

SE TheNation
HD **Clive's \$10m cash trail revealed**
BY HEDLEY THOMAS, NATIONAL CHIEF CORRESPONDENT; ADDITIONAL REPORTING: MARK SCHLIEBS
WC 970 words
PD 8 November 2014
SN The Australian
SC AUSTLN
ED Australian
PG 7
LA English
CY © 2014 News Limited. All rights reserved.
LP

NEW evidence in a fraud and dishonesty case against Clive Palmer shows he used **Chinese** cash to funnel \$6 **million** to the coffers of his Palmer United Party and \$97,000 to pay a credit card bill, using funds that were meant to pay for the **operations** of a remote port.

The PUP founder drew a cheque for \$6m on August 8 last year and directed it to the bank account of his political party, one month before the federal election in which he narrowly won the seat of Fairfax on the Sunshine Coast and his party secured the balance of power in the Senate.

TD

China's state-owned international investment **company**, which accuses Mr Palmer of dishonesty and fraud, filed documents in the Supreme Court in Brisbane yesterday that reveal all of the details of a series of cheques drawn by the resources tycoon for his personal and political benefit after he took \$10m from a bank account, called "Port Palmer **Operations**".

The funds in the National Australia Bank Port Palmer **Operations** account were meant to pay for operating costs at the West Australian port of Cape Preston, which Mr Palmer's **company** Mineralogy was neither in possession of nor operating at the time the money was taken.

The new evidence shows that after the August 8 cheque for \$6m to the PUP, Mr Palmer paid a further \$799,763 and \$1,247,844 to a Brisbane agency, Media Circus Network, for its role in buying advertising for PUP before the election. Media Circus, separately, received another \$2.167m from the Port Palmer **Operations** account.

Mr Palmer also made a withdrawal of \$97,348 on September 19 last year to **purchase** a bank cheque that was then used to pay a bill to American Express.

The financial disclosures show Mr Palmer was also directing large sums into other companies that he controlled: Waratah **Coal** Pty Ltd, which manages his **coal** leases in Queensland's Galilee Basin; his flagship **company**, Mineralogy; and Cold Mountain Stud Pty Ltd.

A cheque for \$300,000 went to Mineralogy on August 21 last year, and a further \$250,000 went to the **company** a fortnight later on September 4.

Another cheque for \$250,000 favoured Waratah **Coal**, and two cheques depositing \$440,000 back into the Port Palmer **Operations** account on September 4 — one for \$240,000 and the next for \$200,000 — put it back into credit after it had been overdrawn.

Mr Palmer, who has trademarked hundreds of names, made an international telegraphic transfer on September 16 last year of \$233,352 to the World Intellectual Property Organisation.

On the same day he drew another cheque, for \$144,170, to Waratah Pty Ltd. Two days later, on September 18, he drew a cheque for cash of \$25,000.

Mr Palmer ensured that Mineralogy, which employs and pays the salaries of many of his staff, received a further \$155,000 on September 24 last year. Two days later he paid \$250,000 to the **company** that employed Zhenya Wang, Australasian Resources Ltd, prior to his successful campaign to win a West Australian Senate seat.

Two relatively small cheques — one for \$5799 to PIRSA, understood to be a South Australia government department, and another for \$6000 to a C. Pepson — have also been drawn from the funds.

The Weekend Australian revealed last Saturday that Mr Palmer had falsely backdated by 11 months a document, titled “Port Management Services Agreement”, which purported to give his companies a contractual right to the funds to pay for port services to the value of \$12m.

Mr Palmer has admitted in his formal legal defence that contrary to the purported date of June 1, 2013, on the document that he signed and executed, he in fact prepared and created it in April or May this year, after he was put on notice that there would a rigorous investigation of his withdrawals of more than \$12m.

He has said the controversial backdated document gave force to an earlier “oral agreement” between himself and his companies and staff, but the **Chinese** companies have instructed their lawyers to describe it as a “sham transaction” and part of a deliberate fraud.

The document has misled the Supreme Court and quasi-confidential arbitration proceedings as it was tendered as legitimate evidence by Mr Palmer’s lawyers.

Mr Palmer’s **company** had previously told the **Chinese** that their \$12m was spent on “port management services”, but the details in the cheque transactions show that the funds were spent on interests distinct and separate to the port.

The seriousness of the allegations in **China**’s legal actions against Mr Palmer, who as the first defendant will face a Supreme Court civil trial in Brisbane from November 26, mean that the claims of fraud and dishonesty are likely to be referred to police.

Mr Palmer has repeatedly and emphatically denied wrongdoing, and has accused News Corp, publisher of The Weekend Australian, and its chairman, Rupert Murdoch, of running a deliberate campaign against him.

In their legal reply yesterday, the **Chinese** state-owned companies in the Citic Pacific group disclosed that, two weeks ago, Mr Palmer’s Mineralogy wrote to say that it “wishes to make an unconditional payment” of \$12,167.065.60. A follow-up letter from Mr Palmer’s side “indicated the payment (offer) did not constitute an offer to settle the proceeding”. The offer was rejected by the **Chinese** companies.

The legal action by the Beijing-controlled companies seeks declarations from the Supreme Court including “that Palmer dishonestly procured or was involved in” a breach of trust, and that he knowingly assisted his **company** “in its dishonest and fraudulent breach of trust”.

MORE REPORTS P6-7

NS gcrim : Crime/Courts | gfraud : Fraud | gpol : Domestic Politics | gcat : Political/General News | gpir : Politics/International Relations | ncat : Content Types | nfact : Factiva Filters | nfcpx : C&E Executive News Filter

RE austr : Australia | brisbn : Brisbane | apacz : Asia Pacific | ausnz : Australia/Oceania | queensl : Queensland

PUB News Ltd.

AN Document AUSTLN0020141107eab80006k