

## HIH Former CFO Pleads Guilty To Australia Regulator's Charges

*by dow-jones*

SYDNEY -(Dow Jones)- Dominic Fodera, the former chief financial officer of HIH Insurance Ltd., Wednesday pleaded guilty in an Australian court to charges relating to the company's A\$5.3 billion collapse more than six years ago.

The Australian Securities and Investment Commission said Fodera pleaded guilty in the Supreme Court of New South Wales to a charge of knowingly or recklessly failing to act honestly in the discharge of the duties of his office.

He pleaded guilty to dishonestly attempting to gain an advantage for HIH, "namely a beneficial accounting treatment," ASIC said in a statement.

ASIC brought the charges following HIH's demise in March 2001, which remains Australia's biggest corporate collapse. It left thousands of builders, lawyers, doctors and homeowners uninsured.

An Australian judicial panel in 2003 dubbed the company's use of reinsurance contracts as "audacious."

The contracts "were structured in such a way as to give the appearance of a transfer of risk when in fact there was none," the HIH Royal Commission concluded.

ASIC alleged Fodera failed to inform the company's directors and its auditor "of the true terms and effect of all of the understandings and contractual arrangements proposed and entered into" with Germany's Hannover Re AG, relating to the financial reporting period ended 30 June 1999.

Justice Bell adjourned the matter until Oct. 22 for a sentence hearing.

Fodera is the latest former HIH executive to face criminal charges. In 2005, former chief executive Ray Williams was sentenced to four-and-a-half years in jail for three criminal charges arising from his management of the company.

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By Rebecca Thurlow, Dow Jones Newswires  
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