

TO : Ms. J. Hutchinson, Advisor

CC : Mr. A. D'A;oisio, ASIC Chairmain
CC : Senator N. Sherry

FROM : Graham MacAulay, President Westpoint Investors Group
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XXXXXXXXXXXXXXXXXXXX
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DATE : 2 October 2007

Subject Two simple questions.

Dear Ms. Hutchinson,

I have written a number of letters to you, and asked a large number of questions that other people find both relevant, and pertinent. I can only assume the Assistant Treasurer's Office speaks a different language, and uses a different form of logic to the rest of the Australian community. You have yet to answer a single question I have asked. Nor have you expressed any difficulty in understanding my questions. I can only assume The Assistant Treasurer's Office has other reasons for not answering questions. Its behaviour has little to do with either democracy, or accountability.

In respect of WIG meeting with Mr. D'Aloisio, we did leave him with number of questions at the first meeting, which he agreed to answer in writing by the time of the second meeting. However, at the meeting of 03/09/2007 he bluntly refused to answer those, or any other question on ASIC performance before his appointment as ASIC Chairman. It seems he has been in touch with the Assistant Treasurer's Office, and has caught the weird disease of refusing to answer even the simplest questions from which its inhabitants suffer.

I will make an attempt to answer one single question. I will lay the data out in simple steps so that even an "Adviser" might understand it.

1. The "Freehills letter of 2000" proves beyond reasonable doubt ASIC examined the Westpoint Mezzanine Model.
2. ASIC took no action against Westpoint when they issued any of the Westpoint Mezzanine Products on the marketplace.
3. In 2006, the WA Supreme Court found the Westpoint Mezzanine Model was an unregistered Managed Investment Scheme.
4. Unregistered Managed Investment Schemes are illegal, and ASIC has successfully prosecuted the perpetrators of such schemes on many occasions.
5. Legal Managed Investment Schemes are 'regulated products'. To become a legal Managed Investment Scheme, a product must undergo stringent tests, and must be issued on the basis of a prospectus.
6. Westpoint Mezzanine Schemes never underwent testing, and were issued on the basis of Information Memoranda. Nor were any of them issued on prospectuses.

ERGO : Having examined the Westpoint Mezzanine Model in 2000, ASIC failed to recognise

it was n illegal Managed Investment Scheme. EVERY INVESTOR IN WESTPOINT MEZZANINE LOST THEIR MONEY BECAUSE OF ASIC'S TECHNICAL INCOMPETENCE TO RECOGNISE THE MODEL AS A MANAGED INVESTMENT SCHEME.

Is the above argument beyond the powers of an "Adviser?"

We now move on to the next item.

1. The law clearly states a planner is responsible for an investor's losses inf the planner misleads the investor for any reason, whether is deliberate or otherwise.
2. By not taking action in 2000, ASIC misled the planners and investors into believing Westpoint Mezzanine products were legal. There can be no argument on that matter.
3. ASIC licences and controls the planners, and should therefore set the standard for the planners.

Question 1. Did ASIC fail in its duty to recognise an unregistered Managed Investment Scheme? If the answer is no, would you please state the reasons for such a claim.

Question 2 Does ASIC have either a moral or legal responsibility to compensate those it misled? IF the answer to either question is no, would you please state your reasons.

I look forward to your answers to the two simple questions above.

Graham MacAulay

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