

Dear Senators

I have taken this opportunity to write to you in an effort to make you the people we public rely on to make good and fair judgements aware of the heartache, pain, suffering and financial devastation that our Banking and Finance Industry have thrust upon my family and many others I have been made aware of in our pursuit of answers.

Our situation began back in late 2006 when we were as many were at that time being encouraged by not only financial advisors and property gurus but also by a bombardment of advertising by Government that all workers would have to protect their retirements by investing if we wanted a quality retirement. I don't believe by any means that any one entity can walk away blameless from that period and that includes us as purchasers, the difference is as a buyer we were all paying good money for the supposed good advice we were supposed to be receiving. I digress from my story so here are the chain of events as they happened in 2006 my wife and I were introduced to a property spruiker who was running constant and high flying seminars in Perth WA. His name was Matt George of Money Choice Property Solutions and our pseudo Sister in Law was working as his state office manager. Matt George pursued us constantly as we had shown interest in purchasing a commercial premises to run our business from and to use as our superannuation nest egg. Matt George did not want us to buy commercial and instead talked us into a residential property in Victoria that our friend and his Perth office manager was also purchasing. Long story made short Matt George blatantly lied to us about many features and the quality of the purchase, we were told and shown plans and specifications for the build that frankly just were not correct. The sales spiel was that we were buying a bayside Penthouse styled Apartment in Black Rock the only truth in that was the location. The build quality was below poor we paid \$675,000 for the apartment settled in July 2008 and we finally sold it in October 2012 for \$540,000. The valuations for the property were done by the two Banks involved in our purchase and neither of them questioned the valuations from a so called independent valuer organised by the seller Matt George. The reason for 2 banks being involved was that Matt George also lied to us about the zoning of the property (after telling us not to buy commercial and residential would give us the greatest benefit) the property Matt George sold us was in fact zoned business 2 effectively commercial. No one bank would handle the lend as it was seen as commercial so two banks had to be used, one lending us 80% and one lending us 30% that of course equals 110% we were loaned the entire \$675,000 for the property plus 10% as a loan repayment buffer (imprudent lending) \$67,500 we had already organised the original deposit loan of 10 % less our own cash deposit of \$3,000 our loans by the time they had been all added together rounded up and the LMI added were maxed out at \$808,000. So as you can already see once the true value of the property was deducted from the total at sale time add in some \$250,000 of loan repayments we were left in a fair mess the loss was around \$520,000, we had covered after the \$130,000 of buffer loans another \$200,000 of our own savings and still had a residual debt of some \$240,000 to one bank with the other completely paid up in full. Matt George was and still is banned by ASIC from last May for up to 7 years from dealing in some forms of Property and Finance dealing but none of his victims have ever been compensated in any way which I find totally disgusting. ASIC register and oversee this man his companies and the profession in which he chooses to deal but they refuse to look after or hold him to account for his miss use of the power that his position allows him.

The story does not even begin to end at this point in fact it gets worse, whilst in pursuit of some justice against this man and his company I was introduced to Mrs Denise Brailey of BFCSA. After explaining our situation to Denise she said it won't be the broker it will be your bank you need to look at and stressed I should ask for our Loan Application Forms, low and behold the person that I implicitly trusted my old bank manager and I thought friend had manipulated (or someone in his bank) our figures by more than three fold. The incomes the details related to our assets all different and not what we had signed to when we did our Loan Application Form with our Bank Manager in our office. To say the least I was flabbergasted but just to complicate things further in the dying days of our property originally settling my old friend the Bank Manager left the Bank and became a Broker and told us that he would handle the two Banks now that would be involved in the lend. When we received our Loan Application Form back from Bank two in our loan process not only were our incomes exaggerated even further than on Bank ones forms but the Broker was not our Broker (ex Bank Manager) but a man we had never met and to this day have still never met and yet he was signed as being witness to our signatures and was stated to be our Broker.

Once I had viewed the Loan Application Forms from both Banks and listened to the complete denial of any wrong doing by our Broker I took our case to the Finanacial Ombudsman Services. The preparation of our case took me some 800 hours and finished with more than 1600 pages of documents being submitted in our case. I have achieved an outcome against one bank and they were

charged with maladministration in lending and we were awarded \$58,000 and our interest on the interest only loan reduced to 60% of the current variable rate. Some would say a good result to beat a bank and I do agree but what I do not agree with is if I break the law of our great land I am and will be held accountable to the full extent of the law, this bank was found guilty of maladministration of a loan (FRAUD in anyone else's language) and yet I am still paying for their unlawful behaviour. I can not speak of the other case against bank two as it is just about to reach a finalisation within weeks but all being equal they used the same exaggerated figures to approve a loan that never should have been approved and used no means of verification with the borrower so I can not see how in any circumstances that can be seen as responsible lending.

I would just like to say that I have written to so many politicians, state and federal members, treasurers from both sides and Prime Ministers from both sides over the last four or five years and this problem seems to get swept away like a dirty ghetto that no one wants anybody from outside to see. Sadly this is not good for the general state of the economy, it is a far bigger issue than anyone wants to admit and if left unattended it will come crashing down with catastrophic consequence as has happened in many other countries around the globe. In mine and my wife's situation just for example our equity in our home our savings we had and our ability to spend freely on goods and services prior to this asset grab that has taken our nest egg will leave us in retirement totally reliant on the aged pension. Multiply that by the many victims of this Bank and Finance Fraud and we will have not just an aging population but a welfare dependent population as well. Please give the due consideration this crime against decent honest hardworking Aussies deserves because if it is allowed to go on unpunished and unlegislated the rich of today may well be the victims of tomorrow, our Banking and Finance Industries left to their own devices will continue to plunder and pillage.

I believe it is obvious from our case alone that there is a systemic problem in our financial industries across the board and all the associated industries which all leach onto the easy money which filters down from the great rip off of the general public. Our original spruiker (banned by ASIC) our Broker and the Broker we have never met but who put his name to our lend (both now being investigated by COSL after FOS had said the Brokers in our case were almost certainly at least 50% to blame for our lending crisis) and finally our two Banks (the engineers of the falsified incomes and other associated details in our lend) one already found guilty of maladministration and the other still being investigated. I would like anybody reading this submission to imagine the drain on energy five submissions to FOS, COSL and ASIC can have on a person and the hell it puts the rest of the family through. While you spend almost every waking moment trying to get just one person to believe and back your plight, this all on top of having to run a business that you only have limited time to tend to because of the commitment that is needed to complete this fight.

I could add and add to this submission as there are so many stories associated to the whole sordid affair, the builders and their many excuses as to the build quality (of course they we declared insolvent mid last year) the Lawyer organised by the original spruiker to work on our behalf seeing as we were on the other side of the country (they were involved in a merger with another law firm and the new staff could not trace back our records) the independent Real Estate Agent who valued our rental returns twice what they managed to secure for us in reality (he never returned a call and I doubt he too is still in business). I think it becomes very obvious pretty quickly what sort of people become involved in these schemes but the most concerning issue of all is that it is the very people that we all grew up being told are trustworthy and the place to put our hard earned cash are the very ones at the top of the food chain OUR BANKS.

I feel that I have adequately made my point, our fight has been a long hard one as I understand has been the same for so many other victims but as I always say what doesn't kill you makes you stronger and I think all of us victims are made of the same stuff and will not stop chasing the truth until justice is done.

My response to the questions posed by Senator Sam Dastyari:

(A) The current level of consumer protection in my opinion falls a long way short of a standard that we the public should stand for as acceptable. Just in my families case alone we proved the Bank Involved in our loan had maladministered our finance and yet we were seen as 40% to blame and the Bank 60% but after add backs and concession on one portion of the loan in favour of the Bank we received about 20% of our money returned. We had a reduction applied to the future repayments for the term of the loan but I believe a crime is a crime and it was by no accident that the falsified figures were used, in any other incidence that would be considered FRAUD and dealt with that way, but in

our consumer protection system as it stands it is watered down to the much more acceptable term MALADMINISTRATION or IMPRUDENT LENDING.

(B) The role of and oversight of regulatory agencies. Where do you begin when it comes to our major regulator ASIC, they are poor at best, the sheer fact that they are the body that decides how qualified you need to be to trade in a field and then to do NOTHING about the people that disobey or trade outside those qualifications just shows weakness or a careless attitude. Just one example I contacted ASIC after the spruiker that originated our loan and many others in some cases being involved in illegal vendor financing, one of the reasons he was banned from certain elements of finance by ASIC to inform them (ASIC) of his new business involving the exact same schemes taking place all over again, they informed me they would look into my concerns. Some three months later after several phone calls to ASIC wondering how their progress was going in the investigation I received a letter stating they could not find enough evidence, thank you case closed

(C) Whether existing mechanisms are appropriate in any compensation process. The word appropriate does not even exist with ASIC there is no compensation process at all and Fos and COSL are hamstrung by a \$280,000 maximum and let me tell you that does not cover half of most peoples losses. In the case of the spruiker I spoke of being banned by ASIC there was no far reaching information supplied to any prospective purchasers of this mans products to tell them of his suspension or his banning there was also no follow up as to his business dealing post his charges otherwise ASIC would have been very aware of his later dealings. ASIC also agreed that our Banks were the engineers of the sub prime low-doc no-doc lending and did not put a stop to the practice.

(D) Mechanisms, including a centralised register, that would ensure financial planners found to have breached any laws or professional standards in their employment are transparent, for both the sector and consumers. I believe this is a no brainer as there should be transparency and honesty in any vocation that makes monetary investments on behalf of clients. ASIC have a proven track record of failing to police these industries and need to be replaced by an accountable and reliable consumer protector. An entirely new office of Consumer Protection should be formed from scratch and should be given powers to apply penalties with full cost plus losses incurred from fees any interest and promised growth (uttered or promised) to the customer. Only with extremely harsh penalties imposed will any industry clean up its act, the current level of penalty is no deterrent and this is reflected in the number of cases against the Financial and Banking Industries at present. If the punishment does not fit the crime as current laws don't, then the temptation is always there for exploitation with little fear of recourse, our Banking and Finance Industries are at the moment prepared to run the gauntlet knowing that for the odd one that gets called in they are getting away with a hundred. As this is exposed and it will be as there are many determined victims that won't stop until justice is done and the number of cases will increase exponentially.

(E) How financial service providers and companies have responded to misconduct in the industry. I would think this question answers itself our Banks and Financial Institutions continue to sell toxic products even as we the first round of victims fight to close down the fraudulent products that the industry sold us. When will enforcement of law shut down these products, the laws are in place but there is an out and out refusal by our regulators to stop the rot and the Financial industry itself has little reason to self regulate as they full well know the penalty is akin to a slap on the wrist with a limp lettuce leaf when put against their obscene profits.

(F) Other regulatory or legislative reforms that would prevent misconduct. In any case if the penalty fits the crime you generally get reform, it is only rogue traders that believe they are smarter than the system and they always get caught as an individual trying to outsmart the system. When problems of systemic complete industry fraud happens, such as this situation, one could comfortably say that the industry as a whole has no fear of being caught or of the limp wristed ramification and penalties that will be applied by the industry's police. This leads to only one logical conclusion to prevent a crime or incident you must remove the source or recognise the exploitation that could happen and shut down the loopholes before they are used enmasse as was the case with low-doc, no-doc lending. If control laws and legislation was in place, properly policed and the amount of these loans being granted monitored as their numbers grew dramatically then the red flags would have been up way before there was any chance of whole of industry exploitation. Only with quality regulators can you achieve quality outcomes for the consumer and part of the structure for regulation should be open and

accountable documentation that is matched up copy for copy between lender and borrower. So many of us were never afforded copies of our Loan Application Forms or associated documents and I believe the consumer should be given the original contract (wet ink copy) and the Banks as by their request to government retained electronic versions.

(G) Related matters. The disturbing thing is that our Banks believe they can keep this hidden from the wider public but nothing could be further from the truth, this fraud has reached far and wide and there are few people these days I speak with who have not had at least one family member touched by this systemic problem. People from all walks of life and every conceivable Bank and Lending Institution, no one is sacred and no Bank exempt from using the same methods. We need to remember this crime has happened world wide and the nations that have come clean and repaid their people for the crimes perpetrated upon them by underhand tactics of Banks and Financial Institutions are the ones recovering from the GFC (This is just a term convenient for the explanation banks needed to explain their GROSS FRAUDULENT CON).

It is indeed a sad inditement of an industry full of clever highly educated people that our Banks must stoop to the lows of asset grabbing off the members of the public that can least afford it, pensioners, the sick, the disabled, the financially burdened and the hardworking small business owners of this country that Governments constantly tell us are the backbone of our nation. Where is our consumer protection now Mr Prime Minister so many of us are fighting not only a tough but a very lonely battle that sadly some have not survived. At the last election so many of us put our faith in our Treasurer elect Mr Joe Hockey based on his promise of a ROOT and BRANCH Investigation into the Banking and Finance Industries, I see that now for what it was a vote buying manipulation of the people as the investigation was run by an ex-banker and will be very unlikely to bring about any change. The only way I can see any real and meaningful change taking place is to have a far reaching and in-depth ROYAL COMMISSION that will take in all elements of the Banking and Finance Industries.

In closing off I would implore The Economics Committee please for the good of this country's confidence and the opportunity to rebuild faith in our Banking and Finance Industries only one thing will suffice and that is A ROYAL COMMISSION with recommendation for all victims of this FRAUD be returned to the situation they were in prior to meeting their Bank. I would like it be made into law that any Financial Institution found guilty of Fraud be made to repay in full the monies they received and invested on the clients behalf plus penalties and associated costs. As previously mentioned the greater the risk of loss for Banks and Finance Companies the less likely they will commit the fraud.

I thank you in advance for any real change that this investigation may bring about and hope that our plea as victims may bring about A ROYAL COMMISSION.

Yours Sincerely