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Queensland Ink - weekly column

Queensland Ink: Automotive group goes belly up as boss skips country

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RICHARD Burbage has left the country. No one knows for certain where he is but plenty of people would like to find out.

The Lamborghini-driving businessman is believed to have departed to his native United Kingdom last month, just weeks before his nationwide used car empire came crashing down with debts of about \$12 million.

His wife, Lorraine, and their three children have also gone, leaving behind a Fig Tree Pocket home the couple only bought in February for \$1.05 million and which is now back on the market. Her \$200,000 Bentley, complete with personalised licence plates, was sold at a slight loss before the hurried exit.

The collapse of Brisbane-based Kar Land Pty Ltd, trading as We Buy Any Car, has left about 1200 consumers across the country unable to retrieve their vehicles, which had been given to the company to on sell.

They are collectively owed more than \$3.6 million but have been barred from retrieving their automobiles by insolvency firm Worrells, which was appointed liquidator on July 27 by company directors. Trade creditors are chasing another \$2.6 million.

The biggest single loser in the disaster has been the privately-owned Highway Auto Group based at Springwood, which ploughed \$6 million in seed capital in to the start-up business ahead of its launch in June last year.

The outlook for all parties trying to claw back money is exceedingly grim. The best case scenario would see them recover just a few cents in the dollar but it is more likely they will walk away with nothing.

Worrells managing partner Raj Khatri said the failure of Kar Land was one of the most substantial auto-related collapses he had seen recently.

His firm has been inundated by calls and emails from distressed creditors, customers and employees.

Mr Khatri said his job had been made far more difficult because the inventory and records of the company were not kept up to date.

"We don't know how reliable they are," he said.

Having secured about 550 cars as the company's only real asset, Mr Khatri said his priority now was to sell them so the proceeds could be returned to those owed money.

But with many vehicles likely to be subject to capital finance, he may only end up having about 230 cars to dispose of and they may only be worth around \$1.2 million before selling costs.

Even then, about 50 former employees must be paid first and they are owed about \$350,000 in entitlements. There is also no record of any superannuation payments made for employees, Mr Khatri said.

The inability to contact Mr Burbage - who signed the authority appointing Worrells from overseas - has been "a big concern," Mr Khatri said.

"I'm just struggling to get information about the company's affairs," he said.

Burbage, 39, served as the firm's managing director and was one of just two directors of Kar Land. The other director was Armand Daiga, whose family has operated the Highway Auto Group for more than 30 years. The Burbages and an entity controlled by Mr Daiga were the sole joint owners.

Mr Daiga said he was merely an investor, had no daily control of the business and had not been in contact with Mr Burbage since his departure. He declined to say why the business went awry.

"It's very long and involved. I'm finding out things along the way and I'm trying to sort through all this," he said.

Bolstered by an expensive advertising campaign, We Buy Any Car opened for business in mid-2011 with auto yards in Brisbane and the Gold and Sunshine coasts. With nearly 100 employees at its peak, the company also operated three centres in NSW and two in Victoria.

After getting an online valuation, prospective clients were enticed with the promise they could unload "any make, any model, any age" vehicle and get paid within 10 days.

A lavish launch party was held at Suncorp Stadium last September, with plans for rapid national expansion over the following two years.

Mr Burbage's CV suggested he had the track record and financial success to make it work.

With a background in the automotive business in England, Mr Burbage worked as a sales manager for Caloundra City Autos before moving across to become general manager with Mr Daiga's Highway Auto Group.

Property records show he and his wife still own a Sunshine Coast property bought for \$535,000 in 2008 and a Brisbane home picked up for \$700,000 in 2010, both of which are rented out. Another \$100,000 in upgrades was lavished on their near-new Fig Tree Pocket home.

Mr Burbage drove a leased Lamborghini to show off his apparent success but signs emerged earlier this year that We Buy Any Car was unravelling.

Consumers started complaining that they had not been paid after waiting weeks and could not get any answers from the company. Complaints were lodged with Fair Trading offices in several states and angry consumers posted their stories on product review websites.

"I sold my car to these guys on 1 July and they assured me I would get my \$14,000 in four days," one client wrote.

"They kept on delaying and eventually stopped answering calls and emails. I called again 7 August and got the message to call the liquidators."

Television show A Current Affair interviewed clients in Queensland, NSW and Victoria last month and filmed them demanding payment from hapless executives who offered profuse apologies.

In a letter posted on the show's website, Mr Burbage apologised for the payment delays and said the company had been a victim of its own success.

"With more than 110,000 people utilising our services since October last year, our existing infrastructure could not handle the sheer volume of work," Mr Burbage wrote.

He also said problems with the government's Personal Property Securities Register checking system had cost about \$500,000 to address but an expensive new upgrade of an accounting system would rectify the matter.

"We believe we are an honourable company, and our strong record of community service bears that out.

"The good thing is that everyone either has been or will be paid in full," he wrote.

"We are now in a position to say that, starting from Monday, August 20, we will guarantee that if payment is not received within 10 working days then we will pay an extra 10 per cent of the valuation to the customer."

That policy should have come into effect last week but, of course, by then We Buy Any Car had ceased to exist.

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