one of New Zealand's most connected businessmen as proof that an impartial Supreme Court is an impossibility in, at least, commercial cases. Even this damning indictment neglects the greatest threat to natural justice imposed by its formation. For example, it is doubtful that the two Justices rejecting freedom of expression in this case would pass muster for appointments in any other country. Euphemistically called 'constructionists' Justice Tipping and McGrath have both worked to create their personal brand of English law in the South Pacific, only to take the Country on a wild ride in the process. Three years ago, Justice Tipping unsuccessfully tried to create a new tort (the Hosking case) that would make it illegal to take photographs of people in public. As a Court of Appeal judge, McGrath gave vitriolic speeches about how lawyers needed immunity from negligence lawsuits by... Fortunately, his was an isolated voice, but the telling part is that he was the... to be appointed to the New Supreme Court.

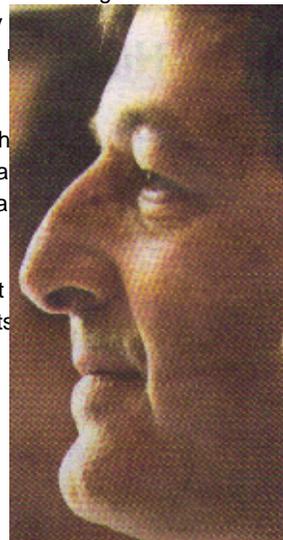
In rejecting the appeal, the Supreme Court said the trial judge legally used his discretion on the underlying issue of Freedom of Expression and the Court of Appeal's refusal to grant a guarantee despite certain legal precedent that they must, Justices Tipping and McGrath used their own discretion to have the Supreme Court not consider this thorny issue.

The editor of this website has vowed to fight on and has lodged a complaint with Amnesty International and the United Nations Council on Human Rights

14 April 2007

## WHY IS THIS MAN'S NOSE GROWING?

In April 2005, Michael Stiassny was a desperate man. Sure, he was pulling down \$7 million dollars plus a year from his insolvency practice and another \$1 million dollars or so a year from his various directorships, but the house of cards that provided this substantial booty was about to collapse. He was about to be publicly exposed for falsely labelling a company insolvent in order to personally steal its technology and walk away with its substantial cash accounts. Moreover, this single case would expose the systematic and insidious way he has been able to achieve such a staggering personal income. Mr. Stiassny's ignominious conduct in the debacle he created with Paragon Oil Systems Limited - which in turn provided a blueprint



that nearly \$1.7 billion (or 30%) of Vector's current valuation was in the form of "goodwill". As a comparison, Vector's valuation of its goodwill is now roughly equivalent to the goodwill of the *Coca-Cola Companies* at US\$1.2 Billion.

### **Local News: 26/7/06**

**Auckland judge prevents the Auckland Coroner from releasing his findings into Robert Fardell QC's suicide.**

The public were again denied the right to know the full circumstances surrounding prominent barrister Robert Fardell QC's fatal fall from the 12 metre high Takapuna Head cliffs on 11 December 2005 when an Auckland judge ruled the Auckland Coroner was prevented from releasing his findings until judicial review proceedings are conducted. This action follows months of cover-up, where the last person to see the defendant alive (lawyer Christopher Morris) refused to grant the police an interview and the family hired prominent barrister Harry Waalkens QC to cover up the suicide and ensure the public inquest was conducted in secret (28/2/06).

Years of cronyism have created a siege mentality that pervades the Auckland judiciary. Concerns are rampant as to what secrets Fardell may have wanted to get off his chest before he fell to his death and what damage this may cause to the vested interests within the provincial and secretive court. Several lawyers contacted expressed grave concern that there was no oversight or accountability of judges and this was yet another example where the Court put the protection of one of their own before the public good and interest. One called it "ugly"

of how he was able to financially bilk other companies - was coming back to haunt the once venerated insolvency practitioner due to two billboards being put up in Auckland and a website being launched that both detailed and proved his malfeasance.

With so much at stake, Stiassny had to act quickly. He hired top lawyer Julian Miles QC, chairman of Shortland Chambers (where many of the current judges on the Auckland Court hail from), to obtain an injunction shutting down the website and billboards. Paying Mr. Miles \$900 per hour (not an exaggeration; actually \$900.00/hr) was not enough though. Stiassny was required to state in a sworn affidavit that the allegations on the website against him were untrue, this in order to enable Mr. Miles to work his magic with his fellow judges. Stiassny's already large nose grew a little longer.

For a time, this strategy worked. Mr. Miles was able to get then High Court justice Ellen France to issue an injunction that decreed there was no reasonable defence of truth to allegations against Stiassny despite the incontrovertible evidence of Stiassny's guilt, ordering that the billboards and website must be shut down to protect Mr. Stiassny's reputation. For her role in covering up this corruption that affects every New Zealander, Justice France was properly rewarded. But to be fair to the judge, she also honestly thought that would be the end of the matter and that her judicial transgressions were justified because she was preventing what could very well result in a catastrophic blow to the financial markets. Certainly, she rationalized, Mr. Stiassny's seemingly criminal malfeasance did not extend to public utility Vector Limited, the monopoly electric utility of which Stiassny was chairman and which also was at the time deeply involved in a complex and expensive acquisition and public share float. Better, she thought, that a private word be taken up with Stiassny to ensure this was not the case. Hence, Stiassny had to lie again and, like Pinocchio, his nose grew a little longer.

No doubt this is where Judge France's inexperience (on the bench one year) and immaturity showed. Before her judicial appointment Ellen France had never been anything other than a political bureaucrat. She was too trusting - some would correctly say intimidated - by the likes of Mr. Stiassny and Mr. Miles and she wanted to believe that operating outside the law in this case was justified. But once having made her decision, it was not a case of misinterpretation of law or facts that regularly can be expected to resolve itself in the higher courts. What Ellen France did was a clear breach of her judicial oath and her judicial colleagues knew full well that risk of her abuse of power being exposed posed a huge dilemma for the Court as a whole. She needed to be personally protected from what clearly was a lapse in personal character.

The next stage in the legal challenge was quite different. At the Court of Appeal, the case fell into the lap of a close personal associate of Stiassny, Justice Robert Chambers. Chambers, a much more intellectual judge, albeit corrupt, saw immediately that Justice France's decision was untenable. He needed to re-write history in order to protect both the judge and his mate. And what Chambers did was pure genius. He refused to overturn France's decision and even refused to address the validity of the points of appeal, choosing instead to say the matter was a contractual dispute that singularly warranted dismissal of the appeal and maintaining of the injunction. But Chambers J had a further problem. The course he embarked on contrasted with the Ellen France judgment and was not a legal point cross-appealed. Consequently, Justice Chambers audaciously wrote that by ruling this way he was merely agreeing with what Justice France *thought* - despite the fact that Justice France's judgment said the opposite on this point. And this is when all hell broke loose in the Court.

Now both Justice Chambers and Justice France had crossed the line. What happened next is a testament to the reality that judges, with few exceptions, are lawyers with a past: lawyers who are additionally not given to allowing the skeletons of their fellow judges being exposed when it could very well lead to their own skeletons being exposed. This is a particular risk and concern in the cloistered Court setting where it is common knowledge among judges what the others had for lunch, let alone what bribe they took in 1988. It is against this backdrop that the President

and another said that it demonstrates that the Court operates first and foremost to protect its favoured members.

Related News Links:

[How MICHAEL STIASSNY](#)

[sold out his friend Robert Fardell](#) shortly before he died. [READ MORE](#)

**Archive 22-6-06**  
**Secret inquest into death of Robert Fardell**

**exposed** - In a dramatic turnaround to initial reports, the Auckland Coroner, Murray Jamieson, today was forced to concede Robert Fardell QC did not drown on 11 Dec. 2005 while swimming but instead suffered massive injuries from a fall before drowning. This ruling came almost 4 months after an attempt by the Coroner's office to conduct the initial public inquest (held on 28 February 2006) in secret, in contravention of the Coroner's Act 1988 that required public notification. Despite the body being found on rocks at the base of Takapuna Head cliffs on Auckland's North Shore, and no suspicions of homicide, the Coroner did not suggest death was a suicide. Prior to this ruling, Fardell family lawyer Harry Waalken QC had attempted unsuccessfully to suppress all the inquest evidence, arguing further that the death could be accidental and that the Coroner had no standing to suggest to the contrary. This position ignored Mr. Fardell having had to breach a fence to reach the

of the Court of Appeal, Willy Young, a lawyer with his own sordid past, became intimately and irreversibly involved. see related story It is not that Will Young is incapable of being a decent and honest judge so much as the fact that his own history now prevents him from preaching morals to the judges he now oversees. The reality is that they would simply laugh at his hypocrisy. A court insider has revealed that it is his immoral vulnerability that was instrumental in Willy Young's appointment as President of the Court in 2006. In the democracy of the corporate world, leaders are often chosen for their inability to wield too much power. So it was with Will Young.

There is no particular fondness between Will Young and Robert Chambers, but their fates were by now inexplicably linked. In an appeal on 8 February 2007, Will Young presided over another legal challenge that not only laid bare the deceptions of Robert Chambers and the breaches by Ellen France but, perhaps more importantly, revealed incontrovertible evidence that Mr. Stiassny lied under oath when he swore an affidavit that, among other things, said he never labelled Paragon insolvent and had inadvertently invoiced Paragon some \$11,000 in fees that should have been "Paramount". One problem, as it turned out, was that Stiassny never did any work for the company called "Paramount", leaving the obvious inferences that his attempt at fee overcharging was deliberate and criminal, and the attempted cover-up was not working as planned and Stiassny's nose grew longer still.



On 4 April 2007, President Will Young of the New Zealand Court of Appeal ruled that despite all this evidence, despite the unchallenged evidence of 9 witnesses who attested to judicial impropriety that included conducting court proceedings ex-parte and the oppression of witness cross-examination, and despite irrefutable evidence that the injunction was improperly obtained and issued, he saw no basis for the Court to take action. In doing so, Justice Young may have protected Stiassny and his fellow judges but it is too early to tell whether, and to what extent, his actions have harmed the Court's reputation and New Zealand as a whole. In the meantime, Stiassny's nose keeps growing and he gets still fatter financially gouging at the public trough and at the expense of so many hard-working and honest Kiwis.# [See Related stories](#)

**STIASSNY IN FIRING LINE 23/10/06**

Michael Stiassny has hit a rough patch in 2006. He was kicked off the Met Life board, forced to resign from Metro Water and witnessed the only 3 directors of Vector skills abandon the Vector board because he refused to step down from that board two weeks ago. At the same time,



has revolted at Stiassny's specious public claims and promises of strong financial performance at Vector, coupled with his demand that Vector CEO Franklin and CFO Peter Fredricson then find a way to produce the numbers he has publicly claimed. CEO Mark Franklin in particular has had several confrontations with Stiassny over his belligerent personal style and inverted business approach since being recruited from Australia two years ago. In addition to almost doubling his own pay, Stiassny had to seek approval of a pay package approaching a million dollars per year in order to placate Franklin and thereby prevent an open and nasty revolt. Then there was Stiassny's declared war on the Commerce Commission last winter over the Commerce Commission's stated intention of taking over Vector (an electricity lines company) for unfair charging practices - coupled with Stiassny's threats of power blackouts if the Commerce Commission did not back down - as well as an active Court action that seeks to hold him personally responsible for losses suffered by the Trinity Foundation Ltd. in relation to a failed tax scam (see related story left column).

In addition to all this, a formal complaint this month was laid with the NZ Police alleging Stiassny perjured himself in the Auckland High Court in relation to fee overcharging in his insolvency accounting practice. On 8 February 2007, Stiassny is before the Court of Appeal in Wellington in relation to an

*cliff edge. Fardell was 52 years old when he died.*

**OUR COMMITMENT TO ACCURACY:** *This website is a public service, dedicated to providing information and transparency regarding activities affecting Kiwis that are not being accurately reported elsewhere. Where any specific information on this website is questioned and supported as inaccurate it is either pulled off the site immediately or space is allowed for a qualified response, prominently placed on this site.*

*Anyone may report errors or omissions contained on this site via the Contact link. Submissions will be promptly acknowledged, examined for accuracy and, if approved, will be immediately changed or added.*  
- Vince Siemer, MBA, editor

appeal stemming from his alleged perjury.

At Vector, John Goulter, Greg Muir and Tony Gibbs resigned Vector CEO Mark Franklin & CFO Fredricson from the Vector Board on 13 December 2006, citing the direction of the company and Stiassny's refusal to step down as their reasons for leaving. Their abandonment leaves Stiassny's girlfriend Karen Sherry and Shale Chambers, both with limited business backgrounds and virtually no board experience, and the vacillating Robert Thompson to govern the \$3.7 billion dollar company (or \$5.7 billion company according to Stiassny). Of particular concern to Vector investors was Stiassny's replacing the now departed Goulter as chairman of the Risk and Assurance Committee with Ms. Sherry, virtually the only person who is blind to the risks imposed upon the organization by Stiassny.

One of many immediate challenges Vector faces is how to write off \$1.7 billion in 'goodwill'. While most insiders recognize the current board is ill-equipped to deal with the challenges ahead, the board and management at Vector are taking some comfort that, as a monopoly provider of an essential public service, the Auckland and Wellington public have no option but to financially support the company until such time government or regulatory authorities follow through and step in to safeguard the company and consumers. Board member Shale Chambers, appointed only last August, is taking additional comfort in the fact that he was not directly involved in the financial mess that currently plagues Vector and has been kept in the dark in relation to the side deals Stiassny and Sherry have made.

Meanwhile, two former Auckland Energy Consumer Trustees have asked the Labour government to investigate Mr. Stiassny's conduct in relation to Vector. As if this was not enough trouble facing Stiassny, consumer advocate Penny Bright of the public watchdog *Water Pressure Group* was last week successful in advancing two Parliamentary select committee inquiries into Stiassny's conduct at Metro Water when Maori MP and party leader Dr. Pita Sharples tabled the complaints before Parliament. They include petitions asking for a parliamentary investigation into overcharging and collection practices that unlawfully targeted certain Metro Water consumers for bankruptcy.

In July, then Metro Water Chairman Michael Stiassny admitted that water charges in Auckland were going up 9.7% instead of 3% in order that Metro Water could fund other non-water related city expenditures, such as the \$84,000 global working holiday that certain Auckland Councilors took a year ago. This admission followed a 'public' Council meeting held in May where Stiassny demanded the meeting go into 'confidential' session before he would discuss such financial arrangements that violate the public charter. Ms. Bright was arrested when she refused to leave the public gallery on the order of meeting Chair and Auckland Councillor Vern Walsh that the public leave in response to Stiassny's demand.

Ms. Bright and the *Water Pressure Group's* case was bolstered last week when Auckland District Court Judge Nicola Mathers ruled that Metro Water has a legal obligation to follow its dispute process. It is uncertain whether Metro Water lawyers Chapman Tripp will be retained now that Stiassny has been forced out. Earlier in the year Stiassny ordered Chapman Tripp to bankrupt Water Pressure Group member Moli Tevaga over a disputed \$2,800 water bill rather than follow proper administrative procedures. Mr. Tevaga was adjudicated bankrupt in August. Metro Water spent \$15,000 in legal costs. #

***RECENT NEWS:*** *3 OCTOBER 2006 In a rare and exclusive interview, Business Editor Tim Hunter with the Sunday Star-Times talks with Vince Siemer in regard to Vector Chair Stiassny's declared war on the Commerce Commission and how Mr. Hunter has been stonewalled on requests of Vector to provide support for Stiassny's claims [READ MORE](#)*

***Archive News: NZ HERALD Interview*** 28/8/06 - *On page one of the business section, reporter Anne Gibson interviewed Michael Stiassny and talked about how Stiassny has declared war on the Commerce Commission, the potential for power black-outs if Stiassny does not get his way, what a good Jew he is (no joke) and she says Stiassny's "anxieties are the country's*

concerns". **READ MORE**

**Archive NEWS:** 9/8/06 - Due diligence determined NGC purchase by Vector would potentially create \$7.9M and not the \$500M that Vector Chair Stiassny claimed to public.

**READ MORE**

**Archive NEWS:** 6/8/06 - METRO-WATER raises water charges 9.6% to meet Council demand for \$18million profit **READ MORE**

**Archive News:** 22/6/06

*Michael Stiassny took another step to fulfilling his promise to target his critics for bankruptcy using public funds from Metro Water. Council provided approval for Stiassny's legal targeting while Mayor Dick Hubbard ate cocktail sandwiches in the next room.*

*In a related story, Auckland City Councillor Bruce Hucker betrayed Auckland water consumers by working in confidential sessions with Stiassny to raise water rates to Auckland residents yet again. The proposed rate rises are designed to enable Metro Water funding of other city expenditures such as city councillor trips abroad - expenses and trips that have nothing to do with water - to the tune of \$10 million annually. As many of the councillors relied upon the apathy of the voters and chose not to fight it (in politics, counting favours is the rule of the day), Councillor Neil Abel stood by his commitment to honour his oath of office by objecting to these secret backroom deals that plague this administration and deceive the public.*

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### ***Auckland City Council controls Metro Water Limited***

***SUBMISSION TO THE FINANCE and CORPORATE BUSINESS COMMITTEE  
AUCKLAND CITY COUNCIL, Mr. Vern Walsh, Chairperson***

***Respectfully submitted by Vince Siemer, MBA***

***5 December 2005***

*Few things in life are as precious as a safe, reliable and affordable water supply. Next to air, water is the most essential human need.*

*Michael Stiassny is the current Chairman of Metrowater. My recent research into this man's business background has uncovered behaviour so alarming that I am compelled to bring this information to the Finance and Corporate Business Committee's attention today. Mr. Stiassny's conduct as I have witnessed it is so egregious that I can state forthrightly – In my informed and considered opinion Michael Stiassny is not fit to be chairman of any public company, let alone a company that provides such an essential human resource as water.*

*In support of my claim to the Committee today that Mr. Stiassny is not only unfit to remain as Chairman of Metrowater, but that he may pose a threat to the safe, reliable and affordable supply of water to the public given his personally callous nature and reckless management style, I will draw a parallel to Mr. Stiassny's stewardship of another monopoly – Vector Energy.*

*Stiassny has publicly represented that he has grown Vector Energy from a one billion dollar company into five billion dollars within three years (Exhibit A). What he fails repeatedly to mention is that Vector, under his stewardship, has amassed a horrendous debt of \$3.1 Billion (from \$0.8 Billion just a few years ago).*

### ***RECKLESS FISCAL MANAGEMENT***

*Anyone can build a five Billion dollar house of cards if they are able to borrow enough money and place an intangible value on the result. Stiassny is preaching how he built a five billion dollar company but I submit to you that this is misleading and it minimally fails to acknowledge the tremendous debt that the consumer ratepayers – not Stiassny – are ultimately responsible for.*

*This is particularly ominous in the case of Vector for several reasons:*

- 1) *Interest rates have risen recently, and are projected to go higher still, meaning the debt that Stiassny created is increasingly encumbering the company. This increased cost must invariably be borne by the helpless consumers or taxpayers.*
- 2) *In July, Standard and Poors put Vector on a negative credit watch, stating “The potential negative outlook reflects the likely deterioration in financial metrics over the short to medium term” (Exhibit B).*
- 3) *This negative credit watch was despite the company’s low-risk electricity network business, the scale and diversity of its operations and its robust service area.*
- 4) *Vector announced a 30% decline in profit immediately after the public share offering, the IPO date itself having been inexplicably moved up a week. Vector blamed the profit decline on increased electricity transmission costs of 15% and increased electricity maintenance costs of 35% over last year, and admitted this profit decline occurred despite higher selling prices being paid by the consumers (Exhibit C).*

*So what would you do if you were Chairman of this teetering mess? We know what Stiassny did – he threw a party! Despite credit rating pressures, huge debt becoming more expensive to manage due to rising interest rates and significantly declining profits, Stiassny elected to increase dividends to trust beneficiaries!*

*I submit to you today that this is not a rational action for a responsible manager, but it may help explain how Mr. Stiassny’s official compensation has almost doubled in his short tenure at Vector.*

*Can the Auckland City Council afford to leave such a man in control of a valuable and necessary resource as water?*

*Vector would be relatively fortunate if Stiassny’s poor fiscal management was its biggest problem. At a recent Institute of Directors presentation, Stiassny claimed to have made Vector a Half Billion dollar profit on the recent purchase of NGC alone! This pegging of value was apparently determined by extrapolation of the sum value of the 24.9% initial public share offering at the peak of its share-trading price after the recent float. To be sure, Mr. Stiassny’s short-term capital gain claim had nothing to do with intrinsic value as determined by factors such as tangible asset value or even anticipated return on investment. Mr. Stiassny’s half billion dollar short-term capital gain claim was as bold as any Enron accountant – and equally alarming! And Stiassny is a Chartered Accountant!*

#### **LEGAL INTIMIDATION AND BULLYING**

*And it gets worse. It is common knowledge that Stiassny initiated defamation proceedings against one former trustee of the Auckland Energy Consumer Trust and took legal action against another to prevent that trustee from voting against his retention of the Vector chairmanship. Consequently, Mr. Stiassny was re-elected by only two of the five AECT trustees. Given Mr. Stiassny’s propensity to use the legal bludgeon to beat his critics into submission, it is quite possible that at least one of the two trustees who did vote for Stiassny might have done so for reasons having nothing to do with his abilities.*

*Please make no mistake. Even if Stiassny has not threatened you with legal action, his legal bullying tactics are tainting Metrowater (and Auckland City Council) directly. At the Institute of Directors meeting noted above, Mr. Stiassny began his presentation by gloating he was in the process of bankrupting the Water Pressure Group members protesting peacefully outside. Not only was there no cause for this outburst, it made many people in the room understandably uncomfortable. This behaviour was duly reported to the Energy Minister in a letter dated 25 October 2005 (Exhibit D). While Stiassny may be free to spend his own money in suing people who criticize him, it will prove scandalous in my opinion if the Auckland City Council has authorized Mr. Stiassny to use, in effect, water receipts (Metrowater funds) to legally bankrupt people he disagrees with, and without legitimate cause.*

*I have been fortunate to travel many places in the world. It has always impressed me in my travels*

*that Kiwis as a group are the most resourceful and adaptable people on the planet and are particularly astute at cutting through all the propaganda in accurately assessing a situation when it comes to hand, and then taking the appropriate action. It pains me to see so many of these decent, conscientious people bullied and taken advantage of by Mr. Stiassny while the elected representatives with the power to cut off his legal war-chest wring their hands. Change is needed.*

**EXHIBIT A**

**INSTITUTE OF  
DIRECTORS**

*in New Zealand Inc*

***Breakfast with Michael Stiassny***

***Topic: From a one billion dollar  
to a five billion dollar business in three years - the evolution of Vector.***

***Michael Stiassny, BCom, LLB, CA, is a chartered accountant and senior partner of Ferrier  
Hodgson & Co in Auckland.***

***He has significant experience in insolvency, investigating accountant work, company  
restructuring and due diligence.***

***He is currently chairman of Vector, NGC Holdings Ltd and Metrowater Limited, as well as a  
director of a number of public and private companies, including Metlifecare and The  
Horticulture & Food Research Institute of New Zealand Limited. He is also a member of the  
Auckland Branch Committee of the Institute of Directors.***

***When: Wednesday October 19th. 7.15am for 7.30am  
Where: The Northern Club, Princes Street, City  
Cost: Members \$35 Guests (with IoD Member) \$40***

**EXHIBIT B**

**VECTOR AND NGC PUT ON NEGATIVE RATINGS WATCH**

***By NZPA  
Tuesday 28th June 2005***

***Standard & Poor's said today it was putting Auckland energy company Vector and NGC Holdings on  
creditwatch with negative implications following Vector's announcement of a full NGC takeover bid yesterday.***

***Vector yesterday made a \$3.40 per shares scrip and cash offer for the remaining 32.8% of NGC it does not  
already own ahead of the float of a quarter of its shares that will raise \$593 million.***

***NGC shareholders will be offered 78c cash and the rest in new Vector shares.***

***S&P said if the IPO and acquisition proceeded under the terms and conditions expected, then the ratings on  
Vector and NGC were likely to be affirmed at BBB-plus with a negative outlook.***

***"The potential negative outlook reflects the likely deterioration in financial metrics over the short to medium  
term." S&P said.***

***A major part of the decision to affirm the rating will be an assumption that Vector repays its equity bridge,  
either  
from its IPO proceeds or other means, before the end of October 2005, the international rating agency said.***

***S&P said Vector's rating reflected the company's low-risk electricity network business, the scale and diversity  
of  
its operations, its robust service area, and current regulatory price-path certainty.***

***"In addition, Vector is expected to benefit from the broadening of its business profile that results from  
assuming  
full control over NGC's gas businesses, including its transmission and distribution business.***

***"These strengths are offset Vector's moderate financial profile, uncertainty regarding the level of Vector's  
final***

H.C.U. 20/8/05

# Supplier costs a turn-off for Vector

ELECTRICITY lines company Vector has posted a 29.5 per cent fall in annual profit, but met its prospectus forecast. It logged a net surplus of \$40.77 million for the year to June, down from \$57.8 million but slightly ahead of its predicted \$40.73 million.

Total operating revenue grew 52 per cent to \$833 million from \$578 million.

Chief executive Mark Franklin said revenue growth across the group was due to a buoyant economy, higher selling prices and infrastructure changes.

But increased supplier costs meant the company was experiencing margin pressure across many businesses. Electricity transmission costs had risen 15 per cent during the year and electricity maintenance cost 36 per cent more.



Mark Franklin

The company said it was hard to make direct year-on-year comparisons because the results included six months' operations from its investment in gas distribution and metering company NGC Holdings.

Vector, which listed on the stock exchange this week and issued a quarter of its shares, took a majority stake in NGC in December and is now completing a total takeover.

Looking ahead, Franklin said Vector's immediate task was to integrate the operations of NGC. "There is a lot to do, and we expect that it will take a few months.

"We are aiming to keep the transition as smooth as possible with particular focus on continuing to deliver customer service and shareholder value."

UBS NZ research sales director Richard Leggat said the result was not unexpected.

"The reason the price has gone up is it's seen as a good company and there was no public or institutional pool so there's been a shortage of stock," he said.

Chairman Michael Stiassny said the NGC buy would take Vector to the next level, "considerably broadening our energy infrastructure portfolio."

"Our key indicators of Ebitda [earnings before interest, tax, depreciation and amortisation] and NPATA [net surplus before intangible asset amortisation] are showing solid growth."

Ebitda, at \$466.1 million, was 30.7 per cent up on the same period last year, and NPATA was on target, up 7.9 per cent to \$104.3 million, despite increased tax and interest.

Operating net cashflows of \$28.5 million were up \$59.4 million on the previous year.

NZPA

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**EXHIBIT D**

**25 October 2005**

**The Honourable Mr. David Parker  
Minister of Energy  
Parliament Building  
WELLINGTON**

**Dear Mr. Parker**

**On 19 October 2005, Michael Stiassny gave a presentation at an Institute of Directors meeting at the Northern Club in Auckland titled "How to turn a one Billion dollar business into a five Billion dollar business in three years – the evolution of Vector".**

**As an energy consumer and ratepayer, I was extremely troubled by several aspects of Mr. Stiassny's presentation. These were:**

- 1) Chairman Stiassny claimed to have increased the value of Vector a HALF BILLION DOLLARS solely through his orchestration of the recent NGC buyout by Vector.**
- 2) Under his tutelage Vector shareholders have enjoyed increased dividends.**
- 3) While accepting regulation of monopoly enterprises is here to stay, Stiassny suggested the shareholders and particularly those in attendance could appeal, as voters, to their politicians for less intrusive regulations – regulations that tend to stymie growth.**

**The intrepid manner in which Mr. Stiassny bragged to the directors in attendance of adding a Half-Billion dollars to the value of Vector through the NGC purchase alone was as frightening as it was unsound. Minimally Mr. Stiassny confused the investor "honeymoon" after the recent float, combined with the market hype that accompanied this launch, with intrinsic value. In point of fact, Vector has recently struggled, with a 30% annual profit decline over the last year, and NGC had been independently valued at substantially less than Stiassny's claim – yet neither garnered a mention by him. Additionally, Standard and Poor's in July put Vector on a negative ratings watch, saying "the potential negative outlook is a result of an expected decline in financial metrics over the short to medium term".**

**Perhaps most alarming is the fact that all these dour developments have occurred within Vector despite a buoyant economy, increased selling prices and infrastructure changes at Vector.**

**That Mr. Stiassny raised dividends - and brags about this move - at a time of substantially declining profits, is reminiscent of Nero fiddling as Rome burned. Whether any argument can be made for increasing dividends at a time of drastically declining profits, it is not difficult to deduce the motivation for such a payout in these circumstances.**

**Vector blamed the recent poor financial performance on substantially increased transmission and maintenance costs under Stiassny's stewardship. Not only does this speak poorly of Mr. Stiassny's fiscal management – or lack thereof – but it has profound and far-reaching implications to the consumers in particular and the economy in general. This is because, unlike other businesses and industries where the consumer has a choice and can avoid an inefficient and poorly run business that does not provide value for the money, Vector provides an essential service in a monopoly environment. While the consumer and ratepayers are not compelled to foot the financial bill for inefficiencies and poor performance in typical businesses (they simply choose another supplier of the good or service) this cannot be said about Vector. In fact, any poor management performance by Mr. Stiassny must invariably be financially underwritten by the unsuspecting and captive consumer and ratepayer beneficiaries.**

**As a monopoly enterprise, this is particularly true if Mr. Stiassny is able to increase prices to offset poor management of such a vital industry. In this scenario, the economy at large is directly and negatively impacted through inordinate cost pressures on the productive sector and pressures upon inflation in general. Hence,**

*Mr.*

*Stiassny's mantra that regulation might be softened through the collective voice of the voters was most disturbing.*

*I was deeply troubled by Mr. Stiassny's presentation and posed the question to him at the conclusion of his talk*

*– a question made all the more relevant by my observation that such contrived and inaccurate financial outlooks are typical of businesses under Mr. Stiassny's stewardship that I have examined – to “name two companies where your stewardship resulted in a tangible benefit to shareholders?”. In response, Mr. Stiassny claimed that Vector was one such company – evidenced, he said, by the increased share value after the IPO launch. I responded that this was a result of market hype – as he himself had conceded – and had nothing to do with fundamentals such as return on investment. At this, Mr. Stiassny went silent and the moderator called an end to the questions and the presentation. Mr. Stiassny was unable or unwilling to name one other company.*

*As an interesting anecdote, Mr. Stiassny devoted the first five minutes of his presentation attempting to explain away the half dozen protesters carrying placards outside the meeting, with messages such as ‘Stiassny the Corporate Thug’ and ‘Dump Stiassny’, as people who were not paying their water bills – “not because they couldn't afford to but because they didn't want to”. He went on to say slyly that this is why we have people around “called lawyers” to deal with these people and that he was in the process of bankrupting these protesters! His vitriolic rant at the protesters was not only an unwelcome concession to the effectiveness of their peaceful demonstration but made many people in the room quite uncomfortable.*

*Few omens present themselves with such clarity. In my honest, informed and considered opinion Mr. Stiassny's presentation to the Institute of Directors breakfast meeting on 19 October 2005 portends an ominous threat to the energy sector, as well as the economy in general. As such, it would be prudent for you to obtain a copy of Mr. Stiassny's presentation so that you might judge this for yourself. With all due respect, like the canary in the coalmine, we can ill-afford to ignore the warnings.*

*One final note: Do not expect the Auckland Energy Consumer Trustees to provide a safeguard against Mr. Stiassny. Tellingly, Mr. Stiassny was re-elected Chairman of Vector despite the fact that only two of the five trustees voted for him. Mr. Stiassny had taken legal action against one of the trustees at the time of this vote and had previously engaged lawyers to threaten suit against another trustee for defamation after she spoke out against him. In this environment, it is also not difficult to see how two of the five might vote for him. (In the interests of full disclosure, I will tell you that Mr. Stiassny has also filed a million dollar defamation lawsuit against my company and me.) Moreover, it is my understanding today that Mr. Stiassny has all of the existing trustees currently tied up by a confidentiality agreement that provides him legal recourse against them if they speak out against him. If this is indeed the case, it is unreasonable to expect any of them to blow the whistle until after this ship is well and truly sunk.*

*Sincerely,*

*Vince Siemer, MBA  
27 Clansman Terrace  
Gulf Harbour*

*Mr. Mark Weldon*

*Cc: The Hon. Harry Duynhoven New Zealand Share Exchange  
Associate Minister, Energy PO Box 2959  
Parliament WELLINGTON  
WELLINGTON*

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