Quiz

Property Investment Schemes and the *Corporations Act*

1. What was the reason that the Court found that the promoters of the investment scheme in *ASIC v Macro Realty Developments* required an Australian Financial Services License?
    a. The scheme was a managed investment fund and therefore attracted the financial services provisions of the *Corporations Act*
    b. The scheme was a facility within the definition of "financial product" and therefore attracted the financial services provisions of the *Corporations Act*
    c. The Court had discretion to require the promoters to obtain a license
    d. Investment schemes involving property require promoters to obtain licenses

2. What obligation is imposed on directors pursuant to s 181 of the *Corporations Act?*
    a. To discharge their duties with care and diligence
    b. To not improperly use their position to gain an advantage for themselves or someone else
    c. To act in the best interests of the company
    d. To obtain a license to act as a director

3. In *ASIC v Macro Realty Developments*, how did the promoters of the scheme counsel or procure a breach of s 181?
    a. By telling directors to ignore advice from external sources
    b. By instructing directors to invest further money in the scheme
    c. By withholding key information from directors
    d. By fettering the discretion of the directors by obliging them to follow the instructions of the promoters

4. In determining whether investment-related material is misleading and deceptive, who is the "victim" that the Court will have regard to?
    a. Retail investors, i.e. "mum and dad" investors
    b. Sophisticated investors
    c. Corporate entities
    d. Superannuation schemes

5. In this case, why was the advertising material said to be misleading and deceptive?
    a. Because it suggested that there would be "guaranteed" returns
    b. Because it was inchoate and riven with inconsistencies
    c. Because it suggested that investors were not required to put any money down
    d. All of the above

Answers:

1. b 2. c 3. d 4. a 5. d