

AMI founder thwarts ACCC

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THE Advanced Medical Institute founder Jacov "Jack" Vaisman has bought the controversial erectile dysfunction business back from administrators in a deal that will see him pay as little as \$900,000 cash.

The remainder of the \$4.3 million purchase price represents debts to AMI's secured creditors, which he controls.

His move is a setback for the Australian Competition and Consumer Commission, which is trying to shut down AMI in the Federal Court after accusing the company of unconscionable conduct towards patients.

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Mr Vaisman put AMI into administration just before Christmas, on the day after the ACCC lodged its lawsuit.

On Friday, three companies controlled by the colourful entrepreneur bought the erectile dysfunction business from the two companies in the AMI group.

The move came on the day AMI was to start telling potential patients of the risk they would be taking by entering into long-term treatment contracts with a group that was in administration and insolvent.

Yesterday the court heard that despite a court order, no such warning appears on the AMI website because it is no longer in the hands of the group's administrators, Trent Hancock and Michael Hird of BDO.

"On Friday the operation and control of the webpages which are of concern to the ACCC passed to the new owners," counsel for the administrators, Alister Henskens, told the court.

The sale also means Mr Vaisman will be able to continue trading after July 20, the date from which Federal Court orders bar AMI from taking new patient payments.

Permission to sell the business without seeking permission from creditors was granted by the NSW Supreme Court judge William Windeyer earlier this month. Creditors were not present at the hearing.

The corporate shells of the two AMI companies, Advanced Medical Institute and AMI Australia Holdings, are now likely to be liquidated, leaving nothing for unsecured creditors owed \$2.8 million.

Those creditors include the *Herald's* parent company, Fairfax Media, which is owed \$500,000 after failed legal action by AMI.

"The companies will hold creditors' meetings, probably within the next two weeks," Mr Henskens told the court. "It is expected that the companies will probably then go into liquidation."

Employees are to be transferred to one of the three new Vaisman companies - NRM Group Holdings, NRM Corporation and NRM Trading - and their entitlements preserved.

Laurie Fitzgerald, an insolvency partner at BDO, said he could not say how much cash Mr Vaisman would need to come up with to cover the \$900,000 in employee entitlements and the costs of the sale process.

"I'm not sure of the total amount, it's not the full \$4.3 million," he said.

The ACCC's action against AMI and its directors, including Mr Vaisman, continues.