



ANNUAL REPORT - NSW HIGHLIGHTS

The Australian Securities and Investments Commission NSW Regional Office (NSWRO) had an active 12 months enforcing the Corporations Law and protecting the interests of financial consumers.

NSW Regional Commissioner Bill Coad said that NSWRO was working with companies to ensure good regulatory outcomes that protected consumers and were commercially viable.

“Investor protection played a major part of NSWRO agenda in the last 12 months, including the establishment of the highly successful consumer protection unit, together with a major refocus of enforcement programs,” Mr Coad said.

Targets included fundraising activities outside the law, inappropriate investment advice and scams that damage retail investors.

In all there are over 80 significant cases being dealt with under the enforcement programs of ASIC NSW.

In the 12 months to June 30, NSWRO was successful in obtaining 12 convictions and five gaol sentences.

Out of the 18 investment advisers ASIC banned from providing advice, 11 were in NSW.

One area where significant enforcement results were achieved was in the retail supplies of computers, in particular Empire Computers and Newcastle-based Forem Freeway where civil remedial proceedings were taken.

NSWRO also had input into the New South Wales Government inquiry into the retail supply of computers.

Mr Coad said work in the area of combating financial fraud was increasing, following the strengthening of ASIC alliances with the New South Wales Commercial Crime Agency and the Australian Federal Police.

“This cooperation ensures people who rip off investors don’t fall through the regulatory net,” said Mr Coad.

A notable matter dealt with by ASIC NSW during year was the conviction of George Adler in relation to failed financial schemes.

One person gaoled during the 12 months included Russell Goward who was sentenced to two years for false and misleading statements made in a press statement in 1989.

NSWRO action lead to former Coca Cola Amatil Executive, Muhtar Kent, who was based overseas, paying back the \$400,000 he made from trading in the company's shares ahead of a major profit announcement.

In another high profile matter in August 1997, the jury in the ASIC case against Bob Ansett and Stanley Hamley failed to reach a verdict.

In the past 12 months ASIC NSW undertook a substantial amount of work in the regulatory areas. These areas balance the need for appropriate standards of investor protection and disclosure with the need to allow some commercial flexibility.

During the 12 months ASIC NSW provided advice to the NSW Attorney General in relation to the demutualisation of AMP. It subsequently registered a prospectus which provided AMP shareholders with a facility to sell their shares ahead of the stock exchange listing.

Considerable work was done on takeovers and reconstructions, including the restructure of Telecasters North Queensland in preparation for the float of Channel 10 and the takeover of Memtec by US Filter, where significant modifications were given to harmonise Australian and US takeover requirements.

ASIC referred the conduct of Brierley Investments in relation to shares in John Fairfax Holdings to the Takeovers Panel. ASIC applied for a determination on whether purchases of shares in Fairfax by Brierley involved "unacceptable circumstances". The Panel found it did not.

NSWRO is also active in implementing surveillance strategies to test, enforce and promote effective compliance with the Corporations Law by funds managers, financial conglomerates and futures and securities brokers.

"It is important that financial institutions regulated by ASIC adequately separate their business sectors to avoid risk of market manipulation and practices which could damage investors and the market integrity," Mr Coad said.

ASIC's strong view that investors are entitled to adequate information was reinforced in May when the AAT upheld a decision by ASIC NSW not to register a prospectus for a 'cash box' scheme (Exeter Group).

The AAT confirmed that a prospectus must contain sufficient information to enable investors to make an informed assessment of an investment proposal.

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