

Former MD to repay company \$500,000

MINING: The former managing director of junior explorer MHM Metals has been ordered to repay the company more than half a million dollars it paid to buy and restore a boat that belonged to him.

The Federal Court of Victoria ruled John Rogers, the managing director of MHM between 2007 and 2012, "misappropriated" company funds through the 2008 sale of a wooden ketch called Ocean Voyager.

The boat was earmarked for use as a survey vessel in MHM's exploration efforts along the Tasmanian coast but never made it out of Coffs Harbour in NSW where it was being refitted.

The boat was never transferred to MHM, and remained in Mr Rogers' name.

The court found Mr Rogers "deliberately concealed the identity of the vessel from (the MHM) board" at the time of the deal and "was shown not to be candid to the board ... or candid in his evidence to the court".

MHM said it would also pursue another \$5 million against one of Mr Rogers' private companies, Project Development Corp, amid what it said were "myriad" alleged related party transactions and conflict of interest issues.

"Our legal advice is strong and the new board will vigorously pursue these claims," MHM chairman Iain Kirkwood said. Mr Rogers had claimed the boat was owned by his friend and major MHM shareholder Joseph

Psereckis, who he argued had bought the vessel through a "gentlemen's agreement" under which he would buy Mr Rogers another boat at a later date in exchange for the Ocean Voyager.

But the defence was unable to produce any documents reflecting the change in ownership, with Mr Psereckis admitting he had not registered the boat in his name. In addition, Mr Psereckis did not take over the payment of the boat's storage costs or insure the boat.

"I did not find Mr Rogers or Mr Psereckis witnesses of truth and found their evidence about the 2007 boats swap deal inherently implausible and not credible," judge Jennifer Davies said in her judgment.

Justice Davies said the case involved "clear and cogent evidence of misappropriation" and "dishonest and fraudulent design".

Allegations Mr Rogers had overcharged the company for a piece of sampling equipment were thrown out. MHM argued the item it had bought from Mr Rogers for \$183,500 was only worth between \$55,000 and \$60,000 but the court rejected the argument.

MHM, formerly known as Macquarie Harbour Minerals, listed in 2007 at 25c a share and by October 2010 had surged to as high as \$1.45 a share.

Yesterday the shares closed at just 3.3c each.

PAUL GARVEY

Rear Window



Joe Aston

joe.aston@afrc.com.au
Twitter: @mrjoeaston

Frank Rogers' cruising gets a court bruising

Who knew aluminium waste processing and silicon smelting could be so sexy?!

MHM Metals advised the market on Monday that the Federal Court had ordered the small cap's former chief executive Frank Rogers to repay the company \$550,000 (plus its legal costs and interest) for "breach of director duties and misappropriation of funds". Sounds nasty, but you haven't heard the half of it!

The court found that in 2008, when Frank was running the joint, he brought about the sale to the company of a "survey vessel" for its "exploration activities" in Tasmania. Some time later, his board discovered that said vessel was less James Cameron-style ice-breaker and more an Ibiza-ready "pleasure yacht". Brilliant.

Even better still, Frank then arranged for the company to pay for a "refit". Even better again, the MHM board discovered it had bought the yacht from Frank's family trust. Oh my. Frank denied the claim but the court didn't believe him.

Having spent some time in Tassie, I have to wonder at the sorry dimensions of Rogers' pleasure measure. Couldn't he have shipped the thing to Hayman Island and called it "porcelain exploration"?

But nevertheless, Rogers must surely now be in a two-horse race for the next Australian of the Year, neck and neck with sacked Myer fraud Andrew Flanagan.

How's the saying go? They've got more front than ... Myer?