

New Media Age April 19, 2002



Shareholder insists on rethink of e-bank plans

AIM-listed E-primefinancial is fighting off efforts from one of its major shareholders to make it abandon online banking and turn to technology investment.

E-primefinancial has been trying to set up an online bank in the US for the past two years. Now Recovery Partners, which controls around 15% of the company, has called for a complete change of strategy. It wants E-primefinancial to use its £17.5m cash pile to invest in undervalued technology and media firms.

E-primefinancial's management team has rejected the proposals as "neither commercial nor in the best interest of the shareholders."

Recovery Partners has written to all the other shareholders to push its own agenda and is preparing an EGM to force through changes if the management team continues to resist its proposals.

Alex Jurshevski, CEO of recovery Partners, said the reaction from other shareholders had been "universally positive" and he was confident of forcing through the changes. He added, though, he would prefer the E-primefinancial management team to step aside voluntarily. "These people should have the decency to quit," he said. "I sincerely hope they do."

If successful, Jurshevski said that Recovery Partners will focus its investment activity on the UK, and has already identified two listed UK firms to buy into.

"We think there's a lot of value out there and companies we can buy into or even outright," he said. "We have identified a large number in the UK but with Silicon Valley being in the shambles it is, there are opportunities elsewhere too."

E-primefinancial has raised £22m since it listed in December 1999 and still has £17.5m left.

It had hoped to launch an online bank in the US by the end of 2000. Its first application for a banking licence was withdrawn in April 2001 after management changes and a second one, made in September 2001, is still awaiting approval.

e-primefinancial.com