

BY MARTIN FITZPATRICK

For an investment service goes awfully wrong the fall-out can be devastating, especially in its human cost. NICHOLAS LEONARD in Dublin looks at the BCCI collapse and FRANK BYRNE in Dublin reports on the Mark Synnott affair



Investors lose fortunes

Rash of broker failures

THE SYNNOTT case is but one of a number of 'broker' failures in which small fortunes have been wiped out recently.

Investors' funds totalling more than £2m. were lost in the collapse of Holborn Investments Trust of Herbert St. Dublin. The company was managed by Mr. Bernard O'Donnell, of Piercetown, Dunboyne, Co. Meath.

Irish investors have lost out too in the £1.2 billion collapse of the Luxembourg-based Bank of Credit and Commerce International (BCCI). One of them, Mr. John Sheehan, manager of Springwell Haulage of Southall in London, had £500,000 with the bank. He had moved his business account from Allied Irish Banks to BCCI only a year ago because "it offered better interest."

The Irish broking failures have exposed how loosely the business is regulated, how easy it is to set yourself up in the broking business — and how even easier it is to be parted from your money.

Until last October there were more than 17,000 investment 'intermediaries' recognised by insurance companies in the Republic — that is about one for every 200 people in the country.

The numbers dropped to 7,500 after a self-regulatory system, the Irish Insurance Compliance Bureau, was launched.

Under the 1989 Insurance Act brokers were required to be bonded for £25,000, but this is regarded as totally inadequate in the industry, given the huge amounts of money often handed over for investment.

FINANCIAL heartbreak has been suffered by many investors who have lost out through the collapse of Irish broking firms over the past two months.

Their losses far exceed those incurred by investors — among them broadcaster Gay Byrne and playwright Hugh Leonard — in the Russell Murphy financial scandal of the early 80s.

Shrewd business people, as well as small investors not well versed in money matters, have been hurt.

They include a Thalidomide victim who invested his compensation award, widows with no other source of income, unemployed who invested their redundancy monies, and elderly people who entrusted their life savings.

Two clients invested sums totalling £123,000 with Mark Synnott Life and Pension Brokers Ltd three weeks before it went into liquidation owing £2.3 million to scores of private investors, many of whom have lost their life savings.

Widow Mrs. Margaret Irvine, of South Hill, Dartry told the High Court that she had paid £48,039 to Mr. Synnott on May 24 last. She said he had assured her that the money would be invested in bonds without delay.

In her affidavit Mrs. Irvine said Ivan Meldon and his wife Teresa, of Richview Park, Dartry, had paid over £75,000 to the company on the same date.

It was also stated in court that Terence Lynch and his wife Dorothy, of St. Fintan's Rd., Sutton, had handed over £101,000 to Mr. Synnott for investment, and a pension fund manager had paid him an estimated £400,000 for investment.

Mrs. Irvine claimed that Mr. Synnott appeared to

have engaged in "a deliberate and consistent pattern of extracting moneys under misrepresentation".

Lawyers explained in court that other clients of the brokerage company had also invested substantial sums but that these appeared not to have been paid into the insurance companies or institutions with whom the funds were to be invested.

When it first became known in mid-June that the Synnott company was in trouble, the offices in Ballsbridge were besieged by angry investors.

Mark Synnott was not there to meet them and a company director, Mr. John Hickey, had to bear the brunt of investor anger. "I could not take another day of the sort of abuse I had," he said later.

He told investors that he "didn't know anything" and although he was a director of the company he didn't know how many clients it had.

A distraught investor who was at the offices said that he had sold his business and given all the proceeds to Mr. Synnott for investment. He became worried when documents to prove that the funds had been invested in bonds had not been sent to him.

By all accounts Mark Synnott was the original 'Mr. Nice Guy', not brash, boastful, pushy nor ostentatious. In fact one acquaintance described him as "rather a shy kind of man."

A woman, who did not wish to be identified, and who had entrusted him with her life's savings said: "Synnott was a most convincing, straightforward man. He was not extravagant and appeared to live a simple life. When we would meet he liked to chat about his family."

This assessment is backed up by other clients



By FRANK BYRNE

who variously described Mr. Synnott as "amenable, inspirational, religious and meticulous."

Mark Synnott was not a high-profile financier, the kind that feature regularly in the society columns.

He shunned publicity and advertising, although his company is listed in the Golden Pages among hundreds of other investment brokers offering their services.

However, at the time of the collapse of the H. Williams supermarket chain he was named on the RTE

Today Tonight programme as the administrator of that company's pension fund.

During his association with the Williams company, he was a frequent caller to the Deerpark Lounge and restaurant in Clonsilla, often dining there at lunchtime a couple of times a week with business associates. Sometimes he brought his wife and family to dine there on Sundays.

"He was an exceptionally pleasant sort of guy," said another regular at the Deerpark. "He seemed to be the proverbial pillar of society. He used to drink a fair bit but I think he gave up drinking altogether a few years ago."

"He looked the typical executive, always well-dressed and pleasant to everybody. You might even say he was prim and proper. He used to drive a Jag and I met him at Leopardstown races a few times. He might have had a box there for clients."

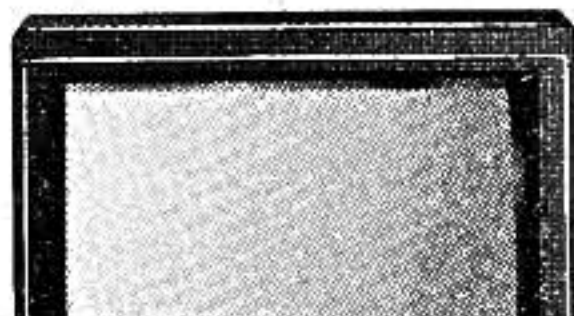
The Synnott family originally came from Wicklow and Mark's father, Mark Synnott Snr. started an insurance business 50 years ago. They branched into the investment broking area in the 80s.

Mark Synnott Jnr. and his wife, Theresa bought the Cruiceth Stud in Kill, Co. Kildare last year, but Mr. Synnott has not been staying at the family home in recent weeks.

Last week the High Court was given an undertaking that Mr. Synnott would not leave the country between then and July 29, and would not reduce his assets below £2.3 m.

Frantic investors have been trying to track down Mr. Synnott to no avail, but it would seem that their only hope of getting some of their money back rests with liquidator Des Guillefoyle.

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