

## Solicitors await 'fake debt' ruling

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John Voitin. Photo: Jim Aldersey

The behaviour of an alleged fraud ring made up of solicitors John Voitin and Simon Nixon and Mr Voitin's wife, Clare Sowersby, strikes at the integrity of the legal system, a court has heard.

Mr Voitin, Mr Nixon and Ms Sowersby have been accused of using fraudulent judgments of up to \$35 million to generate debts owed by financially troubled, rich Australians.

It is alleged the fake debts were then used to force through personal insolvency arrangements under part X of the Bankruptcy Act that paid genuine creditors just cents in the dollar.

Farmer David Cross has brought a Federal Court lawsuit alleging the personal insolvency arrangement of contractor Giuseppe Rullo is part of the scam.

"It really goes to the manner in which part X agreements are administered in the commercial world," Mr Cross' counsel, Mark LaPiro, told the Federal Court on Thursday.

"The administration of the system really depends on people doing what the act requires and making truthful disclosure," he said.

The court heard documents relating to a purported business deal between Mr Rullo and Athena Commodities & Trading, a Hong Kong company of which Ms Sowersby is a director, were riddled with inconsistencies. Under the deal, Mr Rullo promised to raise \$1.5 million to fund horticultural investment in NSW and Victoria.

If he did not raise the money by a certain date, he was to be liable for the whole amount.

However, three documents gave three different fund-raising deadlines: March 31, 2010; March 31, 2011; or June 1, 2012.

Justice Jennifer Davies is to hand down her ruling on Friday afternoon.

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