



ENFORCEABLE UNDERTAKING
AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION
SECTION 93AA

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

- (a) Adam David Reeves
of 79 Trevelyan Street
Caulfield South Vic 3162
("Reeves")

- (b) Reeves Taxation and Business Services Pty Ltd
(ACN 084 380 781)
of 79 Trevelyan Street
Caulfield South Vic 3162
("TBS")

1. Background

1.1 ASIC has conducted enquiries in relation to suspected contraventions of sections 849 and 851 of the Corporations Act 2001 ("the Act") arising out of or in connection with securities recommendations and advice given by Reeves to clients who have invested in managed investment schemes promoted by Lifestyle Property Investments Pty Ltd ("LPI") during the period from October 1999 to June 2000 ("the relevant period").

1.2 As a result of these inquiries:

- (a) by reason of the facts set out in paragraph 1.7, ASIC has reason to suspect that Reeves and/or TBS have contravened section 780 (unlicensed dealing in securities), 781 (unlicensed investment advice business), 849 (non-disclosure of particulars of commissions or fees) and 851 (no reasonable basis for investment recommendations) of the Act;

- (b) by reason of the facts set out in paragraph 1.7 and 1.8 hereof ASIC is concerned that Reeves will not in the future perform the duties of a representative of a dealer efficiently, honestly and fairly.

1.3 ASIC has the power under section 829 of the Act to make a banning order against a natural person if, *inter alia*:

- (a) he has contravened a securities law;
 - (b) 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 Act 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 advisor.
- 1.5 ASIC has agreed to accept the commitments in this undertaking as an alternative to the exercise of the power referred to in paragraph 1.3 and 1.4 above.
- 1.6 During the relevant period:
- (a) Reeves held a proper authority that enabled him to represent TSA Investment Advisors Pty Ltd as a security representative from 23 March 1995 to 29 September 1999;
 - (b) Reeves was the sole director and shareholder of TBS;
 - (c) Reeves used TBS as a vehicle to provide advice concerning investment opportunities to clients;
 - (d) TBS did not at any stage hold a securities dealer's licence;
- 1.7 ASIC alleges that during the relevant period:
- (a) Reeves and/or TBS, not being licensed so to do, carried on a securities business and/or an investment advice business in the course of which:
 - (i) Reeves made securities recommendations to a number of his/TBS' clients to invest in Development Partnerships offered by LPI;
 - (ii) For introducing clients of Reeves/TBS to LPI, TBS received commissions totalling \$19,851.75 from LPI on investments made by those clients,
- thereby contravening sections 780 and/or 781 of the Act;

- (b) Reeves made securities recommendations to a number of his clients to invest in Development Partnerships offered by LPI ("the LPI recommendations") without having a reasonable basis for those recommendations, in each case thereby contravening section 851 of the Act;
- (c) at the time of making the LPI recommendations, Reeves failed to disclose to the clients concerned particulars of the commission or fee that TBS would receive if the client invested in such Development Partnerships as a result of the recommendation, in each case thereby contravening section 849 of the Act;

1.8 ASIC also alleges:

- (a) When making the LPI recommendations, Reeves failed adequately to explain to the clients concerned:
 - (i) the risks associated with the recommendations and the possibility of losses being suffered if the clients followed them;
 - (ii) that he did not or did not intend to make the recommendations as a representative of TSA Investment Advisors Pty Ltd;
 - (iii) the respective roles of himself and TBS in making those recommendations,

whereby the clients were not enabled to make an informed decision about whether or not to accept the recommendations,

- (b) Reeves knew or ought to have known that the investments the subject of the LPI recommendations were unregistered managed investment schemes operated in contravention of section 601ED of the Act;

1.9 Reeves and TBS, without admissions as to liability, acknowledge the concerns of ASIC referred to above and accordingly offer the undertakings set out in Sections 2 and 3 below.

2. Undertaking by Reeves

Pursuant to section 93AA of the Australian Securities and Investments Commission Act 2001 ("ASIC Act"), Reeves gives the following undertakings:

- 2.1 Reeves will not for a period of three years commencing on 5 April 2002 ("the restriction period");
- (a) do any act or engage in any conduct as, or hold out that he is a representative of a dealer of an investment advisor (as defined in the Act as in force prior to the commencement of the *Financial Services Reform Act 2001*);
 - (b) hold, or hold out that he holds, a proper authority from a dealer or an investment adviser;
 - (c) either directly or indirectly as a director, partner, manager, servant or agent:
 - (i) carry on a securities business (as defined in the Act as in force prior to the commencement of the *Financial Services Reform Act 2001*) or hold out that he carries on such a business;
 - (ii) carry on an investment advice business or hold out that he is an investment advisor.
- 2.2 Prior to him conducting a financial services business within the meaning of the Act or either directly or indirectly as a director, partner, manager, employee, agent or authorised representative participating in such a business with respect to the financial products defined in sections 763A(1)(a) and 763B of the Act, Reeves will:
- (a) enrol in, attend and satisfactorily complete the subject *Securities Industry Law and Ethics* which is part of the Securities Institute of Australia's Graduate Diploma of Applied Finance and Investment course;
 - (b) enrol in, attend and satisfactorily complete the Diploma of Financial Planning;
 - (c) provide the Regional Commissioner, Victorian Regional Office of ASIC, with a Statutory Declaration that he has satisfactorily completed the subject *Securities Industry Law and Ethics* referred to in paragraph 2.2(a) above and completed the Diploma of Financial Planning referred to in paragraph 2.2(b) above.
- 2.3 During the restriction period Reeves will not conduct a financial services business within the meaning of the Act or either directly or indirectly as a

director, partner, manager, employee, agent or authorised representative participate in such a business with respect to the financial products defined in sections 763A(1)(a) and 763B of the Act.

- 2.4 Reeves will not be precluded from applying for a licence under Part 7.6 of the Act or from being a director, partner, manager, employee, agent or authorised representative of the holder of such licence if the licence does not enable the holder to operate a financial services business with respect to the financial products defined in section 763A(1)(a) and 763B of the Act.

3. Undertakings by TBS

Pursuant to section 93AA of the ASIC Act, TBS gives the following undertakings:

- 3.1 TBS will not during the restriction period;

(a) either directly or indirectly as a director, partner, manager, servant or agent:

(i) carry on a securities business (as defined in the Act as in force prior to the commencement of the *Financial Services Reform Act 2001*) or hold out that it carries on such a business;

(ii) carry on an investment advice business or hold out that it is an investment advisor.

- 3.2 During the restriction period TBS will not conduct a financial services business within the meaning of the Act or either directly or indirectly as a director, partner, manager, employee, agent or authorised representative participate in such a business with respect to the financial products defined in sections 763A(1)(a) and 763B of the Act.

- 3.3 TBS will not be precluded from applying for a licence under Part 7.6 of the Act or from being a director, partner, manager, employee, agent or authorised representative of the holder of such licence if the licence does not enable the holder to operate a financial services business with respect to the financial products defined in section 763A(1)(a) and 763B of the Act.

4. Acknowledgments

- 4.1 Reeves and TBS acknowledge that ASIC:

- (a) may issue a media release on execution of this undertaking referring to its terms and the concerns of ASIC which led to its execution;
- (b) may from time to time publicly refer to this undertaking;
- (c) will make this undertaking available for public inspection.

4.2 Reeves and TBS acknowledge that this undertaking in no way derogates from the rights and remedies available to any other person arising from any conduct described in this undertaking.

4.3 Reeves and TBS acknowledge that this undertaking has no operative force until accepted by ASIC.

4.4 Reeves and TBS acknowledge tht ASIC's acceptance of this undertaking does not affect ASIC's power to investigate a contravention arising from past or future conduct, or pursue a criminal prosecution, or its power to lay charges or seek a civil penalty order against them or either of them.

SIGNED by ADAM DAVID REEVES)
 this 26th day of April 2002 in the)
 presence of:)



Signature: *Graham Lawford*.....
 Print Name: GRAHAM LAWFORD.....

THE COMMON SEAL of REEVES)
TAXATION AND BUSINESS SERVICES)
 PTY LTD was affixed in accordance with its)
 constitution this 26th day of April 2002 in the)
 presence of:)



Signature: *Graham Lawford*.....
 Print Name: GRAHAM LAWFORD.....

ACCEPTED BY THE AUSTRALIAN SECURITIES AND INVESTMENTS
COMMISSION PURSUANT TO SECTION 93AA OF THE AUSTRALIAN
SECURITIES AND INVESTMENTS COMMISSION ACT 2001 BY ITS DULY
AUTHORISED DELEGATE:

..... *C. Richard*

Dated this *6th* day of *May* ~~April~~ 2002