



ASIC

Australian Securities &
Investments Commission

ASIC ANNUAL REPORT 1999/2000 – VICTORIAN HIGHLIGHTS

The Victorian Regional Office of the Australian Securities and Investments Commission (ASIC) had a busy year protecting consumers and regulating the corporate and financial services sector, according to the ASIC's Annual Report for the year 1999/2000 which was tabled in Federal Parliament yesterday.

ASIC Victoria Regional Commissioner Sue Carter said that some investigations had a decidedly electronic feel.

"We undertook one of the world's first investigations involving the transmission of spam e-mails and the posting of messages on Internet bulletin boards," said Ms Carter.

ASIC became concerned that spam messages and web board postings in relation to US company Rentech contained information that was false and misleading and was intended to induce investors to purchase Rentech stock. Steven George Hourmouzis eventually pleaded guilty to the charges brought by ASIC.

VRO also accepted an enforceable undertaking from an 18 year old university student after he posted a misleading notice on an internet discussion site under the name of Coles Myer Ltd CEO Dennis Eck. The notice referred to upcoming profit figures and made speculative claims in relation to the value of Coles Myer Ltd shares and warrants.

"This matter highlighted the dangers of investors relying solely on information published on the internet without making further enquiries," said Ms Carter.

VRO commenced 66 new major investigations in the 12 month period. VRO also banned six individuals from acting as representatives of security dealers or investment advisers. The licence of one securities dealer was permanently revoked for failing to act efficiently, honestly and fairly.

During the year VRO conducted the first Insurance Broker hearing carried out by ASIC since it assumed responsibility for the registration of insurance intermediaries. Elvis Korcari's registration as a general insurance broker was cancelled for a period of five years for concealing broking fees from clients and breaching other obligations.

The registration of general insurance broker Nemur Varity Pty Ltd was cancelled permanently. The company, which traded in the Shepparton area as Trevor L Jarman & Associates, failed to submit satisfactory audited accounts to ASIC and appeared to be unable to meet its debts.

MEDIA RELEASE

In another of its series of firsts, VRO obtained the first conviction recorded by ASIC under the Superannuation Industry (Supervision) Act since it assumed responsibility for the administration and regulation of the consumer protection provisions of that Act. As a result of ASIC's enforcement actions, Ronald Michael Stanley pleaded guilty to five charges of theft and fraudulently obtaining superannuation funds.

In March 2000, changes to the fundraising provisions of the Corporations Law came into effect. ASIC no longer registers prospectuses prior to their public circulation, but still has the ability to issue stop orders on prospectuses that have omissions or contain misleading or deceptive statements. VRO issued three stop orders during the year.

As part of ASIC's continuing commitment to maintain market integrity, the VRO led a campaign to make company directors aware of their obligation to disclose their listed company holdings.

The campaign revealed that 26 per cent of notices detailing company directors' interests were not lodged within the required 14 day period. ASIC warned company directors that they will be prosecuted if they are found to have deliberately failed to disclose their interest in shares, or if they are repeatedly careless in meeting their statutory reporting requirements.

"Full and frank disclosure allows investors to make an informed decision, and that's a priority for ASIC.

"ASIC in Victoria continues to focus on effective regulation of the corporate and financial services sector to promote consumer confidence and market integrity," Ms Carter said.

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