



## Former Gunns boss John Gay to pay \$500k from insider trading proceeds

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**The former head of the Tasmanian timber company Gunns, John Gay, has agreed to pay \$500,000 under the Proceeds of Crime Act.**

Gay sold over \$3 million of Gunns shares in December 2009, when he had price sensitive information.

He was convicted of insider trading in 2013 and was fined \$50,000.

The Commonwealth Director of Public Prosecutions (CDPP) wanted to recoup the entire amount but Gay's lawyers argued it should only be the amount he avoided losing by selling the shares when he did.

Earlier this month, Justice Stephen Estcourt found Gay had derived a benefit from his offending by avoiding a loss and ordered the CDPP and Gay to engage in mediation.

Gay has agreed to pay a \$500,000 pecuniary penalty order within 120 days.

He was one of the highest profile executives prosecuted by the Australian Securities and Investment Commission (ASIC).

Gay was charged with one count of insider trading in 2013 and as his trial in Launceston was about to start, he changed his plea to guilty.

In a statement, CDPP deputy director Shane Kirne said the proceeds settlement reflected the seriousness of the offending.

"The interests of justice have been met because Mr Gay has been made to disgorge his benefit resulting from trading his shares when he should not have, regardless of the motivation behind the selling of his shares," he said.

"Those that choose to illegally benefit through insider trading should expect to face the full force of the law."

ASIC Commissioner Cathie Armour said the outcome should be seen as a deterrent.

"ASIC is committed to ensuring that the proceeds of the crime of insider trading, including any profits derived or losses avoided, are pursued," she said.

"ASIC acknowledges the CDPP for commencing this action and for achieving an outcome that should send a strong message about the significant consequences of criminal actions."

Gunns went into voluntary administration in 2012, owing investors \$780 million.

**Topics:** courts-and-trials, timber, forestry, tas

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**PHOTO:** John Gay was convicted of insider trading after selling \$3 million in Gunns shares while holding price sensitive information. (ABC News: Lucy Shannon)

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Those that choose to illegally benefit through insider trading should expect to face the full force of the law.

Shane Kirne, Deputy Director CDPP