

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2014 - 2015

Department/Agency: Australian Securities and Investments Commission

Question: BET 78

Topic: Probe into the land-banking scams

Reference: Hansard page no. 21 - 03 June 2015

Senator: Xenophon, Nick

Question:

Senator XENOPHON: That is right. Has ASIC opened a probe into the land-banking scams in several states that are run out of Melbourne by companies linked to the notorious Henry Kaye? I know that Royce Millar and other investigative journalists at Fairfax have been running a whole series of stories on this. Can you advise whether a probe has been opened into these allegations involving \$100 million amongst hundreds of investors?

Mr Mullaly: Yes, we are making inquiries in relation to those issues.

Senator XENOPHON: Is the nature of the scam quite ephemeral from a regulatory point of view, in the sense that you are being promised an option on a potential development? There are obviously a number of misrepresentations made. Is it something that the current regulatory framework may have difficulty in dealing with because of the vagueness of the promises made?

Mr Mullaly: As I think Mr Kell indicated, it does not fit neatly within ASIC's jurisdiction. However, there are a number of aspects of the conduct that we are considering.

Mr Kell: Given that we are in the middle of active inquiries into this issue, it is probably not sensible for us to continue.

Senator XENOPHON: I understand that. Can you advise me—and I will not traverse it much further—when the investigation began, a rough time frame.

Mr Mullaly: Sometime late last year—I have not got the exact date—

Mr Kell: We can come back to you.

Answer:

ASIC was undertaking preliminary inquiries in relation to concerns regarding land banking schemes in the early part of 2014. In October 2014 ASIC's enforcement team commenced investigating the matter.