

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates 30 May – 1 June 2006

**Question: bet 100 (ASIC)**

**Topic: Paridian Property Development Fund**

**Hansard Page: E80**

**Senator SHERRY asked:**

Unfortunately I have to raise a number of non-Westpoint related scandals in which, unfortunately, some of the victims also invested moneys in Westpoint. There are three scams I want to raise. ‘Scams’ may be a bit harsh; I do not cast judgment at this point in time. The first point I want to raise is about Paridian Property Development Fund. There was an article in *The Australian* newspaper on Monday 22 May regarding Paridian Property Development Fund. Are you aware of this?

**Mr Lucy**—No. We could take it on notice, but I would urge you, when those situations present to you, to encourage these people to lodge a complaint with us.

**Senator SHERRY**—Yes. I first became aware of Paridian when I read the newspaper article and have since been contacted by a number of investors. I urge them to do everything they possibly can—get on to the tax office with respect to self-managed super funds and get on to you to try to get some containment with respect to these issues. My understanding is that Paridian Property Development Fund is a \$45-million fund. Paridian has raised \$25 million selling shares and \$20 million selling debt notes. It is a company offering financial advisers up to 10 per cent commissions. Financial planners receive up to 10 per cent of all funds raised for debt notes and up to 8.5 per cent of all funds raised for shares. Paridian have been highlighted due to their poor disclosure of a rule that prevents investors from ever withdrawing their money or that makes it extremely difficult for them to ever do that. Before I get to that issue, is Paridian under investigation by ASIC?

**Mr Lucy**—I would have to take that on notice, but the circumstances that you have just referred to, namely the inability for people to be able to exit, are familiar to me. Whether or not that is the company that you described, I will have to take on notice.

**Answer:**

Yes, ASIC is aware of Paridian Property Development Fund Limited.

ASIC has received one complaint concerning the prospectus for this company. ASIC determined that there was insufficient evidence of the allegations being made.

Paridian Property Development Fund Limited does not hold an Australian financial services licence.