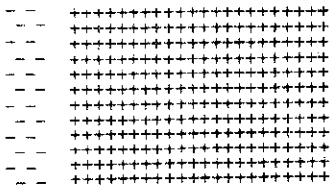


Senate Select Committee on Superannuation and Financial Services

Main Inquiry Reference (a)

Submission No. 192

Submittor: **Official Liquidator**
of D W & I M Tapping Pty Ltd
Mr John Woods
c/- Moore Robsons
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JWW:LIQ:TAPPING>Select C'tee 2
31 May 2001

Ms Sue Morton
Committee Secretary
Senate Select Committee on
Superannuation and Financial Services
Parliament House
CANBERRA ACT 2600

Dear Ms Morton,

Senate Inquiry into Solicitors' Mortgage Schemes in Tasmania

In your letter dated 30 May 2001 that I received today by facsimile, you provide copies of submissions numbered 162 and 165 both of which contain adverse comments about me and invite me to respond.

While both submissions are somewhat fanciful and, as regards Mr Jovanovic's submission, liberally allude to the alleged dishonesty and incompetence of the ASIC, me, and to a lesser extent, a Federal Court Judge and a Magistrate, your letter requests that I restrict my reply to the issues raised against me that are relevant to the inquiry. I shall comply with your request.

Submission No. 162

I believe that the only relevant matter in Mr Tapping's letter is that he asserts the loss of the monies lent to Coal River Processing Pty Ltd were the result of the actions of third parties and in particular, the ASIC. Had the directors acted in the interests of the depositors in attending to the adequate security for the loan, the monies should have been recoverable notwithstanding that the debtor company was subsequently wound up.

Submission No. 165

Mr Jovanovic's letter consists, in the main, of several pages of obfuscation, recriminations and a general attempt to divert attention from his own shortcomings, nevertheless I believe the following matters to be germane to the inquiry-

- (i) Mr Jovanovic alleges in part 8 of his letter that some of the security properties were improperly sold, yet he was present at a meeting of creditors when this matter was raised, answered, and a Committee of (3) Creditors was appointed to assist and advise me.



Chartered Accountants

Partners: Rod Moore
Ross Byrne Peter Muckridge
Chris Jones John Woods
Consultant: Peter Dobson

- (ii) The directors have commenced so called defamation proceedings against a number of respondents including the Mercury Newspaper and myself. This has had the (desired ?) effect of preventing the Mercury from giving any publicity, along the lines of the reported difficulties with solicitors' trust funds, to the losses of depositors in D.W & I.M. Tapping Pty Ltd – notwithstanding (in my opinion) the culpability factor is arguably greater.
- (iii) In part 9 of his letter Mr Jovanovic states that he and his co-director Mr Tapping were not parties to the winding up application before the Federal Court, yet the Court records show that he defended the application.
- (iv) Mr Jovanovic states in part 11 of his letter that at the Court hearing (at which he had already claimed he was not a party) I gave an undertaking to investigate alleged claims against Tasmanian Trustees, Max McMullen, and Hugh Barry. I did give an undertaking as regards the Tasmanian Trustees claim however the Court records show that any undertakings as regards McMullen and Barry are figments of Mr Jovanovic's imagination. Furthermore, following my investigation into the Tasmanian Trustees claim, I made a report in accordance with my undertaking, to a meeting of creditors (at which Mr Jovanovic was present). The relevant extract from the minutes of that meeting is –

“Reason for Meeting:

The Chairman informed those present that the meeting had been called to fulfil an undertaking given to His Honour Mr Justice Marshall that a meeting would be held to advise creditors of the results of investigations into a possible damages action against Tasmanian Trustees Ltd in connection with advances made to G W Stanton & Associates Pty Ltd.

He went on to advise that he would also take the opportunity to fully brief creditors on the progress and state of the liquidation including the supply of answers to specific questions received that morning from one of the creditors.

Action against

Tasmanian Trustees

Limited: The Chairman called on Mr Toomey who had led the legal investigations into the allegations by Mr Jovanovic that damages were recoverable from Tasmanian Trustees Ltd, to report to the meeting on his findings.

Mr Toomey informed the meeting that notwithstanding any action that may otherwise have been possible, the pursuit of the matter by this company would be fruitless because the directors of D. W. & I. M. Tapping Pty Ltd had signed a full release in respect of the company's dealings with Tasmanian Trustees. The Chairman called for any questions of Mr Toomey. Several were asked and Mr Toomey answered them.

At this stage Mr Jovanovic rose and commenced to make a statement. The Chairman advised Mr Jovanovic that he was there as an observer and consequently had no right to address the meeting. Mr Jovanovic ignored the Chairman and continued with his dissertation at which the Chairman again instructed Mr Jovanovic to resume his seat. Mr Jovanovic stated that he felt that the meeting would like to hear what he had to say and with its leave he would continue. The Chairman asked the meeting if it would grant leave for Mr Jovanovic to continue to which he received a resounding “no”. Mr Jovanovic then sat down.

It was agreed that the Liquidator take no further action as regards the matter of Tasmanian Trustees.”

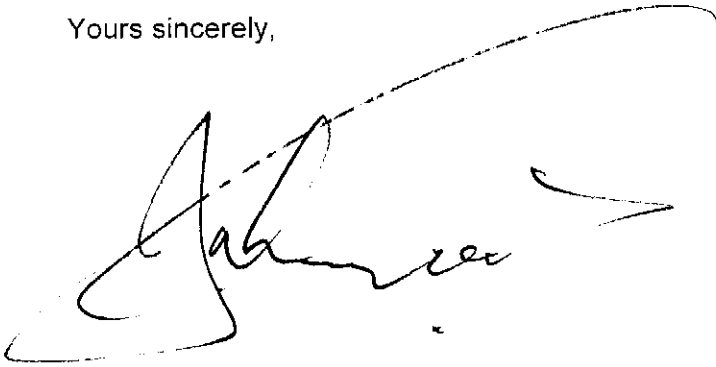
- (v) In part 12 of his letter Mr Jovanovic disputes the matters reported to you in point 7 of my submission. Notwithstanding his claim that it was not a loan but some form of advance, it is part of the loan ledger records (which he, as a director, is responsible for keeping accurately) and thus forms part of the trust monies under the company's stewardship.

Even if some remuneration was owing by D.W. & I.M. Tapping Pty Ltd to Mr Jovanovic – which is not conceded – I question the propriety of using trust monies to pay a debt of the company.

While most of the other actions of the directors may be the result of incompetence and negligence, I believe that Mr Jovanovic's actions in this particular matter must verge on the fraudulent conversion of trust funds for his personal benefit.

Although other sections of his letter are objectionable, they are not relevant to the inquiry.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. Woods', with a long, sweeping horizontal line extending from the end of the signature across the page.

(John William Woods)
OFFICIAL LIQUIDATOR of D.W. & I.M. Tapping Pty Ltd (in liquidation)

C/- Moore Robsons
Chartered Accountants
30 Davey Street
HOBART 7000