



To

Committee Secretary
Parliamentary Joint Committee on Corporation and
Financial Services

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Australia

This submission to the Parliamentary Joint Committee on Corporations and Financial Services consist of part A and B, they will appear on separate pages. Both parts refer to the committee's term of references point 9) the need for any legislative or regulatory change

Part A applicates changes to the present legislative framework.

Attached:

- 1) My submission to ASIC in February 2007 and ASIC's letter from April 2008
- 2) Correspondence with Mr. Sullivan, Oil Search Ltd Group Secretary
- 3) My letter to ASIC in September 2004 and ASIC's reply
- 4) Buy & sell report from Computershare Ltd (plus: same report converted to monetary values

My background:

I operate a margin account since 1999 with J.B.Were Ltd. My collateral for the loan consist only of Oil Search Ltd stock. I am a shareholder in the company since 1967. In 2001 I received margin calls, so I investigated. Her are my findings:

The stock market is where the buying and selling of company shares takes place; only a stockbroker has direct access to the market for trading shares, and acts as an agent to buy and sell shares.

The Australian Stock Exchange (ASX) is a financial services provider, other services providers (advisers, planners e.g.) rely on its trading and settling system integrity!

1) The possibility of trading, by share brokers on their own behalf, with phantom (non-existing) shares. See attached submission to ASIC plus Oil Search Ltd Annual Report 2000 page 60.

The ASX pointed out to me, that the difference between the issued- and registered shares is a matter between Oil Search Ltd and its share register. The ASX ignored that the share brokers have on line access to the share register.

The shortcomings of the ASX CHESSE settling system, according to the best of my knowledge. Every trade should be settled on the 3rd day after trade. The computer (Computershare Ltd) can provide reports of all unsettled trades sorted according to date, broker and company.

There are about 70 000 daily transactions taking place on the ASX. It would be an massive task to actual look at these reports.

So the brokers must report all unsettled trades on a weekly basis to the ASX. Would he put his own name on the list?

2) In 2007/8 I had some correspondence with Mr. Sullivan on be behalf of Oil Search Ltd, instead of clarifying these matter with the register and having a print out made from the 1. March 2001, he tried to confuse the issue and thereby protecting the ASX. See attached letters.

Mr. Sullivan left Oil Search Ltd on the 18. May 2009, did he become ASIC's and the ASX's "Fall Guy"?
See attached letter!

3) Rules are of no use if the regulator does not enforce them, or does not even understand these rules. In my letter to ASIC September 2004, I pointed out that Oil Search Ltd by falsifying the sum of the registered shares breached ASX Listing Rules. ASIC's reply letter in October 2004 I quote: "or evidence of a possible contravention of the Act is identified"

The ASX Listing Rules work together with the Corporation Law/Corporation Act 2001 otherwise they would not be enforceable.

According to Mr. Albert Monichino, Melbourne Barrister on the "A List": Oil Search Ltd breached Listing Rules!

4) Buy & sell report (plus: same report converted to monetary values) of all brokers who traded Oil Search Ltd shares between 16. December 2002-6. June 2003, see attached submission to ASIC.

Issued shares 1 088 mill. (PNG Govern. 200mill + Woodside Ltd 80mill) about 800mill. trade able, volume traded 938 mill.

Price fluctuation between	18 Dec. 2002 - 15 May 2003	60c - 70c
	16. May 2003 - 6 June 2003	70c - 76c

A lot of trading but not much ownership changing hands.

Brokers settle between each other, shares don't go to register.

Every broker except 3 or 4 made money, probably for his own house account.

Brokers on behalf of UBS and BT **bought high and sold low !**

The Reserve Bank proposed: That **every trade** gets settled through CHES!

The office of the Hon Greg Hunt wrote in January 2009 to the Treasurer in regards to this matter, we never received a letter of acknowledgment.

I hope the parliamentary inquiry will come to the right conclusion and will advise the Government accordingly.

Bernard Pristel

Part B

Attached:

Article from "Aust. Fin. Review" 22. August 2001

Share register extract from the 29. May 2001; 5. September 2001 ; 25. September 2001

In part B of my submission I will try to outline to the Joint Committee the disguises and deceptions in the finance world. As the current Global Financial Crises shows the inventiveness of the players are beyond any regulators. The top of the organizations here in Australia, ASIC and ASX, are not motivated.

Trading record of Oil Search shares:

29. May 2001-4. September 2001 price decline \$1.36 -90c.

Volume traded 114 mill plus 9 mill special sale. Shares through register 28 mill.

5. September 2001 -25. September 2001 price decline 90c-65c.

Volume traded 65 mill Shares through register 27 mill.

See attached share register extract:

Is it a coincidence that 5 mill shares go from National Aust. Financial Management (owned by the NAB) to Perpetual Trustee Nominee (no body ever is going to find out any names of a Trustee Nominee). These 5 mill shares become part of a parcel of 17 mill, which get transferred OFF-Market to a new home at RBC Global Services Aust. Nom. Sydney 2000 "MMNGSS A/C" GPO Box 5430. The owner probably BT (owned by Westpac)

Oil Search Ltd placed on the 7. August 2001 overnight, 86 mill shares at \$1.05 with institutions. On the 22. August 2001 an article appeared in the "Fin. Review". It were misleading by intend. See attached article. A Fund Manager probably instigated the article.

National Australian Financial Management was not a recipient of the share placement. See registration extract.

A 'stock overhang from its recent placement' the explanation for the falling share price.

On the 30. August 2001, Oil Search at 90c, the ASX queries Oil Search Ltd. The share price keeps falling till the 24/25 Sept. 2001, 61c-65c.

Between 25. Sept. 2001-30 Sept 2001 17 mill shares get transferred from Perpetual Trustee Nom. and RBC Global Services OFF-Market.

I only became aware of these transfer because Oil Search Ltd published its top 20 shareholders of the 30. Sept. 2001 on its website. May be because of the August share placement.

Oil Search Ltd share price on the 4. October 2001 90c.

In Sept. 2001 shareholders who used the services of Commonwealth Custodian Serv. sold 6 mill shares but to trade these shares they did not use Comsec. See buy & sell report 5. Sept.-25. Sept. Comsec bought 2.2 mill. Probably they used other brokers, so they can use the same shares again for further trading!

I spoke once to an employee of UBS Warburg and I mentioned dodge accounts, his reply "not much money involved".

The big tragedy is that over \$1 trillion compulsive Superannuation money is invested in the Australian Stock market. 3 different kinds of Funds manage this money:

A) Do it your self-funds B) Industry funds (managed by unions e.g.) C) Retail funds (managed by banks e.g.)

Why is it that the majority of Industry funds do better than Retail funds?

Every Bank that manages Retail funds owns an Master fund. The Master fund buys stock at a low price, than gives the price a bid of run up than sells them to the Retail fund.

In 2000, the dot com boom got bust a journalist asked an BT Fund manager why did they buy Davnet Ltd at \$5 ? (5c-\$5-5c) The journalist should have referred to the share register, who bought, who sold?

At the moment with low inflation and low interest rates the market works with a price-earning ratio of about 14:1. With high inflation and high interest rates the market will work with a price-earning ratio of 8:1.

Prices will go down!

I hope the parliamentary inquiry will come to the right conclusion and advice the Government accordingly.

Bernard Pristel

Registration

	29.May01	5.Sept.01	25.Sept.01	website 30.Sept01	28.Feb.02
	576mill \$1.30	663mill 85c	663mill 65c	663mill 70c	663mill \$1.10
National Nom. Melb.3001 GPO Box 1406M	72.8	89.2	86.2	85	69.8
National Aust.Financ.Management C/-Nat.Nom.GPO Box 1406M Melb.	12.3	7.4	4.5		
MLC Ltd/C-Westp.Cust.50 Pitt str.	8.5	5.4	2.8		6.5
MLC Lifetime Co./C-Westp.Cust.	1.2	0.8	0.4		
Westp.Cust.Nom. 50Pitt St.	65	75.5	77.5	79	80.7
Westp.Fin.Serv Ltd C/-Westp.Cust.	9.6	12.5	12.6	12	-
Westp.Life Ins.serv.C/-Westp.Cust.	6.6	7.4	7.4	7.4	4.6
Chase Manhattan Nom.Syd.2001 Locked Bag7 Royal Exch.	51.1	62	55.5	55.5	45.8
Citi Corp.Nom.GPO Box764G Melb.	11.7	23.8	27.3	27.3	32.7
Citi Corp.Nom.	-	-	-	-	10.2
Citi Corp.Nom."cfs W/Sale GBL Res. Fund A/C GPO Box764G Melb3001	-	-	4.2		
Perpetual Trustee Nom. L19 1 Castlereagh Str. Sydney 2000	11.8	16.8	17.1		
RBC Global Serv.Aust.Nom.Syd. "MMNGSSA/C" GPO Box5430	-	-	0.19	17.1	19.7
ING Life Ltd GPO Box75 Sydn.2001	10.4	10.4	12.9	12.9	14.8
Commw.Custo.Serv.Ltd Sydney Comw.Cust.Ser."No6A/C" GPO Box4122	2.2 7	7.4 -	1.2 -		8
Equifast Nom.Ltd Level 41 120Collin St.	6.6	1.4	-		
M.Lynch Level 41	0.4	1.4	1.1		
Equipart Nom.Ltd 120 Collins St.	-	-	2.6		
MLP Nom. Level 41 Melb.	-	-	0.15		
UBS Warburg Priv Clients Nom. Melb.GPO Box1257L	1.8	3.1	4		
Brispot Nom."House Head NomA/C P.O. Box N103 Grosvenor Pl.NSW1220	1.2	2.5	2.1		
ANZ Nom.GPO Box2842AA Melb.3001	7	8.4	9.5	9.5	15.9

Registered holders of shares managed or owned BT Funds(Westpac Bank):

RPC Global Services Aust. Nom. Ltd (Dec2002) - Citicorp. Nom.Ltd.(Nov2002)
 J.P.Morgan Cust.Serv. - BNP Fund Serv. - IAG Nom. Ltd - Nat. Austr. Bank Ltd
 E- Trade Ltd. - AOT Secur. Ltd. - UBS Sec. Ltd. - Grange Sec. Ltd.