

7th June 2009

Committee Secretary

**Parliamentary Joint Committee on Corporations and
Financial Services**

**PO Box 6100
Parliament House**

Canberra ACT 2600, Australia

Dear Secretary,

Submission to Joint Committee,

My name is Dennis Chapman I retired from a successful industrial supply business in 2005 at the age of 57 after being diagnosed with Emphysema.

I first stated investing in Octavier in 2004 . Between 2004 and 2006 I invested in excess of 1.25 million dollars of my retirement Superannuation in the following Octavier party entities.

*Premium Income Fund \$200.000
Maximum Yield Fund \$214 000
O P I pacific \$650.000
Alternative assets \$100.000
Living leisure \$100.000*

All of these Octavier entities have now collapsed and a supposedly 5.4 billion company listed in the top 200 on the ASX and boasting Andrew Peacock as Chairman is now virtually worthless.

Over the last 12 months I have been engaged in an unenviable task to understand how and why Octavier collapsed . After a great deal of research I can speak with some reasonable understanding concerning the failure of this Company.

It is now clearly apparent that Octavier was either insolvent or on the brink of insolvency in 2007 and that certain directors then engaged into a frantic attempts to prop up Octavier by raiding the cash reserves of related party entities associated with the Company.

These companies were in fact meant to be entirely autonomous and independent from the parent company with their own directors and independent compliance committee.

The principal events that caused the collapse of Octavier and related party entities can be summarized as follows as follows :

Octavier owed Fortress Credit Corporation 250 million dollars .

This money was immediately demanded for repayment in November 2007 by Fortress . A desperate bid then ensued to save the parent company from collapse.

Certain Octavier directors then plundered all available cash resources, from its supposedly independent entities, to repay the 250 million loan. . In order to give a thin veneer of legality to some of these transactions, high risk loans were illegally transferred to various funds.

200 million dollars was borrowed from the Royal bank of Scotland as a mortgage against the assets of the Premium Income Fund and then transferred into Octavier and other entities . This funds value on the National Stock Exchange (NSX) is now 6 cents from the original \$ 1.00

All of the funds in the Maximmm yield fund were misappropriated current value zero.

All of the money in Alternative ASSETS fund was misappropriated current value zero

Money was misappropriated from OPI Pacific current value zero

The director of this fund Jasun Maywald ,the only remaining director left at OPI Pacific, has stated to me personally that he was entirely unaware of capital that were illegally transferred, into and out of his fund in November by Octavier directors , until February 2008

Living and leisure was declared completely insolvent. Octavier had given a 40 million loan guarantee to the National Australian Bank against its assets which it was incapable of repaying. The current value of living and leisure is 2.5 cents in the Dollar.

I have been completely destroyed financially and emotionally. I have been on anti depressants and sleeping pills for the last 12 months. My family and social life have been destroyed.

I have spoken many times personally to Jenny Hutson of Wellington Capital who took over the Premium Income Fund

and Maximum yield fund as responsible Entity in may 2008 . She has informed me categorically that a fraud has taken place and money has been unlawfully stolen from these funds.

The fact of the matter is, ASIC have been provided with overwhelming evidence that the Octavier organization was entirely compromised by serious breaches of the corporation act and potential criminal activity and have taken no action. There now needs to be a full government enquiry into the failure of Octavier and its related entities.

I have constantly been shuffled from one government department to the next, by personnel who are unwilling to accept that they have any accountability or authority in this matter

During the last year I Have contacted ...the Queensland Police force ;result I was informed that the QLD police ,“do not have the resources to pursue this matter”. I then attempted to contact the Qld Police Minister Judy Spence ... she would not speak to me ,informed to contact the Federal Police . The Federal Police told me it was, “not in their jurisdiction” and that I should contact ASIC.

I have received absolutely no co operation from the ASIC supervisor assigned to the Octavier case. The response from this gentleman has been as follows : “We are not in the business of getting your money back” and that in regards to the monies stolen from the Maximum yield fund and Alternative Assets Funds ; “there is not enough money involved for ASIC to take any action” . These Funds alone were valued in excess of two millon dollars.

In other words, the so called Corporations Act ,supposedly designed to protect investors from corporate criminals has a set dollar Value, before any action is contemplated or instigated by ASIC.

Similar to the 30 pieces of silver in another well known story.

I have contacted numerous politicians, including Nick Sherry and if you are favored with an answer, after getting through the protective barrier of political staffers ; it will be to the effect, We are sorry but ASIC is completely untouchable a 'Holy Cow', protected and insulated by existing legislation that does not accept any oversight, interference or accountability by any other Government Body.

The only person who has so far been prepared to listen with great patience and some concern is Bernie Ripoll in regard the Joint Parliamentary Enquiry into the Financial Services Industry .

Bernie , when we met in your office some months ago you informed me that the primary purpose of this enquiry was to identify the core of the problems in the financial Industry. There was some consensus that the recent mayhem and carnage, caused by the global financial crisis ,has highlighted the fact that there is a fundamental structural flaw somewhere in the system and this urgently needs to be addressed.

It is now demonstrably apparent that these faults , will result over time in massive pressure on the social security of this country, as a result of losses to Superannuation and self

funded retiree's such as myself , who have now been forced on the Center link benefits for the rest of their life.

As you are aware from our conversation where I related my experiences , it is my view these failing and inadequacies in the financial industry can be squarely laid at the feet of ASIC.

In my humble opinion ,ASIC lacks the fundamental organizational and investigative structure required of a Regulatory Authority. I think it needs the same level of oversight and accountability as the police forces if investors are ever to be protected from corporate crime. In fact I think ASIC should be completely reorganized and possibly integrated into the police forces. This would take enormous willpower by a Governmen,t similar to that required when the new gun laws were enacted.

What we basically have at the moment is 9 to 5 bureaucrats ,who shield a small legal team that may, or may not, provide a free legal service after the Apocalypse has occurred, which of course is always after investors are financially ruined and their lives destroyed. Prevention and deterrence is not an option under the current regulatory regime .

I would like to refer the enquiry to the mindset of Tony D Aloisio in 2005 when he made the following remarks as chairman of the ASX before his appointment as the CEO of ASIC :

“So, we have a successful story to tell ... healthy capital markets, healthy equity markets, a competitive and growing broker industry and a market of high integrity. A market where the participants and the listed companies (and all

those who work with us) share a culture of integrity. The regulatory and supervisory activities of ASIC and ASX provide sound reinforcement to that integrity. Going back to the McKinsey prediction of a further doubling of the capital markets by 2010, if that is anywhere near correct, Australia has a sound system to take advantage of that growth and ensure we get the full benefits. That is good news for everyone here today and for ASX”.

I am certain that the vast majority of people now live on a minute allowance from Center link benefits or have had their Suprerannuation decimated as a result of activity from Opes Prime the Forestry Plantation Industry scams , Octavier or other fraudulent activity would not concur with the somewhat optimistic prognostications made in that analysis.

Recently IMF have decided to fund the case for one of the Octavier entities the, Premium Income Fund. This type of litigation funding, of course always comes at enormous cost .The whole concept of litigation funders taking 35% or more of the settlement amount from financially distressed investors when it is ASIC responsibility to provide protection for investors is offensive and outrageous.

The Americans may have a lot of of faults in their financial industry ,but look at their system of compensation in these instances. Take, for example the Madoff case, a situation not that dissimilar to Octavier in financial scale considering the relative size of the populations. The total losses in Octavier is now estimated in excess of 7.3 billion dollars .

The Americans have a government indemnity provider in place, which will at least compensate investors for the original capital amount invested .

Hopefully the commission will consider such a scheme, so that future investors can be afforded some level of protection, from those who are ceaselessly prepared to prey on the naïve and uninformed in the financial Services Industry .

This Parliamentary enquiry should not be influenced by assuming the current situation is a, 'one off event', caused by the Global Financial Crisis. There has in fact been a litany of failures over the last 10 to 15 years . Such as Fincorps in march 2007 Wespoint in February 2006 .Many are unreported and do not receive widespread media exposure.

For example, when the Labour party was in opposition Roger Price stated that an Auditor Generals report found 99%of complaints that ASIC received had been ignored or not investigated and then asked;

" why then wont the liberal Government direct ASIC to deal with the complaints they have , "Who in the government knows what ASIC is doing about these and a further ten collapse that have been predicted, is there any way we can prevent them , or will we sit or do nothing"

Mr Price said, then Federal Treasurer Peter Costello should be directing ASIC to ensure such companies were being run properly and stated that, "it had been reported that in fact; 99% of reported cases are never resolved by ASIC."

The only hope of justice for investors, who have been financially ruined for the rest of their lives, now rests with this Parliamentary Enquiry, and their ability to consider serious reforms within ASIC . The alternative of course is to , "sit and do nothing".

I will complete my submission with a few words by someone far more eloquent than myself , Terry Mcrann summarized the position in a recent newspaper article ;

“It's -- relatively easy to deal with the ASX. Strip it of all regulatory functions and let it get on with what it wants to do -- make money through cost intercourse with the institutions. But what do you do about an incorrigibly institutionally inept ASIC?”

*Yours Sincerely
Dennis Chapman*