

BANKWEST SENATE EQUITY - SUBMISSION FROM THE HOLLIOAKE GROUP PTY LTD

The Hollioake Group Pty Ltd had been operating for 8 years and was in the process of the completion of two projects with two being financed when the CBA purchased BankWest.

However, there were issues with one of the loans for one of the projects at BankWest, prior to 2008 GFC. This was a critical project and its delay in finally being funded by BankWest caused considerable angst.

At the time we thought that the bank was only carrying out its due diligence and being overcautious, but since we have learned that there were difficulties at BankWest and they may not have even had the funds to provide at any stage. We weren't really concerned until the GFC, as they had already provided a letter approving the loan funding, based on an original set of conditions which were all met, However over a period of time those conditions were varied several times and on several re-valuations provided by prominent valuers at BankWest's request. Those valuers advised us that the project was very viable and that they had advised BankWest of that fact in three reports they were commissioned to do. The bank's loan officer and his State Manager had already advised us that it was just a matter of time that the loan would be finalised and all the conditions had been met.

Before that time they advised us that we should continue with all the work and reiterated that they had never put up a loan that was approved and was not finalised. On those terms we continued to spend funds on work on the project, up to a value of \$2.35m. Payment for this work would have been reimbursed from the loan once it was finalised. All the original conditions and several others had been met, however several letters and further valuations were requested. It all became very frustrating; we had to provide many, previously unnecessary bits of information. It then got even harder with even more requests for re- valuations and more work on perceived contamination issues and even more conditions over the period until the GFC hit.

Once the CBA got involved, through their purchase of BankWest, things went downhill very quickly. Not long after the sale of BankWest to the CBA BankWest's State Business Manager and loan officer visited us and advised us that unfortunately the loan for the project would not now be forthcoming, after instructions from the CBA. They were both very embarrassed at having to give this information and apologised profusely on a number of occasions, telling us it was now beyond their control and the CBA had decided the course of action they had to take. The CBA entered the frame very quickly after that with demands for funds and default interest that we could not meet. We had used all our equity in carrying out work that was going to be a part of the funding for the project. In the lead up to trying to get our loan approved, we had spent over the \$2.35m of funds in interest, architects and engineers fees, tests for contamination, removal of contamination, dealing with environmental areas, PM fees, loan interest costs, existing lease buy out costs, remove existing power, sewerage and other services, have solicitors agree with council for their footpath being on our land (no compensation for that either), demolition, strata titling, arrange specifications and building contract, planning permits, building permits, architects fees, rates, land taxes, relocate a microwave tower, sheet piling and other construction works. All the time we were being advised that the funds were approved and would be released up to the agreed 80% of valuation. At that stage we had no idea that the funds would never be advanced against the approved project, if they had the \$2.35m would have been immediately paid to THG and thus the company would have remained profitable.

For this project we had secured four apartment pre-sales (which obviously fell over when the funds were not provided, and we had agreed costs owed to those purchasers) and four intentions to purchase for commercial leases all of which also fell over.

The result of the loss of the payment of the \$2.35m meant that THG could not cover a full years interest payment in advance on three other properties, two at the CBA and one at BW and a GST payment to the ATO. If the loan on the property had been honoured the \$2.35m in funds would have been adequate to cover all costs and enabled the project to proceed and profits made based on the pre-sales prices alone. The pressure from trying to get the loan across the line was enormous and both the CBA and BW had no hesitation in placing all properties on a fire sale status. Sales were made in super quick time with the prices accepted at well below even fire sales, all on the say so of the CBA. The ATO was also forced to act, because the funds were not available to pay our GST dues. Obviously the details are much more involved than can be written here.

The end result of the project funding not being made available, after it was agreed to, has been that my son and me have been made bankrupt and my daughter left in a very poor economical position. We all had all our life savings invested in THG and even after the CBA acted we tried very hard to ensure that all creditors were paid. However this became impossible with the very low realisations from properties sold by the CBA. Obviously this has had a great strain on our families. My daughter also had a massive loss, but, luckily has been able to remain solvent through this stressful time, but, not without severe pressure from the liquidators. They are still now questioning her investment in THG, something I find very distasteful and wrong. She became an owner when her brother was killed in a car accident in 2002, I can't even imagine what her pain is, but I know enough to know it is unimaginable. To be honest, I'm sick to death of these liquidators, they need to be investigated. It is obvious that they are guilty of malpractice, or at the very least of unprofessional behaviour. We, and our accountants, provided all the THG documentation available and the liquidators continually keep advising us they haven't been able to find information. It is all contained in the provided documentation, there is no more.

Understandably, this has had a dramatic effect on all our lives (including our spouses and children/grandchildren). It is especially so for my son, whose rather high public identity has been besmirched (as has mine) by the CBA. Reports published on the Internet, by the liquidators and in from an interview with a reporter, who incidentally has reported falsely, I suppose to add to the spectacular nature of it all. Many of the other reports have been less than accurate. Currently only the CBA's side of the story is out there, AND, it's wrong. The liquidator has gone on the record of blaming mismanagement, which is now mentioned all over the Internet. He got his name up in lights though, along with the newspaper reporter who reported these wrong statements. It's very stressful and quite embarrassing especially for someone who prides himself on credibility and ethics. Worst of all it has destroyed my credibility with employers shunning me for roles and investors not willing to take any risks, as I try and get some funds together to do further good work, pay back our debtors and provide employment and housing. I'm glad I'm not suicidal, I am sure that there are others who would not have survived this treatment, but I'm going to fight this to the end. I take pride in doing the right thing.

I'm the first to admit that I'm not perfect and I have made mistakes. Of course I have, but, that's what they were and not calculated ones and I believe if you haven't made a mistake then you have never done anything.

It has been a real battle even getting work for my son and me, because hurtful and untrue reporting has been a negative. We haven't even been able to obtain relief from the government because we were owners of a company that has been liquidated.

It has been really traumatic on all our lives and both my son and daughter have both had new children since this time. It has been quite difficult to handle the stigma of being bankrupt, after working so hard all our lives. To have, not only all our private equity destroyed (after 45 hard working years) but be outcast by businesses we were associated with is a difficult pill to swallow.

The promise and in writing approval of a loan which did not proceed has destroyed a perfectly good and viable company and three families to boot has left a pall over our lives which is going to be very difficult to overcome.

This is obviously a précis of a considerably larger story; all that information is available if required.

Yours Sincerely,

John Hollioake

NAME: John Hollioake, Director, The Hollioake Group Pty Ltd (in Liquidation)