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ASIC

Australian Securities &
Investments Commission

ASIC ANNUAL REPORT - QUEENSLAND HIGHLIGHTS

The Australian Securities and Investments Commission's Queensland Regional Office continued its key role in protecting investment industry consumers and enforcing the Corporations Law, the 1998/99 Annual Report shows.

Following initial action by ASIC in the Supreme Court in March 1998, Geoffrey Dexter, one of the promoters of the failed \$130 million Wattle Group Investment Scheme, has now been charged with 64 offences under the Corporations Law.

Of the 22 sent to gaol by ASIC in 1998/99, seven were the result of investigations by the Queensland Office. The gaol sentences handed down by the Courts ranged from eight months to five years.

Cyril John Pearson was sentenced to five years gaol on charges relating to the dishonest application of money and fraudulent false accounting in the administration of the Beneflex Retirement Plan.

ASIC's Queensland Office continued to take action against illegal high yield fundraising schemes. These matters were given high priority and after action in the Courts, and utilising our effective relationships with overseas regulatory agencies, recovery action was initiated in relation to \$4.7 million that would have been lost to overseas scams.

High priority was given to close down illegal schemes and to protect investors funds, particularly when money had been transferred overseas. The internet is being used increasingly to promote illegal schemes.

Queensland Regional Commissioner, Barrie Adams, said that the "freeze and seize" strategy adopted to address this continuing trend of illegal schemes sending investors' funds overseas was proving successful.

The former directors of The Good Life Company and Friends Pty Ltd, John Phillip Donovan and Julie Gwendolin Donovan, were banned by the Federal Court in Brisbane from managing a corporation for 10 years and 3 years respectively. John Donovan was also ordered to pay a fine of \$40,000 and Julie Donovan was ordered to pay a pecuniary penalty of \$4,000.

ASIC's consumer credentials were proactively on display when educational sessions were conducted in Brisbane, Gold Coast, Sunshine Coast, Cairns, Townsville, Mackay, Bundaberg, Toowoomba and Rockhampton. The sessions focused on ASIC's approach to dealing with "hot" issues and investor education.

The Queensland Regional Office's small business network was enhanced to ensure that small business operators and their industry and professional advisers were alerted to issues that impacted on small business, with an emphasis on how to identify and avoid shonky operators.

1998-99 ANNUAL REPORT

Public information campaigns addressed topical issues in Queensland throughout 1998/99. Significant issues identified through the use of ASIC's databases and intelligence facilities were in the areas of bankrupts managing corporations, internet service providers and International Bond Schemes.

“Overall, ASIC's Queensland results reflect a timely approach to addressing consumer, investor and market issues, balanced with stronger enforcement action in appropriate circumstances when fraud and dishonesty was involved,” Mr Adams said.

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