

14 September 2009

Committee Secretary
Senate Select Committee on Agricultural and Related Industries
PO Box 6100
Parliament House
Canberra ACT 2600

Inquiry into Impact of Managed Investment Schemes

Dear Sir/Madam,

My respectful submission discusses my concerns regarding the state of an ongoing MIS (Rewards Group), and the effect that the state of its current operations may have on investors, food production and the wider community if it is not being appropriately and effectively managed.

There seem to be unfortunate similarities to the Great Southern decline.

As my submission refers to specific parties, I both expect and welcome the opportunity for these parties to have the opportunity to respond to my concerns.

Concerns regarding Rewards Tropical Fruits (MIS) Project

My parents invested in Rewards Group Tropical Fruits Project in order to fund their retirement rather than be a drain on the pension system.

They had the opportunity to read the PDS (unlike their experiences with Great Southern) and budgeted for the ongoing management/harvest fees

as indicated in the PDS (approximately 25% of the original investment, per year), about \$22,000 indexed yearly.

Recently they received a letter of demand for the payment of this yearly amount, to be paid approximately 5 weeks earlier than was stated in the PDS (which stated "on or before 1 Oct") – a payment of around \$22,000.

Rewards offered a payment plan, but that seems beside the point.

Setting aside the fact that a PDS does not seem to hold any weight (I suggest that any deviation from the PDS should be agreed to by both parties, as both parties have signed a contract according to it), these **early demands for money suggest to me a cashflow problem**. I would like questions asked now, while there is still a chance for remedial action to be taken, rather than have this turn into another "Great Southern" situation, namely:

- Are they also running a Ponzi scheme? MIS investments are down. Are they suffering a shortfall in new investments which would have been used to fund the management/harvesting costs of existing projects, instead of having this money set aside from the initial investment in the project or previous years fees?
- Are they truly focussed on food production? I question this, because there should be horticultural data to support when a harvest occurs under a given climate and conditions, and if they are experts in this field, then they should have realised that their October timeline of fees as indicated in the PDS did not cater for a September harvest (as per a recent newsletter, fees needed to be collected in order for the harvest to go ahead). It is a concern to me that this basic horticultural consideration has been missed during the establishment of the project.

Concerns regarding ASIC

Finally, in relation ASIC and Great Southern, I would like to respectfully submit my concern that ASIC considered the lengthy and often deliberately obfuscating memoranda and statements released by Great Southern during "Project Transform" to be clear and possible to be understood by the average investor. As Great Southern demonstrated that they were capable of producing clear and concise statements whenever they wished to promote their "successes", it is a pity that they were

allowed to get away with the phrasing that allowed them to muddy any adverse admissions regarding "Project Transform".

Yours sincerely,