

---

# NewLead in firing line over alleged fraud in coal deals

---

**Shipowner refutes lawsuit alleging sales deals with ‘no coal mines, no coal and no ability whatsoever to engage in the coal business’**

**NewLead Holdings’ unorthodox move into the coal-mining industry has put it in the sights of a legal attack by a commodities trader claiming that the shipowner struck sales deals without the ability to deliver.**



Michael Zolotas, CEO of NewLead.

London’s TransAsia Commodities claims the Piraeus-based shipowner has signed multimillion-dollar agreements to sell coal it did not have as part of a “fraudulent scheme” to inflate the company’s flagging share price and prevent delisting from New York’s Nasdaq exchange.

The trader has sued NewLead Holdings chief executive Michael Zolotas, the coal joint venture and its chief executive, Jan Berkowitz, in the New York Supreme Court, for breach of contract, fraudulent inducement and other counts.

NewLead and its executives, however, have refuted the allegations and say they intend to fight them vigorously.

The lawsuit alleges that NewLead’s creation of mining joint venture NewLead JMEG was part of an effort to lead the stock-buying public to believe that it was an active coal-mining company.

“In fact, NewLead JMEG had no coal mines, no coal and no ability whatsoever to engage in the coal business,” said TransAsia through its Cozen O’Connor lawyers.

And yet, the lawsuit alleges, NewLead forged numerous coal supply contracts, including a June deal with TransAsia, with repeated promises that NewLead JMEG owned the coal.

Serge Turko-led TransAsia says it suffered \$6.2m in damages after its 110,000-million-tonne coal supply agreement failed, since it had struck a deal to sell the cargo on to India’s Shree cement and had chartered the 118,626-dwt UBC Ottawa (built 2011) for the job.

According to NewLead: “TransAsia has taken a single contract between itself and NewLead JMEG and has fabricated around it a story attempting to harm the reputations of NewLead Holdings Ltd, Michael Zolotas and Jan Berkowitz (who are not even proper parties to the lawsuit) with a host of false and misguided allegations. The defendants look forward to vindicating themselves through the legal process.”

NewLead owns two bulkers, two tankers and has an order for one newbuilding. In a change of direction, the company teamed up with Berkowitz’s J Mining & Energy Group in April 2012 to form NewLead JMEG with planned acquisitions of coal mines in Kentucky and Tennessee.

In securities filings, NewLead has disclosed that sales contracts inked last year for more than \$806m-worth of coal were later terminated but a company spokeswoman says it is not aware of any other lawsuits.

The Greek company announced last week that it was granted access to develop its Five Mile mine in Kentucky, which is expected to begin generating revenue by the end of the first quarter of 2014. It also announced that it has completed the purchase of a coal wash plant in the state and regained compliance with Nasdaq listing rules.