

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ACT 1989**Undertaking to the Australian Securities and Investments Commission given for
the purposes of section 93AA**

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

**Australian Investors Forum Pty Ltd ACN 087 627 290
Suite 6, Level 6
100 Walker Street
NORTH SYDNEY NSW 2060**

1. BACKGROUND

- 1.1 Australian Investors Forum Pty Ltd ("AIF") is a company incorporated in New South Wales. AIF is not a licensee pursuant to the Corporations Law ("Law").
- 1.2 As at the date of this Enforceable Undertaking, four persons employed by AIF, including the directors Dominic Luvara and Martin Lloyd-Cocks, are proper authority holders of Midland Securities Limited, a licensed securities dealer.
- 1.3 During the period between September 1999 to the date of this Enforceable Undertaking ASIC has received a number of complaints from persons in relation to the operation of AIF ("Complainants"). The majority of Complainants had received, either directly or indirectly, promotional material relating to the operation of AIF and a function of AIF referred to as the Sharetraders Investment Club inviting them to become members of the Sharetraders Investment Club. Members of the Sharetraders Investment Club ("Club Members") received circulars from AIF providing details and analysis of upcoming floats.



- 1.4 A number of the Complainants sought information from ASIC in relation to the licensing status of AIF.
- 1.5 Following receipt of the complaints, ASIC commenced an investigation in relation to suspected contraventions of sections 780, 781, 995 and 1018 of the Law and section 12DA of the Australian Securities and Investments Commission Act ("ASIC Act") by AIF.
- 1.6 As a result of the investigation, ASIC formed the view that a number of the documents distributed by AIF to members of the public had the potential to mislead and/or deceive consumers in contravention of section 12DA of the ASIC Act and section 995 of the Law, in that the documents suggested AIF was a licensee under the Law. ASIC also formed the view that AIF had contravened sections 780 and/or 781 of the Law in that it was carrying on or holding out that it was carrying on an investment advice business and/or a securities business, when it was not licensed to do so.
- 1.7 ASIC conducted a search of the internet website of AIF, which is situated at <http://www.investorforum.com.au> ("Website"). Located on the Website at <http://www.investorforum.com.au/property.php> was an offer for subscription or an invitation to subscribe for securities in an unidentified proprietary company, which ASIC believed was made in contravention of sections 1018, 1025 and 113 of the Law.
- 1.8 Pursuant to section 1324 of the Law and sections 12GD, 12GE and 12GM of the ASIC Act, ASIC may, inter alia, seek injunctions preventing a person from engaging in certain conduct and/or requiring that person to do any act or thing, requiring a person to place corrective statements and/or advertisements and obtain orders declaring a contract to be void or varying a contract.
- 1.9 AIF acknowledges the concerns of ASIC referred to in this Enforceable Undertaking and has offered the undertakings set out in section 2.

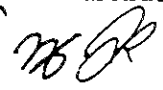


- 1.10 ASIC has agreed to accept the commitments in this Enforceable Undertaking as an alternative to the exercise of the power referred to in clause 1.8 above.
- 1.11 In accepting the Enforceable Undertaking, ASIC has taken into account the fact that the contraventions appear to be inadvertent, based on the mistaken understanding of AIF that it was sufficient for AIF to operate by employing representatives of a licensee rather than being a licensee in its own right and that exemption applied to the offer made on the Website.

2. UNDERTAKINGS

AIF gives the following undertakings to ASIC pursuant to section 93AA of the ASIC Act.

- 2.1 AIF will not, from the date of this Enforceable Undertaking until such time as AIF becomes a licensee pursuant to the Law:
 - (a) provide investment advice;
 - (b) publish and/or distribute (either by the internet, direct mail out or by any other means) any document which contains an analysis or report about securities;
 - (c) deal in securities on behalf of any other person or entity;
 - (d) enter into any contract or arrangement relating to or concerning the matters referred to in (a), (b) or (c);
 - (e) enter into any contract or arrangement ^{to} accept monies from any person or entity in relation ^{to} the Sharetraders Investment Club, or



- (f) publish any promotional material (either by the internet, direct mail out or by any other means) in respect of the Sharetraders Investment Club.
- 2.2 AIF will immediately remove any offer for subscription or invitation to subscribe for any security of a corporation on the Website.
- 2.3 AIF will provide Club Members with the following options in relation to their membership with the Sharetraders Investment Club:
- (a) termination of membership of the Sharetraders Investment Club with a refund of membership fees on a pro rata basis by reference to the unexpired portion of the membership term, or
- (b) transfer of membership with the same rights and benefits, at no cost to the member, to Midland Securities Limited.
- 2.4 AIF will, within 14 days of the date of this Enforceable Undertaking, notify, by way of registered post, all persons who are currently, or have at any time been, Club Members of ASIC's concerns and provide details of the options referred to in clause 2.3 in the form annexed and marked with the letter "A".
- 2.5 AIF will allow Club Members a period of 45 days from the date the letters referred to in clause 2.4 have been posted to notify AIF of the option elected. If any Club Member fails to notify AIF of their election within this period, AIF will take all steps necessary to ensure that all rights and benefits available to that member are transferred to Midland Securities Limited at no cost to the Club Member.
- 2.6 AIF will, if a Club Member elects the option referred to in sub-clause 2.3(a), terminate the membership of that Club Member and refund, within 14 days of receipt of the request, the monetary equivalent of the unexpired portion of his or her membership fees.



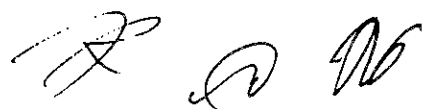
- 2.7 AIF will, if a Club Member elects the option referred to in sub-clause 2.3(b), take all steps necessary to ensure that all rights and benefits available to that Club Member are transferred to Midland Securities Limited at no cost to the Club Member.
- 2.8 If Midland Securities Limited does not provide, or agree to provide, to the Club Members who have elected to transfer their membership under clause 2.7 or were to have their membership transferred under clause 2.5, all rights and benefits that were available to those Club Members through AIF at no cost to those Club Members, AIF will terminate the membership of those Club Members and refund the monetary equivalent of the unexpired portion of those Club Members' membership fees within 14 days of receiving notification that the rights and benefits of Club Members will not be transferred in accordance with clause 2.7 or 2.5, as the case may be.
- 2.9 AIF will, within 5 days of posting the letters referred to in clause 2.4, provide ASIC with:
- (a) a statutory declaration confirming the posting of the relevant letters, and
 - (b) a complete list of all persons to whom letters were sent and the contact details of those persons.
- 2.10 AIF will, within 24 hours of the date of the Enforceable Undertaking, provide ASIC with a statutory declaration from either Dominic Luvara or Martin Lloyd-Cocks of compliance with clause 2.2.

3. ACKNOWLEDGEMENTS

- 3.1 AIF acknowledges that ASIC:

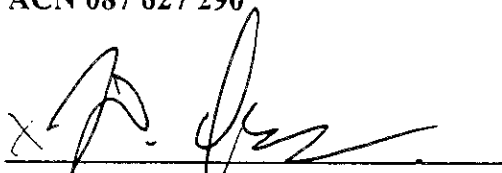


- (a) may issue a media release on execution of this Enforceable Undertaking referring to the terms of the Enforceable Undertaking and the concerns of ASIC which led to its execution;
 - (b) may from time to time publicly refer to this Enforceable Undertaking;
and
 - (c) will make this Enforceable Undertaking available for public inspection.
- 3.2 AIF acknowledges that (subject to clause 1.10) this Enforceable Undertaking in no way derogates from the rights and remedies available to ASIC or the rights and remedies available to any other person or entity arising from any conduct described in this Undertaking.
- 3.3 AIF acknowledges that this Enforceable Undertaking has no operative force until accepted by ASIC.
- 3.4 AIF acknowledges that ASIC may contact Midlands Securities Limited to inform them of the effect of this Undertaking and provide them with a copy of same.
- 3.5 AIF acknowledges that ASIC's acceptance of an enforceable undertaking does not affect ASIC's power to investigate a contravention arising from future conduct, or pursue a criminal prosecution, or its power to lay charges or seek a pecuniary civil order.



Signed for and on behalf of
Australian Investors Forum Pty Ltd
ACN 087 627 290

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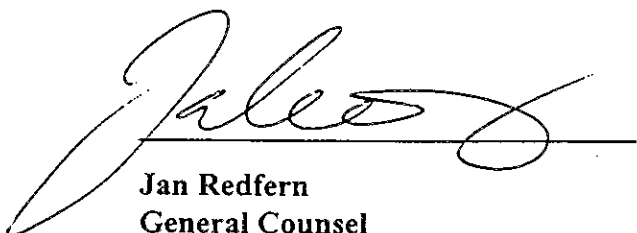

Signature of Director

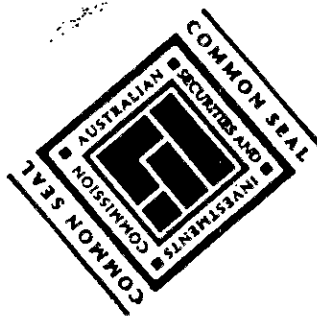

Signature of Director

DOMINIC LUKANA
Name of Director (printed)

CHRISTINA LLOYD-COOPER
Name of Director (printed)

ACCEPTED BY THE AUSTRALIAN SECURITIES & INVESTMENTS
COMMISSION PURSUANT TO ASC LAW S93AA BY ITS DULY AUTHORISED
DELEGATE:


Jan Redfern
General Counsel
NSW Regional Office



This 31st day of January 2000.

"A"

IMPORTANT NOTICE

Please read this notice and respond to the 2 options referred to below. If you do not understand the contents of it call our office for thorough explanation.

Australian Investors Forum Pty Ltd ("AIF") does not give advice, nor is it licensed to do so. AIF is an administration and service company employing 13 staff. AIF is the company which provides all the back office, management and corporate services not related to advising. The \$2000 membership fee that is paid to AIF is not related to any advice, it is an access and administration fee. Dominic Luvara and Martin Lloyd-Cocks are directors of AIF.

Midland Securities Ltd ("Midland Securities") has an unrestricted dealers license and is authorised by the Australian Securities and Investments Commission to give advice. Midland Securities gives advice to the paid members of the Sharetraders Investment Club of AIF. Midland Securities may receive separate fees from members for giving advice. Dominic Luvara and Martin Lloyd-Cocks are authorised representatives of Midland Securities and may earn fees related to advice from the members.

This is a notice to ensure that you as a consumer understand the relationship between AIF and Midland Securities and to ensure that you understand that AIF does not give advice and that only Midland Securities gives advice. If you do not understand this please call our office and we will explain.

This notice has been presented in good faith to the public at the request of the Australian Securities and Investments Commission in accordance with an enforceable undertaking granted to it and in order to correct any misunderstanding on the part of members. A copy of the undertaking will be made available to members who request a copy from the Australian Securities and Investments Commission.

Pursuant to that undertaking, the Australian Securities and Investments Commission has requested that you be provided with 2 options regarding your membership of the Sharetraders Investment Club of AIF.

You may either:

- have your membership of the Sharetraders Investment Club transferred from AIF to Midland Securities (at no cost to you); or
- have your membership of the Sharetraders Investment Club terminated, in which case you will be entitled to a refund of your membership fees on a pro rata basis, based on the unexpired portion of your membership. The monies will be refunded to you within 14 days of receipt of your request.



Please therefore advise AIF of your choice between these 2 options within **45 days** of the date of this notice ie by [**date**]. You may respond either by telephone or in writing.

If you do not respond within this time frame, AIF will take all steps necessary to ensure that all rights and benefits available to you in relation to the Sharetraders Investment Club are transferred to Midland Securities.

If your membership is to be transferred and for some reason, Midland Securities does not provide, or agree to provide; at no cost to you all rights and benefits in relation to the Sharetraders Investment Club that were previously available to you through AIF, AIF will terminate your membership and refund your membership fees on a pro rata basis, based on the unexpired portion of your membership within 14 days. Please note however, that AIF and Midland Securities have agreed that Midland Securities will provide you with the same services in relation to the Sharetraders Investment Club as AIF has provided.

Signed for and on behalf of Australian Investors Forum Pty Ltd

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Director

Dated: 2000

