

Committee Secretary,
Parliamentary Joint Committee on
Corporations and Financial Services Department
Of the Senate PO Box 6100 Parliament House Canberra ACT 2600

In reference two of the inquiry, I believe that the ASC is in large part responsible for many of the Financial failures, mismanagement of investors funds and extends to theft of investors monies, by not actively scrutinising corporate activity. For example, many years ago, the ASC was the first place of contact when researching the worthiness of a corporation to invest in. Such important information as corporate liquidity, pending legal action, director history of past or pending legal action and much more information was obtainable through ASC. The emphasis was about protecting the public from corporate rip-offs, or at least minimizing them. Today if you contact ASC and ask such questions the response is short and sharp; the ASC is not an advisory service 'talk to a Financial Advisor'. The fact that none of the questions are asking for an opinion which can be construed as advise but an attempt to obtain factual information about a corporation in which you are considering financial activity with does not seem to matter to the ASC.

To the lay person such as I and most likely many others, it would appear that the ASC has only one purpose and that is to collect application fees from Corporations, who wish to lure investors into parting with their hard earned savings. As long as the corporation meets the predetermined format and content defined by the ASC, they are completely free to conduct business in any way they choose even if it is clearly not in the best interests of the investor. Should a corporation fail the trust of its investors by either negligence or intent the initial response of the ASC is, 'investors invest at their own risk and therefore should not expect government intervention or protection'. However, it would appear to the layman such as myself that corporations, directors and auditors are afforded a great deal of protection from inquiry and prosecution when investors are attempting to gather information before investing or should a corporation fail it's investors by negligence or intent.

In no way am I attempting to suggest that all corporations need to be held accountable for losses because that is a fact of life and unavoidable but only those which have by mismanagement, deception and fraud caused great loss and hardship amongst investors. Corporations such as MFS, Storm Financial, Opes Prime and so many more were it seems, aided by ASC rules and regulations and not hindered by them.

ASC needs to be active in scrutinising the content of PDS' and not just checking off a list of requirements. Furthermore, ASC needs to be able to sanction and hold directors responsible when they have acted beyond the scope of the PDS or taken unacceptable risks without investor approval.

The ASC needs to stop protecting the privacy of corporations and directors from investor inquiries, as corporations are public companies and by its own title all information, legal and financial regarding a corporation and its directors must be made public and freely available for scrutiny. This is how corporations were originally established over one hundred years ago, it was a privilege to be made a director of a public company and not free access to the long trough for directors to feed off investor misery.

Make directors personally accountable for negligence, fraud and theft and then we will see how often funds collapse or even get established for that matter. It seems like a pretty simple process to me, just a small act of parliament to remove the overwhelming protection directors of corporations are provided.

Sincerely yours

Laszlo Pataki

