

Lawyer denies hiding creditor assets

August 14, 2013

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John Voitin (right) outside the Supreme Court in Melbourne on Tuesday. Photo: Jason South

In just 18 days following the collapse of Paulding Constructions, lawyer John Voitin and insolvency practitioner Leonard Milner billed the failed home building company more than \$180,000, a court heard on Tuesday.

Mr Voitin, a solicitor who in separate proceedings has been accused of frauds worth tens of millions of dollars, told the Victorian Supreme Court he denied any involvement in hiding Paulding Constructions' assets from the company's creditors.

Associate Justice Jamie Wood heard that Mr Voitin gave Paulding managing director John Paulding a backdated loan agreement that, when signed, had the effect of putting off for four years the repayment of a \$2 million loan Paulding Constructions made to another of Mr Paulding's companies, Port Phillip Property Group.

Mr Voitin was answering questions on oath on Tuesday as part of a liquidators' examination, funded by corporate watchdog the Australian Securities and Investments Commission, of the collapse of Paulding Constructions.

Leslie Glick, QC, counsel for the liquidators, Pitcher Partners, told the court there was evidence of phoenix activity, where the assets of a failing company are used without payment by a new company controlled by the same people, leaving creditors unpaid.

"The people instructing this liquidation want to know whether this solicitor has been involved in, or attempted to be involved in, this phoenix activity," Mr Glick said.

The torrid hearing was punctuated by frequent objections to Mr Glick's "sneaky" questions and bursts of sighing from Mr Voitin's counsel, Trevor McLean.

Mr Voitin said he could not recall what happened to a crucial correspondence file that disappeared following Paulding Constructions' collapse in late 2009 - although at a previous hearing he said it was probably lost when it fell off his car.

He denied that in a meeting before the collapse he told the company's accountant, Leo Griffith, "give me \$30,000 and I will fix it", by appointing Mr Milner, who could be controlled.

Mr Glick told the court Mr Milner billed \$120,000 for work done between his appointment on November 30, 2009, and his removal in favour of Pitcher Partners on December 18. In the same period, Mr Voitin's law firm, Voitin Lawyers, billed more than \$30,000, increased without explanation from \$20,000.

"I don't believe I have any documents that justify that [increase], but I believe there are third-party documents that will justify that," Mr Voitin said. An additional \$30,000 was billed by a conveyancing company associated with Mr Voitin, Property Transfers - a company with which Mr Paulding told the court he never had any contact.

Property Transfers, is also mentioned in an ongoing Federal Court civil case in which Mr Voitin, his wife, Clare Sowersby, and solicitor Simon Nixon are accused of using lawsuits to create a series of fraudulent debts of up to \$35 million. They have yet to respond to the allegations.

The fraudulent debts were allegedly used to push through personal insolvency agreements that allowed financially troubled rich Australians to pay just cents in the dollar to genuine creditors.

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