

Senate Select Committee on Superannuation and Financial Services

Main Inquiry Reference (a)

Submission No. 178

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The Secretary
Select Committee on Superannuation
and Financial Services
Parliament House
CANBERRA ACT 2600



Dear Madam,

SENATE ENQUIRY INTO SOLICITORS' MORTGAGE SCHEMES IN TASMANIA

I refer to your facsimile of 16 May, 2001 seeking my response in relation to Submission number 129 submitted to the committee by Ms Cheryl Harris.

I note from the submission submitted by Ms Harris that she has referred to my involvement in the Sunny Hills Resort Country Club Hotel at Ravenswood, Tasmania. I confirm that I was appointed the Receiver of DP & LJ Krushka Family Trust No 3, the trust which operated the Hotel premises, on 13 August, 1999. Prior to this time I had been engaged by Piggott Wood and Baker, Barristers and Solicitors, in order to provide an investigative accountant's report on the hotel business. I confirm also that prior to my formal appointment as receiver on 13 August I did not have any authority or capacity to operate the hotel nor to issue instructions in relation to it.

I shall now address Ms Harris' submission :

- (1) Ms Harris' submission refers to a letter provided to her by the Launceston City Council dated 29 January, 1999. She comments further that "At that time Paul Cook and Associates were handling the liquidation of the complex."

In response to that submission I advise that at that time I was not involved in this matter in any capacity. I first visited the premises in April, 1999 with the purposes of conducting an analysis for an investigative accountant's report.

- (2) Ms Harris' submission provides an undated account concerning dealings which she had with staff from the Sunny Hills Hotel. Ms Harris has not detailed the date when this took place however she states that "Paul Cook and Associates had already been appointed by PWB to handle the liquidation and they were supposed to be in charge of the Complex."

I am unable to comment directly on this account however I can advise that the hotel had been closed by the licnscc some three weeks before my appointment as receiver and manager. The closing of the hotel was the catalyst for my formal appointment as receiver. As soon as an appointment seemed likely I arranged for a member of my staff to immediately commence the appropriate action necessary to secure the assets and arrange for the appropriate licences to be issued by the authorities (Tasmanian Gaming Commission, TAB, Network Gaming, Liquor Licensing). It was also necessary to arrange for the re connection of power to the hotel. The hotel then commenced operating under my control as soon as practicable. I reiterate that prior to my appointment I was not involved directly in operating the hotel. During the period of my appointment appropriate management with significant hotel experience were installed at the hotel.

- (3) Ms Harris submits that "I phoned them [Paul Cook & Associates] but no-one would speak to me". Again, without specifics as to when Ms Harris telephoned I am unable to comment directly on her allegation. It would be unusual situation indeed if after my formal appointment as receiver that either myself or members of my staff would not respond to a telephone call. You would appreciate that due to the sensitive nature of insolvent administrations that it is not appropriate to discuss the progress of those administrations prior to a formal appointment taking place. If Ms Harris telephoned my office prior to my appointment as receiver and manager I would be unwilling to discuss any particulars unless I had express permission to do so from all parties involved. It would be normal practice during this administration that investor inquiries were handled by Piggott Wood and Baker.

In summary I submit that at all times whilst acting for Piggott Wood and Baker in investigating the financial position of the hotel business and later as receiver and manager of the hotel that I performed my duties appropriately and with due diligence.

Yours faithfully,



Paul Cook

