

Senate Select Committee on Superannuation and Financial Services

Main Inquiry Reference (a)

Submission No. 220

Submittor: Official Liquidator of Commercial
Nominees of Australia Limited
Mr R M Sutherland
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Chartered
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For reconstruction
and insolvency

REF: SA: RS: COMME01: AUSTRALIAN SENATE LET

21 June 2001

Australian Senate
Select Committee On Superannuation & Financial Services
Parliament House
Canberra ACT 2600



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In association with
Manfred Holzman

Dear Sue Morton,

**RE: COMMERCIAL NOMINEES OF AUSTRALIA LIMITED "CNA"
(IN LIQUIDATION)
A.C.N 054 235 853**

I refer to your letter dated 8 June 2001 and enclosed material.

As you are aware, I was appointed as Official Liquidator of the above-named company on 10 May 2001.

I note that I have only been appointed Official liquidator of the company for just over a month and note that the complex web of related entities is making the task of winding up the affairs of the company very difficult.

I am willing to provide the opportunity to an authorised staff member from your office to review the above-named company's books and records which I have in my possession so that you may draw conclusions as to the various submissions made in your case study.

As I have limited funds in this liquidation, I would not expect to incur further costs in reviewing and commenting on the submissions contained in the package you mailed to me on 8 June 2001 unless my costs to do so are guaranteed. I rely upon Section 545 of the Corporations Law in this regard.

I attach a copy of my initial report to creditors dated 23 May 2001 for your reference.

Please contact Sule Arnautovic of my office if you have any questions in this regard.

Yours faithfully

COMMERCIAL NOMINEES OF AUSTRALIA LIMITED

R M SUTHERLAND
Official Liquidator

NEWCASTLE

Telephone 02 4965 6500
Fax 02 4965 6549

WOLLONGONG

Telephone 02 4225 2545
Fax 02 4225 2546

BRISBANE

Telephone 07 3210 1860
Fax 07 3236 2452



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REF: SA: RS: COMME01: CREDITORS CIRCULAR 23 MAY 2001

23 May 2001

In association with
Manfred Holzman

REPORT TO CREDITORS

RE: COMMERCIAL NOMINEES OF AUSTRALIA PTY LIMITED "CNA" (IN LIQUIDATION) A.C.N. 054 235 853

I was appointed as Official Liquidator of the above-named company on 10 May 2001, by an order made by the Supreme Court of New South Wales, Equity Division.

Company Background

CNA was established in November 1991 under the name Strategic Financial Solutions Pty Limited ("Solutions") to act as Trustee of superannuation funds administered by Strategic Superannuation Solutions Pty Limited.

In May 1993, Solutions changed its name to CNA.

In September 1994, CNA became an approved superannuation trustee, this approval was granted by the Insurance and Superannuation Commissioner under Section 26 of the Superannuation Industry (Supervision) Act 1993.

The main business activities of CNA could be summarised as follows: -

1. The monitoring of various Pooled Superannuation Trusts,
2. Providing support to Non-Super Master Trusts,
3. Monitoring investments made by various Public Offer Superannuation Funds and Excluded Funds, and
4. Providing various other Trustee services.

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On 13 February 2001, the Australian Prudential Regulation Authority ("APRA") made a decision to revoke the Trustee status of CNA. The major reasons for APRA's decision appear to be as follows: -

1. CNA was engaged in conduct, which involved a conflict of interest between its fiduciary duties as Trustee of various entities on one hand and personal interests on the other;
2. CNA failed to ensure that adequate security was obtained in respect to certain investments made by CNA; and
3. CNA failed to ensure that adequate documentation was kept in respect of certain transactions entered into by CNA.

CNA's Position In The Group Structure Before & After Trustee Status Removed

The general relationships in the CNA group prior to the revocation of its Trustee status were as follows.

1. Power Capital Group Limited was the Parent Entity of CNA.
2. CNA acted as the Trustee Company of the: -
 - Equity Enhanced Fund (EEF),
 - Confidens Investment Trust,
 - Enhanced Cash Management Trust (ECMT),
 - Network Super Fund (NSF),
 - Midas Super Fund (MSF),
 - Australian Workforce Eligible Rollover Fund (AWERF), and
 - Other Small APRA Funds.
3. Strategic Superannuation Solutions Pty Limited acted as the administrator of the: -
 - Equity Enhanced Fund (EEF),
 - Enhanced Cash Management Trust (ECMT),
 - Network Super Fund (NSF),
 - Midas Super Fund (MSF),
 - Australian Workforce Eligible Rollover Fund (AWERF), and
 - Other Small APRA Funds.
4. Flinders Asset Management acted as the administrator of the Confidens Investment Trust.

Since the revocation of CNA Trustee status: -

1. Ferrier Hodgson Management Services Pty Limited has been appointed as Trustee of the EEF and ECMT trusts;
2. Max Prentice of Prentice Parberry Barilla has been appointed as Receiver & Manager of the Confidens Investment Trust; and
3. Price Waterhouse Coopers has taken over as Trustee of the balance of the superannuation funds that were under CNA's control.

Conduct Of The Liquidation To Date

To date I have: -

1. Managed to secure all of the company's books and records that were on the premises at Level 1, 140 Sussex Street, Sydney;
2. The books and records have been listed and all relevant information that will aid my investigations has been isolated so that I may further investigate the records;
3. Obtained a back up of the company's MYOB accounts on CD ROM;
4. Identified and obtained a valuation of plant and equipment that appears to belong to CNA, this equipment was kept at CNA's previous trading premises;
5. Insured the plant and equipment;
6. Closed both the company's general account (\$454 Cr) and trust account (\$29,325 Cr) and opened the respective liquidator's accounts in this regard;
7. Conducted brief reviews of the company's financial statements; and
8. Reviewed the payments made from the company's general bank account for the period 1 May 2000 to 10 May 2001.

Future Conduct Of The Liquidation

I will:

1. Further investigate the financial circumstances of CNA;
2. Further investigate the potential recovery of preferential payments made to creditors in the period 6 October 2000 to 10 May 2001;
3. Attempt to obtain a Report As To Affairs (RATA - Insolvency Balance Sheet) from the directors of CNA;
4. Attempt to realise the identified plant and equipment;
5. Further investigate the recovery of any other voidable transactions in addition to preference payments;
6. Recover any assets that are identified from my investigations; and
7. Report to the Australian Securities and Investments Commission ("ASIC") pursuant to Section 476 (If RATA is provided) and Section 533 of the Corporations Law.

Dividend Outlook

A dividend to any class of creditor at this stage appears to be unlikely, however, this may be subject to change depending on any recoveries that are made from my investigations into the affairs of the company.

Nevertheless, I request that you complete the attached formal proof of debt if you are owed any money by CNA and that you attach copies of invoices and other substantiating evidence that will allow me to verify your claim.

Should you have any further questions in this regard please contact Sule Arnautovic or Steven Agosta from my office.

Yours faithfully

COMMERCIAL NOMINEES OF AUSTRALIA PTY LIMITED

A handwritten signature in black ink, appearing to read "R. M. Sutherland". The signature is written in a cursive style with a large initial "R" and "M".

RM SUTHERLAND
Official Liquidator

**RE: COMMERCIAL NOMINEES OF AUSTRALIA PTY LIMITED
(IN LIQUIDATION)
A.C.N. 054 235 853
FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)**

To: Roderick Sutherland, GPO Box 4256 Sydney, NSW 2001

1. This is to state that Commercial Nominees of Australia Pty Limited, the company, was at (10 May 2001), and still is, justly and truly indebted to
in the sum of dollars and cents.

Particulars of the debt are:

DATE	CONSIDERATION ¹	AMOUNT	REMARKS ²
		\$ ¢	

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:³

DATE	DRAWER	ACCEPTOR	AMOUNT	DUE DATE
			\$ ¢	

- *3. I am employed by the creditor authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

- *3. I am the creditor's agent duly authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2001

Signature Occupation

Address

Do not complete if this proof is made by the creditor personally.

<i>Office Use Only</i>			
<i>File No.</i>	<i>Accepted</i>	\$	
<i>Processed By:</i>	<i>Rejected</i>	\$	<i>Date Sent :</i>
<i>Date Processed</i>	<i>Under Consideration</i>	\$	
	<i>Rejection Appealed</i>	No / Yes / N/A	

¹ State how the debt arose.

² Include details of vouchers substantiating payment.

³ Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them.