Barkerville accounts suggest ex CEO Callaghan appears to be under investigation

Barkerville Gold Mines {TSX.V: BGM} recently published accounts (June 25th) have caused a bit of a stir.

A note on page 41 of the accounts suggests ex CEO Frank Callaghan is under investigation!

Normally a set of accounts are a dull affair,with many people not reading past the first few headline figures, they are just too dry.

The recently released accounts of Barkerville Gold have caused a bit of a stir, because clearly at least one person persevered reading until the bitter end, and was still awake and eagle eyed to spot a curious statement on page 41/50.

"During the year ended February 28, 2015, the Company entered into a settlement agreement with the former CEO where the Company will pay $20,000 per month plus benefits for two years starting August 2014 and grant 401,161 options in the next grant. In addition, ***the Company will reimburse the former CEO all the ongoing legal fees related to BCSC claims against the former CEO".***

The Vancouver based investigative reporter Mike Caswell informed the investing world via an article on Stockwatch.

There is no ambiguity there, it clearly states **"related to BCSC claims against the former CEO"**

If this is true, it does beg the question why Barkerville are reimbursing Frank's legal fees when, presumably, he is defending claims against HIS OWN actions, whilst CEO?

Given the size of the severance, 24 x $20,000 per month PLUS benefits! It is perhaps a little surprising that on top of that they are also paying his legal fees!

The likely claims probably relate to when BGM announced via an official news release that they had an “a district potential of 100 million ounces of gold”, causing the share price to rise from around 40c to $1.60 at one point, before falling backwards to $1.20, and then being suspended.

Eventually a further report was issued which gave around 1.2 million ounces, and pretty much wrote off the “district potential” until further drilling had taken place.

Frank Callaghan visited London many times, is a larger than life colourful figure who was well liked, and many people, including myself, were shareholders, and enjoyed his flamboyant presentations over lunch.

Given that the “district potential ” announcement caused many people to buy, (it was an official news release after all) and then subsequently lose money as the stock plummeted post suspension, it rankles with me that shareholders are now paying for legal fees related to this.

One has to be careful, nothing has been officially announced, but the accounts make a clear statement **“related to BCSC claims against the former CEO”.**

Whether there is any action ongoing, or whether they are just “claims” which may go no further we cannot speculate without further information.

Still, probably the most interesting note I have ever read in a set of accounts!

let’s hope it’s not too expensive for current BGM shareholders…..