

SUMMARY OF EVIDENCE GIVEN AT EXAMINATIONS

3 SEPTEMBER TO 6 SEPTEMBER 2002

Disclaimer

This report is a summary of evidence given during the examinations of various persons under sections 596A and 596B of the Corporations Act it is provided for the information of the creditors of KSE and the Froggy Group and other interested persons. In publishing this report, the liquidators and Horwath make no representation or comment as to the truthfulness or otherwise of the evidence given by each examinee which is summarised in this report.

3 September 2002

Ester Tower

Ms Tower gave the following evidence:

- Ms Tower was employed by KSE as a sales consultant for 5 months from the end of April 2001 to the end of September 2001;
- in that role Ms Tower accepted cheques and cash from investors and took their details, then passed it all on to George and Sebia Sabri, or whoever was filling their role at the time;
- KS Investments was the office where investors would see Jessie George as an agent to invest in KSE;
- Ms Tower did some work for Quick Loan Services as and when needed;
- Ms Tower's ex-husband, Joseph Oshana, was an agent (no relation to Adam);
- Roger Hyde was the accountant for KSE, and gave tax advice to investors;
- when questioned about a cash cheque for \$60,000, which was endorsed to her, Ms Tower admitted that it was her signature on the back of the cheque but otherwise could not remember anything to do with it - when it was received, what she did with it;
- Ms Tower received payments from time to time from relatives in the George family living in Fremont California;
- Her examination was stood over to 12 September 2002 at 2pm.

Jessie George

- In relation to the operations of Quick Loan Services, Jessie George gave evidence that the office was run by his brother Zia, and that it was Zia who processed all loan applications. Jessie George denied that Quick Loan Services prepared fraudulent applications on behalf of investors;
- Jessie George was otherwise examined in relation to various transactions on his father's US bank accounts.

4 September 2002

Malcom Oshana

Mr Oshana gave the following evidence:

- He purchased a residential property for investment in December last year. His brother, Sargon, had signed a contract for its purchase, but could not proceed after the collapse of KSE. His brother asked that he take over the purchase, and provided an amount of \$90,000 for the deposit. He claimed that in part this represented repayment of loans he had made to his brother earlier. Isho and Associates acted for him on the purchase.
- Isho and Assoc also acted late last year in relation to the “Oshana Family Trust”. Malcom Oshana paid their fees, but said that the Trust related to Sargon.
- In July and August 2002 Malcom Oshana paid legal fees for Sargon to Silva Solicitors.

Oswald Sereno

Mr Sereno gave the following evidence:

- Mr Sereno did casual accounting work for Jessie and Zia George, in preparing their tax returns.
- Mr Sereno also did some accounting work for their clients who needed tax returns and Profit & Loss Statements prepared for the purpose of applying for home loans.
- In preparing these tax returns, Mr Sereno relied on information given to him by Zia George in each case on a sheet of paper.

Jessie George

Jessie George was questioned further about the various transactions on his family’s US bank accounts.

5 September 2002

Robert Damelian

Mr Damelian gave evidence:

- That he or his company was involved in the sale of luxury vehicles to Karl and Vivian Suleman, Roger Hyde, Graeme Sinden, Sam Babanour, Bishop Zaia and Jessie and Elizabeth George;
- In relation to the circumstances surrounding the purchase of each vehicle by those persons;
- That in relation to the cars purchased from him by Elizabeth and Jessie George in

August 2001, Mr Damelian bought the cars back from them on 13 November 2001 for amounts in excess of what the Georges paid for them. In particular, Mr Damelian explained that the increase in price for the Mercedes convertible, which was purchased by Elizabeth George in August 2001 for \$67,000 and which Damelian bought back from her in November 2001 for \$115,000, was due to market forces there is less demand for convertibles in winter than in summer.

Alain Waitsman

Mr Waitsman gave evidence in relation to:

- the sale of units in Bunn St, Pyrmont to Mr Suleman, and to Bishop Zaia or his brother, David.
- Mr Suleman's and his associates' involvement in the development at Dixon Street and the purchase of units by them.

Rick Leavers

Mr Leavers gave evidence in relation to Mr Suleman's and his associates involvement in the development at Dixon Street and the purchase of units by them.

6 September 2002

Peter Holsworth

Mr Holsworth was examined in relation to monies lent to him by Mr Suleman or KSE, and the different forms of contracts in relation to that loan.

Sabrina Jajoo

Ms Jajoo gave evidence in relation to the following:

- her usual practice in advising clients obtaining finance to invest in KSE;
- her dealings with Quick Loan Services;
- her role in advising clients concerning the Dixon Street development;
- various property transactions in which she had acted for Mr Suleman or parties associated with him.