

# Moberly Dismissed From Mamtek Investor Lawsuit

The Associated Press

MOBERLY, Mo. (AP) — The city of Moberly and its industrial development agency have been dismissed from a civil lawsuit filed by spurned investors in the [failed Mamtek artificial sweetener factory](#) [1].

The Columbia Daily Tribune ([bit.ly/15PUvIZ](http://bit.ly/15PUvIZ) [2]) reported that a Cole County judge on April 25 dismissed the city and the Moberly Industrial Development Authority from a 2012 suit filed by Shelter Insurance Cos. and the Waddell & Reed investment brokerage.

The companies are suing investment broker Morgan Keegan and the Armstrong Teasdale law firm. Morgan Keegan wanted Moberly and its development agency added to the suit since the bonds were issued on behalf of the city.

"We are very pleased that the judge agreed with our position with the city and the Industrial Development Authority should not be parties in this case," City Manager Andrew Morris said in a written statement.

Greg Hodge, the city's finance director, said Moberly has spent \$380,000 on legal fees connected to the Mamtek project. A downgrade in the city's credit rating has cost the city another \$300,000, he added. That includes \$143,000 on insurance premiums for a performance bond for its landfill's commercial operations.

"Every time I think it will slow down, it ramps back up," Hodge said.

Former Mamtek CEO Bruce Cole, 65, still [faces criminal fraud charges](#) [3] connected to the company's collapse. He's also a defendant in a civil lawsuit by the federal Securities and Exchange Commission and a bankruptcy suit filed by UMB Bank, the bondholders' trustee.

Cole is accused of misleading Moberly to issue \$39 million in bonds and the state to authorize up to \$17 million of incentives to fund the sweetener plant. He has been charged with one count of theft and four counts of securities fraud related to the industrial development bonds. He remains free on bond at his home in California.

Cole County Circuit Judge Patricia Joyce, who is presiding in the investors' civil case, denied a Morgan Keegan request to impose sanctions on Shelter's attorneys for disclosing confidential material. She also ordered Morgan Keegan to turn over a list of all bond purchasers.

Shelter and its subsidiaries, along with Waddell & Reed, together hold about \$24 million of the \$39 million in bonds.

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State officials warmly embraced the Mamtek project, with Gov. Jay Nixon announcing in July 2010 that the now-abandoned factory could eventually create more than 600 jobs. The state never paid any of its incentives because the Mamtek project failed before the company was eligible to receive aid.

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### **Links:**

[1] <http://www.impomag.com/news/2012/07/assets-mo-sweetener-plant-be-auctioned>

[2] <http://www.impomag.com/bit.ly/15PUvIZ>

[3] <http://www.impomag.com/news/2012/09/mamtek-ceo-charged-theft-securities-fraud>