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**UNDERTAKING TO THE
AUSTRALIAN SECURITIES
AND INVESTMENTS
COMMISSION**

**GIVEN FOR THE PURPOSE OF
SECTION 93AA OF THE
AUSTRALIAN SECURITIES AND
INVESTMENTS COMMISSION
ACT 1989**

**BY GARRISONS PTY. LTD.
ACN 009 556 370**

Australian Securities and Investments Commission

ENFORCEABLE UNDERTAKING

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ACT

SECTION 93AA

The commitments in this Enforceable Undertaking are offered to the Australian Securities and Investments Commission ("ASIC") by:

Garrisons Pty Ltd ("Garrisons") ACN 009 556 370 of Level 5, 152 Macquarie Street, Hobart, Tasmania.

SECTION 1 - BACKGROUND

1. Garrisons is the holder of securities dealers licence number 10859 under the Corporations Law ("the Law"). Garrisons is in the business of providing investment advice.
2. ASIC is conducting an investigation into the affairs of Garrisons as it has reason to suspect that Garrisons may have contravened sections 851, 995 and 996 of the Law. In particular, ASIC has concerns in relation to:
 - (a) the recommendations made by Garrisons, through persons holding a proper authority under Garrisons' dealers licence ("proper authority holders"), to its clients that investments in solicitors mortgage investment funds were said to be "capital secure" investments, such a view being supported by the written statement contained in recommendations made to clients by one proper authority holder that "even if there are market crashes, the investments will come back to breakeven as follows: capital secure - one month"; and
 - (b) the written statement to clients made by one proper authority holder that "the use of the PSF [Personal Superannuation Fund] enables you to have a very secure, capital guaranteed investment, without the fluctuations in capital value which may occur with other higher risk investments."
3. Although Garrisons do not agree with ASIC's concerns set out in paragraph 2, Garrisons acknowledge the concerns of ASIC and offers the undertakings set out in section 2.
4. Garrisons have provided to ASIC, on a confidential basis, a list detailing:
 - (a) the names of the clients and former clients of Garrisons (the "affected clients") who:
 - (i) were advised by Garrisons to invest in solicitors' mortgage funds; and
 - (ii) are presently owed interest which is due and payable in relation to those investments; and

- (iii) are unable to redeem at this time, part or all of those investments: (the "defaulting mortgages") and
- (b) the amount of the principal sum invested by each of those clients.
5. Pursuant to section 1324 of the Law, ASIC may apply to the Court for orders restraining Garrisons or its proper authority holders from contravening the Law.
 6. Pursuant to section 1325 of the Law, ASIC may seek orders requiring Garrisons or its proper authority holders to compensate those persons who have suffered loss as a result of a contravention of the Law by Garrisons or its proper authority holders. Such orders can only be sought with the consent of the persons who have suffered loss.
 7. Subject to section 837 of the Law ASIC, may revoke permanently, or for a specified period, a licence in certain circumstances, including where the licensee contravenes a securities law or, pursuant to 786 of the Law, impose conditions on the licence. ASIC also has power under section 829 to issue banning orders against a natural person, other than a licensee in the circumstances specified in that section.
 8. Prior to the time at which Garrisons became aware of ASIC's concerns, Garrisons had reviewed its own compliance procedures and implemented measures to address any issues identified in that review. Garrisons introduced new procedures relating to compliance and training in relation to the provision of financial advice to ensure that it is complying with relevant legal requirements in relation to the provision of financial advice.
 9. ASIC has not alleged that Garrisons acted with intent to mislead clients or to behave dishonestly.
 10. ASIC has agreed to accept the commitments in this Enforceable Undertaking as an alternative to the exercise of, and agrees not to exercise, the powers referred to in paragraphs 5 to 7, in relation to the matters described in paragraph 2 as they relate to the affected clients.

SECTION 2 - UNDERTAKINGS PURSUANT TO SECTION 93AA OF THE ASIC LAW

11. Pursuant to section 93AA of the Australian Securities and Investments Commission Act, Garrisons undertakes:
 - a) to make the payments offered to all affected clients by a letter sent to all affected clients and dated 13 June 2001, being an amount equal to the capital investment in defaulting mortgages that they are unable to presently redeem (the "principal sum"), upon the receipt of a signed deed in, or substantially in, the form of the document shown in schedule A, wherein the affected clients assign rights to Garrisons, including rights in respect of the recovery of their capital investment amount and interest (the "assignment deed");

- b) in relation to each affected client who executes the assignment deed:
 - i) to make reasonable endeavours to seek the return and payment of any interest currently outstanding ("unpaid interest") on the principal sum for that affected client from relevant third parties;
 - ii) to pay on or before 31 December 2002 an amount in lieu of unpaid interest, calculated at the rate of 6.00% per annum simple interest for the period during which interest was unpaid by the relevant borrower, ending on the date on which payment of the principal sum was made; and
 - iii) in the event that Garrisons recovers any amount in relation to that affected client in excess of the amount paid to that affected client under paragraphs 11(a) and (b)(i) above, to pay the amount of that excess, after deduction of all relevant recovery costs, to that affected client;
- c) to make the payments referred to in paragraphs 11(a) and (b), irrespective of whether the deed of assignment referred to is at any time for whatever reason held or determined in any court proceedings, to be void or otherwise of no effect;
- d) at the end of March and September each year, to provide ASIC with written notice, marked to the attention of the Regional Commissioner of the Tasmanian Regional Office, of details of:
 - i) payments made by Garrisons to the affected clients in accordance with subparagraph 11(a) of this undertaking during the previous 6 months; and
 - ii) the endeavours made by Garrisons to seek the return and payment of interest to the affected clients' funds from relevant third parties, in accordance with the undertaking in subparagraph 11(b) of this undertaking during the previous 6 months;
- e) arrange for the preparation by 31 December 2001 of a report on Garrisons' compliance program by an independent evaluator in accordance with the requirements of clause 3.4.3 of Australian Standard AS 3806 - Compliance Programs and on terms approved by ASIC, and, following the receipt of that report, provide ASIC with a copy of that report.

SECTION 3 - ACKNOWLEDGMENTS

- 12. Garrisons acknowledge that it has obtained legal advice in relation to the content and effect of this Enforceable Undertaking.

13. Garrisons acknowledges that ASIC:
- a) may publicise the terms of this Enforceable Undertaking and the concerns of ASIC which led to its execution;
 - b) may from time to time publicly refer to this Enforceable Undertaking; and
 - c) will make this Enforceable Undertaking available for public inspection.
14. Garrisons acknowledges that (subject to paragraph 10), this Enforceable Undertaking in no way derogates from the rights and remedies available to ASIC or any other person or entity arising from any conduct described in this Enforceable Undertaking.
15. Garrisons acknowledges that this Enforceable Undertaking has no operative force until accepted by ASIC.

The Common Seal of Garrisons Pty Ltd)
 ACN 009 556 370)
 Was duly affixed to this undertaking)
 On 27 June 2001 in the presence of)
 And the sealing is attested by:)



J. Sikkema
 Director

[Signature]
 Director

ACCEPTED BY THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION PURSUANT TO SECTION 93AA OF THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ACT BY ITS DULY AUTHORISED DELEGATE:

[Signature]
 Simon Dwyer
 Regional Commissioner
 Tasmanian Regional Office

Dated: 27 June 2001