


TO : The Hon. C. Pearce, Parliamentary Secretary to the Treasurer

FROM : Graham MacAulay, President, Westpoint Investors Group


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DATE : 1 June 2007

SUBJECT Government reimbursement of Westpoint Investors.

Dear Sir,

As the incumbent senior person in the ASR chain of command reporting to the Treasurer in a Government that claims to care about the welfare of its citizens, would you please provide an explanation as to why Westpoint investors should not receive full compensation for their losses.

In 2000, ASIC wrote to Freehills, the Westpoint Lawyers, concerning the Westpoint Mezzanine Model, unequivocally proving ASIC knew the precise nature of the product. The West Australian High Court's decision of the Westpoint Mezzanine model having always been an unregistered MIS proves beyond question ASIC misled both the planners and the investing public by not taking immediate action to prevent the entry of products based on the model entering the marketplace. Subsequently, Westpoint employed the model in multiple unregistered MIS's.

At law, if a planner misleads an investor, innocently or otherwise, they are liable for that investor's losses. AFSL holders are responsible to ASIC for their actions. Why then, in a just and equitable society, is ASIC not responsible for the losses incurred by its calamitous error in the Westpoint matter? Particularly when it returns an increasing yearly surplus, now in the vicinity of \$300 million pa, to Treasury.

In the years following the release of the first Westpoint product, ASIC received many warnings concerning Westpoint Mezzanine products. ASIC not only failed to take remedial action, it failed to disclose any of the information it had received to the investing public. In direct contradiction of ASIC's statements, many, including IMF's Hugh McLernon, have stated ASIC always had the power to act.

The damage ASIC has inflicted on older Australians, who believed the Australian regulatory system was reasonably competent, is incalculable. It includes suicides, health problems, loss of homes, loss of capital, and greatly reduced lifestyles.

I would respectfully remind you, in this election year, Parliament is an instrument of the people. As all of the above pertinent evidence is freely available in the public domain, and the question I ask, *why Westpoint investors should not receive full compensation*), has a simple answer. I expect a direct reply within a short period of time without material extraneous to my question.

Graham MacAulay