

**TO:** General Equity, Level 4, General Equity House, 17 Albert Street, Auckland 1010, New Zealand.

**AND TO:** all associated persons of General Equity (including any associated person that may be incorporated or formed after the date of this Order)

The Financial Markets Authority (**FMA**) makes the following Order under section 49(1) of the Financial Markets Authority Act 2011 against General Equity and associated persons of General Equity:

1. Any website operated by or on behalf of General Equity and each associated person of General Equity must contain, on the main page of the website, a warning statement in the form attached as Annexure A to this Order (**Warning Statement**).
2. The Warning Statement is required to be displayed:
  - (a) Prominently;
  - (b) In black font no smaller than the font contained in Annexure A to this Order; and
  - (c) In the same layout as the layout used in Annexure A to this Order.
3. General Equity must provide a copy of this order to each associated person of General Equity.
4. In this Order, pursuant to section 49(7)(d) of the Financial Markets Authority Act 2011, **associated person** has the same meaning as section 6(1) of the Financial Markets Conduct Act 2013, with the full meaning being set out in section 12 of that Act.

Note that a person who contravenes an Order made by FMA under Section 49 of the Financial Markets Authority Act 2011 commits an offence and is liable on summary conviction to a fine not exceeding \$300,000.

This Order is made subject to any further Orders of FMA.

**Dated at Wellington this 29<sup>th</sup> day of September 2014.**

## ANNEXURE A- WARNING STATEMENT

### **Warning: Exercise extreme caution when dealing with General Equity**

The Financial Markets Authority (**FMA**) has issued a warning to the public about **General Equity** (previously named **General Equity Building Society**), a New Zealand building society.

**FMA warns any persons dealing with General Equity to exercise extreme caution before obtaining any financial services, or acquiring any financial products, from General Equity.** In particular, FMA warns those persons to take into account that:

- In FMA's view, General Equity has engaged in conduct and has made statements that are misleading and deceptive in connection with its status as a financial markets participant and how it is regulated in New Zealand.
- General Equity is not a licensed financial markets participant in New Zealand, does not have to meet any prudential requirements (including minimum capital requirements) in New Zealand and is not a New Zealand bank or a non-bank deposit taker.
- In FMA's view, General Equity has engaged in conduct and has made statements that are misleading and deceptive in connection with The General Equity Asset Builder Fund No 1 (**ABF1**). In FMA's view, the ABF1 does not hold the assets General Equity claims it holds and was used by General Equity to give a misleading impression of adequate asset backing to support the issuance of letters of credit by General Equity.
- Most of General Equity's business is conducted outside of New Zealand. That business is subject to the laws of, and oversight of financial markets regulators, of those places where it conducts that business. FMA has limited ability at law to take action in connection with financial services provided by New Zealand entities outside of New Zealand.

*FMA regulates New Zealand's financial markets. Our main objective is to promote fair, efficient and transparent financial markets. To find out more about us and for help with investing see [www.fma.govt.nz](http://www.fma.govt.nz).*