

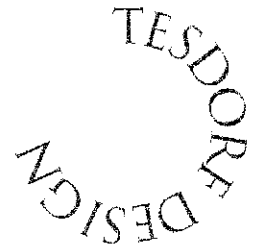


Senate Select Committee on Superannuation and Financial Services

Main Inquiry Reference (a)

Submission No. 167

Submittor: Mr N W Tesdorf
53 Surrey Street
RUSHCUTTERS BAY NSW
2011
 - (02) 9331 1165
 - (02) 9331 1761



Karin-Ann Tesdorf
Interior Designer
F.D.I.A.
Nicholas Tesdorf
B.Arch A.R.I.B.A.
53 Surrey Street
Rushcutters Bay
NSW 2011
Tel 612 9331 1165
Fax 612 9331 1761
email address
ntesdorf@atu.com.au
ABN 57 082 157 182

Wednesday, May 16, 2001

Senate Select Committee on Superannuation and Financial Services
Parliament House Canberra
ACT 2600

Dear Sirs,

Thank you for the telephone call notifying me that you would like to include my last letter in your report. I am very pleased to agree.

I am writing again to bring you up to date with the meeting of fund members of the former CNAL Superannuation fund now administered by Oak Breeze (Trustees appointed by APRA). This meeting was held in the Smith Room of the Wesley Centre, 220 Pitt Street in Sydney, on Tuesday 15th May 2001.

At the meeting the new Superannuation Trustee from Oak Breeze presented information of the chaotic state of the Superannuation fund as administered under the APRA approved trustee CNAL. Tax returns have not been lodged since 1999, Funds were not compliant to APRA regulations, the ECMT (Enhanced Cash Management Trust) and other Funds were run by CNAL in a complex of cheque round-robins, unauthorized management fee transfers and misuse of members' monies.

CNAL went into liquidation last Thursday. The liquidator of the ECMT is now undertaking action against the former directors. The success of this, will, of course, depend on whether they are accessible or have joined Christopher Skase in Mallorca.

The existing insurance of the Superannuation Trust was by HIH. This insurance is now probably worthless, even if it had not already been voided by the fraud and criminal actions of directors of CNAL.

We were told that APRA has now finally appointed an inspector to oversee the investigation of CNAL. However recovery fees will probably have to be funded by members of the Trusts.

The meeting confirmed that ASIC knew of problems with CNAL in June 1999. APRA knew of problems soon after, having been informed by ASIC. From then until the freezing of the Funds in November 2001, no action was taken by either APRA or ASIC. CNAL remained a licensed Superannuation Fund, fully approved by APRA, and as far as the public is concerned, worthy of trust.

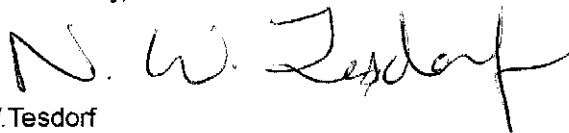
- **Most importantly, however, it was revealed to the meeting that CNAL like all other Superannuation Funds is covered under existing Superannuation legislation for restitution to the Superannuants by the Government under the S.I.S. Act, particularly under Part 23, Sections 229-240. The same situation is further covered for restitution under The Superannuation Assistance Funding Levy Act of 1993, and the Financial Institutions Supervisory Levies Collection Act 1998 Parts 2-4 Sections 7-29.**

The importance of this fact is that this is existing legislation set up and approved by Government for this exact very purpose. The activation of this rescue of the first Superannuation fund to fail would cost less than \$20 million, and would act immediately to quell the public's fears for the safety of their own compulsory Superannuation Funds.

Now that Australia's Superannuation Funds are growing to massive proportions, the vulnerability of the Funds unprotected by APRA due to its lack of vigilance, is a massive prize for the unscrupulous and a future vote loser for government's of any complexion.

Thank you again for your interest in this important first collapse in the Superannuation industry and its impact on Superannuants.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'N.W. Tesdorf'. The signature is written in a cursive, flowing style with a large, sweeping flourish at the end.

N.W. Tesdorf

