
Hi Jane,

Per my phone conversation with Senator Heffernan a few weeks ago, I have below a copy of the letter outlining my complaints to the ombudsman in relation to the loan we have with Great Southern Finance Pty Ltd. Additionally, we believe that the fundamentals of the success probability of the investment by their representative Graeme Yole were clearly massively overstated and misrepresented.

As per my conversation, I am happy to testify at the Senate inquiry should it help.

Kindest regards

Tim Whincop

Timothy & Andrea Whincop

Att: Jacinta - Banking & Finance
Financial Ombudsman Service
email: info@fos.org.au

Date: 26 July 2009

Attention: BANKING & FINANCE

Dear Sir/Madam,

In August 2008, a "project transform" process was requested by Great Southern Managers Australia Limited to convert our 2006 Beef Cattle Project interest into Great Southern Limited shares. This concerned me greatly, as I did not want to exchange my project interest for shares, and I had a large outstanding debt with Great Southern Finance Pty Ltd.

Subsequent contact from Bendigo Adelaide Bank (BEN) made it clear that our loan was sold from Great Southern Finance Pty Ltd to BEN as part of a funding process.

There are numerous issues that I have addressed with BEN and with Great Southern Finance Pty Ltd without settlement of the dispute.

In the entire representation of the loan during the initial process by Graeme Yole, numerous details were represented. These were :

The loan security was only the cattle. Our personal financial details were taken as proof we could substantiate paying the loan during the first few years of the project when there was no return on investment. With an internal rate of return being 7-9%

The loan was only ever given for the cattle. Therefore I believe the fundamental of the project transform process undermines the validity of the loan, as newspaper reports have shown, there was no value to the project investors in the project transform process - therefore no equitable consideration for the loan itself. In the event of Great Southern ceasing to trade, or becoming insolvent, I would hold and retain all ownership of the cattle progeny and that the loan would be offset against the debt owed to me due to ownership of that cattle.

Although I didn't see the Cattle Terms of Loan until after I signed the application for finance, I believe this document made it clear that security was only against the cattle. Additionally, I never signed the cattle terms of loan. The section that refers to "power of attorney" in the application of finance was misrepresented to me. When I asked a question about power of attorney on the application for finance, I only ever gave power of attorney to Great Southern for the purposes of administering the investment, not to onsell the loan for the purposes of securing finance.

I have never signed the new mortgage documents outlining the change in security for the loan being a change from purely the cattle, to security of the shares and clearly personal assets. I did not agree to this.

In an email from Robyn Clay from BEN (dated May 18), it stated "The Bank does not agree that any misrepresentation has occurred and as such, would expect that you continue to make your loan repayments".

This clearly baffles me if the above was represented by the Great Southern Finance and Great Southern representative, for which I have hand written notes on the project information sheet, as well as the product disclosure document.

It has been reported that some investors were given interest discounts on their loans in return for voting yes for the project transform. This detail was never disclosed to myself by GSL or GSMAL. It is my belief that were all the project investors aware of the whole scenario, and GSL shareholders that were also Project Investors were disclosed, that the vote would not have been 0.8% in favour of the transform process (I note that the majority needed to be 75% to pass the transform process and the result was 75.8%). Additionally, it is clear that the focus was on the transform process, not the change in the constitution. As the constitution obviously dictated, this transform would not have been possible without the special resolution. For example, I know another beef cattle project investor for the 2006 project that voted yes, that would have definitely voted no if he was presented clearly with all the facts.

It is also my belief after seeing many news reports and the details of the senate inquiry including the

statement by ex director Jeff Mews, that there was a culture of withholding market sensitive information by GSL. In my initial inquiries with Great Southern Finance Pty Ltd in 2008, it was clear that out of the multiple phone conversations I had, that there was no interest in giving me information about the loan, and no interest in giving me information surrounding the project transform ramifications on ownership of the progeny. I only started receiving some correspondence in April 2009 from GSMAL (Carol Williams, Manager - Client Services) in response to some angry phone calls and emails after I cancelled the payment of my loan prior to the company going into voluntary administration. The culture of lack of information, and inadequate disclosure of executives show that the company should not have initially entered into any loan agreement for the purposes of an investment in a project that they knew could not be sustained long term. Multiple sources have explained to me since the project transform process, that Great Southern has been in trouble since prior to the 2006 cattle investment, and there was conclusive evidence that showed that John Young was misleading and deceptive in his actions, and that the fundamentals of the cattle investment could have never worked as they were paying out more than the cattle could ever be sold for, therefore using project investors money to pay for previous investment returns - very much a PONZI scheme.

I believe an appropriate solution to this issue is that the loan be classed unenforceable and invalid and all moneys paid to date be reimbursed immediately, and the outstanding loan be cancelled.

I am willing to discuss other settlement arrangements should a counter offer be proposed by BEN or Great Southern Finance Pty Ltd.

Kind regards

Tim Whincop