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5 February 2010

## SUBMISSION TO THE SENATE INQUIRY INTO LIQUIDATORS AND ADMINISTRATORS

My name is Bernard Wood. Along with my ex wife we operated a very successful earthmoving business in the Hunter Valley from 1981 to 2004 employing up to 50 people at any one time.

Unfortunately, as a result of a marriage breakup, I became the victim of what I would call the sleazy world of liquidators and administrators and their associates. I say this, not just from the experience I have had with the "banned for life administrator, Stuart Ariff", but also after discussions I have had with other victims and a second administrator who offered to help me, but I feel "help himself and put a competitor out of business" was his real motive.

I am yet to hear "a feel-good story" where an administrator took a troubled company and put it back on its feet and then rode off into the sunset. It would appear from my experience that when administrators look at a troubled company their first thought is "what's in it for me and the best way to get it and the best way to get it is close the company down and sell the assets". This is understandable because how would it be possible for these so-called beancounters to have any knowledge of running a variety of businesses such as my own earthmoving business or a plumbing, news agency, hairdressing or even a Maori takeaway!

Although my experience with company administrations is limited to the past five years, it is amazing how in all cases I have observed it always appears that a company's value generally just happens to equal the administrator's fees and disbursements.

Ironically, Stuart Ariff could still be on the streets making a fortune legally, but not morally, as he, like the rest, make no excuses for their outrageous fees that distressed and worried creditors are coaxed into approving, believing the smooth talking and well-heeled suit administrator will retrieve their money from the troubled company. The details of the pain and misery that Stuart Ariff has caused, not only to myself, but my staff and valued creditors, can be viewed in my affidavit to ASIC dated 22/10/2008.

This document will show how he took advantage of a naïve director to illegally become the administrator of my company (unbeknown to me), then seized and sold the company assets, collected the company's debtors money, then virtually sharing the spoils with his legal team and auction company, plus putting 20-odd people out of work, leaving creditors loyal to the company for 25 years without a cent.

Rogue administrators like this cannot operate alone:

**THE STAFF (names available)**

It was obvious to me after discussions with his staff and their unexpected raids on my office that they were well aware of what their leader was up to. I wonder who is monitoring their ongoing activities in the IP Industry?

**THE SOLICITOR (name available if requested)**

Intimidating creditors to approve his client's fees or "face the Supreme Court or lose more" as well as receiving payments from the company funds, which Ariff failed to disclose in the income and expenditure table to the creditors.

**THE AUCTIONEER (name available if requested)**

The "Independent Auctioneer & Valuer" who initiated his business from Ariff's offices, only ever conducted auctions for Ariff and who led the raid on several mine sites, grabbing the company's plant (which was all working) and sending it all to the auction yard knew what he was doing was illegal.

**THE ASSOCIATE (name available if requested)**

One of Ariff's men who has appeared in many guises in many of Ariff's rackets including in my case posing as a creditor to move and vote on a resolution to approve Ariff's fees. I note that this fellow currently sits on a very high profile Liquidation Creditors Committee with a proxy.

The nightmare we all experienced from this administration was aggravated by the following:

**IPAA**

Despite several complaints to this organisation about their member, no action was taken except for a pathetic \$20,000 fine and a slap on the wrist after Justice White said: "He wilfully and recklessly failed to make enquiries for fear of learning that which he did not wish to know" in the case where Ariff embezzled funds destined for me (from Wambo Mine) but through a clerical error went into his administration account and which he refused to return to me.

**ATO**

Securan Pty Ltd, a grouped company whose only source of income was from Singleton Earthmoving, was all but sent to the wall when Ariff grabbed all money owing to it. However, it was the ATO that landed the killer blow, despite being made aware of what was happening, and showed no mercy in their demand for unpaid taxes to the extent of garnisheeing one of the director's personal accounts.

## ASIC

Once it became obvious to all that Stuart Ariff was a rogue (about 2 weeks into the administration) I sought the help of ASIC with several letters only to be fobbed off with their standard "get legal advice". I then approached my local Federal member, Joel Fitzgibbon, who on the 17<sup>th</sup> of August 2005 in Parliament called for the Treasurer to instruct ASIC to investigate the administration of Singleton Earthmoving. Sadly, this request was ignored. It was three years later, due to pressure from the media and many of Arrif's victims joining force, did ASIC take action.

One year later ASIC banned Stuart Ariff for life. So much pain and suffering that was inflicted on so many over this four year period could have been averted if ASIC had adhered to the request of Joel Fitzgibbon.

The banning of Stuart Ariff and ASIC's instructions to compensate many of his victims appeared to be a great victory. However, this soon turned sour when Ariff walked away (no charges laid) and declared himself bankrupt and admitted that he had not paid his professional indemnity insurance premiums for some time.

After the nightmare we (Ariff's victims) have experienced over the past five years I hope this Inquiry will prevent other small business owners suffering the same fate of losing their businesses by capitulating to the bully-boy tactics of administrators and their solicitors.

I would be more than willing to assist as a witness before this Inquiry.

PS: Despite Arrif's determination to close down the business (after he grabbed the cash and assets )by various means such as having all the phones disconnected, I am proud to say we have prevailed. This achievement has only been possible due to the support of My Staff, Creditors , Bank, Friends & Associates.

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However, it is the sad that the authorities who are elected to protect small businesses have turned a blind eye!!!