

## CONVICTION SENDS A WARNING TO OVERSEAS INVESTORS

A United States citizen has been convicted of breaching New Zealand's overseas investment rules.

Lance Cornell Weller was today fined \$17,000 and charged \$5,000 costs by the District Court in Queenstown, for failing to comply with a condition of an Overseas Investment Commission consent.

Mr Weller purchased a 43 hectare Queenstown property in August 2000. The Overseas Investment Commission (the regulatory functions of which have since been assumed by the Overseas Investment Office within Land Information New Zealand), granted consent for the purchase on the basis that Weller would develop a 20 hectare chestnut orchard and a five hectare Douglas fir plantation on the property. The developments were expected to create three full-time jobs.

In the three years following Weller's purchase of the property he took no steps to implement either of these developments.

"The only developments to take place on the property were roading and foundation works for Weller's holiday home," Overseas Investment Office Manager Annelies McClure said.

"Weller was planning a four bedroom home and a four bedroom private guest lodge. Design and construction costs were to exceed \$5 million."

Weller is the first person to be convicted of breaching the Overseas Investment Act 1973. "The conviction is a direct result of the Office's renewed focus on monitoring foreign investors and investigating potential breaches of the Act," Ms McClure said.

Foreign investors and their advisors should heed the warning sent by this conviction, she added. "The Overseas Investment Office will not shy away from prosecuting investors or their advisors who willingly breach overseas investment rules."

New legislation enacted this year has seen the potential penalty for breaches increase tenfold. "Investors can now be fined as much as \$300,000 and may face up to 12 months in prison," Ms McClure said. "The High Court can order the disposal of property owned by foreign investors and they can also lose the entire profit made on their investment, regardless of how large that might be".

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### Background for Editors:

The Overseas Investment Commission was a statutory commission created by the Overseas Investment Act 1973. The Commission was tasked with administering New Zealand's overseas investment rules. The Commission was disestablished on 25 August 2005 with the coming into force of the Overseas Investment Act 2005. Its regulatory functions have been taken over by the Chief Executive of Land Information New Zealand. The Overseas Investment Office (a business group within Land Information New Zealand) administers the overseas investment regime on the Chief Executive's behalf.