

FINANCIAL INDUSTRY
COMPLAINTS SERVICE
LIMITED

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21 September 2007

Mr Graham MacAulay
President
Westpoint Investor's Group
[REDACTED]
Miranda NSW 2228

Email: gmac@ihug.com.au

Dear Mr MacAulay,

Thank you for your email of 24 August 2007.

1. Shared Investments

FICS Panels had, prior to the decision in *FICS v Deakin Financial Services (Deakin)*, made rulings in relation to the treatment of joint investments based on the FICS Rules in existence at the time. Unfortunately, Finkelstein J the Judge in the Deakin case did not take the same view as the Panel. Now that a Court has made a ruling in relation to how FICS must interpret its Rules, FICS is now bound to follow that ruling. FICS does not claim that it does not work under the legal system; in fact, the jurisdiction of FICS is based on a contract between FICS and the Member, which binds the FICS Member to comply with the FICS Rules. If a Judge makes a decision about that contract and interpretation of the Rules then FICS is bound by that decision.

In relation to the decision making function; the FICS Rules provide that FICS must have regard to "*any applicable legal rule or judicial authority*", as well as other factors such as principles of good industry practice.

2. Subtracting Interest

The FICS Panel Chair has recently made a ruling, which clarifies this issue. For the purpose of applying the FICS monetary limits and otherwise dealing with complaints under the Rules, FICS will take into account the capital invested and will not subtract interest as though it were a repayment of capital. A Bulletin covering this issue in more depth will be released in the near future.

3. Delays and Extra Work

As previously advised, FICS is obliged to consider the circumstances of each individual complaint. FICS is unable to make blanket findings relating to a group of cases.

4. FICS Rules/ Guidelines

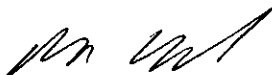
There are no additional instructions supplied to the FICS Panels apart from the FICS Rules. As previously advised the Panels must have regard to the law and good industry practice. Therefore, they rely on the law as enacted in statute and interpreted through the judgements of the Courts. In relation to industry practice, they would rely on such documents as the FPA rules of professional conduct.

I would like to confirm again that in its role as an External Dispute Resolution Scheme, FICS is to some extent similar to a Court exercising its civil jurisdiction, and it must decide each case individually on its merits. As you are aware FICS Panels have already made decisions in relation to claims concerning advice to enter into investments in Westpoint. FICS is extremely hopeful that other members with remaining Westpoint complaints against them, will take notice of the Panel's determinations and settle their complaints. In addition, the determinations already issued are brought to the attention of the parties who may be involved in negotiations or conciliations at FICS.

As at 14th September 2007 FICS had received 399 complaints in relation to Westpoint. Of these 253 have been progressed to investigation. Forty-six have been settled through case management or conciliation, and 13 have been finalised by a Panel determination.

FICS is preparing some further information for investors in Westpoint by way of frequently asked questions (FAQs). Michael Ridgway of our office will send you a copy when they are finalised.

Yours sincerely,



Alison Maynard
Chief Executive