

**Colin Stokes and Greg Smith**  
**Noble Subdivison Yaldhurst Christchurch**  
**By email: [stokesy@xtra.co.nz](mailto:stokesy@xtra.co.nz) ph: 021 2200622**

**28 July 2016**

**Dear Gold Band Finance Ltd Directors, Delta Utility Services Ltd Directors and Dunedin City Council**  
**RE: s102 Property Law Act redemption and transfer of first mortgage Noble Subdivision**

**To all implicated**

1. We have been dealing with Gold Band in relation to our request to redeem the first mortgage under s102 of the Property Law Act 2007 (PLA). We are aware however that Delta own (illegally) a 67.5% share of it and as such that we should probably lawfully have been addressing our correspondence to them too. We do so here.
2. This is our second such attempt to redeem the first mortgage to protect our known prior interests in the property, the first being in 2014. Gold Bands Martin Brennan refused to sell it to us then based on Delta's refusal to sell its share of the mortgage and because of Gold Bands loyalty to its Security Sharing partner Delta.
3. We did not know in 2014 that it was not legal for Gold Band and Delta to refuse to sell us the first mortgage under s102 and s103 of the PLA. We do now.
4. We also did not know it was not legal to partially assign parts of mortgages (s84 PLA), such as powers as Gold Band did with Delta, and such as debts as Gold Band did with Delta and others. We do now.
5. Gold Band and Delta along with Noble in a secret Security Sharing consortium agreed in 2009, set up specifically in relation to PLA first mortgagee powers, our legitimate PLA caveats protecting our known prior interests, and Deltas subordinate debt the consortium were attempting to defeat our caveats in favour of, have completely fettering the first mortgage and its powers.
6. Delta, by Gold Bands evidence in Court and Delta's media statements, own 67.5% percent of the first mortgage, and by the Security Sharing agreements also have power over the first mortgagee.
7. When a party own 67.5% of something, as Delta do here, they are factually the dominate legal owner of it. However in this case, Delta's 67.5% ownership is illegal under the PLA as partial assignments of a mortgagee debt are not permitted by s84 PLA (or s97 Land Transfer Act).
8. Gold Band refused to respond to our requests to redeem the first mortgage and instead Crispin Vinnell from Anthony Harper did stating he had authority to do so. He too then refused to respond to questions we required answered to enable us to legally redeem the mortgage.
9. He purported to be acting for the entire Security Sharing consortium but would not provide proof of that authority. He also illegally demanded subordinate debts due to Gold Bands consortium partner Delta and for a \$16.4 million dollar bank cheque to be made out to Anthony Harper to redeem the purported \$8.4m first mortgage. His colleague Daniel French at least acknowledged this was not a legal demand.
10. However given this acknowledgement of the continued misuse of the first mortgagee powers Mr Vinnell has still refused to respond to matters that need answers so to enable us to legally redeem the mortgage. We have made positive steps toward doing so, and given the 22.5% daily return on it and secured (if not fettered) over the whole of the 25+ hectares, it is a good first mortgage to have.

11. Even at \$8.4m, if this was the proven legal debt entitled under an unfettered first mortgage, Gold Bands remaining share of it is only 32.5% or \$2.73 million.
12. It is impossible **not** to see that Gold Band is using its \$2.73 million debt to extort money not due to profit its subordinate Security Sharing consortium partners, and/or to cheat us of our known prior interests in favour of its subordinate Security Sharing partners.
13. Gold Band invested less than \$1.75 million in the development in 2008 by the grace of us and other people that enabled the creating of new titles to transfer to Noble in return for interests in the land yet to come. Gold Band had the benefit of converting its existing loan into a mortgage over this land by the grace of those now being cheated of those interests, including us.
14. Gold Bands less than \$1.75 million has now grown purportedly to \$8.4m in the 8 years; a healthy profit of about \$6.6m to Gold Band and its Security Sharing consortium. Much of that profit has already been received by Gold Band with its selling and partial assignments of the debt.
15. We have evidence of collusion between Gordon Stewart, the sole director of Noble and controller of other subordinate parties, and Delta where those associated his subordinate interests were to be protected in the passing of the property to a new company at the expense of apparently legitimate priority debts of Dunedin ratepayers getting a "serious (illegitimate) haircut".
16. Gold Band gave an illegal 7 day deadline to pay its illegal extortion \$16.4m demand and claimed they now consider the request to redeem is void. That is not accepted. Gold Band and Anthony Harper acting for them have refused to respond to our request. There is no requirement in the PLA that the party requesting to redeem has to do so within a 7 day time frame. If anything, the PLA requires parties entitled to redeem have to give the mortgagee more time before settling; the mortgagee still getting a gain on their investment during this period. There can be no prejudice to an unfettered mortgagee that is only entitled to the recovery of their whole debt and interest.
17. The refusal and delay in Gold Band and their representatives responding to us, and/or any resulting delay in redeeming the mortgage, does not cost Gold Band anything. Rather, Gold Band's investment, and that of its Sharing partner Delta, is getting a hefty 22.5% daily return (>25% per annum) on their shares in the mortgage. There is no risk whatsoever that the value of the property can not sustain the full repayment of the first mortgage amount for years to come.
18. The first mortgage powers can only legally be used for the recovery of the first mortgage debt, not as a mechanism for the recovery of subordinate debts and to look after the interests of subordinate parties out of legal order, or to cheat persons of their known prior interests as this Gold Band, Delta and Noble fettered first mortgagee consortium is clearly doing.
19. It is clear also in the tender documents produced in Court that the first mortgage consortium can cancel any purported sale, and/or any part of a purported sale, and that any purported purchaser can not cancel the sale if the property can not be passed to them due to impediments until 12 months has expired. Clearly any purported sale dead line is not fatal here. The tender could be resubmitted in a new mortgagee sale. A sale held NOT over a short period during the Christmas holidays and without unnecessary legal impediments attached to it would logically fetch a far higher price in a bona fide mortgagee sale process while acting in good faith as required by law.
20. This letter is to put all those on notice that have a share and say in this utterly fettered mortgage that selling the property instead of dealing with us in good faith under our s102 PLA request to legally redeem the mortgage and have it transferred to our nominated party, that a claim will be pursued for Land Transfer Fraud and associated damages and costs that this fraud and constructive fraud going back to 2008 has cost us.

**Yours faithfully**  
**Colin Stokes and Greg Smith**