

## ENFORCEABLE UNDERTAKING

### AUSTRALIAN SECURITIES and INVESTMENTS COMMISSION ACT - SECTION 93AA

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

**Hugo Nicolas John Schouten**  
**2 Euroa Avenue**  
**Banksia Park SA 5091**

#### 1. BACKGROUND

- 1.1 On 5 February 1995, Mr Hugo Nicolas John Schouten ("Schouten") established a web site to promote his accounting and tax practice. In about September 1999 Schouten modified his web site to promote a web site called Stock Generation.
- 1.2 Stock Generation is a web site that provides investors with the opportunity to invest in the virtual shares of eleven fictional companies listed on a virtual Stock Exchange. An inducement of US\$50 to deal in the virtual shares is offered to investors.
- 1.3 On his web site Schouten extended an offer to potential investors to the effect that if they deposited \$100 or more with Stock Generation and used him as a referral that he would personally refund a minimum of \$20 in cash in addition to any bonus available through Stock Generation
- 1.4 ASIC became aware of Schouten's web site and spoke with him on 3 December 1999. Schouten acknowledged ASIC's concern that Stock Generation is a managed investment scheme and therefore required to be registered in accordance with section 601ED of the Corporations Law ("CL"). A managed investment scheme is a security as defined in section 92 CL.
- 1.5 The referral of investors to the Stock Generation web site and the recommendations made by Schouten on his own web contravene section 780 CL in that Schouten was carrying on a securities business without a dealers licence.
- 1.6 Schouten has advised ASIC that he has not referred any investors to Stock Generation

## 2. UNDERTAKING

- 2.1 Pursuant to section 93AA CL Schouten hereby undertakes to ASIC that he will immediately cease promoting the Stock Generation web site and will remove the Stock Generation banner and links from his web site.
- 2.2 Schouten undertakes to install within 14 days an ASIC banner with links to the ASIC home page for a period of twelve months on his web site in lieu of that of Stock Generation. The banner will be of the same prominence and size as the Stock Generation banner. Immediately above the banner Schouten will type, "Previous recommendations for Stock Generation contravened the Corporations Law - Make sure you read the Investor Warnings contained on ASIC web site". Immediately below the banner Schouten will include a link to the ASIC home page with the words "Go to the Australian Securities and Investments Commission".

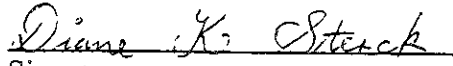
## 3. ACKNOWLEDGMENTS

- 3.1 Schouten acknowledges that posting the Stock Generation banner and the making of recommendations in relation to Stock Generation securities on his web site contravened Chapter 5C, and sections 780 and 1018 of the CL.
- 3.2 Schouten acknowledges that ASIC:
  - (a) may issue a media release on execution of this undertaking referring to its terms and to the concerns of ASIC 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 Schouten acknowledges that this 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 undertaking.
- 3.4 Schouten acknowledges that ASIC's acceptance of an enforceable undertaking does not affect ASIC's power to investigate a contravention arising from any future conduct.

3.5 Schouten acknowledged that this undertaking has no operative force until accepted by ASIC.

Signed by Hugo Nicolas John Schouten)  
in the presence of:

) 

  
Signature

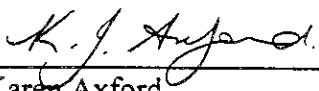
DIANE KATHLEEN STERCK  
Name (Printed)

**DIANE. K. STERCK. ID No. 23919  
Justice of the Peace in and for  
the State of South Australia**

100 PIRIE ST ADELAIDE  
Address

Dated this 8<sup>th</sup> day of December 1999

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

  
Karen Axford  
Regional Commissioner

Dated this 8<sup>th</sup> day of December 1999