

APPENDIX 4

SOLICITORS' MORTGAGE SCHEMES IN TASMANIA - CHRONOLOGY

Solicitors' mortgage schemes have existed in Tasmania (as in the rest of Australia) since the mid- 19th century. They have come to notice in the last 10 years along with other investment products.

1992 Law Society obtains an exemption from the (then) ASC from the requirements concerning mortgage funds contained in the corporations law.

1993 Legal Profession Act and Rules 1993 consolidate and replace legislation regulating the profession and the Solicitors' Trust.

1996 Problems with the management of the Macquarie Law Mortgage fund emerge and a manager is appointed to the practice.

1997 The principal of Macquarie Law Andrew Hurburgh is struck off the roll of practitioners for matter unrelated to his mortgage practice. Law Society states that investors in Macquarie Law receive all their capital with the assistance of the Solicitors' Guarantee Fund.

1997 Alastair McCulloch, (McCulloch and McCulloch) admits to the Law Society that he has not complied with the Rules of Practice in respect of four mortgages in his practice. A default order was obtained in relation to those mortgages.

1998 (April and May) Toomey Maning and Co lodge complaints with the Law Society regarding the firm McCulloch and McCulloch.

1998 Law Society resolves to investigate both Quentin and Alastair McCulloch in relation to their administration of their fund. The investigations are still continuing.

1998 Irregularities in the fund managed by Lewis Driscoll and Bull appear. A manager is appointed in December 1998.

1998 Difficulties become apparent in the fund managed by Piggott Wood and Baker. A letter is sent to the investors indicating that Piggott Wood and Baker would no longer continue to pay regular interest on investments. Previously, investors received interest payments whether or not the borrower had made a repayment. (This practice had been mentioned by the society in its submissions to the ASC/ASIC as extra security and stability to the schemes).

1999 Principal of Lewis Driscoll and Bull (Thomas Baron) is struck off the roll of practitioners for professional misconduct in the management of his mortgage fund.

2000 (December) ASIC assumes regulatory responsibility for solicitors' mortgage schemes under the *Managed Investments Act 1998*. Law Society now responsible for monitoring the winding up of the mortgage practices, which have not elected to transfer to the ASIC supervised scheme.

2001 ASIC announces a nationwide audit of solicitors' mortgage schemes.

2001 (April – May) Extensive publicity regarding mortgage schemes in press and in Tasmanian Parliament. Consumers outline their difficulties in obtaining their funds from the schemes; in some cases it appears there will be no funds available to return to investors.

2001 (31 October) Deadline for winding up of schemes under current arrangements (run-out schemes) not subject to Corporations Law.