

30 January 2017

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FOS now has enshrined in law that a liability is a +ve item in a Balance Sheet for A-IFRS. Invalid. AND, in law that I calculated this invalid & 55 cents A-IFRS: in breach of Corporations Act, liability treated as a +ve item, asset - using by the Ombudsman - to validate it. It is not legal. TABLE - PAGE 6.

Dear Review Secretariat,

I have been through the FOS process. I have never seen such a farce in over 45 years of using figures, 19 in the ABS in Canberra.

I will explain what transpired in my matter - it is so bizarrely wrong & .
I will use what transpired in my case to make comments about the changes I think are necessary to FOS in response to your Interim Report.

My matter was \$30,000 and there was a systemic issue of \$107 million. There were 2 PDS's. I paid \$1.00 for Units that were worth NAB A-IFRS 58.2 cents. A-IFRS, a new accounting standard, came in circa late 2004. The main change was: acquisition costs - \$1.5mn 1st PDS - could no longer be capitalised and added to the property values. These, plus any other capitalised expenses, had to be removed from the asset values for the A-IFRS calculation. (These 'other' turned out to be nil.)

My Case Manager did an invalid calculation of A-IFRS NAB 55 cents & a calculation of 94 cents. The 2 figures were in complicit alliance. The 55 cents was under the 58.2 cents. I was knocked out and the systemic issue was hidden. **There were fake units in the Fund - breached s92 Corporations Act - which were hidden by the calculation of the 94 cents. TABLE p6.**

The 55 cents A-IFRS was invalid, . It broke A-IFRS. It broke s334(1) accounting standards in the Corporations Act. At the time I was not aware of that. A liability was treated as an asset for its calculation. **A liability was taken off twice** - because he treated convertible debt (CD) as being actually converted into equity in the Balance Sheet Table. **I thought, what is he doing???** It was a non-existent actual conversion of debt to equity, based on his meaning of the word *represents* in the **definition of liabilities - which did apply NOT that it did not apply.** The result: an invalid 55 cents A-IFRS calculation and the calculation of the 94 cents was wrong - this allowed the 55 cents to have legs and stand up.

A -ve item, the CD, was treated as being a +ve item in his mind. So he took the CD off Net Assets for a 2nd time. It was already a liability in the Table. You can't change a -ve item to a +ve one in a Table in your mind - the Table won't add up. The calculation of the 94 cents is the key calculation - it is highly . It was a long division - which you could see in 10 secs was wrong with a calculator. The 2 taken together are an absolute disgrace.

This invalid & 55 cents calculation could only have legs and stand up IF the 94 cents was wrongly calculated. You needed a calculator to see it was wrong. SEE TABLE p6. This prevented Net Assets from rising, which it had to under the NAB disclosure of the ASSUMED classification of the CD as equity. The corrupt 94 cents calculation hid the use of fake units in the fund – because Net Assets had to rise under the NAB disclosure. More units were needed. These were fake units and were put through the Constitution in Units in Issue.

The calculation of the 94 cents & the invalid 55 cents A-IFRS allowed my Case Manager to get under the A-IFRS 58.2 cents – not disclosed – when I bought my Units for \$1.00 (3 cents improvement). They underpinned the whole Recommendation. The analysis of the Constitution was wrong – as the 55 cents shows. The systemic issue did not see the light of day. I can be deemed to hold the 2nd PDS under the Act. The A-IFRS figure in the PDS (1st) was 78.1 cents.

The 55 cents A-IFRS & the 94 cents calculation avoided what I said about the Constitution & the disclosure. I was right.

THERE IS SOMETHING VERY BIZARRE ABOUT THE 3 CENTS – 58 LESS THE 55

The figures are on a very different calculation basis – apples Vs pineapples. The 58.2 cents is MINUS 17.1 cents when put on the same basis as the 55 cents. This meant I was worse off by 72 cents. The Ombudsman said the 55 cents was right. I was materially adversely affected – from 55 cents to minus 17.1 cents. I was included in the Ombudsman's decision – but no-one realised that at the time. Of course, the 55 cents is bizarrely wrong and this is why we get these bizarre figures. I have asked for this accidental slip to be corrected – no response.

FILE NOTE – 55 cents A-IFRS known to be wrong by FOS prior to Determination

Prior to the Determination FOS knew & accepted that the invalid A-IFRS 55 cents was wrong. I rang and advised 34 mins after the issue of the Recommendation that the A-IFRS figure of 55 cents was wrong – a liability was being taken off twice. A FILE NOTE WAS WRITTEN FOR THE DETERMINATION ADVISING THE OMBUDSMAN THE 55 CENTS A-IFRS WAS WRONG. I felt reassured. Another 34 mins later I emailed that the calculation of the 94 cents was wrong. My Case Manager had been going to call me about the Recommendation – but did not. I advised I was waiting for his call. It was wrong because the 2 calculations were wrong. He said I could have done the 55 cents figure at the time had I wanted to – NEVER. The convertible debt was a liability in the Table. The calculation of the 94 cents allowed the 55 cents to stand up. I would never do these calculations.

OMBUDSMAN – An Ombudsman then , PROVED, in my opinion, that I calculated the highly , invalid & A-IFRS figure of 55 cents before the Recommendation did and used it to recalculate my figure of 78.1 cents. It was impossible as I would have had to physically travel back through time to do the calculation. I was shocked, in disbelief and hurt. I thought, how is this possible? The File Note told him it was wrong.

I was **used** to validate a deceptive & invalid 55 cents A-IFRS calculation that was known to be wrong, that I had not done. I was made to cut my own **throat**. I feel **betrayed**. I would never do the 55 cents calculation, which I made perfectly clear – but the Ombudsman still said I calculated it. **I'LL SHOW YOU HOW THIS CAME ABOUT, SEE PAGE 8.**

The Ombudsman also said I had failed, on the balance of probabilities, to establish my figure of 78.1 cents. Using the figures, the maximum error in the 78.1 cents was 5.4 cents. On the balance of probabilities the likely error was 2 to 3 cents. I was supposed to be doing an estimate of the 78.1 cents as at the time when I made my investment. I was put back in time by my Case Manager to when I made my investment. The likely error was due to possible adjustments to the initial 78.1 cents. I have since proved the 78.1 cents to the cent using the FR's.

AN APOLOGY WAS RECEIVED FROM FOS for the *reference* to the 55 cents – it was actually a large part of the Determination. He invented calculations that never happened in a travesty of the truth. Accompanying the apology was false advice about the merits, legal principles & industry practice. I surmised the Complaints Manager had been misled.

A) Industry Practice – our conclusions have regard to industry practice

A non-existent transaction – an actual conversion of debt to equity in the Balance Sheet Table, which did not happen – was made out to me to be in compliance with industry practice. **That is** rubbish. Applying an industry practice to a non-existent actual transaction. **This is bad. The CD was still a liability as at 30 June 2005 in the figures in the Recommendation for the 2nd PDS.**

B) Merits of the Dispute

The merits of the dispute were not affected by the Ombudsman ascribing the 55 cents calculation to me according to FOS. However, the 55 cents had no merit going into the Determination as it was known to be wrong and could no longer be relied on. **Advice should have been sent to the parties under the TOR. See p's 13,14 – I also address error correction.** Demonstrated, letter of 18 April 2016 and request for copy of File Note or confirmation advice, made in letter of 23 November 2016. **No response. By using me to validate it, the merits went from zero to 100%. The advice was out by a factor that was infinite.**

It was so obvious it was wrong because the CD was a liability in the Table, BUT THE TABLE WAS LEFT OUT OF THE RECOMMENDATION. This was bad.

C) Legal Principles were trashed because:

1) the 55 cents calculation was invalid – it was in breach of s334(1) accounting standards Corporations Act. I did not know that at the time; I had advised a liability was being taken off twice. **However, I think my Case Manager who was familiar with the Act and the TOR, knew it – but kept it to himself. Breach of legal principles TOR 8.2a) & the rest – 19 major breaches.**

2) The cents calculation and the invalid 55 cents calculation were in alliance. They hid the use of fake units in the Fund. **This meant the NAB disclosure was defective as there were 2 classes of Units in the Fund – which was not permitted.** The fake units could not be used to validly calculate the 94 cents. This reasoning also applied to the \$1.00 NAB in the 2nd PDS. The systemic issue was not able to come to the surface. **I thought this was the course of justice.**

3) The Ombudsman my figures to make me validate the invalid A-IFRS 55 cents & by the calculation of the 94 cents. I was made an . **AND I DON'T LIKE IT. I DETEST IT – turned into a law breaker to benefit an FSP. It is causing havoc within me.**

IN THE 2ND PDS

Expenses were capitalised as an off balance sheet asset and added back to Net Assets, whilst at the same time the CD – \$59.519mn – was treated as equity prior to conversion. The adding back of the expenses to Net Assets was invalid as the procedure, adding back an off balance sheet asset – that was not an asset and was not in the Financial Reports – via the Constitution at clause 26 was invalid.

BREACHES OF TOR – I downloaded the TOR's and OG's after it was all over.

My Case Manager had 19 major breaches of the TOR in my view. Letter 18 April 2016 to FOS. The Ombudsman had 16 in my view. Letter 26 May 2016 to FOS.

The letter of 18 April also had proofs of the breach of the Corporations Act and the alliance of the 2 calculations. The use of the capitalised acquisition costs by the Ombudsman was proved in my letter of 26 May 2016. IN for the 55 cents OUT for the 92.2 cents (carrying value figure).

REFUND OF MY INVESTMENT

I am entitled to a refund of my investment. There was a materially adverse fall: 78.1 cents A-IFRS in the 1st PDS to 58.2 cents when I bought my Units, 25.5%. The carrying value figure, 92.2 cents, also applied in my view. Management of the Fund as a Whole, not appropriate, in my view, in this particular case.

THE CONVERTIBLE DEBT WAS A LIABILITY IN THE TABLE

The Complaints Manager would not accept that the convertible debt was a liability in the Balance Sheet Table. **Nor would she accept that a simple long division of 94 cents – which a kid with a calculator could tell you was incorrect – was wrong.** It was simply my view about the calculations by my Case Manager. But we all know that a liability is a -ve item in a Balance Sheet. We can all divide.

Accordingly, I sent a proof using Abstract Algebra, properties of integers, that the convertible debt was a liability in the Table. IT IS ATTACHED. This is the extreme I had to go to for something that is so clearly obvious in the Table.

The OMBUDSMAN'S DECISION WAS SO FAULTY – 26 Aug. 2015

I was able to prove using the decision in 2 different ways that I was entitled to a refund of my investment. One of them was the 72 cents fall I discussed earlier, the other was to do with the 55 cents and the 92.2 cents. You see, the 55 cents was really 92.2 cents – the NAB without the CD as equity, but including the acquisition costs. The proof of this 2nd method was in my letter of 26 May 2016 to FOS.

FOS now has in place a jurisdictional decision, the nub of which is: a liability is a +ve item in a Balance Sheet – breach of s334(1) Corporations Act. And an Ombudsman has _____ that I calculated this invalid figure & by _____ the _____ calculation of the 94 cents. **It is invalid.**

THE WHOLE THING IS NOT LEGAL, in my view. I thought it should be redone.

I ALSO ADVISED ASIC – INFO 176. Of course they can't review the decision. Oversight role only – but how do they do that if they don't look at the glaringly obvious rubbish in actual cases.

PARAGRAPH 11.3 IN THE TOR

In my opinion, both officers fall under paragraph 11.3 serious misconduct in the TOR. I have raised the matter with FOS & ASIC.

EQUITY ISSUES FOR ME – I CAN'T APPEAL THIS

- 1) I have not been able to secure legal representation – because it is quite murky. I have asked 7 law firms to represent me against the FSP. The FSP is happy to accept the 55 cents. I am entitled to a refund of my investment. Only one firm was willing to take my case on. They want \$15,000 upfront and then it will be a lot more afterwards. Also the amount, \$30,000, was considered too small.
- 2) My matter was a travesty of Accounting, the PDS, the TOR & A-IFRS. Decision breaches the Corporations Act – nub of decision, a liability is a +ve item in a Balance Sheet. The 55 cents can't be legitimately chosen. Legal principles were trashed in order to benefit an FSP.
- 3) Request for copy of File Note or confirmation advice the 55 cents A-IFRS is wrong in my letter of 23 Nov. 2016 – **no response.**

REQUEST FOR MY MATTER TO BE REDONE – 9 Aug 2016

I requested my matter be redone under the provisions of paragraph 5.1k) TOR, the OG 15 p40 & para 5.2a) does not apply. I provided plenty of new information central to the outcome – and the whole thing is blatantly unfair. No, we filed it.

FAIRNESS – see pages 12 to 15

I think fairness is a throwaway. They are in breach of the law – well & truly.

THE TABLE FROM THE PDS – ONLY THE 28 FEB 05 FIGURES

Source: First PDS page 5

THE CD IS A LIABILITY NOT EQUITY

(a -ve value)

(a +ve value)

assumed

CD classified as equity
Simply remove the CD from the figures. i.e.
NOT A LIABILITY

	28 February 2005 (\$'000)		
Cash	1,443	1,443	I did the figures in this column not the FSP.
Property (at cost)	30,950	30,950	
Other assets	970	970	
Total assets	33,363	33,363	
Senior finance (borrowings)	18,625	18,625	
Convertible debt	4,000	-	GONE
Other liabilities	902	902	
Total liabilities	23,527	19,527	Liabilities ↓
Net assets	9,836	13,836	Net Assets ↑
No. of Units on issue ¹	10,667	14,667	Units in Issue
Net asset backing per Unit ²	\$0.94	\$0.94	

1. Units issued to the public.

2. Calculation assumes convertible debt is classified as equity. See Section 2.3 for further details.

The Calculation of the 94 cents: additional equity, put through in Constitution

not using measurement units for clarity	$\frac{9,836 + 4,000}{10,667 + 4,000} = \frac{13,836}{14,667} = 94.3 \text{ cents}$
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4.0 mn additional units needed. Put through in Constitution in Units in Issue. Breach s92 Corporations Act – don't give an interest in the Fund.

Net Assets MUST rise by \$4.0 mn because the CD is **assumed** to be GONE i.e. equity. No longer a liability. Liabilities fall. Net Assets rises. 94 cents – an **assumed** figure.

MY CASE MANAGER'S CALCULATIONS A MOST SERIOUS

breaches A-IFRS, invalid		MINUS SIGN , treats the CD as a +ve value in the Table. WRONG , liability treated as asset. Breach of s334(1) Corporations Act.
1) A-IFRS 55 cents = $(\$9,836 - \$4,000)/10,667$	a liability taken off twice	
the 2 calculations are corruptly complicit with each other		
2) The 94 cents = $\$9,836/10,667$	WRONG	$\$9,836/10,667 = 92.2 \text{ cents}$
This is very bad. Corrupt. TOR says check.		
This calculation: A) avoids the fake units.		
B) allows the invalid 55 cents A-IFRS to stand up – as it stops Net Assets from rising.		

FAKE UNITS. We MUST have 4.0 mn extra Units – otherwise the would be \$1.30. $\$13,836/10,667 = \1.30 . My Case Manager was aware of this. These fake units are being put through the Constitution in Units in Issue = the genuine public units + the fake units.

THE CD was NOT converted into equity till **after 30 June 2006**. My Case Manager knew; added to another loan and then converted.

The convertible debt was shown as a liability in the figures in the Recommendation as at 30 June 2005. **It was impossible** for it to have been **actually** converted into equity as at 28 February 2005. Talk about strange.

My Case Manager and myself discussed this letter + 2nd PDS – see blue writing below.
MY LETTER OF 11 AUGUST 2014 AT PAGE 10 TO MR. DO.

4) Calculation of the NAB/Unit	Without CD	With the CD	In his Issues paper he had things mucked up. I then discussed it with him.
Net assets - \$ mn	9.836	13.836	A) 10 Dec 2 mins 14 secs
Units - mn	10.667	14.667	B) 11 Dec 1 min 32 secs
NAB/Unit - \$/Unit	0.922	0.943	message I think C) 11 Dec 91 mins 50 secs

NAB/Unit of Units on Issue \$0.922
 NAB/Unit of Convertible debt units \$1.00
 Weighted average is \$0.943
 There are 2 classes of Units - not permitted under the Constitution.

However, this is not the full picture - the \$0.922 contains capitalised acquisition costs. We can use the 1st PDS to find out what they were.
 The figure is \$1.5 mn: $\$30.950 \text{ mn} - (\$13.850 \text{ mn} + \$15.600 \text{ mn})$.

A-IFRS basis \$0.781/Unit

As advised at pages 3 & 4, in my letter of 19 May 2014 the A-IFRS figures for 30 June 2005 & 30 June 2006 in the 2nd PDS should have been \$0.698/Unit & \$0.58/Unit.

Note the 78.1 cents and the 58 cents shown above. He knew the A-IFRS comparison to make for my matter from these figures. And he was aware of \$11.7 in the PDS – where adjustments for A-IFRS are discussed.

My Case Manager did know how to calculate the 94 cents – I had told him

All he has to do is wrongly calculate the 94 cents – and all will be well. The 55 cents has legs and can stand up. No fake units. No defective disclosure. No defective PDS. Applicant is knocked out. No systemic issue.
It was a temptation. He fell – this is what it looks like to me.

He knew how to calculate the A-IFRS figure too – the acquisition costs were being added back in the 2nd PDS because under A-IFRS they could not be capitalised. In the 1st PDS we have to remove them – HE KNEW THAT.

THE OMBUDSMAN'S FABRICATIONS

In my Response to the Recommendation I showed how to move from the wrong calculation of A-IFRS to the right one – at the time 80.5 cents. (The 2.4 cents differential is a theoretical effect.) The Ombudsman used this to say I had calculated the 55 cents before the Recommendation did and used it to recalculate my figure of 78.1 cents. There is nowhere else where he could have gotten this from.

PROOF this was not a misunderstanding was sent to FOS. I used the A-IFRS figure to prove it. It's in another file.

MY ADJUSTMENT

This is in compliance with the disclosures in the PDS and A-IFRS

Net Assets + CD assumed to be classified as equity – CD – Capitalised Expenses

Units on Issue

$$\frac{\$9.836\text{mn} + \$4.0\text{mn} - \$4.0\text{mn} - \$1.25\text{mn}}{10.667\text{mn}} = 80.5 \text{ cents A-IFRS}$$

we are removing the capitalised acquisition costs – which we must do under A-IFRS.
Remove net decrement under A-IFRS

This is the NAB disclosure in the PDS. Liabilities fall by \$4.0mn – we add the fall back to Net Assets.

Remove the \$4.0 to comply with A-IFRS. Under A-IFRS we cannot treat CD as equity prior to conversion.

IS THE 55 CENTS THERE? – NO

IS THE 78.1 CENTS THERE? – NO

He could have fabricated 3 figures – 92 cents, \$1.30 and 55 cents. But he chose that I had calculated the 55 cents. A deceptive and corrupt figure. It was deliberate. This is corrupt fabrication.

1st Fabrication: 9.836 + 4.0	Calculate: 13.836/10.667 = \$1.30
2nd Fabrication 9.836 + 4.0 – 4.0	Calculate 9.836/10.667 = 92.2 cents
3rd Fabrication 9.836 – 4.0	Calculate 5.836/10.667 = 54.7 → 55 cents

MY TIME TRAVEL TRIP

I travelled back through time to do the calculation of the 55 cents because I don't know about it till the Recommendation comes out. **I did it before the Recommendation did???** I must have travelled back through time to my Case Manager's office and peeked into his mind or read it whilst in an altered state during time travel and saw the 55 cents and calculated it. But this did not affect the merits. **It didn't?** This was an infinite logical anomaly. You get that in time travel. You get other things too. Liabilities disappear AND a figure can manifest without a method.

The whole thing was financial strangeness. A kind of financial sorcery.

MAJOR CHANGES TO FOS ARE NECESSARY

The key objectives are:

- 1) How to make FOS honest – the culture & how to stop the use of deceptive figures.
- 2) How to make FOS adhere to its TOR.
- 3) Changes to procedures are an absolute necessity.

Until the Recommendation and Determination FOS was fine. I have said to ASIC that various officers are really good, doing their jobs competently & well. I have praised those officers for their work, their competence, their intelligence & grace.

However, I cannot say the same for my Case Manager and Ombudsman.

Financial weird things, calculations & I am seriously harmed.

Didn't understand the integrity of figures in a Table.

Adding up? The Table won't add up if your change a liability to an asset.

Subtraction? When a liability is gone, we add back the \$4.0mn to Net Assets. A minus by a minus gives a plus. This was not understood. Subtraction – tricky?

Division? Anyone with a calculator can see the calculation of the 94 cents in the Recommendation is wrong. Long division is formidable but it is not the monster we thought it was in Primary school. It can be overcome – use a calculator.

Officers just parrot phrases from the TOR. Oh, I'm in compliance, it's fair. I'm in compliance with an industry practice for a non-existent transaction that did not occur. Determined on its merits – for a figure that did not have any.

The TOR is a very good document, as is the Operational Guidelines – which I said was excellent. **The problem is the officers AND procedures. There are holes big enough to drive a few semitrailers & a concrete truck through.**

In my matter the Ombudsman just rubber stamped what the Case Manager said. **He has terrible contradictions in the Determination.** FOS advised, letter 26 May 2016. He said I was not in keeping with past decisions – of course not. I was the 1st person to realise that fake units were being put through the Constitution – and the FSP can't do that because they breach s92 Corporations Act. And he corruptly used me to validate an invalid and corrupt figure. This is no good. Not at all. It is an anathema. I have been through the TOR & OG many times. The exclusion 'Management of the Fund as a Whole' did not apply – analysis was simple & easy.

The whole thing depended on 2 calculations – both of which are so obviously wrong. The analysis of the Constitution was very wrong – and it all depended on the meaning of the word '*represents*' by my Case Manager. **He apparently had not heard of Present Value Analysis – represents.** He was in 100% contradiction to the NAB disclosure – which he did not apply when he should have done.

The Ombudsman did the same wrong things – even though he had a FILE NOTE telling him the 55 cents A-IFRS was wrong. **Applicant calculated it – a truly awful & reprehensible deception. There is no excuse for it.**

COMMENTS ON YOUR INTERIM REPORT

Agree FOS & CIO should be combined into a single body – statutory body I thought. More accountability. More transparency. Less chance of illegality. More distance from FSP. FOI Act also applies. I could do with that right now.

Agree user accountability/more oversight by ASIC. **It is the culture that needs to change though.** The idea is to knock Applicants out. Proof criterion BOP, OK. **Use of deceptive calculations should not be permitted and stopped.**

A review within ASIC is necessary. I can't appeal the rubbish in my case. I am having a lot of trouble getting legal representation. Plus the cost of it. I am an old age pensioner now. Need for reviews can be kept down by procedural changes around the issue of the Recommendation & the Determination – tighten the reins.

Para 11.3 TOR serious misconduct applies – but FOS is not going to report it to ASIC. ASIC can't review it. Victorian Office of Public Prosecutions has advised I will need to report the matter to NSW Police. Use of deception, perverted the course of justice. Corruptly used me. **You can see there is a procedural problem here.**

COMPLAINTS

The Complaints Manager at FOS was misled. It is so obvious the CD was a liability in the Table NOT equity. And, that the calculation of the 94 cents was wrong. She would not accept these things. I think she was misled. She was used to try and deceive me by sending me false advice about the merits, industry practice and legal principles. **This is bad. It is a procedural flaw. There is a big hole here.**

FIGURES & CONCEPTUAL ANALYSIS

There was a lack of understanding that if figures arise out of conceptual analysis and are wrong – determined by cross checking – then your analysis will be wrong. The importance of proper checking of calculations against other figures and the PDS is essential. **It was the elephant in the room – the CD was a liability in the Table – that was sitting there, (unseen was it? by 2 officers), which had disappeared in a puff of smoke using financial sorcery.** The thing was, the Table was left out of the Recommendation – not accidental, not professional. No checking of the 2 figures – grossly negligent, deception. The TOR says he has to check – ignored TOR. **A PROCEDURE IS NEEDED TO PREVENT THIS.**

THE GRIP OF BAD IMPULSES

TOR – CHECKING A REQUIREMENT.

But with all that seductive treasure on offer – bottom p7 – all that had to be done was wrongly calculate the 94 cents. I think it was checked – and realised it had to be wrongly calculated for the Recommendation to work. Given my Case Manager's intelligence, attention to detail & insight – this is what happened I believe. It was a temptation. **He fell into the grip of bad impulses.** He used the past decisions to justify this. **A PROCEDURE IS NEEDED TO PREVENT THIS.**

The corrupt calculation of the 94 cents is the key calculation in the deception.

THE OMBUDSMAN

Has a free hand to as much as he/she thinks fit. He just has to say I am in compliance and what an Applicant says. He picked on small things in my response and knowingly what I said. He used me as an object to about, violate & use for . BOP is addressed bottom of page.

He corruptly used my integrity to validate an invalid figure, using , that was in corrupt alliance with the 94 cents calculation. This is very bad.

PROCEDURES ARE NEEDED TO PREVENT THIS SORT OF THING.

Examples

A) Ascribing the 55 cents to me. I have explained this at page 8. A bad thing to do. Not independent.

B) With regard to the 2.4 cents – noted at line 3 page 8. He said I made assumptions – NO. The figure (\$250,000) was included in the Cash Flow Statement. But then I wondered how it got there and mentioned 2 possibilities. He leapt onto that and then said the 2.4 cents (\$250,000) was assumptions. NO, it is included in the Cash Flow Statement. If I have 12 eggs in my basket and I pick one out and say, “I wonder how it got there”, that does not invalidate the fact that it is in my basket. The Ombudsman reckoned it did. NO. It was included in the Cash Flow Statement.

C) Corrupt use of the acquisition costs – IN for the 55 cents OUT for the 92.2 cents, carrying value figure. [Proved, letter 26 May 2016.](#)

D) The Ombudsman said there were no misleading disclosures. There is a massive problem with the disclosure – 92 cents Vs an undisclosed 55 cents. They are on the same basis according to the Ombudsman and the Recommendation. They are the figure with the CD NOT treated as equity. [Proved letter 26 May 2016.](#)

E) He also said I raised the 2.4 cents (assumptions – NO) because of the 55 cents – completely ignoring my advice that I raised it with the FSP on 8 Dec. 2011 – which was 3 1/2 years before the 55 cents came out.

He was really wedded to the 55 cents. It was right come Hell or high water. What would an Applicant know? – compared to the repository of knowledge residing in FOS. The CD was a liability mate. If the Table had been looked at, he would have seen that it was.

Balance of Probabilities

It was clear to me the Ombudsman did not look at the Table in the PDS. It was not in the Recommendation. The CD was obviously a liability. He did not look at it. He can't apply 'Balance of Probabilities' properly if he does not look at the figures. The balance of probability figure was 77.2 cents, likely error figure 74.9 cents, maximum error figure 72.7 cents, according to me.

DE-IDENTIFIED APPLICANT

Allows Applicant to be treated as an object. Harming an Applicant with fabrications, deceit & deceptive calculations does not matter – Applicants are objects. This was not the intent of this procedure, but it has led to this outcome.

How do we solve this one? An Applicant could be asked in the first instance if they wish to be referred to by name – SAY FIRST NAME – or known just as the Applicant. An honest Applicant will say by name – the thing we can't count on is honesty from FOS. In fact I would say we can count on the opposite – **trying to knock Applicants out is the culture. Financial strangeness was used in my matter. It was like a type of sorcery.**

NOTE: My case was taken off the website because I was so upset – not because the figures are wrong. The way it read I was made out to be dishonest and a vacillating fool. FOS thinks it does not affect me. De-identified. I did not consider it to be defamation – it was much worse than mere defamation. I was violated. Dishonesty was used to defile me.

FAIRNESS

The Report notes the use of fairness by FOS, (para 8.2 TOR 15, OG 12 p75) – can't agree with that. FOS are well and truly breaking the law in my case.

FOS won't review it. I complied with the TOR for re-lodging. I have asked for the Apples to Pineapples accidental slip to be corrected – no response. I have asked for confirmation advice about the File Note – advice the 55 cents was wrong should have been sent at the time. There is the systemic issue of \$107 million. The fake units are being used. I have proved the 78.1 cents beyond doubt. There are multiple major breaches of the TOR. Deceptive & corruptly complicit figures. **I calculated the 55 cents & the corrupt calculation of the 94 cents. NO.** Making me an accomplice in deception. Corruptly using me to validate a corrupt figure. Defiling my sanctity – and I do mean sanctity. **This is** ,
. A triple dose of it was given to me.

This is the sort of fairness you get in Hell.

It would not have mattered what I said in my Response to the Recommendation or the level of proof provided. I would have done better with a blank sheet of paper. **As soon as I saw the Recommendation** I knew it would not matter at all what I said – even though the figures were all wrong. I was well and truly stabbed in the back with deception. A liability was treated as an asset and the calculation of the 94 cents was obviously wrong.

HOW DO I FEEL?

I feel . It felt like I had been knifed in the back, then made to cut my own throat – defilement. It was a major effort to get up off the floor. For a long time I was in a damaged psychological state – but I forced myself to persist because I believe in the integrity of figures and I don't like to be corruptly used to validate deceptive figures. **I detest it – who wouldn't.**

PROCEDURAL CHANGES AROUND THE RECOMMENDATION

The Recommendation rested on 2 main deceptions – the CD was equity in the Table and the corrupt calculation of the 94 cents.

If I had been sent the 2 calculations by my Case Manager BEFORE he issued the Recommendation I could have informed him he was seriously in error.

68 mins after the issue of the Recommendation I had informed him both calculations were wrong.

ERROR CORRECTION

Where there are major errors like this an Ombudsman decides if a correction is to be made. OG 12 p82. My Case Manager had accepted the 55 cents was wrong and advised the Ombudsman in a File Note. As far as I knew, the figure had been corrected. I did not know the TOR or OG at the time.

It was reviewed in the Determination. But the errors were not corrected – even though the Ombudsman had a File Note telling him the 55 cents was wrong. The Ombudsman made it INFINITELY worse – by _____ that I calculated the 55 cents before the Recommendation did.

This is a most unusual way of correcting an error. Normally you correct the error by addressing what is wrong with it. You do NOT correct it by ascribing it to someone else so you can validate it. Obviously, it was _____ not error correction. The corrupt calculation of the 94 cents was ignored. The advice was, the Ombudsman had reviewed it. He clearly had decided the 55 cents was right; **and so the CD was not a liability in the Table – it was.** I cannot get FOS to acknowledge this now. My Case Manager did.

The File Note or confirmation advice that the 55 cents A-IFRS was wrong should have been sent out to the parties to the Dispute. Of course, that was not done – because the idea was to knock me out. It would have ruined the Recommendation. **I address the relationship between para 8.4 TOR and error correction OG 12 page 82 on page 14. (OG 12 applied at the time.)**

I have been over the Application of Para 8.4 in the TOR – see p14 also

My letter of 18 April 2016 at p's 9 & 10 and again in my letter of 23 November 2016 at page 7. The parties should have received confirmation advice because the 55 cents A-IFRS can no longer be relied on. Also, whilst my Case Manager wrote the File Note I generated the advice that the 55 cents A-IFRS was wrong.

I believe my Case Manager knew he was in breach of the Corporations Act after my advice he was taking a liability off twice. I was not familiar with the Corporations Act at that time – I am a lot more familiar with it now & the TOR & OG.

THE ERROR CORRECTION SHOULD HAVE BEEN A SEPARATE EXERCISE FROM THE DETERMINATION. IT SHOULD NOT HAVE BEEN DONE IN THE DETERMINATION. THE RECOMMENDATION NEEDED TO BE REISSUED.

ERROR CORRECTION AND PARA 8.4 IN THE TOR

I have said that under para 8.4 TOR confirmation advice that the 55 cents A-IFRS was wrong should have been sent to the parties. My Case Manager has a Master of Laws and I think he knew he was in breach of the Corporations Act after I told him he was taking a liability off twice. I only knew a few sections of the Act at that time and I did not know the TOR at all.

The counter to what I have said is the error correction provision in the OG. OG 12 applied at the time. The error correction is at page 82.

It could be said – no error exists till an Ombudsman looks at it and says there is an error. Accordingly, my Case Manager was in compliance when he did not send out confirmation advice. **DOES THIS STAND UP? No – my Case Manager accepted it and advised Ombudsman it WAS wrong.** He had not complied with the need for cross checking – see OG 12 p71, also p70. He did not check his conceptual analysis with the reality of the PDS. He said nothing to me about error correction.

THE FILE NOTE & ERROR CORRECTION OG 12 p 82 – DID NOT ADVISE

He had acknowledged to me the 55 cents was wrong – it was fundamentally wrong. He knew it could no longer be relied on. **He wrote the File Note for the Ombudsman. He did not advise me that I could make an application in writing for the 2 ‘errors’ –** – to be corrected, although FOS can make correction of its own volition. **Look at the result of FOS’s review of the File Note.**



‘ERROR’ CORRECTION PERFORMED BY THE OMBUDSMAN AS A REVIEW NOT ERROR CORRECTION AS SUCH. He corrected the error by fabricating that I calculated it before the Recommendation did. **The CD was not a liability – ERROR.** And, the corrupt calculation of the 94 cents was ignored. **Do you think this is appropriate error correction? Is it fair?**

YOU CAN SEE THERE IS A PROCEDURAL FLAW HERE. SOMETHING THAT IS FUNDAMENTALLY WRONG CAN EASILY SLIP THROUGH via the Ombudsman.

HONESTY IS RELIED ON IN THIS PROCESS – IT DID NOT APPLY.

THIS IS A BASIC FLAW IN THE INTERIM REPORT. YOU THINK HONESTY WILL APPLY. NO – IT DOESN’T.

SO WHO WAS AT FAULT – MY CASE MANAGER, THE OMBUDSMAN OR BOTH? WHAT IS THE PROCEDURAL FIX FOR THIS PROBLEM?

As I said at bottom p13, the error correction should have been a separate exercise from the Determination. A different person should do it – not the Ombudsman who was to determine my matter. **The Applicant should be advised of the result of the error correction BEFORE the Determination is done.** Again, the point is, figures mean something. They come from somewhere. If they are wrong the ‘somewhere’ will be wrong – in most cases

MAKING DECISIONS, OG – 1 May 2012 page 75

FOS is committed to affording procedural fairness and expects parties to cooperate with FOS's efforts to ensure Disputes are resolved fairly. Openness in decision making is one element of fairness. As a general rule, FOS cannot use information withheld from a party to reach a decision adverse to that party. This rule does not apply in "special circumstances" where there is a compelling reason to depart from the general rule.

FOS was not a party to the dispute. "Special circumstances" did not apply. There was no, 'compelling reason'.

Advice the 55 cents was wrong – which FOS accepted as far as I knew – should have been sent to the Applicant & the FSP. **This was withheld. Breached the TOR.**

FOS withheld that the 55 cents could not be relied on – it breached the Corporations Act and the TOR. The Ombudsman corruptly fabricated that I calculated this rubbish. In doing that he – because he has to say the convertible debt is not a liability in the Table – that it is an asset. He also in my opinion by corruptly using me to validate this deceptive & invalid figure.

A decision was made that was adverse to the Applicant using a figure that broke the law. I have noted the second element in the decision – that I failed to establish the 78.1 cents. I have noted that the likely error on the balance of probabilities was 2 to 3 cents. I have since proved the 78.1 cents to the cent. I have also noted there is a theoretical A-IFRS figure too – 80.0 cents. It takes account of 2 theoretical effects on A-IFRS.

Is it fair? FOS says it is – I was afforded every opportunity.

I understood that I was put back in time to when I made my investment. I did not have the Financial Reports then. I did already know some of the relevant figures w.r.t. the adjustments for A-IFRS; I could not pretend I did not know them but my inner voice told me to close up the Financial Reports – which I did have when addressing the Recommendation – because it would have been dishonest. Accordingly, I did an estimate rather than a full proof. It required extensive use of the FR's and I did it later.

I knew something was amiss with my Case Manager. He was being nice – after stabbing me in the back in the Recommendation. I couldn't put my finger on it at the time – but my 6th sense told me something was wrong. I think he knew he was in breach of the Act.

THERE ARE PROCEDURAL ISSUES HERE W.R.T. THE FILE NOTE, ERROR CORRECTION, REVIEW, FAIRNESS, MAKING DECISIONS AND HONESTY – withholding critical information.

WHAT SECTIONS IN THE CORPORATIONS ACT APPLIED?

These wrong figures also had an effect on which sections in the Corporations Act applied.

I think s1016E1(c) & 2(aa) apply – I should have been sent another PDS, because the 1st one is defective – the disclosure is defective. There are various other reasons too. Materially adverse fall. A-IFRS was not in the 1st one but was in the 2nd one. Expenses were being added back when I bought my Units – this was a 2nd PDS procedure. PDS said Supplementary PDS. I should have been sent the 2nd one – but it is also defective and very deceptive. I had previously established these things. So it was essential to get around the fake units – which meant the disclosure was defective. **This was accomplished by my Case Manager in grand style. But there was a problem.**

THE PROBLEM

The problem was: there was a flaw my Case Manager overlooked – he was taking a liability off twice. The 55 cents has nothing to do with A-IFRS. It was simply the NAB with the convertible debt removed twice. It broke A-IFRS.

Now, this non A-IFRS figure is in law as an A-IFRS figure – and it is in fundamental breach of Accounting standards, breaches the Act AND I **calculated it** when I would never do such a thing. **What sort of result is this from legal and financial professionals?** They don't even know what a liability is. BUT THEY DO. IT WAS AND . WHY? – BECAUSE THE IDEA IS TO KNOCK APPLICANTS OUT.

“The conclusions that we reach on cases are based on a full review of the information presented by the parties, while having regard to legal principles and industry practice, amongst other considerations.”
FOS 12 November 2015.

Do you reckon that is how it was? If we look behind these words what do we find? What do you think? IF all of this is true – how did we end up like this? There is obviously more going on at a fundamental level – an experiential learning experience was it?

CURBING BAD IMPULSES

We more or less assume everything will be above board – it was not. Current procedures do not prevent wrong things from being done – that are known to be wrong as opposed to accidental errors.

What procedures should be put in place to reduce the temptation? I have suggested one – sending out the calculations to the Applicant before the Recommendation is issued. There may be others – internal verification?

I have also suggested that error correction should be a separate exercise from the Determination and the Applicant sent the outcome BEFORE the Determination.

THE USE OF CALCULATIONS, CULTURE CHANGE

The very strong impression I have from the Complaints Manager is that calculations are quite acceptable. It's up to the Applicant to deal with it.

The idea is to knock Applicants out – by making things look right. This is what my Case Manager did. To calculate the A-IFRS figure the capitalised expenses had to be removed from the asset values. This was not even mentioned by my Case Manager, who knew this had to be done. He knew what the A-IFRS figure was. I had sent it and had discussed it with him on the phone.

So he comes up with this totally spurious method – treating the ASSUMED classification of the CD as equity as an ACTUAL conversion in the Table – **which was lunacy**. This enabled him to write a whole Recommendation based on this absurdity and the true method did not get a look in from him. **FAIR? I don't think so.**

At the same time the corrupt calculation of the 94 cents enabled the NAB disclosure issue to be completely hidden.

BASICALLY, BEING TOO CLEVER WITH THE DISCLOSURE – AND BEING – COMING A CROPPER BUT THE OMBUDSMAN STEPS IN AND RESCUES HIM BY ATTRIBUTING THE TO AN UNSUSPECTING AND INNOCENT PERSON WHO CAN'T DO A THING ABOUT IT. NOW I HAVE TO LIVE WITH THIS SHAME FOR THE REST OF MY LIFE KNOWING THAT FOS HOLDS A DETERMINATION SAYING THAT I CALCULATED THIS RUBBISH. IT'S A GROSS INSULT TO ANYONE. I DESPISE IT.

FOS SAYS I AM DE-IDENTIFIED. There is no problem – I feel like an object. I WOULD PREFER IT IF THEY TAKE ME INTO AN INTERVIEW ROOM AND . THAT WOULD BE FAIRER. THEY WANTED TO HARM ME – AND THEY HAVE. The whole idea – to knock me out.

For the Ombudsman's sake I showed how both things – the assumed classification of the CD as equity and the removal of the capitalised expenses – fitted into the picture in my adjustment equation. I thought I was helping him out – then he turns around, perverts what I have done to help him and fabricates that I calculated the 55 cents. **This is a manifestation of evil of a particularly odious kind.**

It would have taken about a full minute for my Case Manager to have checked both calculations before he issued his Recommendation. Deceptive rubbish like this should never leave the Office. **BUT IT HELPS FOS OUT.** Now that the decision is there they won't admit the obvious.

THERE IS AN OBVIOUS NEED FOR A CHANGE IN CULTURE. CLOSER OVERSIGHT BY ASIC WILL ASSIST BUT IT WON'T DO THE JOB.

PROCEDURAL CHANGES AROUND THE DETERMINATION

How do you stop an Ombudsman from _____ ? It is assumed he/she is honest. He can see from the Table that the CD is a liability. He can use a calculator to check the 94 cents calculation – it's wrong.

He _____ that I calculated the 55 cents and by complicity the corrupt calculation of the 94 cents.

He should be sacked and prosecuted. For doing something like this he should lose his job.

He would probably squeal – the Case Manager!!! But what about the File Note telling him the 55 cents was wrong.

I think he goes into it with an implied bias that the Case Manager has it right – that makes sense. Applicants are basically cannon fodder who don't know anything – not compared to an Ombudsman and a Case Manager. In this case, when you have a good look at it – I think he deliberately lied; my opinion. I will give one para of what he said.

Blatantly untrue – check back to p8 & 11 to have a look

His calculations differed from those made prior to the Recommendation, when he calculated the net asset backing at the time was 55 cents a share. This has required him to make his own assumptions in respect of certain transactions, such as in respect to _____ and _____, and then reach alternative conclusions in respect to the findings in the Recommendation. He has discussed how he would have responded to his recalculated A-IFRS figure of 78.1 cents.

There is absolutely no excuse at all for his deception. Blatantly fabricating that I calculated the _____ & invalid 55 cents.

My estimate of the A-IFRS figure of 78.1 cents

- a) First done on 11 August 2014.
- b) Then a repeat the 2nd time on 3 July 2015 and I revised it to 80.5 cents.
- c) A 3rd time on 22 July 2015 – I addressed s11.7 in the PDS, as if I were back at August 2006, because this is the situation the Recommendation put me in.

HONESTY BOND

I have mentioned dismissal from his/her post as a measure to combat deception by the Ombudsman.

Another possibility is an honesty bond.

FOS has to deposit \$10,000 into an account or hold funds to that amount as an honesty bond to protect the Applicant from _____ by the Ombudsman.

If an Applicant can prove dishonesty – on the balance of probabilities – FOS has to give the Applicant \$10,000 AND redo the Determination.

REFERRAL TO THE SENATE

I referred the matter to 4 Senators prior to Christmas. One of them has responded.

Yours sincerely,

ATTACHMENT

PROOF THE CONVERTIBLE DEBT WAS A LIABILITY IN THE TABLE USING ABSTRACT ALGEBRA PROPERTIES OF INTEGERS.

This is the extreme I had to go to – even though you can see it just by looking. My Case Manager said it was equity – which is a +ve value. That is wrong. It was a liability. You can't convert it into equity in the Table. You can't change a -ve value to a +ve one in the Table itself – it won't add up. It would have added to \$17.836mn – Accounting equation smashed.

Unitholder equity was defined as, Assets – liabilities.
For Unitholder equity to rise, assets rise or liabilities fall.

Note: a fall in liabilities was achieved by the definition of liabilities, which the Case Manager knocked out – that is how the 55 cents and the ACTUAL conversion to equity emerged – the definition did apply. Present value analysis can be used to show that it did.

I supplied a proof to the Complaints Manager that the convertible debt was a liability in the Table. It was not accepted that the convertible debt was a liability in the Table. You can see that just by looking. It was so frustrating that something as basic as this was not accepted. The Case Manager did when I phoned him, but not the Ombudsman nor the Complaints Manager.

I was advised, FOS 5 Feb. 2015

As previously advised, we are satisfied that your dispute has been considered in line with our Terms of Reference and our process.

Your views about the calculations have been made clear and are held on our file

It was simply my view about my Case Manager's calculations. It is a fact that the convertible debt was a liability in the Table. It is a fact that a liability is a -ve item in a Balance Sheet **not** a +ve one. Breach of Corporations Act, breach of TOR. Multiple breaches of the TOR by my Case Manager and Ombudsman.

It is also a fact that \$9.836mn/10.667mn does not equal 94 cents.

The Ombudsman said the 55 cents was right – he can't have looked at the Table.

He said I calculated it before the Recommendation did – IMPOSSIBLE.
Can he divide? Did he check it? He is in breach of the TOR.

The LONSEC assessment of the Fund showed that fake units were being used. 104.515mn units issued when there were only 47.285mn Units on Issue. 57.230mn were for the convertible debt of \$59.519mn. Unit price \$1.04.

This is a bit blurred because the pages are snapshots from another file.

23 March 2016

[redacted]
Complaints Manager
Financial Ombudsman Service
cc Lead Ombudsman:
by email: [redacted]

Dear [redacted],

I refer to my email of 10 March 2016. I said I would provide a formal proof that the convertible debt was a liability in the Balance Sheet Table in the PDS. The proof is on pages 2 to 4. Incontrovertible. I keep my word.

No point in responding as I am still compiling all the breaches of the TOR.

PROOF: THE CONVERTIBLE DEBT IS A LIABILITY IN THE BALANCE SHEET TABLE IN THE PDS

FORMAL PROOF USING THE PROPERTIES OF INTEGERS FROM ABSTRACT ALGEBRA

Another Way to Calculate 55

$$\sum_{k=1}^5 k^2 = 1^2 + 2^2 + 3^2 + 4^2 + 5^2 = 55.$$

Source: Wikipedia Addition page

PROOF: THE CONVERTIBLE DEBT IS A LIABILITY IN THE TABLE

I need to use 1st principles from abstract Algebra to **prove the convertible debt is a liability in the Table**. I prove we can add up and subtract the figures.

$$\begin{array}{r} \text{Convertible debt} \\ | \\ \text{YOU COULD JUST DO THIS } 33,363 - 19,527 - 4,000 = 9,836 \\ \text{LET'S DO THE PROOF AS ONE} \qquad \qquad \qquad | \\ \qquad \qquad \qquad \qquad \qquad \qquad \text{Liability} \end{array}$$

STEP 1 The basic properties of the set of integers

The set of integers forms a **group** when the binary operation is ordinary addition. For, if a, b, c are any integers, $a + b$ is another integer and

- | | | |
|--------------------------------|---|--|
| 1) $(a + b) + c = a + (b + c)$ | Associative | Note: 0 is its own additive inverse |
| 2) $a + 0 = 0 + a = a$ | Identity element | additive inverse |
| 3) $a + (-a) = (-a) + a = 0$ | Additive inverse, $-a$ is the additive inverse | |
| | Inverse element, undo, generalised concept | |

The integer zero is the **identity element** in this group and this group has infinitely many **elements**. This group has the additional property that $a + b = b + a$ for all integers a and b . **Commutative**

Source: Linear Algebra, A. Mary Tropper, Senior Lecturer in Mathematics, Queen Mary College, University of London, Nelson 1969, pages 3 and 4, **plus** Wikipedia.

STEP 2 Unit of measurement, retrieve figures

The figures are expressed in units of \$'000, except for the \$0.94 & Units on issue.

	\$'000
Retrieve the figure for 'Total assets' from the Table.	33,363
Retrieve the figure for 'Total liabilities' from the Table.	23,527
Retrieve the figure for 'Net assets' from the Table.	9,836

From the Table we observe: the 'Convertible debt' is an **element** in 'Total liabilities'.

STEP 3 Apply the properties of integers

Using addition: Net assets + Total liabilities = Total assets see page 5
Table confirms
Permitted – properties of integers. If a and b are integers $a + b$ is another integer.
– identity

Net Assets = Total assets LESS Total Liabilities associative, additive inverse, identity
Permitted LESS used for clarity. It actually is: + (-Total liabilities).

$$a + (-a) \quad (\text{Net assets} + \text{Total liabilities}) + (-\text{Total assets}) = 0 \quad \text{Permitted}$$

|
|

permitted
permitted

The subtraction operation is not separately defined for the real numbers. A definitional construct is used – the additive inverse. See Step 5.

STEP 4 Subtraction is to draw from below, take away

Subtraction is anti commutative and is not associative.

Anti commutative: $3 - 5$ **does not equal** $5 - 3$. We write: $a - b = -(b - a)$.

Not associative: $(5 - 3) - 2$ **does not equal** $5 - (3 - 2)$, **the order matters**.

Nomenclature —	Minuend	-	Subtrahend	=	Difference
	Thing to be diminished		Thing to be subtracted		The result

Integer Number Line, Natural Number Line

To consider subtraction we need to consider the **integer number line**.
 -4, -3, -2, -1, 0, 1, 2, 3, 4,

The **natural number line**: 0, 1, 2, 3, 4, 5, 6, **is not sufficient**, because a negative value, for example, $3 - 4$, is **invalid** under the natural number line.

STEP 5 Subtraction of a number – ADD its additive inverse

Signed numbers are used. The **RING** that governs integers **does not have any notion of a separate subtraction operation**. There are 2 operations – addition and multiplication. This is the usual case for **rings**.

Example: $5 - 3$, we write $5 + (-3)$. -3 is the additive inverse of 3. -3 is a signed number. It has a $-ve$ sign. **Note: not a minus sign, formally this is very important**

STEP 6 Subtraction: can lead us into issues – a negative quantity?

I have 3 oranges. Then, someone comes along and says, "I am taking 4 oranges off you." Let us say they have just cause. **I now have one negative orange.** Is this possible? Well, it is – **using the integer number line**. We do **not** use the natural number line. It is **invalid** under the natural number line. I now owe that person one orange. I have a debt of one orange to that person.

I did not use 'we' for the 3 oranges. I thought you would not like to owe or be short an orange – particularly if the just cause did not apply to you – and I don't know if you carry oranges with you.

STEP 7 Return to the Table in the PDS

'Total liabilities' $23,527 = 19,527 + 4,000$

Permitted – properties of integers

Total assets LESS Total liabilities = Net assets

Permitted – properties of integers

LESS used for clarity. It actually is: $+$ ($-$ Total liabilities). See also Step 3.

Apply additive inverse to 'Total liabilities'.

$33,363 + (-23,527) = \text{Net assets}$

$33,363 + (-(19,527 + 4,000)) = \text{Net assets}$

Permitted – properties of integers

this is the additive inverse split into 2 components – permitted

STEP 8 Apply the operator “+” to the additive inverse the operand BEFORE we do, we check the units of measurement are the same. They are. We apply “+” to $(-(19,527 + 4,000))$.

Rules

Applying “+” to a -ve signed number gives a minus.
Applying a minus to a plus = applying “+” to a -ve signed number: gives a minus.

‘=’ in this context, the same doing

Apply “+” to a -ve signed number = $33,363 - (19,527 + 4,000)$.

Apply minus to a plus = apply “+” to a -ve signed number.

$$= 33,363 + (-19,527) + (-4,000)$$

$$= 33,363 - 19,527 - 4,000$$

Permitted

We can now write - we have proved we can.

$$33,363 - 19,527 - 4,000 = 9,836. \quad \text{Units are \$'000.}$$

Convertible debt - minus sign - the Subtrahend - Takes away.

The minus sign tells us something important.

It tells us - liability - at least we think it does. **Does it? See Step 9.**

We have to prove this - we must prove the minus sign means a liability.

STEP 9 Finalise our proof

We **observed** at Step 2: the ‘Convertible debt’ is an **element** in ‘Total liabilities’.

We **suppose**: the minus sign and the word ‘liabilities’ have a **connection**.

Subtraction led us to this junction.

To see what the **connection** is we return to the one negative orange - a **liability**. I could give 3 not 4. I owe one. My situation is: -1 orange. **There is a connection between my liability and - 1 orange → Liability → Minus Sign, but only because I owe one. We can have a minus sign where it does not mean liability. Examples: I have one orange. I lose it accidentally. My situation is: - 1 orange. I don't have a liability, all the same there is a minus sign. Team A scores 2 goals, team B scores 3. Team A is - 1 goal but no liability.**

We wrote the ‘Convertible debt’ as $(-4,000)$ in our equation for ‘Net assets’. It is a negative signed number. **This tells us it is a liability. Here is our connection.** $+ (-4,000) = - 4,000$. **Our suppose was right: Liability → Minus sign always, but not always Minus Sign → Liability** E.g. Income Statement - flows not levels. **We must take account of the context - in this case the Balance Sheet Table.**

The ‘Convertible debt’ is a **minus** in the equation for ‘Net assets’. **The minus sign** tells us there is a debt, obligation, a claim, a thing there is a responsibility for. This is what a liability is. **We conclude: it is a liability in the Table.**

We have proved the ‘Convertible debt’ is a liability in the Table.

THE TABLE FROM THE PDS – ONLY THE 28 FEB 05 FIGURES

Source: First PDS page 5

THE CD IS A LIABILITY

	28 February 2005 (\$'000)	assumed CD classified as equity Simply remove the CD from the figures. i.e. NOT A LIABILITY	
Cash	1,443	1,443	I did the figures in this column not the FSP.
Property (at cost)	30,950	30,950	
Other assets	970	970	
Total assets	33,363	33,363	
Senior finance (borrowings)	18,625	18,625	
Convertible debt	4,000	-	GONE
Other liabilities	902	902	
Total liabilities	23,527	19,527	Liabilities ↓
Net assets	9,836	13,836	Net Assets ↑
No. of Units on issue ¹	10,667	14,667	Units in Issue
Net asset backing per Unit ²	\$0.94	\$0.94	

1. Units issued to the public.
2. Calculation assumes convertible debt is classified as equity. See Section 2.3 for further details.

The Calculation of the 94 cents

not using measurement units for clarity	$\frac{9,836 + 4,000}{10,667 + 4,000} = \frac{13,836}{14,667} = 94.3 \text{ cents}$
---	---

FSP

Recommendation

What is the situation?
as at the reference date

CD Liability → Minus sign Reality
 Plus sign ← classified as Equity
 invalid units — units — assumes
 \$0.94 invalid — 2 classes — opposite of reality
 PDS no good — not — Constitution
 breached — permitted —
 PDS page 6: If this loan is not repaid within two years But they are assuming it is classified as equity.
 ↓ the outstanding loan balance may convert to equity in the Trust.

Convertible debt – taken off twice. Once in the Table 2nd time in the A-IFRS 55 cents calculation. Breaks A-IFRS.
 Assumes CD is a plus in Table – Equity, Invalid. Net Assets rises to \$17.836mn. Table won't add up.
 Denominator wrong. Should be 14.667mn. INVALID 55 cents – falls to invalid 40 cents.
 Accounting Equation A = L + E broken. Breached Corporations Act. Recommendation breaches TOR.
 File Note – accepted 55 cents wrong. Did not advise FSP or Applicant, breaches TOR.

The Subtrahend and Treating the CD as Equity Prior to Conversion

- * The Subtrahend exists - Takes away - up until conversion.
- * Convertible debt assumed to be equity → as if it never was.
- * The Subtrahend exists → we can't make the assumption of no existence.
- * We can only bestow no existence on the Subtrahend by legitimate conversion.
- * There were other convertible debts. Went to \$19.766mn, another of \$59.519mn.
- * The Constitution and PDS violate each other because the CD is treated as equity for the Unit price in the Constitution, but as debt for the Unit price in the PDS.

File Note

Mr. [] accepted the 55 cents was wrong. He wrote a File Note for the Determination that the 55 cents was wrong. I generated the advice that the 55 cents was wrong. The calculation of the 55 cents in the Recommendation is superseded. A copy of the File Note or a confirmation advice should have been sent to the Applicant and the FSP. There are issues w.r.t. the Recommendation, the Accounting equation & the Corporations Act.

Properties of the A-IFRS 55 cents

- 1) Invalid - treats a liability - minus sign - as equity - plus sign.
- 2) Liability removed twice from Net Assets.
- 4) - uses completely wrong method.
A-IFRS - capitalised expenses, remove from asset values.
- 5) - complicit with the 94 cents - hides invalid units in the Fund.
- 6) Has no merit whatsoever.

Ombudsman

- * Said I had calculated the A-IFRS 55 cents before the recommendation did.
- * He has me physically travelling back in time.
- * Accepted the spurious and deceptive 55 cents.
- * Accepted the and deceptive calculation of the 94 cents.
- * Accepted that a liability is not a -ve item in a balance sheet.
- * Even though he had a File Note from Mr. [] telling him the 55 cents was wrong - he still did the same wrong things that Mr. [] did even though he
And, he can see it from the Table in the PDS.

Determination and Recommendation void in my view.

The TOR has been seriously breached in my view.

in my view.

I am assessing how many breaches of the TOR there are. I will advise FOS accordingly as per my email of 10 March 2016. I am proceeding with due care and diligence.

Subject: Re: recommendation
From: Emerald sparkler
 <emerald1@iprimus.com.au>
Date: 3 Jun 15 1:28:42 PM AEST
To: [redacted]

Hi [redacted]

I will stay within earshot of the phone. I will be working in my studio, but I should be able to hear the phone ring. What were you thinking of when you took the \$4mn off the \$9.836mn? You realise it's already been taken off. The \$4mn was added back to the \$9.836mn to make it \$13.836mn. We then divide \$13.836mn by 14.667mn (10.667 + 4) = 94.3 cents NAB

Cheers

Terry

My email to Mr. [redacted] after my phone call to him at 12.39.46 pm on day of issue of Recommendation advising that the convertible debt was being taken off twice: 55 cents was wrong.

See these words, 'added back'. **Are they wrong?** When a liability falls there is a minus sign in front of another minus sign. A minus by a minus is a plus. Example: $5 - 3 = 2$. Say 3 falls by 1. We have: $5 - (3 - 1) = 5 - 3 + 1 = 3$.

the 1 is added back

Phone Calls and emails - 3 June 2015

IN	Recommendation	12.05.45	From Mr. [redacted]
OUT	email reply to FOS	12.27.29	Will respond within 30 days.
	Clock on my computer - 15 minutes fast. therefore time was 12.12.29		
IN	FOS email	12.12.50	Acknowledgement of my email.
OUT	My call to Mr. [redacted]	12.38.44	Message for Mr. [redacted]
IN	email from Mr. [redacted]	12.39.31	Acknowledges message. Will call me.
OUT	My call to Mr. [redacted]	12.39.46	55 cents wrong, CD taken off twice.
OUT	My email to Mr. [redacted]	1.28.42	You realise its already been taken off.
	This time will also be 15 mins fast		
	Can't say for seconds. Changes made since. time 1.13.42		
			Calculation of 94 cents.
			Waiting for his call - he did not call.
			Phone did not ring. I came down to check.

Full Opportunity to Respond

My preliminary assessment - TOR breached for reasons which I think FOS knows.

Merits

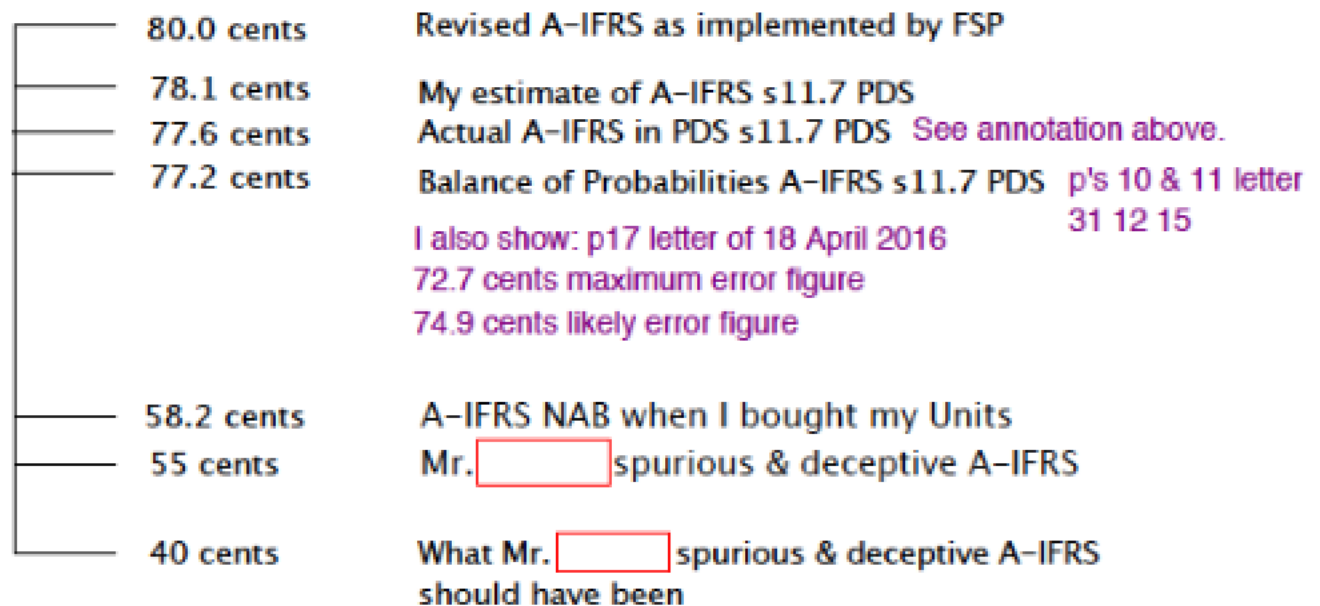
Very large logical anomaly in advice in FOS's letter of 12 November 2015 - which FOS should have known as based on fact. Breaches TOR in my view.

I am also assessing letter of 5 February 2016 against the TOR.

ANNOTATION OF FILE 15 12 16

As noted elsewhere I have treated the 1/2 a cent fall in A-IFRS on account of the change in fair value of the interest rate swap contract as a theoretical effect. The 77.6 cents then goes back to 78.1 cents as the practical A-IFRS figure to use from the PDS as at 28 Feb 2005.

A-IFRS Figures - diagram not to scale



As I am still compiling all the breaches of the TOR there is no point in responding at this time.

Yours sincerely,