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ENFORCEABLE UNDERTAKING

AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION

SECTION 93 AA

The commitments in this undertaking are offered to the Australian Securities & Investments Commission ("ASIC") by:

**Allan Edward Gooderham ("Gooderham")
23 Woodhall Wind
DONVALE VICTORIA 3111**

1. BACKGROUND

- 1.1 ASIC has conducted an investigation in relation to suspected contraventions of sections 995, 997 and 998 of the Corporations Law in respect of trading in the securities of Australian Authorised Investments Limited ("AAV") in the period from 1 October 1997 to 25 September 1998 (the "Investigation").
- 1.2 As a result of the Investigation ASIC has reason to suspect that Allan Edward Gooderham ("Gooderham"):-
- (a) has contravened sections 995 and 998(1) of the Corporations Law by reason of the facts set out in paragraph 1.8 below;
 - (b) has contravened ASX Business Rules 3.1(1A), (2), (3) and (4) by reason of the facts set out in paragraph 1.9 below;
 - (c) did not perform the duties of a securities representative efficiently, honestly and fairly by reason of the facts set out in paragraphs 1.8 to 1.13 below; and
 - (d) will not in the future perform the duties of a securities representative efficiently, honestly and fairly by reason of the facts set out in paragraphs 1.8 to 1.13 below.
- 1.3 ASIC has the power pursuant to section 829 of the Corporations Law to make a banning order against a natural person if relevantly:-
- (a) he contravenes a securities law;
 - (b) ASIC has reason to believe that he has not performed efficiently, honestly and fairly the duties of a representative of a dealer; and
 - (c) ASIC has reason to believe that he will not perform efficiently, honestly and fairly the duties of a representative of a dealer.



- 1.4 Section 830 of the Corporations Law provides that ASIC, after complying with section 837(2), may make a banning order to prohibit a person permanently, or for a specified period, from doing an act as:-
- (a) a representative of a dealer; and/or
 - (b) a representative of an investment adviser.
- 1.5 ASIC has agreed to accept the commitments in this undertaking as an alternative to the exercise of the powers referred to in paragraphs 1.3 and 1.4 above.

Concerns of ASIC

- 1.6 Gooderham was a member of Australian Stock Exchange Limited ("ASX") in the period from 1 October 1997 to 24 September 1998 inclusive (the "relevant period").
- 1.7 In the relevant period Gooderham was a director of EPIC Securities Limited ("EPIC") and held a proper authority from EPIC to act as a securities representative.
- 1.8 Gooderham had total discretion to place orders to buy and sell AAV securities in respect of 6 client accounts of EPIC. Gooderham had a beneficial interest in 3 of those client accounts. In the relevant period Gooderham from time to time:-
- (a) effected sales and purchases of AAV securities between the 3 client accounts in which he had a beneficial interest; and
 - (b) effected sales and purchases of AAV securities between 1 or more of the client accounts over which he had total discretion.
- 1.9 Gooderham effected sales and purchases of AAV securities on 6 client accounts of EPIC as principal ("the principal accounts"). In the relevant period Gooderham:-
- (a) did not keep a register of the principal accounts (failing to comply with ASX Business Rule 3.1(1A));
 - (b) effected sales and purchases of AAV securities between the principal accounts and other client accounts without informing those other clients that he was acting as principal in the transaction (failing to comply with ASX Business Rule 3.1(2));
 - (c) did not state that he was acting as principal in contract notes issued in respect of sales and purchases of AAV securities effected on the principal accounts (failing to comply with ASX Business Rule 3.1(3)); and
 - (d) charged commission on sales and purchases of AAV securities effected on the principal accounts (failing to comply with ASX Business Rule 3.1(4)).




- 1.10 In the relevant period Gooderham:-
- (a) did not seek or obtain written authorisation to operate 9 client accounts on a discretionary basis (failing to comply with ASX Business Rule 3.4.1(1));
 - (b) did not advise EPIC to include the 9 client accounts which he conducted on a discretionary basis in a register as required by ASX Business Rule 3.4.4;
 - (c) authorised the extension of credit by EPIC to 3 client accounts of which he was a beneficiary and 4 client accounts with which he was associated (failing to comply with ASX Business Rule 5.12A);
 - (d) did not from time to time properly record on orders for the purchase and sale of AAV securities the time and/or date the order was received and the identity of the natural person placing the order (ASX Business Rule 1.2.1);
 - (e) prevented, from time to time, contract notes from being forwarded by EPIC to 6 client accounts (failing to comply with ASX Business Rule 3.8(1)); and
 - (f) effected crossings on a client account, from time to time, that did not comply with the requirements of ASX Business Rule 2.7.4A.
- 1.11 In the relevant period Gooderham opened a client account with EPIC in the name of a deregistered company.
- 1.12 In the relevant period Gooderham did not inform EPIC that he was a beneficiary of 3 client accounts through which he effected sales and purchases of AAV securities.
- 1.13 In the relevant period Gooderham effected purchases and sales of AAV securities on 2 client accounts without authorisation.
- 1.14 Gooderham, without any admission as to liability, acknowledges the concerns of ASIC referred to above and accordingly offers the undertakings set out in section 2 below.

2. UNDERTAKINGS

- 2.1 Pursuant to Section 93AA of the Australian Securities and Investments Commission Act ("ASIC Act") Gooderham undertakes that he will not for a period of 6 years commencing 22 March 1999;
- (a) do any act or engage in any conduct as a representative of a dealer (as defined by the Corporations Law from time to time);



- (b) hold out that he is a representative of a dealer;
- (c) hold a proper authority from a dealer;
- (d) hold out that he holds a proper authority from a dealer;
- (e) do any act or engage in any conduct as a representative of an investment adviser (as defined by the Corporations Law from time to time);
- (f) hold out that he is a representative of an investment adviser;
- (g) hold a proper authority from an investment adviser;
- (h) hold out that he holds a proper authority from an investment adviser;
- (i) carry on the business of a securities dealer either directly or indirectly as a director, partner, manager, servant or agent;
- (j) carry on the business of an investment adviser either directly or indirectly as a director, partner, manager, servant or agent;
- (k) apply to ASIC for a dealers licence; and
- (l) apply to ASIC for an investment advisers licence.

3. ACKNOWLEDGMENTS

- 3.1 Gooderham acknowledges that he has obtained legal advice in relation to the content and effect of this undertaking.
- 3.2 Gooderham acknowledges that ASIC:-
 - (a) may issue a media release from 7 April 1999 referring to the terms of this undertaking and the concerns of ASIC as expressed in this undertaking which led to its execution;
 - (b) may from time to time publicly refer to this undertaking; and
 - (c) will make this undertaking available for public inspection.
- 3.3 Gooderham acknowledges that this undertaking in no way derogates from the rights and remedies available to ASIC (subject to paragraph 1.5 above) or any other person or entity arising from any conduct described in this undertaking.
- 3.4 Gooderham acknowledges that this undertaking has no operative force until accepted by ASIC.

3.5 If a clause of this undertaking is invalid, illegal or unenforceable, then that clause to the extent of the invalidity, illegality or unenforceability must be ignored in the interpretation of this undertaking. All other clauses of this undertaking remain in full force and effect.

Signed by Allan Edward Gooderham)
in the presence of:)

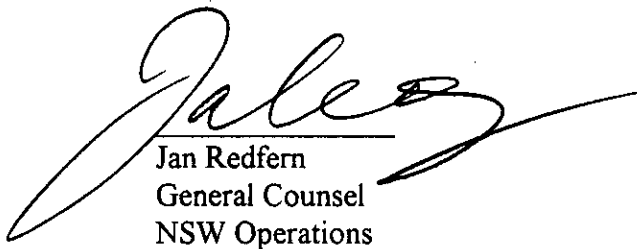


Signature

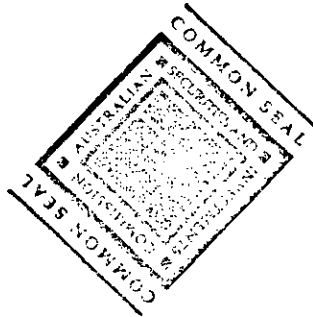
ROSS FREEMAN
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A current Practitioner within the
meaning of the Legal Practice Act 1996
Name (printed)

Address

**ACCEPTED BY THE AUSTRALIAN SECURITIES & INVESTMENTS
COMMISSION PURSUANT TO ASIC ACT S93AA BY ITS DULY
AUTHORISED DELEGATE:**



Jan Redfern
General Counsel
NSW Operations



This 24th day of March 1999.