

Mamtek CEO Charged With Theft, Securities Fraud

David A. Lieb, Associated Press

MOBERLY, Mo. (AP) — The CEO of a failed artificial sweetener company was charged Tuesday with theft and securities fraud in Missouri for using bond revenues to avoid foreclosure on his Beverly Hills, Calif., home and for failing to tell the truth about the company's troubled operations.

The charges announced by Attorney General Chris Koster cap a yearlong investigation into Bruce Cole, who was chairman and CEO of Mamtek U.S.

The company received \$39 million in bonds from Moberly, Mo., and authorization for up to \$17 million of state incentives to build an artificial sweetener factory in the city which Gov. Jay Nixon said would eventually employ more than 600 people. But construction was halted on the partially complete facility after Mamtek missed a bond payment in August 2011.

The charges filed in Randolph County Circuit Court on Tuesday allege that Cole used a sham company called Ramwell Industrial Inc. to invoice Mamtek for more than \$4 million of purported engineering-related services. Immediately after Mamtek received the bond revenues in July 2010, Cole wired \$700,000 to his wife's personal bank account, the charges allege. She then used part of the money to make a mortgage payment and avoid an impending foreclosure on their Beverly Hills home.

"Today, we have alleged that Mr. Cole deceived the city and the investors about the project and unlawfully profited from the investment by taking at least \$700,000 from the bond money for his own personal use," Koster said in a written statement accompanying the charges.

The charges were filed in conjunction with Randolph County Prosecutor Mike Fusselman as part of an investigation that also included assistance from the U.S. Securities and Exchange Commission.

In addition to the theft charge, Cole faces four counts of securities fraud related to the bonds. One count cites a scheme to use Ramwell to defraud Mamtek and the bondholders. The other three counts claim Cole made false statements or failed to disclose important facts about his company. Those include assertions that:

— Mamtek's manufacturing process did not use hazardous materials, when in fact it did;

— Mamtek operated a fully functional sucralose production facility in Fujian Province, China, when in fact the facility was not producing any artificial sweetener at that time and had been shut down by the Chinese government;

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— The Moberly facility could be built and operating at full scale within four to six months, when in fact Cole knew it would take longer.

The stealing charge is punishable by up to 15 years in prison. The securities fraud charges are each punishable by up to 10 years in prison and a \$1 million fine.

As a result of Mamtek's financial collapse last year, Moberly defaulted on its bonds. The state never paid out any of the incentives it had authorized, because Mamtek failed to meet the necessary benchmarks before it halted construction of the plant.

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