

IF YOU WANT TO AVOID BANKRUPTCY, ACT NOW – DON'T WAIT!

Remember high-flying deputy mayor of Auburn, Salim Mehajer, who shut down a whole street for his lavish million dollar wedding in 2015? How could you forget after Mr Mehajer and his bride were fined only \$220 for shutting the street for the affair which also featured a fleet of helicopters, over \$800,000 of flowers, dozens of Harley Davidsons and seaplane fly overs?

Far from his usual life of luxury, Mr Mehajer spent this weekend behind bars after breaching his bail conditions. But this is not the worst of his worries, on 20 March 2018 Mr Mehajer was made bankrupt whilst he was in remand in Silverwater Jail following charges that he staged a car crash last year. Mr Mahejer failed to comply with Court Orders requiring him to file evidence as to solvency, that is that he has enough money to pay his debts, and the Court made the bankruptcy orders despite Mr Mahjer's Counsel seeking an adjournment.

Mr Mehajer, who reportedly has assets worth \$196m, has scrambled to sell properties to raise the funds to pay out his debts (which include an \$8.6 million debt to the ATO) so that the bankruptcy could be annulled. But with Mr Mehajer's interests in those properties now resting in his Trustee in bankruptcy, Paul Weston, he lacks the power to make those sales.

On 17 April 2018, Mr Mehajer applied to the Federal Court seeking orders that the bankruptcy orders be stayed.

This application was accompanied by a letter from Mr Mehajer's solicitor which stated *"The Applicant seeks an urgent hearing because he needs to have full control of his affairs as to prove his solvency and to limit the expenses incurred by the trustee"*.

The Honourable Justice Lee denied Mr Mehajer's application, finding that the Bankruptcy Act does not provide the court with jurisdiction to stay a bankruptcy. His Honour found the fact that a bankruptcy order takes immediate effect inconsistent with the concept that such an order could later be stayed.

The court has ordered that Mr Mehajer file all evidence he wishes to rely on in respect of solvency by 1 June 2018, in the meantime he will remain bankrupt and the trustee's powers and duties remain in force.

The lesson: If you've been served with a Bankruptcy Notice and want to avoid bankruptcy deal with it immediately. Once a bankruptcy order has been made, it can't be stayed or stopped.

If you've been served with a Bankruptcy Notice and would like advice please contact [Jen Rozea](#) or [Vanessa Munnecke](#).

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