

## **Response of Mr Frank Nadinic to the submission of Michael Hogan to the Senate Economics References Commission**

I thank the commission for providing me with the opportunity to respond to the attack on my character and reputation made by Mr Michael Hogan.

I am assisted by the commission providing me with copy of Michael Hogan's submission. I am further assisted by viewing edited video footage of the evidence of Michael Hogan on a public forum known as the CFMEU Vic Facebook page.

The CFMEU are utilizing the terms of reference of the commission which provides cover of privilege to punish MAXSTRA and or besmirch my character as a result of my refusal to build future projects without a CFMEU EBA (enterprise bargaining agreement) MAXSTRA subsequently reporting the CFMEUs illegal activities to Fair Work Australia.

I was born in Zadar Croatia and am aged 63. I am married and have two adult children. My father accompanied by my mother, my 3 siblings and myself migrated from Croatia in 1960 I was aged 7 my sisters were 8,5 and 1 respectively. My father was a trained Bricklayer in Croatia and on arrival in Australia both my parents commenced work to support our family. My mother was employed as a cleaner at Melbourne University and my father a bricklayer. I would work with him after school hours and during school holidays.

My father broadened his knowledge and work base and became a registered builder.

On completing my Leaving Certificate (year 11) at the age of 16 I left school and commenced working full time with my father. I continued working for my father for a further 20 years at which time my father ceased work due to ill health.

I commenced business on my own . The business operated as a proprietary limited company with a friend and myself as directors. Our family home and our work premises secured the company's loans from the bank.

As a result of operating on fixed price contracts in an environment of rampant inflation and a collapsing economy that saw interest rates rise to 20% the company was placed into liquidation. The bank called up all our loans and took all the properties that secured the loans.

The banks sold up all the properties and our possessions.

As a result of this failure I suffered depression and could not bring myself to seek work.

My wife went back to full time employment in order to support our family.

In or about December 2003 I had recovered sufficiently to return to full time employment I registered ANDECO Pty Ltd. (ANDECO) the company commence performing small building jobs and over the following 7 years it progressed to a mid tier builder. With a labour force of 30 and a loyal subcontract team.

Many of the subcontractors became and remain family friends.

ANDECO had successfully completed in excess of \$200,000,000 of building projects for various property developers in Melbourne.

ANDECOs demise was as a result of the following developers failing to meet their contractual obligations by seeking to blame the G.F.C notwithstanding that ANDECO had met its contractual obligation and the developer had been enriched from it.

The projects are summarised as follows:

Developer:

John Benjamin

Project: Shell Service Station Albury

Amount Owing to ANDECO: \$2,568,410

Developer:

Bruce Tilley – First State Development Project: Shopping Centre

Amount Owing to ANDECO: \$1,113,100 (Court Judgement)

Developer:

Arthur Loustas – Commercial Residential Development

Amount Owing to ANDECO: \$493,630

Developer:

Metacorp Pty Ltd

70 Unit development

This is a reported case wherein ANDECO a Supreme Court judgement was made in favour of ANDECO however the developer failed and or refused to pay as a result ANDECO did not collect its payment, retentions or profit totalling \$1,500,000

ANDECO had borrowed money which was guaranteed by my wife and myself and secured by property owned by my wife these moneys were utilised in paying subcontractors and meeting some of the company's obligations on the aforementioned projects.

As a result of the Receivership we lost both my wife's and fathers houses

At no time has ASIC sought or applied to disqualify me as a company director.

The common thread amongst all these developers is the corporate structures and asset protection schemes that they have in place in order to benefit from failing to pay the builder and bring about the liquidation of the building company.

My son Andrew Nadinic went on an overseas break after he graduated in Property and construction and planning and design from Melbourne University at the end of 2009. Whilst overseas he contacted me and requested that I incorporate and brand a construction company for him so on his return he can commence building in New South Wales. On the 11<sup>th</sup> June 2010 arranged for the branding and incorporation of MAXSTRA on his behalf. On returning to Australia he was appointed director and secretary on 23<sup>rd</sup> December 2010 and I resigned.

MICHAEL HOGAN:

The submission and allegations are made by a scheming fraudster who has sought and obtained the assistance of the C.F.M.E.U in particular JOHN SETKA who is motivated by vengeance and hate of MAXSTRA through MAXSTRA refusing to participate further with the oppressive and anti competitive EBA (enterprise bargaining agreement). With his union. As a result of MAXSTRA not succumbing to this intimidation MICHAEL HOGAN (Hogan) then sought and obtained the assistance of A Currant Affair and three other so called aggrieved subcontractors JOHN FLORIA (Floria) from Focus Joinery MICHAEL McGEARY (McGeary) from Mc Geary Plumbing, and JOE KARAC (Karac) from Karac Electrical.

I do admit that I have had issues with each of these subcontractors.

JOHN FLORIA (Floria) from Focus Joinery. Floria undertook work for Maxstra on the Elizabeth Street Apartments and Tooma . His work was substandard and the majority of his work was substandard and had to be replaced by another subcontractor causing losses and consequential claims by the developer. This company is a serial offender. He charges upfront payments to public customers and fails to deliver the product. An example of this is Andrew McMartin 0427324714 who had been defrauded by John Floria. John Floria Knifed the bench top in Andrews home and threatened and intimidated his family.

MICHAEL McGEARY (McGeary) from Mc Geary Plumbing has never worked for Maxstra he did do work for ANDECO approximately 8 years ago and notwithstanding that he had no valid claim against me he engaged (OMCGs) "bikies" to standover me. The matter was reported to the police.

JOE KARAC (Karac) from Karac Electrical was an electrical contractor employed by Maxstra on the Elizabeth Street Apartment project he abandoned the works and had a balance of \$30,000 to be paid on his total contract. A new contractor was engaged who arranged for the Karac works to be inspected by the power authorities prior to him commencing the completion of the works. The authority inspectors deemed the Karac installation to be dangerous and as a result withdrew electrical supply to the building. The new electrician was required to modify the works make safe and complete include in these works were PowerPoints which were installed with no wiring attached to them .These purported works were claimed as completed works and paid by Maxstra. The new contractor was paid a total of \$130,000.00 to rectify the defective work and complete the installation.

RE HOGANS ASSERTION MAXSTRA OFFERING HIM CONTRACTS:

This is incorrect. Hogan approached Maxstra and represented to Maxstra that he had the capabilities and work force to undertake the subcontract work on the Maxstra projects .As a result of these false representations Maxstra engaged Hogan's companies on two projects the Elizabeth Street Apartments project and the Toomah Community Project he also sought an obtained another subcontract agreement in relation to the Duncan McKinnon Project. He did not proceed with the Duncan McKinnon project even though Maxstra provided him with funding IN THE AMOUNT OF \$70,000.00 to enable him to place a deposit on the purchase of material from the United States. He represented to me that he had placed the order when in fact we discovered that the deposit was never paid.

The contract price for the Elizabeth Street Apartments and the Toomah jobs was \$502,540.50 Hogan in his submission agrees that he walked away from the Maxstra projects but fails to mention that any work he did claim to supply was defective and that he had managed to deceive Maxstra by getting their accounts department to pay him a total of \$396,133.68 inclusive of the \$70,000.00 which was to be the deposit on the Duncan McKinnon materials order from the United States (ATTACHMENT (A) is a journal accounting of payments made to Hogan totalling \$\$396,133.68

ATTACHMENT (B) is a letter from STUDDCORP confirming that they repaired replaced and completed the abandoned Hogan contracts excluding Duncan Mckinnon and were paid the sum of \$424,339.32.

Further owing to the delay caused by Hogan's failure to perform his works in a proper manner and the required rectification Maxstra was charged liquidated damages in the amount of \$250,000.00 by the developer AUSTGROUP HOLDINGS PTY LTD see ATTACHMENT(C)

Most other matters referred to in Hogan's submission and evidence in relation to alleged meetings with my conduct and me are blatant lies.

\* At no time did Andrew Nadinic at a meeting with Hogan state that we had cash flow problems.

\* The only time that Andrew Nadinic did meet Hogan was the day following the meeting with the CFMEU when Hogan came to the office and apologised for telling lies at that meeting and told us that he had financial and personal issues and asked for assistance.

\* In relation to his evidence re the Duncan McKinnon project he did have a meeting with me and advised that he couldn't provide the deposit required by the Supplier. Maxstra agreed to assist him (there was no contractual obligation to do so) subject to him signing a loan agreement and guarantee for the advances, which were to be made. Funds were advanced pursuant to the agreement but no deposit payment was made by Hogan for the supply of the balustrading base from the United States (the non payment has been admitted in the Hogan evidence)

#### RE COURT PROCEEDINGS and CAVEAT

In relation the caveat on his house and the subsequent court case Hogan has again lied and or misrepresented the facts to the Commission. On 29 April 2015 Mr Hogan consented to judgment being entered against him in the County Court of Victoria for the sum of \$139,776.37. The judgment debt was pursuant to the loan agreement a copy of the court order is attached and ATTACHMENT (D)

The court action was initiated by Maxstra to recover monies owed by Mr Hogan pursuant to the terms of the personal guarantee signed by him.

1 In the County Court proceeding Mr Hogan admitted:

(i) The personal guarantee;

2 Seven days after the consent judgment, Mr Hogan applied to the County Court for a stay of execution of the judgment he consented to. The court refused that application. ATTACHMENT (E) is the order in response.

#### RE ALLEGED THREATS:

Neither Maxstra or myself condone or participate in physical intimidation of any person

In relation to Hogan's evidence to the commission in relation to the alleged threats and intimidation these assertions are false and could only be described as an invention.

I have provided a Statement to Detective Johnson of the Wonthaggi C.IU who as recent as last week has informed me that a brief is been prepared to have Hogan charged with criminal offences for making a false report to the police in relation to his alleged kidnapping and a false report to the RACV insurance company in relation to the damage to his motor vehicle.

Further inquiries made by me since the Hogan evidence has revealed that notwithstanding that the insurance company did pay out on the fire claim on his house there was and remains strong suspicion that the fire was deliberately lit by Hogan. I have also been told that Hogan has prior dishonesty convictions

#### EVIDENCE RE RECORDINGS:

Listening to Hogan's evidence to the commission he makes reference to a recording. The available evidence does not "play the recording" but Hogan on been questioned by a Commission member provides some convoluted explanation as to how he came to be in possession of the recording and also as to the purported contents of the recording.

On 11th May 2015 I received the attached txt message from Hogan, which included an audio file. I am assuming that this is the recording that Hogan is referring to in his evidence. See **ATTACHMENT (F)**

My telephone records indicate that the method that Hogan describes as to his procuring of the recording is incorrect as at the time of the discussion on the recording there was no call made to or received from Hogan. See **ATTACHMENT (G)** my phone records which coincide with the time and date that a discussion took place in the Maxstra office.

It follows that his explanation as to how he obtained the recording is questionable. It is probable that it was illegally obtained. Notwithstanding the aforementioned the matters he refers the commission to are his invention and interpretation. The audio file he forwarded to me (and referred to above) is a heated discussion in our office with myself and a staff member on the 5<sup>th</sup> May 2015 at approximately 6pm dealing with the performance of some of our employees that reside at Cessnock (referred by us generally as Cessnock) as well as our on going banking relationship and arrangements with the ANZ bank.

Maxstra does not have, nor has it been contracted in the past for any works for the Cessnock City Council.

#### EVIDENCE RE CHANGE OF COMPANY DETAILS:

In both his written submission and his oral evidence Hogan asserts that as at 25<sup>th</sup> May 2015 MAXSTRA changed its name from MAXSTRA to HICOM and I became its director, and the company retained the same ABN this assertion is correct. It is however incorrect to assert in his oral evidence that I am engaging in a Phoenix operation.

The reason for the change of name and my son's resignation from the company was as a direct result of the slur placed on the company and my son Andrew Nadinic by Hogan and John Setka of the CFMEU on the Current Affair programme.

The emotional strain on my son and the commercial damage to the company name was to such an extent that my son considered placing the company into voluntary administration. Having had more than 40 years experience in the industry I accepted the position as director and changed the company's name whilst I use my best endeavours to solidify the company's base and reputation and guide it through the unnecessary turmoil and damage caused to it by Hogan and Setka.

My evidence should provide an insight to the commission as to the contribution of some sub-contractors the CFMEU and developers to insolvencies in the construction industry.

Frank Nadinic