



ASIC

Australian Securities &
Investments Commission

ASIC ANNUAL REPORT - VICTORIAN HIGHLIGHTS

The Australian Securities and Investments Commission Victoria Regional Office (VRO) had an active year in corporate law enforcement and protecting financial consumers, according to the 1997/98 Annual Report tabled in Federal Parliament.

With responsibility for registering the Telstra prospectus and facilitating what was the largest share offer in Australian corporate history, VRO worked with Telstra to ensure a good commercial outcome while ensuring investors were protected.

“The regulatory work on the Telstra float done by ASIC in Victoria allowed for the first two-part prospectus in an Australian offer, which paved the way for other large offerers like AMP to use this process,” said Regional Commissioner Phil Khoury.

“Victorian firsts also included registering the first Simpler Managed Funds Prospectus, lodged by Rothschilds, and registering the United Energy Float prospectus, the first offering of stapled securities to shareholders.”

The annual report outlines that of the 683 prospectuses registered with ASIC during the year, 61% or 419 were dealt with by the VRO, and that an increase in markets activity saw Victoria deal with 182 takeovers.

“While working to help business, VRO was still active in enforcing the Corporations Law, banning 55 directors from being involved in the management of a company, and protecting financial advice consumers by banning six investment advisers,” said Mr Khoury.

One adviser, Robert Klomp, was banned for life for inappropriately investing clients funds and for failing to monitor their investments adequately.

VRO also protected 150 small investors to the tune of \$4.5 million when it obtained a Federal Court order to freeze the proceeds from the sale of the Mildura Centre Plaza, giving the investors time to take legal action to protect their interests.

In the 12 month period VRO concluded 28 investigations which resulted in 28 civil and criminal prosecutions. Resources continued to be drawn to major investigations such as Crown Ltd and Yannon which were ongoing as at June 30.

Among the more high profile VRO investigations were listed entities Reef Mining NL and Mt. Kersey Mining NL. In the Reef Mining matter, Michael Shearer was sentenced to 18 months gaol.

In the Mt. Kersey matter, VRO has laid insider trading charges against Melbourne stockbroker, Gregory Doyle, and a director of Mining Project Investors Pty Ltd, Alan Evans.

MEDIA RELEASE

In the Investments program area, acting on a complaint from the trustee of Wallco Ostrich Corporation, ASIC secured a Federal Court injunction restraining Gary Wall from further promoting or inviting expressions of interest in such schemes.

The Quick Response Team established by VRO in 1996 to deal with complaints about small companies continued to operate with success. This usually means that the directors of those small companies receive a visit from a team which includes an investigative accountant and Federal police officer.

Intelligence driven surveillance inspections of liquidators and companies was a focus of the unit's enforcement strategy and inspections of companies showing warning signs of financial distress were also undertaken.

Of the seven companies visited, three directors were persuaded to consider liquidating their companies with two subsequently filing to be wound up on the grounds of insolvency. Two other companies closed following a visit from the VRO team and another company was targeted for further investigative action as the director disappeared interstate.

Compliance inspections of three liquidators involving a total of 26 administrations were conducted. The outcomes sought by the inspections are to ensure that registered insolvency practitioners exhibit high standards of competency and integrity.

Quick Response Team work saw Federal Court orders obtained that restrained a previously banned director, Peter Chapkoun, from taking part in the management of companies. Mr Chapkoun was also convicted in the Magistrates Court for failing to keep accurate records for a company in which he acted as a deemed director.

Mr Khoury said that VRO small business unit had an active year in liaising with professional groups and working on small business educational programs aimed at groups that are at particular risk.

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