



## PENALTIES FOR FORMER FINANCE OFFICER OF GERALDTON CORPORATION

The Federal Court in Perth has made orders against the former finance officer of Murchison Regional Aboriginal Corporation (MRAC), Mr Abul Fazad Mohammed Abdus Shahid. The orders came as the result of civil penalty proceedings commenced by the Registrar of Indigenous Corporations in May 2017 under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act).

Today, Justice Barker disqualified Mr Shahid from managing Aboriginal and Torres Strait Islander corporations for seven years and ordered him to pay compensation of \$207,956.75 to the corporation; a pecuniary penalty to the Commonwealth of \$100,000; and the Registrar's costs of the proceedings. Mr Shahid consented to these orders.

MRAC is a charitable corporation providing affordable housing to Aboriginal people in the Murchison and Gascoyne regions of Western Australia. In November 2014, after an examination of the corporation, the Registrar undertook an investigation into the conduct of Mr Shahid during his tenure as the finance officer—between 1 July 2011 and 18 November 2014.

The Registrar's evidence showed that Mr Shahid caused the corporation to pay him money where the payments did not advance the objects of the corporation and were not approved by the directors or the members; that he had treated these payments as unsecured interest-free loans repayable by 30 June of each financial year; that he did not ensure that the payments were accurately and properly documented; and that he did so knowing that funding from the Department of Housing was to be discontinued.

During the period that was investigated, Mr Shahid received 117 separate payments totalling \$1,371,413.55.

The courts found that as an officer of the corporation, Mr Shahid contravened subsections 265-1 and 265-5 of the CATSI Act by failing to discharge his duty to act with care and diligence, in good faith and in the best interests of the corporation. Mr Shahid was also found to have contravened subsection 265-10 of the CATSI Act by improperly using his position to gain an advantage for himself and causing detriment to the corporation.

Delivering his judgment, Justice Barker said: 'It is important that all persons subject to the obligation imposed by the CATSI Act in the management and operation of Aboriginal corporations are fully aware of their responsibilities and are not under any misapprehension that the revenue, assets and property of the corporations are ... at their private control.'

The Acting Registrar of Indigenous Corporations, Mr Mike Fordham, said 'Mr Shahid grossly misused his position as finance officer of an Aboriginal corporation, diverting its much-needed funding to build his own personal wealth. This outcome represents justice for MRAC and sends a strong message to those who would exploit any Aboriginal or Torres Strait Islander corporation for their own benefit: you will be held accountable.'



## Background

For more information see the following related media releases:

- MR1516-01—[Registrar obtains freezing orders](#), 3 July 2015
- MR1516-04—[New lease of life for Geraldton housing corporation](#), 3 September 2015
- MR1617-25—[Registrar commences proceedings in WA against former corporation executives](#), 2 June 2017
- MR1718-24—[Former CEO of Aboriginal housing corporation disqualified and fined](#), 14 June 2018

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