

MP accuses city developer of land scams

A BRISBANE developer was accused in State Parliament last night of a land scam in which he sold non-existent blocks on the central coast of Queensland to overseas investors.

David John Nilsson, 44, the managing director of Nilsson Corporation, was named as the mastermind of the scheme which has allegedly left investors from the South Pacific Island of Nauru more than \$220,000 out of pocket.

And a group of Singaporean investors who paid more than \$1.5 million for seven 100-acre lots of land claim they were deceived by Mr Nilsson, into paying grossly inflated prices for land which, two years later, is still without power.

The Nauruan purchasers thought they were buying land at Clairview, an unspoilt coastal area about 130km south of Mackay.

Nilsson Corporation Pty Ltd was placed in liquidation yesterday following legal action brought by judgment creditors who petitioned the Brisbane Supreme Court to have the company wound up.

Neither Mr Nilsson nor his lawyer was present for the hearing.

Member for Fitzroy Jim Pearce told Parliament Mr Nilsson's company sold six unregistered five-acre lots de-



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icted on a concept plan to six investors from Nauru for up to \$70,000 per lot.

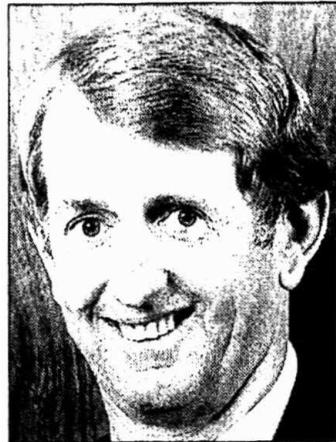
"These lots do not exist and are still not shown on the rate book of the Broadsound Shire Council," Mr Pearce said.

Melbourne lawyers acting for a Nauruan purchaser wrote to the council in April after their client expressed concern at not having received any rate notices.

Mrs Sunshine Stephen, with the assistance of her son-in-law, paid \$66,000 to Nilsson's company Darling Downs Finance & Land Pty Ltd (now renamed Nilsson Corporation) in 1992 for a block of land.

The council wrote back to Mrs Stephen saying they had no record of her land.

"It would appear that the block of land that your client purchased in 1992 does not in fact exist as it was never the subject of a plan of survey capable of being registered at the Titles Office," Broadsound Shire Council's then



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chief executive officer Ray Geraghty wrote.

"The land in question remains as part of a larger un-subdivided block."

It is believed the Fraud Squad has been made aware of the allegations, but is yet to receive a formal complaint from any Nauru purchasers.

Broadsound Shire mayor Cr Mike McArthur said the Nauru investors had been sold "land on the side of a rocky hill which was not sub-divided, had no running water, electricity or road access".

"It appears Mr Nilsson cer-

tainly conned a number of people," Cr McArthur said.

"The area of land in question is a beautiful spot and actually had everything to deliver. If there has been any miscomings or misgivings they are associated with Mr Nilsson who appears to have sold land not on a registered plan."

The Broadsound Shire council also discovered that the company was misrepresenting the council's position in its overseas advertising for a proposed town centre and using the council's official crest without permission.

The council demanded the company withdraw the "misleading and deceptive" advertising immediately or face legal action.

Mr Pearce told Parliament the money received from the sales was banked in a Nauru Bank under the name of DJ Nilsson and "subsequently the company's books as a loan to the company by the director, David Nilsson".

Documents obtained by The Courier-Mail show Mr Nilsson withdrew \$221,000 - representing the money paid for the blocks by the Nauruans over a five-week period - from a savings account at the Bank of Nauru on December 4, 1992.

The money was not deposited in a trust account and the contracts were allegedly not signed and sealed by Nilsson's company.

Mr Pearce said Mr Nilsson had sold the land to the Nauruans to raise capital to pay for rezoning applications for his proposed town.

Mr Pearce said the developer would have had to spend about \$120,000 per lot (almost double the sale prices) on providing service infrastructure to comply with council planning conditions.

He told the House the council had approved 100ha of land being rezoned rural residential into five-acre lots, but that the rural residential rezoning application was withdrawn as the company directed its efforts into establishing a coastal service town nearby.

Mr Nilsson entered into a \$600,000 contract to purchase 8000 acres of rural land at Clairview in the early 1990s with an initial view to establishing a "resort" similar to developments in the Whitsundays. An integrated town for 20,000 people was later proposed.

The company's former general manager, Tom Knobel, who resigned after learning of the Nauru investors' predicament, said Nilsson Corporation sold land at grossly

inflated prices to a group of Singaporean investors.

Mr Knobel said Nilsson Corporation raised more than \$1.5 million from Singaporean buyers who paid more than 300 percent over market value for 100-acre lots after being shown valuations commissioned by Nilsson Corporation.

"The land had been sold offshore on the basis that it would form part of a proposed major urban development for 20,000 people which was not even economically viable and which the company was undercapitalised to carry out," Mr Knobel said.

Two Singaporean investors are taking legal action in the Supreme Court to recover \$250,000 loaned to Nilsson Corporation as a prelude to a possible Joint venture agreement.

Mr Nilsson, who has accused the two investors and Mr Knobel of trying to steal his project, is countering the three men for \$7 million.

Mr Knobel, who has a court judgment for more than \$27,000 against Mr Nilsson for unpaid work, said in a court statement that Mr Nilsson was so short of funds he had to borrow \$21,000 off him to pay wages, rezoning application fees and his son's private school fees.

He also said Nilsson Corporation had encouraged foreign investors to enter into schemes to avoid compliance with Foreign Investment Review Board requirements.

Cr McArthur said the council had not been able to contact Mr Nilsson directly for more than six months and that Nilsson Corporation had still not paid a \$70,000 development agreement performance guarantee for the proposed town.

"The local community and the council were quite excited about the development initially," Cr McArthur said. "We believe this part of the coast has been crying out for something like this and it could have been a catalyst for future development in the area."

Nilsson Corporation has four judgments totalling more than \$80,000 against it in the Magistrates Court with other creditors claiming they are collectively owed more than \$75,000.

Mr Knobel said he believed Nilsson Corporation might be attempting to frustrate creditors through the establishment of a new company, Clairview Development Pty Ltd, to which Nilsson Corporation had transferred some land.

Mr Nilsson, of Kangaroo Point, could not be reached for comment last night.