

# ABC's slippery slope [AU] <sup>[1]</sup>

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## AVAILABILITY

See text below.

## EXCERPTS

ABC Learning agreed to sell \$5 million worth of centres to a company run by former Treasury Casino boss Howard Dreitzer while he was buying a Canadian ski resort property with the childcare operator's chief Eddy Groves.

Some of those centres later wound up under the banner of a third company with other ties to Mr Groves and ABC, which collapsed this month.

It is the latest revelation of ties between publicly listed ABC, Mr Groves and his associates.

But Mr Groves, via a recently hired spokeswoman, said any ABC transaction with any potential related parties were handled on "arm's-length terms".

"(Mr Groves) obtained advice on approval requirements wherever a potential related-party transaction arose," she said.

She said the property deal, in Canada's Whistler, was private and "does not involve one cent" of ABC money.

The Courier-Mail can reveal that ABC in August 2005 inked a deal to lend up to \$7 million to La Liberté Pty Ltd.

The signing La Liberté director was Mr Dreitzer, who has not returned calls.

The company's other director is Yolanda Dreitzer, and both are the only shareholders.

Loan documents say ABC was to advance up to \$5.1 million to purchase "childcare businesses" from ABC.

Marked to be faxed to Eddy Groves, the documents listed 18 centres.

Mr Dreitzer was former general manager of the Treasury Casino, which once sponsored Mr Groves's basketball team The Brisbane Bullets.

The Dreitzers were registered in Canadian property documents in September 2005 as having a half-interest in a property in the Pan Pacific Whistler Village Centre, which offers the "ultimate in luxury" including outdoor hot tubs capturing "spectacular" mountain views.

Mr Groves and Viryan Collins-Rubie were listed as having the other half-interest. The four signed a \$C645,000 (\$A806,000) mortgage document in August.

Ms Collins-Rubie is Mr Groves's live-in-partner, as revealed in an article in The Courier-Mail in March examining related-party declarations.

Ms Collins-Rubie was also chief executive of a childcare business which bought centres off ABC in 2005 and early 2007.

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At least three facilities sold in the 2005 La Liberté deal are now part of "The Neighbourhood Group" and trading under the name Premier Early Learning Centres. The Group declined to comment on issues including ownership.

The Group's CEO is Ms Collins-Rubie, and it includes Neighbourhood Early Learning Centres. NELC is owned by Mr Groves's former brother-in-law Frank Zullo and it has managed some rebadged ABC centres.

Mr Zullo has separately co-invested with Mr Groves in other property and a now-collapsed surf shop.

He also is the director of a maintenance and renovation company which won \$74 million in untendered work in 2006. ABC has said the work was independently audited.

- reprinted from the Courier Mail

**Region:** Canada <sup>[2]</sup>

British Columbia <sup>[3]</sup>

**Tags:** privatization <sup>[4]</sup>

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