

ASIC closes file on ABC Learning collapse ^[1]

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EXCERPTS

Eddy Groves is unlikely to ever face trial over the spectacular collapse of ABC Learning Centres that left thousands of families in limbo.

The once high-flying childcare entrepreneur took ABC Learning from a single centre in Brisbane in 1988 and transformed it into Australia's biggest childcare chain.

He quit as chief executive of global operations six weeks before the stockmarket darling collapsed in November 2008, when it owned 1200 centres in Australia and had expanded into the US, Britain and New Zealand.

In the weeks that followed, creditors claimed they were owed a staggering \$2.7 billion, and the Australian government was forced to step in and subsidise the childcare centres to stop them from closing.

On Tuesday, the corporate watchdog said it had closed its investigations into the collapse after the Commonwealth Director of Public Prosecutions determined there was no reasonable prospect of a conviction flowing from any further criminal charges against company chiefs.

Former ABC director Martin Kemp stood trial for breaching his directors' duties but he was found not guilty in June 2012.

Mr Groves faced the same charge. He always denied any wrongdoing and the action was dropped after Mr Kemp was acquitted.

Last March, the company's former chief financial officer, James Black, escaped jail after he admitted his role in concealing more than \$46 million from shareholders.

Mr Black was given an 18-month jail term but was immediately released on a \$2000, two-year good behaviour bond after District Court Judge Anthony Rafter said he had acted on the instructions of Mr Groves.

Mr Groves was allowed to leave Australia for Canada in 2013, but not before he was declared bankrupt with personal debts totalling \$23 million.

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Region: Australia and New Zealand ^[3]

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