
Cascade Puts Final Pieces in the RHG Puzzle

There was one thing I had never been able to piece together after the RHG saga. Was why director Greg Jones selling his shares just three weeks prior to the company announcing a buyback at an almost 30% premium share price at the time?

On 6 September 2010 he announced the sale of 500,000 RHG shares at about \$0.665 each. On 17 September 2010 he announced the sale of a further 500,000 shares at \$0.70 each.

At the 2010 AGM, three weeks later, the company announced they would buy back everyone's shares at \$0.88 each and the share price rocketed to more than \$0.90. We ended up doing a lot better than that, but I never understood why Jones was selling at \$0.70, when he would have known full well he only had to wait a few weeks to do much better.

Now I know. Or at least I have a theory. Three of RHG's four directors, John McGuigan, Greg Jones and John Kinghorn, were elbow deep in Cascade Coal at the exact time Jones was selling his RHG shares.

What's better than a 30% return in three weeks? Turning \$1m into \$500m, of course.