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Investors want answers after chief quits

By DANIEL RIORDAN

Conflict is brewing between two of New Zealand's biggest investors, Eric Watson and Todd Capital, after the sudden departure of Metlifecare chief executive Mark Russell.

Sources said there had been increasing friction between Todd and Mr Russell over the company's direction.

Todd Capital has a 35 per cent stake in Metlifecare, acquired last September, and an agreement with 36 per cent shareholder, deputy chairman Cliff Cook, that both will hold their stakes for five years.

The other major shareholders are NZ Funds Management (9.3 per cent) and United Healthcare (10.1 per cent), a subsidiary of entrepreneur Eric Watson's private company Cullen Investments, which also took its stake last September.

NZFM and Mr Watson recently agreed to a three-year standstill arrangement of their combined shareholdings.

Both were upset by Mr Russell's resignation, announced after the sharemarket closed on Friday, according to NZFM equities manager Michael Lang.

"Cullen and ourselves are disappointed at Mark's departure, as are other shareholders, looking at the share price," he said.

"We know none of the circumstances surrounding his departure and we hope some explanation will be forthcoming."

The share price fell 7c yesterday, from 166c to 159c.

In March, Metlifecare reported an 82 per cent drop in bottom-line profit to \$1.53 million for 1999. The result was after a one-off charge of \$1.6 million associated with restructuring.

Metlifecare chairman Peter Fitzsimmons said Mr Russell's resignation was not directly linked to the company's performance.

His decision to leave after 14 months, with effectively no notice, had been reached "by mutual agreement."

Mr Cook said he was unaware of any tensions at board level and that Mr Russell had established a very good management team.

Mr Russell could not be contacted yesterday.

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