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COURTS

# Obeid family lose legal bid to shut down Quay battle

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Legal affairs

The family of jailed former NSW Labor MP Eddie Obeid will be forced to account for hundreds of thousands of dollars in cash payments they received from the Circular Quay cafes at the centre of his criminal trial, after losing a legal bid to shut down a court case brought against them to recover the money.

Obeid front company Circular Quay Restaurants, which ran three cafes on or near the bustling ferry wharves, went into liquidation in 2014 owing taxpayers almost \$1 million in unpaid rent and other costs. The liquidator appointed to the company is suing the Obeid family patriarch, his wife Judith and five of their nine children - Damien, Moses, Eddie jnr, Gerard and Gemma - in the NSW District Court for more than \$700,000.

The figure includes \$433,382 in cash payments the family members allegedly received from the businesses, plus interest and costs.

The Obeids sought to shut down the case on the basis the liquidator's claim against them was statute-barred because it was brought after a six-year limitation period had expired.

The liquidator, Frank Lo Pilato, argued exceptions to the time limit applied, including a specific carve-out for fraud and deceit.

He has alleged the payments were "fraudulently concealed" by Mrs Obeid's cousin, Paul Maroon, who was appointed the company's bookkeeper after the last payment was made. Mr Maroon is not being pursued as part of the case.

Investigations by the Independ-

ent Commission Against Corruption in 2016 led to the discovery of spreadsheets showing cash payments were made to family members before the balance of the cafes' takings were banked. Those spreadsheets were later tendered in evidence during Obeid's criminal trial.

The family patriarch was jailed in December 2016 for a maximum of five years for lobbying a senior NSW Maritime bureaucrat in 2007 to secure favourable conditions for tenants at Circular Quay. He did not reveal at the time that his family had a financial stake in the



**Eddie Obeid's wife, Judith Obeid, last year. Photo: Peter Rae**

cafes, which was contrary to his duties as an MP. Mr Lo Pilato had not found "any record in the accounts of the company for the cash payments" to members of the Obeid clan, according to documents filed in the District Court, and this information only became available after Obeid's criminal trial. District Court Judge Audrey Balla rejected the Obeids' submissions that the exceptions to the statutory time limit did not apply. She was "satisfied that there is evidence which demonstrates there is a prima facie or arguable case that the claims are not statute barred" and the issues should be decided during a trial. The case returns to court on July 18.