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ASIC

Australian Securities &
Investments Commission

PERIODIC DETENTION FOR DONALD RICHARD MAXWELL

Former company director Donald Richard Maxwell was today sentenced in the NSW District Court to 12 months periodic detention and a \$12,000, three year good behaviour bond on Australian Securities and Investments Commission (ASIC) charges.

Mr Maxwell earlier pleaded guilty before Judge Megan Latham to 10 counts of obtaining a financial advantage by deception and 12 counts of offering securities without a prospectus while he was a director of Support Investment Funding Facilities Pty Limited (in liquidation).

The ASIC prosecution began following an investigation into claims by investors that they had incurred substantial losses after investing in Support Investment Funding.

The investors said they were attracted to invest in Support Investments after Mr Maxwell promised them they would receive returns of around 18% per annum.

He claimed he give them these returns through registered mortgages, or as described to many investors: "bricks and mortar security" - which did not occur.

In many cases investors regularly received statements from Mr Maxwell which showed interest payments and/or growth in capital, however ASIC found that in many instances the funds deposited by newer investors were in fact being drawn down to make on-going monthly interest repayments to existing investors.

The money was also being used to meet company expenses including payments to Mr Maxwell and his associates.

Some investors chose to capitalise their interest returns after being given that option by Mr Maxwell and as a result not only lost their capital when the company died, but also interest due on their investments.

The Liquidator for the company reported to ASIC a deficiency of some \$2,500,000.

In sentencing Judge Latham acknowledged the seriousness of the offences, but noted the contrition shown to the Court and factors such as Mr Maxwell's age (62), that he had no prior convictions and his medical conditions, in handing down her Judgement.

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