

6 June 2012

By Email matt.blomfield@belljr.com

Matthew Blomfield
7 Rame Road
Greenhithe
Auckland

Dear Mr Blomfield

Matthew Blomfield (Bankrupt); Blomfield & Anor v Official Assignee – CIV 2012-404-2905

- 1 As you are aware, we act for the Official Assignee for the Northern Region (**Assignee**), who is administering your bankrupt estate.
- 2 The Assignee has reviewed his decision to revoke the consents previously given in light of the application that has been filed with the High Court to reverse or modify his decision, and after much consideration has resolved to stand by and to defend the decision.
- 3 As previously conveyed, the Assignee is now concerned that the structure that was in place lacks transparency and that it may pose a risk to the business community and/or to the wider public. The Assignee has considered whether it is, and does not believe it to be, possible to effectually mitigate against that risk by the imposition of conditions in the current structure. We accordingly **enclose**, by way of service, the Assignee's statement of defence dated 6 June 2012, together with a memorandum of counsel for the Assignee dated 6 June 2012.
- 4 Although the Assignee is defending the application to reverse or modify his decision, it is observed that you may at any time submit a fresh application for consent to be self-employed for consideration by the Official Assignee. You are likewise at liberty to seek consent directly from the High Court. We note this as you have advised that Bell Jr Limited is prepared to contract directly with you as an independent contractor and, should you wish to explore that possibility further, an application for consent to be self-employed will be required.
- 5 Such an arrangement, on its face, is preferable to that previously adopted as having greater transparency and being more readily susceptible to supervision. It eliminates the need for an intermediary (i.e. the Blomfield Trust), which is ultimately within your effective control.
- 6 We observe at the outset however that, given the concerns that the Assignee has and the nature of the allegations made, there would need to be stringent conditions imposed if such an application for self-employment were to be granted by him, including your supervision by a reputable accountant (or other suitable professional) who would report to the Assignee on a regular

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K J Glubb

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W P Cathcart

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A M McClintock

G A D Neil

basis to enable the Assignee to monitor your compliance with the conditions and retain oversight of the arrangement.

- 7 Any application would need to (in addition to the formal requirements of the application itself) set out in detail the type of activities proposed to be undertaken by you, together with details of any proposed sub-contracting by you and with forecasted estimates of earnings provided. Full disclosure of any interest (monetary or otherwise) you may have in Bell Jr Limited would need to be made to the Assignee and the Assignee would also wish to discuss the proposed arrangement with the director of Bell Jr Limited.
- 8 Without knowing the precise nature of the work you wish to undertake for Bell Jr Limited, we cannot set out an exhaustive list of minimum conditions that the Assignee would require. However, we set out below the types of conditions that might be imposed (but in any event are not limited to):
 - (a) The consent would be limited to working as a contractor for Bell Jr Limited strictly in the role, and performing the duties, outlined in the application for consent to be self-employed;
 - (b) You would only be permitted to obtain a prescribed amount of credit, any goods or services required to be paid for are to be paid in cash or cheque, and cannot include credit card payments;
 - (c) You will supply the supervising accountant (or such other suitable professional) with all records and material to enable the supervising accountant to comply with his or her obligations which will be in the nature of those outlined below;
 - (d) You will meet the costs of the supervising accountant (or such other suitable professional) from the income derived from your contract with Bell Jr Limited.
- 9 Additionally, the Assignee would require that the supervising accountant (or such other suitable professional):
 - (a) operate a trust account with sole signing authority, into which all income generated is paid and from which all expenses are met;
 - (b) prepare and keep updated books of account and undertake all taxation and other financial reporting obligations on your behalf; and
 - (c) report to the Assignee on a prescribed basis as to your adherence or otherwise to the conditions imposed.
- 10 If you are receptive to abiding conditions in the general nature of those outlined above, the Assignee invites you to submit for his consideration an application for self-employment. We make it clear however that this letter should not be taken to mean that such an application for consent to be self-employed will be granted. Any application will be scrutinised by the Assignee, and consent will only be granted if he is satisfied that the nature of the work to be undertaken and the conditions of the consent are sufficient to ensure there is no undue risk to the commercial community and/or the wider public.

- 11 Should you wish to consider the above, and/or to make such an application for consent, the Assignee is willing to agree to the deferral of timetabling in the current proceeding for a short period while the application is prepared and submitted, and then considered by the Assignee.
- 12 We would be grateful to receive your response in advance of the mention on 7 June 2012.

Yours faithfully
Meredith Connell



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