FOI 055-2022

BARTON CAPITAL HOLDINGS LIMITED
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STRICTLY CONFIDENTIAL FACSIMILE TRANSMISSION

ATTENTION:	Nicole McCutcheon
COMPANY:	ASIC
FAX NO:	(03) 9280 ~~3571~~ 3545
FROM:	Albert Y L Wong
PAGES:	4
RE:	Attached letter
DATE:	31 May, 2002 **TIME:** 18:18

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Barton Capital Securities

31 May 2002

Ms Nicole McCutcheon
Australian Securities & Investments Commission
Level 13, CGU Tower
485 La Trobe Street
Melbourne VIC 3001

By fax: (03) 9280 ~~3571~~ 3545

Dear Ms McCutcheon

Further to our telephone conversation last week and the 22 May 2002 letter to you from Mallesons Stephen Jaques, I confirm that Ms Yiota Lambrou (Compliance Officer) and Ms Christine Cooper (Manager, Transaction Processing) have both tendered their resignations to Barton Capital Securities Pty Ltd ***(BCS)***. Both resignations have been accepted reluctantly and are effective at the close of business on 14 June 2002.

You should be aware that BCS is a wholly owned subsidiary of Barton Capital Holdings Limited ***(BCH)***. BCH is a corporation admitted to the ASX's Official List. Following the execution by BCS of the Enforceable Undertaking ***(EU)*** with ASIC, the board of BCH instigated an internal review of the operations and ongoing viability of the BCS business, which has included consultations with ASX representatives and two external consultants. BCH issued an announcement to the ASX on 23 May 2002 in accordance with its continuous disclosure obligations, a copy of which is attached.

As a result of the internal review, BCH has decided that BCS shall discontinue all activities other than providing limited corporate services and providing execution services to customers of eStar Online Trading Limited ***(eStar)***. Back-office transaction processing functions are to be out-sourced if an acceptable commercial arrangement is achievable.

BCS will remain an ASX Participating Organisation. The principal place of business for BCS is to be transferred to Sydney. All other BCS branch offices will close. This restructuring is intended to take effect from close of business on 28 June 2002.

www.bartoncapital.com.au

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Barton Capital Securities Pty Ltd ACN 066 331 507
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As you are aware, eStar is merely an online facilitator for transaction execution and does not offer any advice or research. Negotiations are currently underway with Berndale Securities and Australian Clearing Services, both being ASX Participating Organisations specialising in clearing and settlement services, to out-source back-office clearing and settlement functions as permitted by the ASX/SCH Business Rules. A final decision on the out-sourcing should be made in the coming weeks.

We believe that the process of restructuring will take approximately 6-8 weeks to be fully implemented. Appropriate compliance and reporting procedures will be maintained to ensure that adequate reporting and supervision is available for the eStar business.

It is our intention to inform our advisers and staff at all offices of the restructuring on Monday 3 June 2002. This will allow our advisers a reasonable period to seek alternative employment elsewhere.

BCS intends to engage the services of an external compliance consultant to assist to ensure that the transition will be conducted in accordance with regulatory requirements and 'best-practice' expectations.

In light of the above we request ASIC consider amending the EU obligations placed on BCS. We are concerned that:

1. Given the departure of our Compliance Officer, BCS may not have time to find a replacement acceptable to ASIC by close of business 14 June 2002; and

2. Despite best endeavours to do so, BCS has not yet been able to secure the services of an external compliance consultant given the extraordinary scope and the frequency of the reviews and assessments required. To maximise the benefit to BCS, the consultant should have considerable knowledge and experience of stockbroking practice and the ASX/ASIC regulatory environment.

I look forward to discussing this with you further once you have had an opportunity to consider the above.

Yours sincerely
Barton Capital Securities Pty Limited

[redacted]

Albert Y L Wong
Chairman

Cc D Gallegos / M Padley / Y Lambrou – BCS
J Taylor / H Parkinson – ASX
R J Schoer / S Clayton
B Reilly / C Fox - Mallesons

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Barton Capital

FAX

23 May 2002

AUSTRALIAN STOCK EXCHANGE
BCH000233

The Manager
Companies Department
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

By fax: 1 300 300 021

Dear Sirs

Please be advised that the 1:1 rights issue to raise approximately $4.3 million closed on 9 May 2002 and settlement of the shortfall with the underwriter is expected to take place next Thursday 30 May 2002.

The Company also wishes to advise that it is undergoing a restructuring of the operations of its subsidiary Barton Capital Securities Pty Limited ("BCS"). This restructuring follows the sustained depressed trading volumes, the recently signed EU with ASIC and the departure of some of its key management and staff. To this end, it is envisaged that BCS would look to appoint a third party to handle its clearing and settlement whilst retaining its trade execution and Participating Organization status with ASX.

The Company intends to re-locate the headquarters of BCS to Sydney. The intention of which is to streamline and incorporate all of Barton Capital group's operations to Sydney where most of its senior management and operations are based. It is also the intention to maintain the BCS branch office network in Adelaide and Mornington with a reduced presence in Melbourne.

The above changes are deemed necessary in order to ensure BCS can continue to operate under what remains to be difficult trading conditions in general for brokers across the industry. Please direct any enquires to the writer on (61 2) 9994 8800.

Yours sincerely
Barton Capital Holdings Limited

[redacted]

Albert Y L Wong
Managing Director

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