

# ABC Learning director to stand trial <sup>[1]</sup>

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## EXCERPTS

A former executive director of collapsed childcare provider ABC Learning has been committed to stand trial for breaching his duties to the company.

Martin Kemp, former chief executive of the Australian and New Zealand operations of the company, has been committed to trial on two charges - both relate to him allegedly misusing his position for personal financial gain.

The Australian Securities and Investments Commission (ASIC) says the charges are part of an ongoing investigation into the collapse of Australia's largest private childcare provider in November 2008.

The regulator says the charges relate to Kemp's purported sale of three childcare centres in Queensland owned by companies controlled by him to ABC Learning in January 2008.

ASIC alleges ABC paid deposits totalling more than \$3 million for the purchase of the centres to companies associated with Kemp but the board of ABC Learning was not informed of the transactions.

Prosecutors allege the total purchase price of just over \$4 million was a significant mark-up on what the centres were worth.

The court also heard Kemp was under pressure from margin calls on his share portfolio at the time.

Kemp is charged with one count of breaching his duties as a director by using his position to dishonestly gain an advantage for himself, and one count of failing to discharge his duties as a director by failing to disclose the transactions to the rest of the board.

If found guilty, the maximum penalty for each offence is five years imprisonment and/or a \$200,000 fine.

ABC Learning founder Eddy Groves has also been committed to stand trial on a charge related to the same transaction.

Groves has pleaded not guilty.

Both men are currently free on bail.

-reprinted from ABC News, Melbourne

**Region:** Australia and New Zealand <sup>[2]</sup>

**Tags:** privatization <sup>[3]</sup>

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<https://childcarecanada.org/category/region/australia-and-new-zealand> [3] <https://childcarecanada.org/category/tags/privatization> [4]

<https://childcarecanada.org/category/tags/outcomes>