

**From:** [REDACTED]  
**Subject:** Continued Persecution of [REDACTED] Family

Below is my response to your Officers latest round of harassment we have again been subjected to that has gone on for 6 months.

The claims by your Officers are outlandish and without foundation and made without any care for their impact on us both psychologically and financially.

It is hard enough for us to move forward with the development of the technology I have invented without having artificial barriers continually placed in front of us like this by the Government that have gone on now for more than 7 years.

It is not right that you continue to waste our time and resources and to harass and persecute us for making available a badly needed authentication fix for the benefit of the community.

Your Officers are reckless and out of your control and their continued vindictive persecution of us is a disgraceful abuse of our human rights.

We note you have not responded to our previous substantive correspondence and it is clear by your continued failure to act to stop this persecution that you do not want us to continue our work in this Country and so when we are able we will endeavour to leave Australia and find somewhere that we can continue.

[REDACTED]  
CEO  
Armorlog Group

[REDACTED]

[www.armorlog.com](http://www.armorlog.com)



*"Building Internet Integrity"*

**From:** [REDACTED]  
**Sent:** Saturday, 8 September 2018 7:55 PM  
**To:** [REDACTED]  
**Subject:** [REDACTED] v Federal Government Without Prejudice 08-09-18

Hi [REDACTED]

Our response to your further series of false claims are below in **yellow**.

Your communications are astonishingly unprofessional.

We understand your ongoing attacks on us are simply designed to discourage our efforts in the hope that you will silence our criticism of the Government and its horrendously defective authentication.

It will not.

Yet again your actions are wildly reckless and as such are criminally corrupt in embroiling us in frivolous proceedings to deliberately cause problems for us to try to stop us continuing with the development of our technology. This is particularly malicious given you are a competitor to us and have deliberately failed to manage your conflicts of interest.

You are attempting to dumb down what are quite complex matters. You exhibit no professional sophistication on the issues and it demonstrates you do not have the necessary expertise to assess the merits of our technology and your actions are a serious breach of professional standards.

We should not be penalised further for your previously illegal reckless actions to stop our main source of cash flow to assist our development efforts and the delays you deliberately caused & continue to cause us.

I am sending this as a matter of record we do not intend to allow ourselves to become embroiled in lengthy proceedings with you even if we win we loose because you are prepared to waste incredible amounts of tax payer money in covering up your horrendous mistakes and at every turn you have denied us justice in these matters.

We will send a copy of these responses as our objection to your further actions that are a further persecution of us and designed to vindictively cause us further anxiety and psychological and financial harm.

We note as a matter of record that you have been harassing us about these matters for a further 6 months now further extending the duress you have placed us under for more than 7 years now.

You have demonstrated beyond doubt that you have absolutely no concern for our welfare whatsoever.

We are down to one single salary to try to make everything work net of tax we get about 58k a year now and we have to try to continue with our development and run a family of four on that so you taking 10k from us really does damage us badly and you have no legal or moral right to do it you are just bullying us.

It is clear you are not being fair in these matters as if you were correct in cancelling our GST you should make corresponding adjustments to our tax payable to account for the

additional expenses as a result of inclusion of the GST if not claimed. This shows that your Department has a culture dishonesty and does not act ethically.

It is clear you behave with malice to damage us and you are out of control. The lies you have perpetrated at the end of this document after the fact are particularly scurrilous and given these documents will form part of proceedings is done with vindictive malice by you.

When we are able we will seek redress in the matters which are clearly criminally corrupt and as such there is no limitation.

You would well be advised to consider the current investigations into other large & powerful institutions that have abused their power thinking they would never be held accountable for persecuting people because I can assure you one day you will be particularly with regard to the importance of my invention to fixing authentication on wide area networks to protect the community.

[REDACTED]

From: [REDACTED]

Sent: Tuesday, 4 September 2018 3:47 PM

To: [REDACTED]

Subject: Informal review of audit decision - Advance Systems Accounting Pty Ltd [DLM=For-Official-Use-Only]

ADVANCED SYSTEMS ACCOUNTING PTY LTD  
ATT: Mr [REDACTED] - Director

[REDACTED]

[REDACTED]

4 September 2018

**We have reviewed our decision to cancel your registration**

Dear Mr [REDACTED],

We have reviewed our decision to cancel the Goods and Services Tax (GST) registration for ADVANCED SYSTEMS ACCOUNTING PTY LTD. We took into account the extra information you gave us, but the decision we made is still correct.

We have included the reasons for our decision with this letter.

### Your right to object

If you don't agree with our decision, you can lodge an objection. We explained how to do this in the cancellation notice. You can also find objection forms and information about how to lodge an objection on our website [ato.gov.au/objections](http://ato.gov.au/objections)

Yours sincerely,  
**Tim Dyce**  
Deputy Commissioner of Taxation



## Reasons for our decision

**ADVANCED SYSTEMS ACCOUNTING PTY LTD**  
ABN: [REDACTED]

### Issue 1

Are you entitled to be registered for Goods and Services Tax (GST)?

### Facts

- Advanced Systems Accounting Pty Ltd (ASA) first registered for GST on 1 July 2000.
- For the period 1 July 2000 to 30 June 2012, ASA were accounting on an accrual basis and lodging monthly Business Activity Statements
- During this period, ASA were carrying on an accounting business and was a registered tax agent
- This enterprise ceased from 2012

No this is not correct our business did not cease the ATO forced the closure of our business by conducting illegal attacks on us that had no basis and these current matters stem directly from those illegal actions by the ATO.

We did recommence some activity but because of your actions our business was decimated but never the less there was professional income in the 2013, 2014 & 2016 years in addition to rental income. It is only that I managed to get higher paid employment to try to make up for the devastation caused by your fellow Officers to enable us to continued developing my invention which is simply far to important to allow to flounder despite the derogatory comments of you [REDACTED] and many other Government Officers and Politicians over many years now.

So what you are saying is that because we have not had income in the last two years you can cancel our GST registration and essentially tax us on our development disbursements.

You are essentially taxing us before we have had a chance to make a profit this is unconscionable and was never the intention of the Parliament when the GST rules were passed. It is clear a business should be allowed to claim its GST inputs under the GST system. GST is only supposed to be charged on end use consumption not on manufacture inputs.

- From 1 July 2012, ASA were accounting on an accrual basis and lodging quarterly BAS
- The enterprise purported to be carried on by ASA since 2012 is developing encryption software

No this is not correct your use of the word purported is a deliberate insult to our 10 years of hard work on this project and it is an outrage.

We are not in the business of developing encryption software we are in the business of developing an new method of authentication. That authentication is encrypted but the encryption is not the innovation. The innovation is the multilevel software routines and that is what we have been granted patents for around the world not just encryption.

- ASA have made no sales of encryption software or anything other than residential rent since 2012.

This is irrelevant but we have in any case made good progress toward licensing our technology and as I have pointed out previously and you deliberately have chosen to ignore by way of example the CSIRO wireless patent took 15 years before it was commercially successful. This is a high risk technology but that does not mean we cant be successful in making a good return in the long term but what you are claiming is that we should make a return in the short term before we have even finished the development which is ridiculous.

- On 4 April 2018, the Australian Taxation Office (ATO) commenced a review into ASA's activities. The review initially focussed on the refund claimed by ASA in its Jan – Mar 2018 quarterly BAS

Again this is not strictly true you have been harassing us on an ongoing basis for 7 years so you are well versed in what we are doing. You are deliberately targeting us because we have continued to

lodge complaints about your illegal and immoral treatment of us and the continuing bullying and harassment we have been subjected to.

- On 30 April 2018, a decision was made to escalate the review into an audit. The scope of the audit was expanded to cover the period 1 July 2014 to 31 March 2018
- During the course of the audit, ASA provided documents including two tax invoices, a business questionnaire and a GST Detail Report for the Jan – Mar 2018 quarter tax period

We provide you with exactly what you requested and co-operated in every way with this ongoing farce that is designed purely to cause us stress and anxiety by the same Officer who has been attacking us for years and causing us no end of trouble with your vindictive pursuit of us with no legal basis because we have complained about her and her fellow Officers previous illegal actions and now she has acted illegally again and you are facilitating this dishonesty and ongoing harassment and have now embroiled yourself in this ongoing corrupt persecution of us.

- The first tax invoice ASA supplied was from [REDACTED] and was for the purchase of two Acer laptop computers. This tax invoice was made out to Advanced Systems Accounting Pty Ltd
- The second tax invoice ASA supplied was from [REDACTED], a company that provides services to assist with registering patents and trademarks and protecting intellectual property. This tax invoice was made out to Armorlog Limited and states that the applicant was Armorlog International Pty Ltd.

You are dishonestly trying to make this sound like we have deliberately provided you with limited information but as you well know we have provided you with a lot of information and you have decided to pick on just a couple of items that suit your purpose although even these conclusions you try to imply are irrelevant because you deliberately ignore the grouping provisions and that some entities are acting as agents for other entities under licence.

The fact that the invoices are made out to other companies in the Group is irrelevant as the grouping provisions allow us to have the expenses in the one company for simplicity and we have operated in this manner from inception in 2008.

You now appear to be trying to imply that we should invoice the other entities in the group for the disbursements we have paid. This would be an incredible turn around given this was your basis for your actions against us previously claiming we should not have raised invoices. We are at a loss as to what to do at all, it seems that whatever we do is unacceptable to the ATO. Your demands on our small business are unfathomable and make no sense in fact it is clear now that your position has never made any sense on any of the matters you have attacked us on over the last 7 years. We have made a point of fully documenting it all so that one day you will all be held accountable for your ongoing persecution of us that serves no purpose but to try to justify your attempts to silence our criticism of your Department and the Government and your defective authentication that you continue to force on an unsuspecting public.

- On 4 May 2018, we sent ASA an email asking for additional information. We never received a response although we note per the separate complaint that was finalised on 16 August

2018 that ASA did in fact send a response but that it was rejected by the ATO gateway because the sender could not be verified.

We actually sent you the information you requested three times and yet incredibly here yet again you are dishonestly claiming that we did not send you the information and it is clear this is a lie because you disclose above that you received the information we sent you in that very email.

So again this is not correct and you are deliberately lying about this and you have deliberately ignored my correspondence to you about this here is what actually happened and what you have left out. You claimed the DKIM failed on the incoming email. I sent you the log that clearly shows the DKIM was verified and also that the DMARC and SPF show Armorlog as a permitted sender on your servers and I provided you with a copy of the evidence.



So you lied about this to try to cover up the lies from your fellow officer and I caught you red handed not telling the truth about this it is clear our emails were not rejected and you should have not decided against us in this matter so this is yet another demonstration of your failure to act professionally and be independent of mind when it is clear that our communications were in fact correctly transmitted. Even if they were not it would be courteous given the gravity of your actions on us to at least ring if you were in fact acting in good faith so this clearly demonstrates you are not acting in good faith and in fact you are clearly being dishonest about these events and it is clear you are acting vindictively because any reasonable person would have rung or at least sent a follow-up email. I know your

Officer received the emails just as you are receiving them and it is very telling that both you and your fellow Officer deliberately refuse to acknowledge critical emails sent to you it shows you are behaving in an underhanded and unethical manner.

What is clear is your fellow Officer [REDACTED] and you are clearly acting recklessly because she issued a letter cancelling our GST claiming we had not submitted the requested information and you are maintaining that lie. This is again a denial of due process and is designed to cause us further damage by wasting our time in frivolous proceedings that are only vindictively implemented by you to cause us more anxiety and stress.

Also you neglect to mention that you were the one who considered the complaint but you are the one who has asked for the further information in this ongoing interrogation of us and it is clear you have a conflict of interest and you are hopelessly biased so we have again been deprived of due process and you have recklessly wasted our time and resources yet again.

I also note as a matter of record that you have failed to provide us with a copy of the rejection email you claim was sent to us and I again request that you send a copy of this. If you fail to do us this courtesy we will have to lodge a freedom of information request but you could do us the courtesy of providing it if it is true as you claim. We suspect however this is yet another lie by you which only compounds the damage you are inflicting on us knowing full well you are not acting ethically in these matters.

- On 10 July 2018, we wrote to ASA and advised we had completed the audit. We advised that our decision was that ASA was not carrying on an enterprise and for that reason, we cancelled ASA's GST registration and revised to nil all BAS labels in BAS' lodged for the period 1 July 2014 to 31 March 2018.

Again this is not how things transpired you claimed that we had not provided the information you requested. We had and we have proven it we actually sent it on the same day it was requested. When we received your initially letter claiming we had not sent the information we immediately resent the same email and called your Officer to confirm she had received it. Even after this you then sent your letter claiming we had not responded and cancelling our GST registration and stealing \$10,000 from us. Unbelievably even now after having sent you the same information 3 times you are still claiming again we had not sent you the information you requested and cancelling our GST and stealing our R&D credits to apply against your false claim.

I note as a matter of record you refer to "we" which clearly shows you are not independent of mind in these matters and this review is a farce simply to waste more of our time and resources as you have been doing for over 7 years and it has not been conducted in good faith.

I also note as a matter of record that you have confirmed you did receive the emails by virtue of your claims above about our documents that were contained in those very emails so to try to maintain this fiction clearly shows you are not acting in good faith and you are vindictively concocting a document simply to attack us further.



## Decision

We have determined that the original decision that ASA is not carrying on an enterprise was correct.

Really this is comical we are of course forced to lodge an objection but only to show that you have no intent to act reasonably and this is all designed to harass us and discourage us from continuing our development because if we are successful it is going to become exceedingly embarrassing for the Government and you will have to pay substantial compensation for all of the reckless damage you and your fellow Officers and the Politicians involved have caused by your actions and inactions.

It appears from your ridiculous boiler plate letter sent without considering the documents we sent that you requested that you are seeking to claim the development of my invention is a hobby. Even by simple deduction based on your adjustment of \$10,000 this means we spent at least \$100,000 over the four years you have adjusted which would indicate a not insubstantial enterprise but in truth it is far greater because many of the patenting costs for overseas jurisdictions do not have GST and in fact over the period in question we have spent a total of \$508,598 on this development and for you to try to say we are not an enterprise just shows how ridiculous your claims are. You have access to all this information and yet recklessly you have chosen to ignore it. It is dishonest conduct by you and criminally negligent as you are doing this with wilful disregard for the impact of your actions on the development of our technology for the benefit of the community and the ongoing impact on our family of your continued vindictive harassment.

## Reasons for our decision

In our original decision dated 10 July 2018, we explained that the decision that ASA was not carrying on an enterprise was made after considering the factors which courts have held to be relevant in determining whether an activity is an enterprise.

The courts have determined that the question of whether an activity constitutes a business or hobby depends upon an assessment of the relevant facts and involves matters of fact and degree. No one factor is decisive and many elements may have to be considered in combination and on what the 'large or general impression gained' is (*Ferguson v. FC of T* (1979) 79 ATC 4261 and *Martin v. FC of T* (1953) 90 CLR 470).

In determining whether you were conducting a business, we take into consideration factors which the courts have held to be relevant in determining whether an activity is an enterprise. Miscellaneous Tax Ruling MT 2006/1 paragraph 178 refers to Taxation Ruling TR 97/11 which states the main indicators of carrying on a business as:

- a significant commercial activity;
- a purpose and intention of the taxpayer to engage in commercial activity;
- an intention to make a profit from the activity;

- the activity is or will be profitable;
- the recurrent or regular nature of the activity;
- the activity is carried on in a similar manner to that of other businesses in the same or similar trade;
- activity is systematic, organised and carried on in a businesslike manner and records are kept;
- the activities are of a reasonable size and scale;
- a business plan exists;
- commercial sales of product; and
- the entity has relevant knowledge or skill.

Our decision dated 10 July 2018 advised that the factors most relevant in coming to the conclusion that ASA was not carrying on an enterprise were:

- lack of any significant commercial activity;
- the activity is not profitable and not likely to be profitable; and
- the activity was not recurrent or regular in nature.

During the course of this informal review of the audit decision, ASA addressed each of the factors above and not just the three that were identified as the most relevant. For the sake of completeness, I have included ASA's response on each of these factors in full below.

- *A significant commercial activity – we have invested approaching 5m in the development of this technology and have lodged patents applications around the world to protect commercialisation.*
- *A purpose and intention of the taxpayer to engage in commercial activity – it is clear our intention is to commercialise our technology which is why we have gone to the costs of putting patents in place and engaging professional engineers and programmers to build prototype to prove the concept and build a working live example.*

- *An intention to make a profit from the activity it is quite clear from our 28 years of being in existence that our intention has been to make profits the only thing that has resulted in our profits diminishing in recent years has been the actions of the Government to try to stop us.*
- *The activity is or will be profitable we don't agree that this is a qualifying criteria otherwise every non profit organisation would not qualify but in any case we were always profitable in our 28 years of trading until the Government saw fit to interfere so catastrophically to try to prevent us from continuing and in spite of this we have managed to continue but at great cost to our quality of life.*
- *The recurrent or regular nature of the activity – it is quite clear we satisfy this requirement we have been in development for 10 years and we have been in business for 28 years.*
- *The activity is carried on in a similar manner to that of other businesses in the same or similar trade – it is quite clear we satisfy this test any inspection of our files will show we comply with all the legal requirements and have sound business processes in place that have in fact enabled us to continue even in the face of the catastrophic damage that has been caused to our endeavours by the Government.*
- *Activity is systematic, organised and carried on in a businesslike manner and records are kept – this is absolutely beyond doubt and the Governments own records clearly show we have had an impeccable compliance record for 28 years a fact that the Governments Officers have recklessly ignored even in the face of our bringing it to their attention in writing many times. They have wilfully disregarded this and it clearly shows the Government Officers intent has been to damage us to shut us down it is criminally corrupt by the Government Officers and Politicians concerned.*
- *The activities are of a reasonable size and scale – this is beyond doubt in this year alone we spend \$107,000 on developing the technology and safeguarding the intellectual property for the benefit of Australia. Over the life of the project it is approaching 5.0m and is clearly a serious undertaking which makes the Government Officers reckless actions to interfere all the more abhorrent.*
- *A business plan exists – it is quite clear these exists and the Government has been in receipt of details from us on an ongoing basis each year as we are required to report on such matters.*

- *Commercial sales of product – as we have not yet finalised protection of IP and we are still building the commercialised software this is not possible but we have been in discussions with possible licensees and we are no alone as a small technology company in have this difficulty in the early years of our development but we have had supporting income from our other activities until such time as the Government saw fit to close our business that was providing that assistance with its wilfully reckless actions. Please also refer to our comments at the end of this letter regarding commercialisation steps we have taken to increase the chances of successful monetisation of our work relative to other celebrated technologies created in this country we have taken a far more prudent approach to maximising returns for the benefit of Australia. Our estimate based on studies of patent sales in the market is that at cost value alone our code & IP including patents now registered in 8 countries is worth between 5m & 10m because we have patents granted and we have software written. If we conducted a trade sale the return to Government in tax revenues would more than offset any benefit we would have received if they had honoured their funding commitments to us but as it is our interaction with Government has cost us far far more in damages that they have caused than any benefit paid or unpaid.*

- *The entity has relevant knowledge or skill – it is clear we are experts in our field and now hold patents around the world that attest to that. The invention has been peer reviewed by the University of Georgia and found to have merit. Papers I have written on the subject have been widely distributed. We have 400 to 500 visitors to our site every month to view our technological development given the highly technical nature of our work this is a significant audience. In the year we announced our break through we had over 300,000 visitors view our prototype however much of the benefit of that was lost when at the same time the Government commenced its attacks on us which distracted our attention and resources from our development & scuttled our capital raising while we endeavoured to prevent the Government from closing us down completely.*

I do not intend to address each of ASA's contentions. I will however provide further detail around some of the factors that were originally considered most relevant in forming the view that ASA is not carrying on an enterprise. In turn:

Well in fact you are supposed take all of these matters into consideration if this truly is an alternative dispute resolution process. Clearly it is not and it shows you have no respect for us and you hold us in contempt. You are not addressing these issue because the fact is you cant because you know you are wrong and we satisfy the tests you are trying to give weight to some over others and that is not reasonable it is clear on the balance of probabilities that we are in fact an enterprise and you are hopelessly wrong and recklessly dishonestly so.

- a significant commercial activity;

ASA stated that it has invested over \$5M in the development of this technology. As part of this informal review, ASA was invited to address this particular claim and

provide evidence. ASA has not done so. ASA has simply insisted that transactions between related entities comprise legitimate expenditure, even when amounts claimed to have been incurred are never actually paid. I am of the view that ASA has not invested over \$5M in the development of any technology.

No this is not true you sent me an email asking about it and I answered you here is what was said your questions are in green my response is in blue and it is clear if you add up the expenditure as documented in the records you already have in your possession as evidenced by your quotes above and add to it a reasonable component for our own time over so many years that figure is a reasonable estimation. You cant say oh your not an enterprise because it's not worth 5m which appears to be what you are implying it is ridiculous. It clearly is worth that based on our inputs and the current market value we based on looking a patent articles that suggest a value of \$600,000 per patent with code available and valuing the code at \$1 per line as there are several million lines of code.

5. Your email below contains the statement **“we have invested approaching 5m in the development of this technology”**. However, the companies that you control have not generated income to support this statement. In forming this view, I am ignoring transactions between companies you control which consisted of amounts invoiced but never paid and further note that this was the basis of the decision to disallow R&D rebates claimed previously by another company for which you are or were the Director and Public Officer. With that in mind, could you please address the following:

- a. How was this \$5m in claimed development costs funded?
- b. Is there any evidence that this amount has been expended?
- c. Are you stating that this \$5m was incurred by ADVANCED SYSTEMS ACCOUNTING PTY LTD or by other entities for which you are or were the Director and Public Officer, or is the cumulative total for all entities?

Yet again you are demonstrating that you have no interest in assisting us this is simply further attempts by you to denigrate us and an ongoing fishing exercise to see what information you can glean to use against us because your real intention is to try to stop our efforts. We do not ignore the amounts we have undertaken between companies as you would seek to do when it suits you but at other times when it suits your purpose to you do want to include such amounts. I said that we had created this value in the IP we have created and the patents we have registered but this does equate with the cash outlays we have undertaken and our time that you prevented us from charging over a 10 year period. Prior to this I had not accounted for my work but I have been working on this since 2000 but subsequent to getting an Attorneys opinion that my invention could be patented we have kept a record. Most of the time has been that of my wife and I and our staff and contractors. It was originally being funded from our long running business until you saw fit to shut that down. We also had substantial loans and both my wife and I have loaned the company money over many years to assist with funding your Department is fully aware of all of this as you have asked all of these questions many times before and we have been writing to you over many years explaining how difficult it has been for us and for you to release the funds that have been due to us and compensate us for closing our business without any lawful basis for doing so. On top of all this there is the substantial dishonoured debt owed to us by the Federal Government and compensation due to us by the Federal Government for the criminally negligent

damage caused to us and our employees by the reckless actions of its Officers which now includes you.

You also deliberately omitted the fact that there is a large outstanding loan of \$1.3m to us as the promoters and that I had provided you evidence of this and as it doesn't fit with the lies you want to perpetrate.

The fact that you are prepared to deliberately misquote matters and omit key matters that do not fit with your narrative shows you are unethical, conniving, dishonest and lack integrity and you bring your Department and the Government into disrepute yet again.

During the course of this informal review, I advised ASA that it had declared sales totalling \$136,056 in its BAS' from 1 July 2014 to 30 June 2017 and asked for detail on what exactly ASA had supplied. ASA advised that these sales comprised supplies of input taxed residential rent. I asked about these sales because even activities on a small scale can be evidence of an enterprise. After considering ASA's response, I am of the view that there is no significant commercial activity undertaken by ASA. I have reached this view by taking into account ASA's claims that it had been in development for 10 years. Of particular relevance is that in that time, ASA has not sold anything and does not appear to have a viable product or customers.

Again you are deliberately distorting matters by claiming we do not have a viable product. If you had bothered to look at our website you would see there are substantial details about the software and demonstration videos and we would be only too happy to give you a demonstration if you wanted it but of course you don't really want to do that do you because it doesn't fit with your outlandish claims and of course you would then have to admit we are a competitor and you should not be trying to shut us down.

Again you are not acting in a capacity to resolve this dispute and fail in your duty you are seeking to argue the case for your Officers actions which are clearly wrong. We have been in development for a long time because the concept is difficult to code but we have been able to get it done and now we are in the process of getting the patents in place this is important to protect the IP to license the product. The reason it has all taken so long is in large part due to the continuing interference of your Department who have continued to act irresponsibly and recklessly causing no end of trouble for us. So to us the fact that you make these claims is of particular frustration given it is your Department that has prevented us and continues to prevent us from being successful. The Government who are a great influence on the adoption of technology in this Country have provided us no moral or practical support and have simply ignored all of our communications and instead quite recklessly continue to proceed with the implementation of outdated vulnerable authentication in direct competition to our own authentication.

The activity that ASA claims that it is undertaking is development of authentication software. This is identical to the activity that ASA's sole director, [REDACTED], claims to have undertaken via other entities that he controls or did control over many years.

Again you are not telling the truth here as you well know we have always reported the disbursement for the development in ASA ever since we started in 2008 as that is where we started it was only when we first registered for R&D at the invitation of Austrade that we setup a separate company for that purpose originally we were going to develop overseas but we were encouraged by the [REDACTED] for Austrade who was a repeat visitor to our chamber of commerce where I gave free classes on IT business systems to other businesses in the area.

Then you refused to pay our R&D funds and sought to shut down both our R&D company SOKS and ASA to try to stop our development. You failed in this we have been able to continue in ASA although at a greatly reduced capacity after you destroyed our main cashflow business which we were using as a primary source of funding to develop our technology. This is all undeniable and is on the public record and your colleague [REDACTED] is well aware of this because she has been a chief instigator of these ongoing attacks so again for you to deliberately try to play this down shows how unethical and unobjective you are. You know full well this is the way we have proceeded as you have looked at these matters many times over many years from our inception it was always something you could have raised at any point many years ago but how would we have ever been able to continue and in fact how would we ever have been able to get started as it appears that whatever we do you are unhappy about it and you are hopelessly biased about it and draw sweeping statements that are not supported by fact and ignore that you are in fact not the arbiters of technological development that is not your role even though you appear to believe it is. You have no expertise in this matter and do not appear to understand commercial structuring to protect intellectual property. There are provisions that allow for us to have the IP in another entity and still make the claims for the expenditure providing that the IP company is Australian owned and we have complied with these requirements. What you are doing is making false sweeping and reckless claims about our conduct to denigrate our reputation and our work it is a disgrace and it is very sad that you feel this is your role in life.

While it is clear that Mr [REDACTED], via these entities, is of the view that he has an idea or a product of significant commercial value, the fact remains that over the course of many years, not a single sale has been made of software or intellectual property or in fact any other thing apart from rental of residential premises. In fact, in a submission to the *Australian Federal Parliament Joint Select Committee on Cyber Safety* in June 2010, ASA's sole director, Mr [REDACTED] stated:

*We have endeavoured to have our product reviewed by the Government in particular we made submissions to the Australian Taxation Office, the Department of Defence and the Department of Finance and the Prime Minister's Office for it to be considered however no assessment has been undertaken by any section of Government.*

and

*We have to admit unfortunately that they are not alone in disregarding what we have developed. We have written to the largest 50 banks globally the Australian Bankers Association, the American Bankers Association, the NSA, the top tier accounting firms, all the major computer hardware and software vendors, many of the internet service providers and every internet registry without any positive responses.*

What this does is prove to us that you have full access to the information about us and you are selectively omitting facts to suit your purpose.

You could have referred to the following amounts we have spent on disbursements in developing the technology in the years you are questioning which is 2014 \$30,884 2015 \$101,972 2016 \$139,370 2017 \$129,565 2018 \$106,817 and over the entire life of the project since we began development including our own time to be recovered when we can net of R&D credits we have invested \$4,299,514 to 30 June 2018. It is simply astonishing that you want to try to claim our endeavour is a hobby. We understand it is all designed to denigrate us and discredit us to cover up your original illegal actions but the longer you persecute us the more it shows just vindictive you are being. It is a clear abuse of our human rights.

Of course you already know all of this because you have access to all our tax returns and you have shown by the above quote that you are intimately knowledgeable about our circumstances and we have had detailed communications with you so these claims by you that this is just a hobby are criminally negligent and reckless of you given the further damage you are causing us financially and psychologically and the complete waste of time and resources that has resulted from your actions. It is clearly all just ongoing persecution of us because you don't like us and you don't like our technology. [REDACTED] has reviewed our tax returns multiple times and harassed us about them on an ongoing basis so you simply can't claim you are not aware of this or that there is no proof it is outrageous conduct of you.

The quote above was in 2010 when we had a prototype and it is grossly unfair of you to claim that we should be commercially operational when it is clear we were still in development. As it stands we have not been able to get any support to develop the technology and we have done it at our own expense for the benefit of the community and this has cost us a lot and our family has made great sacrifices to do it and we do it because we believe it is so important for society. Also in recent times we received a referral from a Director of ANZ to their security team and a referral from a venture capital consultancy to CBA as you know and we received a referral from the PCI council to Visa who are currently looking at our technology in detail something you and your fellow Officers have failed to do even though you freely admit you have been aware of our solution for at least 9 years. So the important question is not why we have not been successful but why has the Government failed to review our technology or to provide us with any substantive support given you are claiming to be expert in the viability of our technology.

It is clear as a representative of the Government that you continue to ignore us and worse you are actively denigrating us and trying to harm us economically and psychologically with this ongoing harassment that you have extenuated into nearly 6 months on this matter alone.

The fact that no sales have been made in many years is prima facie evidence that there is no significant commercial activity. The above extracts state that a significant number of potential customers have been approached and none have decided to proceed. This suggests that the product in question is either not in demand or is not viable in the first instance.



No it is not prima facie evidence as technology developments by their nature take a long time to build and certainly for us this has been significantly hampered by your Departments continuing deliberate destructive actions to deprive us of the resources to proceed and wasting thousands of hours of our time and money in having to defend ourselves against your ongoing attacks. What it shows is you are hopelessly biased and it also shows that you and the Government take no responsibility for the delays we have incurred as a result of your ongoing deliberate interference & harassment over 7 years. You are quoting something from when we had really only just started and you sought that out yourself so you are clearly aware of our circumstances and you are deliberately trying to denigrate our efforts and ignoring our significant progress by falsely claiming there is no software.

In addition to no significant commercial activity, it does not appear that the acquisitions that ASA claim to have made relate to the carrying on of an enterprise. Specifically, ASA have claimed as creditable acquisitions expenses that are clearly private and domestic in nature, for example, home broadband and mobile phone costs for family members of ASA's sole director, Mr [REDACTED]. Other expenses include computer hardware and peripherals and cloud computing costs. The only expense incurred that indicates the stated enterprise is being conducted are those expenses that are described on ASA's GST detail reports as 'patent costs'. These are typically invoices from [REDACTED]. However, these expenses were not incurred by ASA. They were incurred by another entity.

This is simply not true you are deliberately lying you have our income tax returns you know full well and certainly your colleague [REDACTED] knows there are far more expenses than this and it is reckless of you to make such ridiculous claims. Frankly these claims are outrageous. At no point have you asked for full details you have only asked for GST logs which we have provided but in fact even in those there is far more expenditure that you claim above. Further more your [REDACTED] has continually reviewed our tax returns and is well aware of the significant expenditure we have incurred in furthering the development for the benefit of the community. As to private expenses they are ancillary as I said in the period in question the private use adjustment would be less than \$50 per quarter and you exaggerating this to suit your purpose we don't have to make adjustments for income tax and it is below the FBT threshold there is no FBT and as I had explained to your officer and you we would make adjustments in the first quarter following the end of the year however we cannot do that because you have cancelled our GST so now we cannot even lodge a BAS because we are locked out because you have disabled GST calculation.

the activity was not recurrent or regular in nature.

It is not clear when ASA claim to have commenced the activity of developing authentication software, as distinct from activities that may have been undertaken by other entities for which ASA's sole director, Mr [REDACTED] was also the sole director. The evidence is that for a period of time, activities were being undertaken by these other entities and expenses were incurred by those entities. The only expenses that might otherwise indicate a legitimate enterprise are actually incurred by another entity and not incurred by ASA. There is no evidence at all that shows that any bona fide business activity is being undertaken by Advanced Systems Accounting Pty Ltd.

This is just a ridiculous you cannot claim that our activities are not recurrent or regular we have been consistently developing and proving our technology each and every year with the exception of the times when you have interfered with us to such an extent that it prevented us from proceeding for example when you recklessly interfered with our capital raising. It is clear we have consistently undertaking this activity in ASA since inception and continue to do so. Just because we put the IP in another company as a prudent risk management measure does not change this.

You appear to fail to understand the basic concept of the GST grouping provisions and again we are left to wonder how on earth you are being allowed to preside of such critically important matters.

It appears you are seeking to endeavour to attack us so that you can gain control of our IP because you know how valuable it truly is or to cause us to loose control of it so that you can exploit it without paying for it. Either scenario is recklessly destructive for Australia. If you continue with this reckless behaviour it will put at risk the possibility of significant technology licensing royalties and consequential taxation revenue the antithesis of what you are supposed to be all about.

#### Other factors

Although not specifically addressed in the initial decision, additional comments against the other factors include:

This is supposed to be a dispute resolution process but again you demonstrate it is a sham and you have simply used it as a basis to try to come up with a more plausible reason for your ongoing persecution of us. What it demonstrates is that Commissioner Jordan has deliberately been misleading the Parliament about your internal processes. Again you are denying us due process in these matters by having not previously raised any of these matters with us to enable us to respond prior to you issuing your judgement. It is a disgrace and a continued deliberate persecution of us by you.

- activity is systematic, organised and carried on in a businesslike manner and records are kept

ASA contends that its activity is systemic and organised and that records are kept. However, separate accounts are not kept for the various entities that are controlled by your sole director Mr [REDACTED]. This extends to claiming expenses that are private in nature and also incorrectly claiming that expenses incurred by other entities were actually incurred by ASA

Again this is simply not true you are again telling lies and you are making unverified claims you cannot assert this because you have not inspected those records as you have never requested them. In fact the claims are again quite outrageous as we keep meticulous records and prepare financial statements and tax returns for each entity each and every year. You know this because you have access to this information in your tax returns database. The private expenditure is minor mobile phone private use at best would be 500 per annum less than 0.5% of our total average annual expenditure. What it does show is how ridiculously petulant and small minded you are prepared to be to prosecute your case to further persecute us in this way wasting our valuable time and resources. Further in your

other communications you have made it clear you are well aware of our other entities so you have our lodgement history and you have access to all that data and it is common sense and clear on the balance of probabilities that we have the necessary records even if you haven't asked for them because it doesn't fit with your outrageous and dishonest claims.

- A business plan exists

At no stage was a business plan provided during the course of this review. A business plan or plans may have been provided to the ATO in the past in relation to other entities controlled by ASA's sole director, Mr [REDACTED]. However, this informal review was focussed solely on the decision that ASA was not carrying on an enterprise.

You have never asked for our business plan we do have one its not up to date because we are time poor as are most small business people and too much of our time is being wasted in having to deal with the constant attacks that the Government has been subjecting us to over more than 7 years now. In the 5 months you have been harassing us about this you could have at any stage asked for our business plan and our R&D plan but you never did and it is wicked of you to claim that we are supposed to be able to read your mind as to what you want and give it to you before you ask for it.

There have been numerous discussions between you and I over many months now and at no point did you ask for this so you can't claim it as a factor now. What this shows is again that this so-called review is a sham because you are making things up to justify the actions of your fellow Officers reckless actions to cover up your incompetence.

You are arguing that there should be a separate business plan for each entity in the group this clearly an unrealistic expectation and again demonstrates you are at all fair minded and complete disregard our capacity and resources as a small business. Your Department is again demonstrating its dysfunction and closeted lack of real-world experience with such onerous expectations if this is actually your Department's official stand on this which I would seriously doubt as I have never come across such a requirement. I have been advising businesses for 25 years and business plans are done on a group basis and where appropriate divisional considerations are included but generally dormant asset holding entities don't have an operational plan it is errant nonsense.

The fact is we do have up to date overviews of our business that are required for external parties when they do an analysis of our offering to try to raise venture capital and for example our product listing on Matchi.Biz which is run by KPMG and our product listings in the Federal Government and NSW Government registries and with Microsoft.

- Commercial sales of product

Comments on lack of sales are contained in the discussion on 'significant commercial activity' above. In addition to the comments above, we note that the website referred to in ASA's response is a website that belongs to another entity. This website appears does not appear to sell authentication software or anything else.

Again you exhibit your ignorance and fail to understand the grouping provisions that allows us to report GST in one entity even if your assertions that the website costs form part of our costs. They don't because marketing website costs are not a deductible expense for R&D and in any case I built the site so again this is part of the valuation for our sweat equity in the venture that we hope to recover with licensing royalties or a trade sale of the patents and software. Also again it appear you are attempting to imply that we should have the IP held in the R&D entity which no commercially minded person would do even though you are trying to argue that we are not a commercial enterprise thank goodness we have more common sense than you are exhibiting with these ridiculous assertions. We tried to explain this to [REDACTED] who falsely claimed that we said ASA would receive the sales as part of her justification for shutting our businesses when in fact we have had our sales company all along as part of the structure to receive royalty income from the very start. It was clear we told her this as she falsely claimed we did not give her the bank statements showing the income we had received this was because the company she was auditing was ASA not our sales company but in any case we had given her the statements and the fact she knew they existed as because we gave them to her and so we gave them to her again and despite this she still falsely claimed we said that ASA would receive the income when it was always to be the Sales company who would in time reimburse ASA under our agreement. What has occurred over time and has become very clear is that your Department and your Officers deliberately fail to view businesses affairs in totality when it suits you as a deliberate tactic to cause problems for small businesses. It is destructive antisocial behaviour you are being ridiculously pedantic and damaging the very businesses that will ensure the future prosperity of Australia.

Again what you are really implying is that you want to get control of our IP or force us to loose control of it because in truth you really do know how valuable it is and you want to exploit it without paying for it when it does start to generate income which is will do despite your derogatory comments as you really have no expertise to judge the matters at all as if we are successful and you have to eventually pay us to use it and this will show that your ongoing persecution of us for 7 years which includes the last 6 months by you and [REDACTED] was never justifiable and was only every an effort to hide your errors in our affairs and to try to silence our ongoing criticism of your Departments and the Governments defective authentication.

We concede its very high risk but we believe it is worth taking the risk because of the potential benefit to the community from the significant improvement in security that the technology provides. Not everything is purely about money as you sadly seem to think but under no circumstances should be have been continued to be subjected to this on going persecution from you it is an ongoing abuse of our human rights.

Finally I have to say your final remark "This website appears does not appear to sell authentication software or anything else" is terribly dishonest of you and clearly false it shows you are not fair minded and are not conducting yourself in a professional manner.

I include screen shots from our website that clearly show we have software available and that we are seeking licensing enquiries and your claim is a deliberate lie.

ARMORLOG™ VPCSML™ AUTHENTICATION

Welcome: Louis Februaryseventeen. Please enter your VPCSML password. Log in as a different user.

Enter security level [ 2 ]

**ARMORLOG \* VPCSML \*  
AUTHENTICATION  
SYSTEM**

Authentication security for the 21st Century for application and website authentication.

LEARN MORE ABOUT VPCSML\*

VPCSML\* Authentication System

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Home VPCSML Licensing Software Comparison More

## LICENSING ENQUIRIES

To Armorlog International Pty Ltd

Email\*

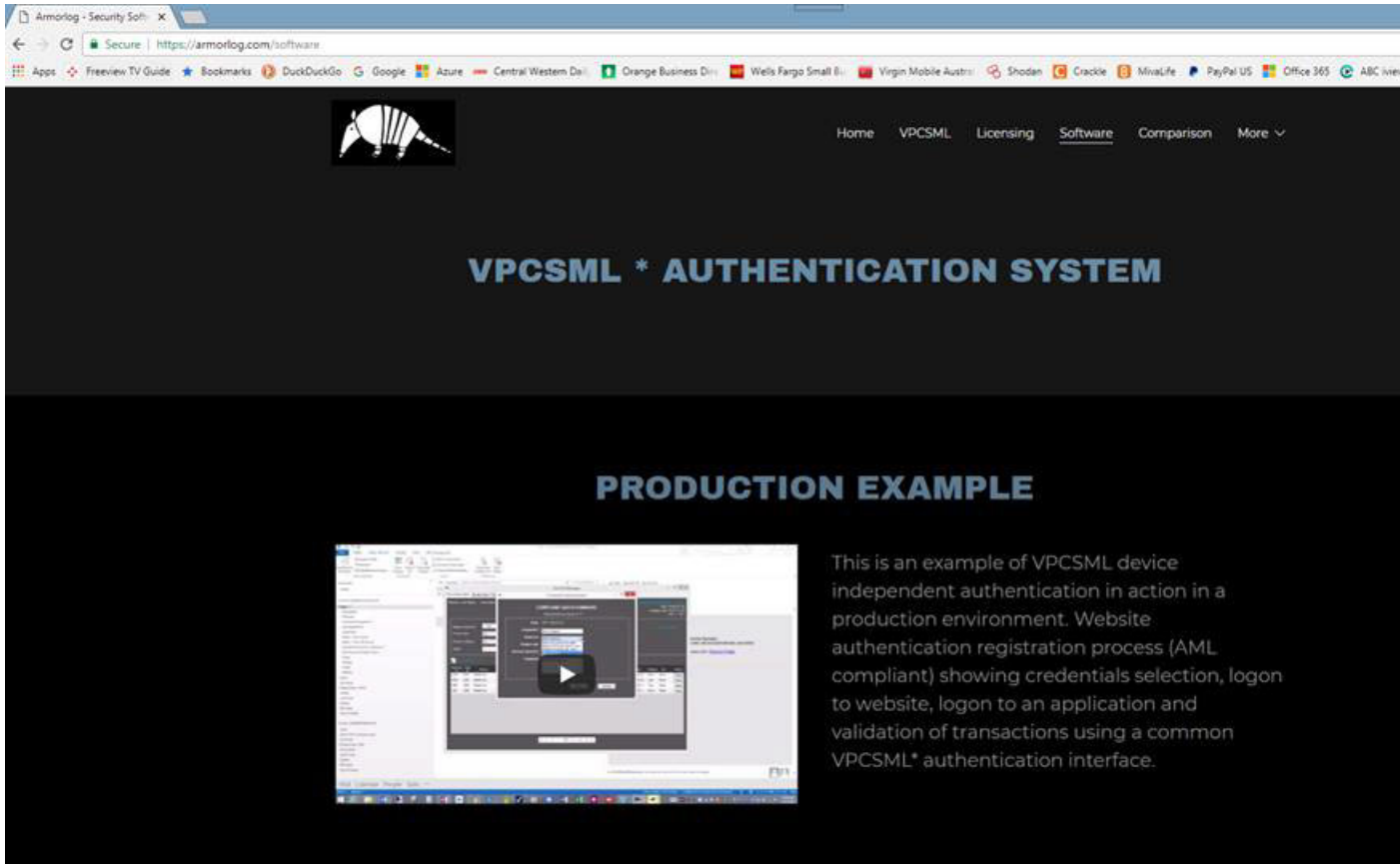
Name

Message

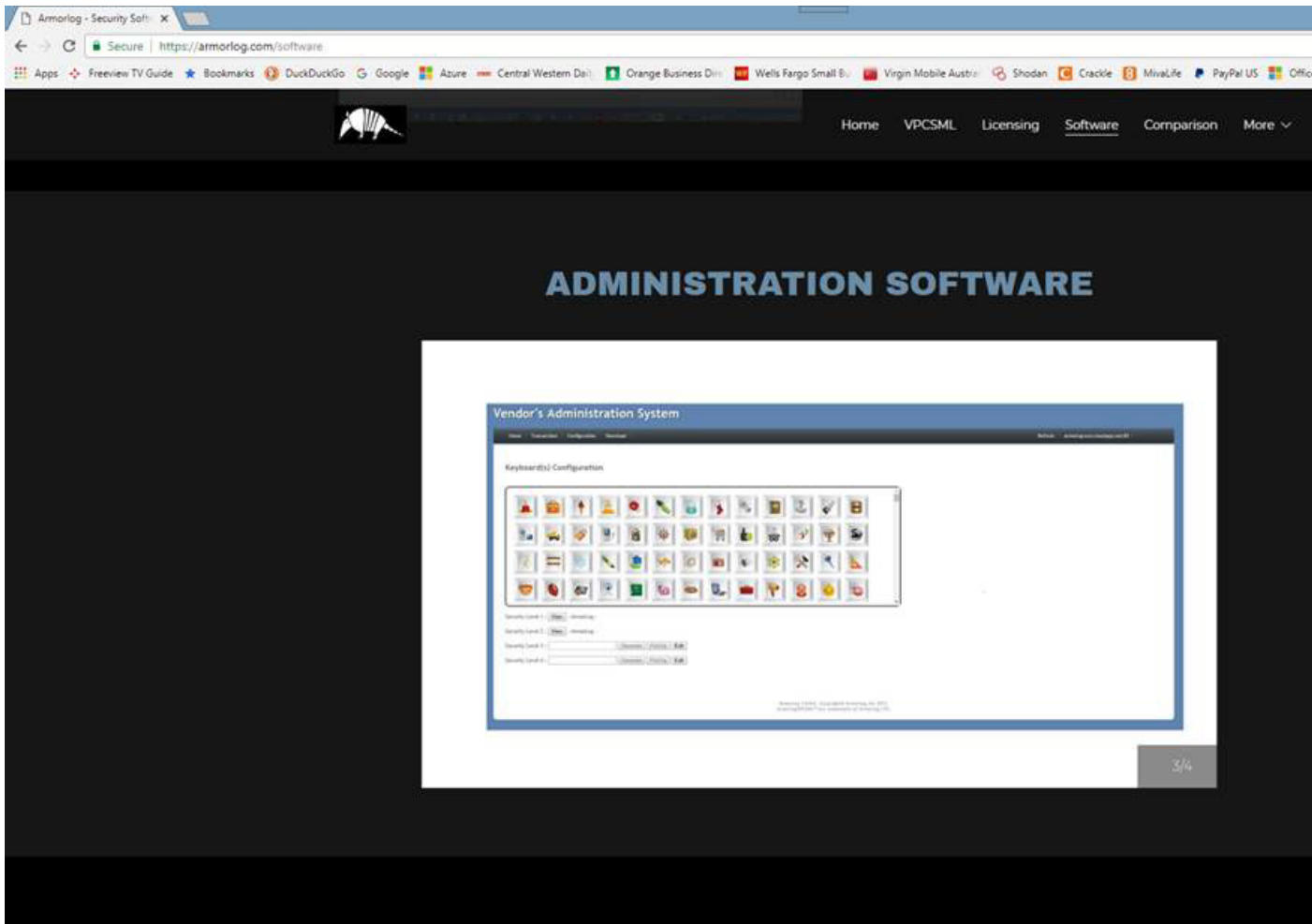
SEND

Please note this page is for licensing enquiries only all other communications should be addressed to the appropriate registered office of the group subsidiary concerned.

\* Armorlog, VPCSML, Safetrade Market & Variable Proprietary Character Set Multi Layered Login are trademarks of Armorlog International Pty Ltd Patented USA, China, Australia, Japan, Canada, Singapore & Korea. Patents Pending in Other Major Jurisdictions.

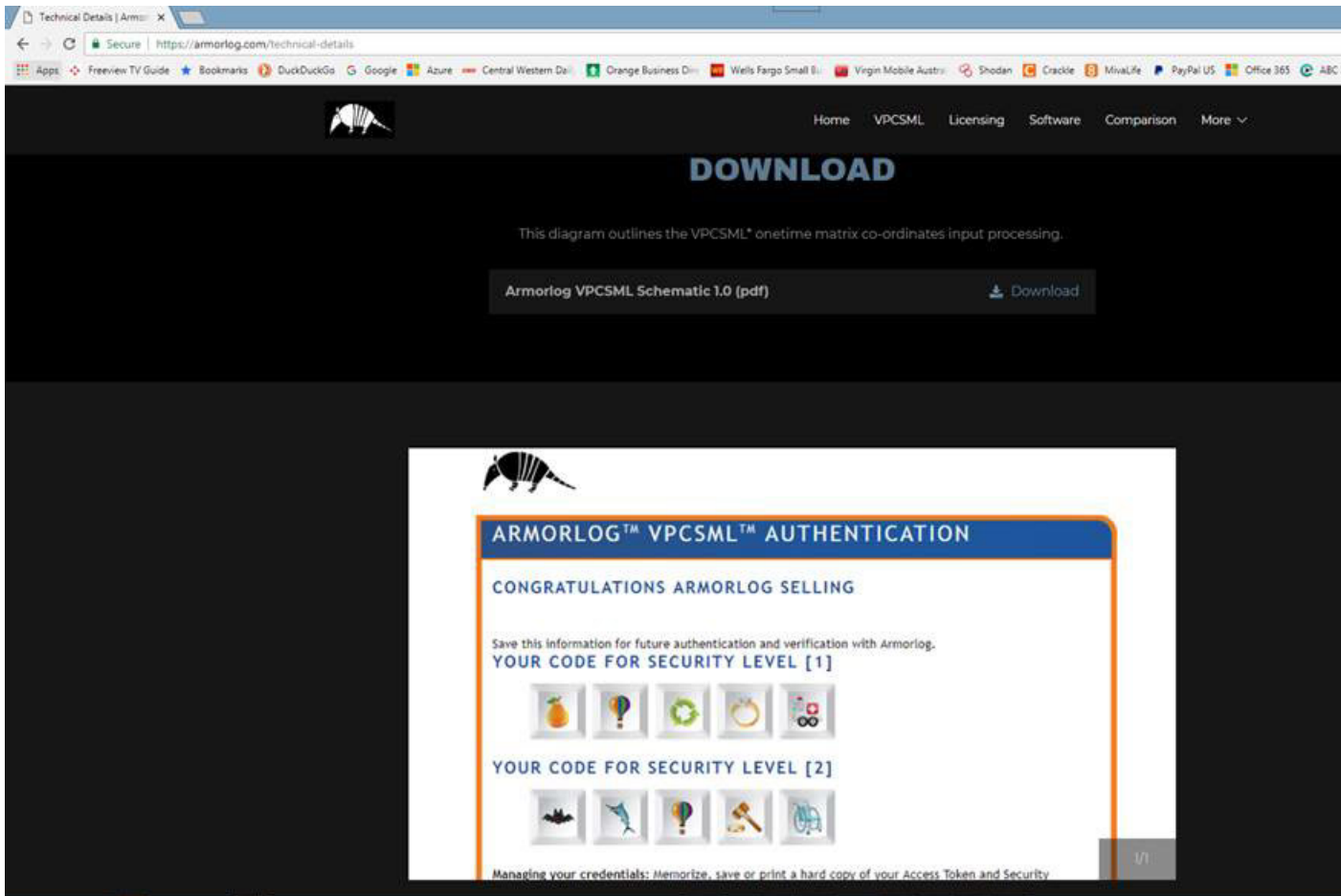


The screenshot shows the Armorlog website with the URL <https://armorlog.com/software>. The navigation menu includes Home, VPCSML, Licensing, Software, Comparison, and More. The main heading is **VPCSML \* AUTHENTICATION SYSTEM**. Below this is a section titled **PRODUCTION EXAMPLE** which contains a video player showing a production environment. To the right of the video, the text reads: "This is an example of VPCSML device independent authentication in action in a production environment. Website authentication registration process (AML compliant) showing credentials selection, logon to website, logon to an application and validation of transactions using a common VPCSML\* authentication interface."

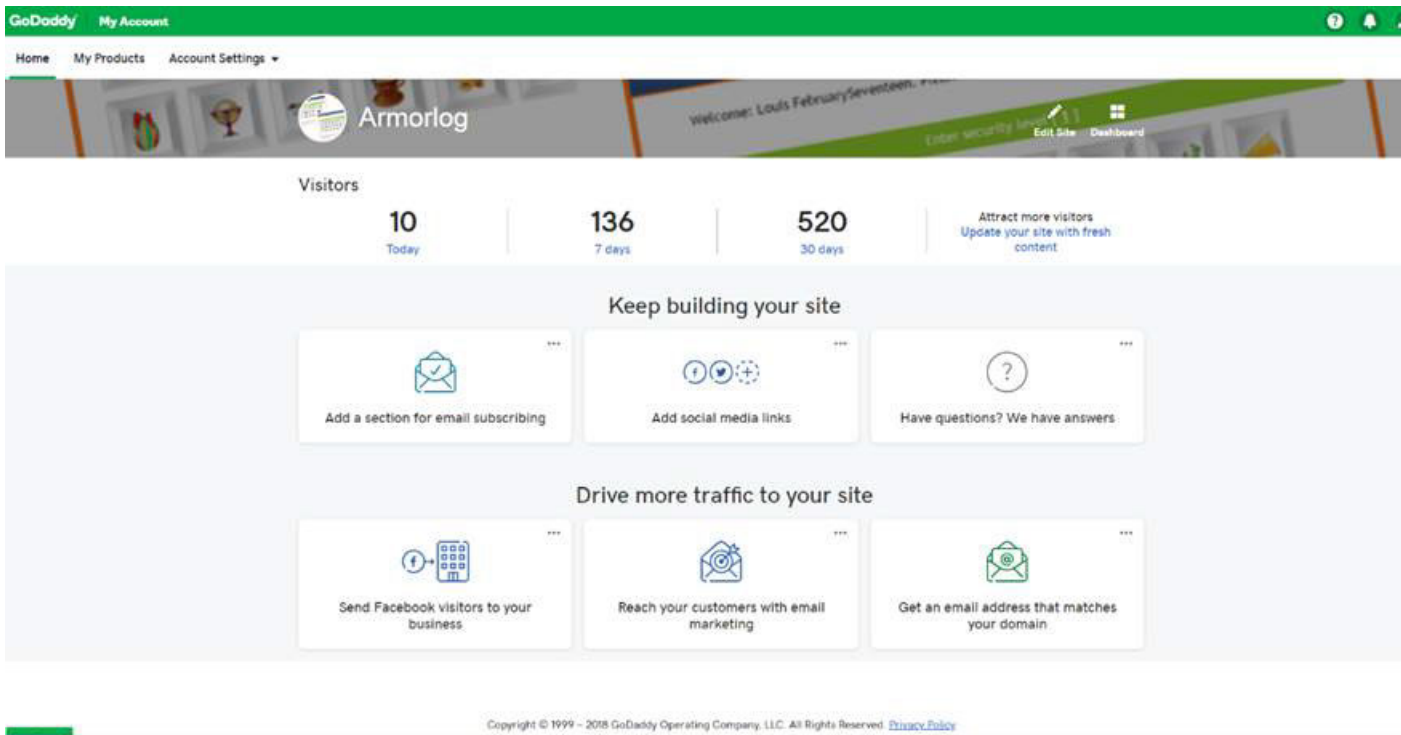


The screenshot shows the Armorlog website with the URL <https://armorlog.com/software>. The navigation menu includes Home, VPCSML, Licensing, Software, Comparison, and More. The main heading is **ADMINISTRATION SOFTWARE**. Below this is a screenshot of the "Vendor's Administration System" interface. The interface has a title bar "Vendor's Administration System" and a menu with "Home", "Keyboard(s)", "Configuration", and "Helpdesk". The main content area is titled "Keyboard(s) Configuration" and features a grid of 48 icons representing various keyboard functions. Below the grid are four input fields labeled "Keyboard(s) 1", "Keyboard(s) 2", "Keyboard(s) 3", and "Keyboard(s) 4", each with a dropdown menu and a "OK" button. At the bottom right of the interface, there is a small copyright notice: "Armorlog 2016. All Rights Reserved. Armorlog, Inc. 2016. Armorlog is a registered trademark of Armorlog, Inc."

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It is clear we are getting reasonable traction as the following are the visitor figures to our site this month.



Also if you had bothered to ask for our business plan you would have seen that we have achieved significant milestones to date including:

- 2009 VPCSML design completed
- 2010 Patent process commenced
- 2010 Paper on VPCSML Peer Reviewed by University of Georgia
- 2010 Paper on VPCSML presented at Worldcomp
- 2011 Initial VPCSML Prototype completed
- 2011 Prototype Exhibited at CommunicAsia
- 2012 VPCSML Integration with OpenID
- 2013 VPCSML Administrative Backend Completed
- 2014 First Production Web version of VPCSML completed
- 2015 First Mobile based version of VPCSML completed
- 2017 Web version of VPCSML for both desktop and mobile completed.
- 2017 KPMG Matchi.biz list VPCSML for distribution.
- 2018 VPCSML End To End Encryption Implemented

You would have also seen that we have had patents granted in USA, Australia, Japan, Korea, Singapore, Canada & China.

You and your fellow Officers are incredibly arrogant it doesn't matters what we do in your eyes everything we do is wrong obviously that is not true but it does demonstrate how dysfunctional your Departments culture has become.

We are at a loss as to why you would be so obviously dishonest in these matters and introduce these additional bald faced lies after the fact it is wilful criminal negligence on your part given these documents as you well know will form part of proceedings between the Federal Government and our family and it is yet a further demonstration an ongoing concerted effort by you and your fellow Government Officers to persecute and destroy us because you are not accountable to anyone for your continuing unconscionable conduct.

Regards

[Redacted signature]

Australian Taxation Office

[Redacted contact information]

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