

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

10 – 11 February 2010

Question: aet 128

Topic: CarLovers Investigation

Hansard Page: E128 (11/02/2010)

Senator WILLIAMS asked:

Senator WILLIAMS—No, this comes from court cases, Minister. If you listen, I will explain it to you. This is from an article in the *Australian* about the 83 allegations of misconduct proved against him:

The case was completed in one day, with a listing of examples of gross misconduct.

... ..

CarLovers' main creditor, the Malaysian-based Berjaya Group reckons Ariff ripped out \$13m in disbursements and fees over four years ...

Ariff admitted to charging CarLovers for family holidays, hairdressing appointments, big restaurant bills and other outlandish expenses. For instance, there was a \$208,300 consultancy bill involving Ariff's father for services that had no relationship to the administration of CarLovers ...

... ..

He accepted ASIC's allegation that he was paid \$170,213 from a creditor of Sid Fogg for the GST—but never paid the tax office. The article goes on:

He also admitted to wrongdoing concerning Bulla Tip, including the "fictitious" creation of a charge to secure a payment of \$400,000 to State Securities, a company fronted by Mr Karas.

... ..

He then paid Mr Karas's State Securities \$400,000 when he knew State Securities had not paid that amount to the Bulla companies.

... ..

The case that really got the court going was HR Cook Investments, which was liquidated in June 2006 after the principal died, leaving the money to members of the family, including minors. Ariff was appointed liquidator of HR Cook and used hundreds of thousands of dollars of its money for legal fees that had nothing to do with that company.

... ..

... ASIC to continue what it said it would do in court and pursue further investigations against Ariff.

When did you start investigating Stuart Ariff?

Mr Dwyer—Our initial complaints came in late 2005 and early 2006. There were a number of complaints at that time, which were investigated by ASIC. No further action was taken at that time.

Senator WILLIAMS—You had some complaints in 2006 and no further action was taken at that time?

Mr Dwyer—On those complaints, yes.

Senator WILLIAMS—CarLovers spokesman Ian Fong said it was a shame ASIC did not act earlier. He said:

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It's a shame ASIC didn't act when we made our first complaint back in 2005. The damage that Mr Ariff and his group caused would have been much less.

Adele Ferguson said in her column:

The Berjaya Group, frustrated with ASIC, came to The Australian in 2007 and told their story. Within days many more victims of Ariff contacted the newspaper, and ASIC started action.

Is there any truth in that, because of the public display of Ariff's actions brought out in Australia by Adele Ferguson? Is that what made you act?

Mr Dwyer—I cannot comment on that.

Mr D'Aloisio—We will look at that. I do not think that is the position but we will look at it and give you a response.

Answer:

All complaints received by ASIC are individually assessed and actioned as appropriate. Each complaint against Mr Ariff has been assessed in accordance with this process.

These complaint assessment procedures are set out in Section C of ASIC's submission to the Senate Standing Committee on Economics Insolvency Inquiry into Liquidators and Administrators.

A further response was provided in confidential Appendix E of ASIC's submission to that inquiry.