

*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:

**Paul Stewart Mason  
16 Oakville Road  
Edgeworth NSW 2285**

**1. BACKGROUND**

- 1.1 In the period 23 July 1998 to January 1999 Paul Stewart Mason ("Mason") was a director of National Computer Road Service Pty Ltd ("NCRS") (ACN 079 166 288) within the meaning of the term "director" contained in s.60(1)(a) of the Corporations Law ("the Law").
- 1.2 ASIC has conducted an investigation into the involvement of Mr Keith Morton ("Morton") in the management of NCRS.
- 1.3 As a result of the said investigation ASIC has reason to suspect that Mason may have contravened sections 232, 344(1) and 588G of the Corporations Law ("Law") by reason of the matters set out in clauses 1.8 to 1.15 below.
- 1.4 In early March 1998 Mason was engaged by Morton to work for NCRS, on a casual basis.
- 1.5 In late March 1998 Mason was contracted by Morton to work on a full-time basis for Freeway Computer Company ("Freeway") as a sales person and computer technician.
- 1.6 Mason understood that Morton owned the business name Freeway.
- 1.7 According to Mason, Freeway built and sold computer systems and NCRS carried out repair work and provided warranty coverage for the said computer systems.

- 1.8 On or about 23 July 1998 Mason became a director of NCRS. On or about 17 August 1998 Mason became the sole director and also the secretary of NCRS.
- 1.9 Mason facilitated cash withdrawals from the bank accounts of NCRS but failed to properly account for the expenditure of such monies.
- 1.10 In about July/ August 1998 Mason being aware that NCRS had, and was continuing to, incur debts, agreed to NCRS entering into an arrangement with Bartercard whereby NCRS acquired trade dollar credits as a result of persons purchasing computers through the Bartercard system. NCRS, having acquired such credits, would use the credits to acquire goods through the Bartercard system, which goods were on sold for cash to raise funds to acquire computer components.
- 1.11 When NCRS was unable to quickly sell goods acquired through Bartercard, Mason agreed to NCRS entering into arrangements to borrow monies at varying interest rates between 216% and 256% per annum using the goods as security.
- 1.12 In late September 1998 Mason signed a number of blank cheques drawn on the account of NCRS but failed to properly account for the use of such cheques.
- 1.13 Mason failed to take necessary steps to ensure that NCRS maintained financial records that correctly recorded and explained the transactions and financial position and performance of NCRS.
- 1.14 Mason permitted assets of NCRS to be removed from the premises occupied by NCRS, and sold, but failed to ensure the proceeds of sale were remitted to NCRS.
- 1.15 From December 1998 Mason was aware that NCRS was unable to pay its debts as they fell due and, notwithstanding this Mason permitted NCRS to continue to trade and incur further debts through the Bartercard system.
- 1.16 Pursuant to provisions in the Law, ASIC may amongst other things make application to the Court for civil penalty orders against Mason in respect of the conduct referred to a paragraphs 1.8 to 1.12 and 1.14 and 1.15.
- 1.17 Mason acknowledges the concerns of ASIC and accordingly offers the undertakings set out in section 2.
- 1.18 ASIC has agreed to accept the commitments in this Enforceable Undertaking as an alternative to the exercise of the power referred to in clause 1.16 above. In accepting the said undertakings ASIC is cognisant that the investigation revealed that Mason had only minimal assets.

## 2. UNDERTAKINGS

2.1 Pursuant to section 93AA of the Australian Securities and Investments Commission Act ("ASIC Act") Mason undertakes:

- (a) that he will not manage a corporation (as defined in s91A(2) of the ASIC Act) for five years from the date ASIC accepts and signs this undertaking ("the Date");
- (b) that he will not apply to ASIC to be a director of any corporation for a period of five (5) years commencing from the Date;
- (c) that he will not apply to ASIC to be a secretary of any corporation for a period of five (5) years commencing from the Date; and
- (d) that prior to commencing the management of a corporation or making any application to ASIC to be a director or secretary of a corporation, he will provide certification to ASIC that he has satisfactorily completed a corporate management training course which has been pre-approved by ASIC as being a suitable course.

## 3. ACKNOWLEDGEMENTS

3.1 Mason acknowledges that he has obtained legal advice in relation to the content and effect of this Enforceable Undertaking.

3.2 Mason acknowledges that ASIC:

- (a) may issue a media release on execution of this Enforceable Undertaking referring to its terms and 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.

3.3 Mason acknowledges that this Enforceable Undertaking in no way derogates from the rights and remedies available to ASIC (subject to clause 1.18) or any other person arising from any conduct described in this Enforceable Undertaking.

3.4 Mason acknowledges that this Enforceable Undertaking has no operative force until accepted by ASIC.

Signed by Paul Stewart Mason  
in the presence of:

*PSM*  
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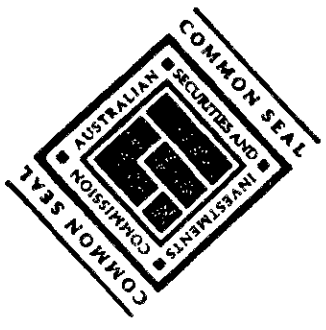
*P. Kipatovic*  
.....  
Witness signature

*Peter Kipatovic*  
.....  
Name (Printed)

*124 Pacific Hwy Sylvania*  
.....  
Address

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

*Jan Redfern*  
.....  
Jan Redfern  
General Counsel  
NSW Operations



This *24<sup>th</sup>* day of *November* 1999