

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600



To Whom It May Concern:

I am writing to give evidence by way of my submission to the Senate Inquiry, and to explain to Parliament why I have serious concerns regarding the fraudulent activity by brokers, banks and other lenders within the finance industry, based upon LO DOC AND NO DOC Loan Application Forms, and the practice of brokers obtaining ABNs for their clients without explanation and sometimes without their knowledge, for the purpose of dishonestly identifying their clients as 'self employed investors' on LO DOC and NO DOC Loan Application Forms.

In April 2006 my mortgage broker (a principal broker directing her own company) introduced me to two blocks of land in Regional Western Australia that were pending titles and I paid the deposit of \$500 for each block. I was enticed into a strategy that was designed to make life a little easier but all the advice turned out later to be flawed and hopelessly dishonest.

On 15 February 2007 I was asked by my broker if I had an ABN number. I replied that I didn't and without explanation she said that I must get one as I was investing and in fact she wanted all her clients to get ABN numbers. She assigned a member of her office staff to go onto the ATO site on the computer at that moment and as I stood there they set me up with an ABN with a GST component. Again I was given no explanation as to why and didn't question my broker as I trusted her implicitly.

In approximately March 2007 the Broker suggested that I sign a loan application form in order to finance the blocks as the titles had been released and settlement was due. I was told by my broker that I was now considered a "self employed investor" and that it was considered a career. When it came to providing information for the Loan Application Form I was rushed through the process.

The strategy given by the broker/financial planner has caused me immense pain and loss. It was all geared to provide the adviser with a fat commission, as I learned later on and nothing to do with well prepared advice.

A year and a half after having settled on my loan and after continuing financial stress in order to make payments I sought the **original loan application forms** from my lender. I had received advice from a consumer advocate that I was supposed to receive a copy of this document by law and none was in my file. It was only after putting pressure on the lender by telling them I had given a statement to the WA Major Fraud Squad that the Lender/Bank finally furnished us with the full documentation, namely the Borrowers Statement and also the Lender's copy of the Original Loan Application Form ("LAF").

To my disgust I found a second LAF had been submitted, the first LO DOC loan being knocked back by the lender. The second LAF was a completely unknown quantity to me. This time I had a NO DOC loan submitted to the same lender in my name however some of the information on this form had been changed by persons unknown after my signature was obtained and without my authority. Most importantly the loan amount and my income had been inflated from the amount I understood I had submitted, and my signature forged. I do not know who forged this signature however through all of this I was not phoned even once by the lender to qualify this information prior to the lender agreeing to approve the loan.

False and misleading information had been furnished by brokers and others, and this proved to continue throughout the whole loan application process without me having a clue this was going on in the Banking Sector.

Inflated valuations on the blocks of land were also in play, and these properties were listed on the LAFs as properties to be purchased/security offered and then again on another page of the LAF as Assets under the heading 'Land and Buildings'.

How could they be assets if I hadn't even purchased them yet? False information was supplied such as my years of investment. There were several changes and crossings out and write-overs on the forms.

I also never received the compulsory forms informing me of conditional and unconditional offers by my lender - this must have been sent directly to the Broker/Planners and kept on my file. I have since seen copies of this in seized files in my name held by the WA Fraud Squad.

The lender has refused to acknowledge that the Broker/Planner was in truth their agent - who paid them fees and commissions? The Greedy Banks. I have never paid my Broker/Planner a fee however I now know they receive a trailing commission for the entire life of the loan. I have had to go into default and surrender the blocks to the lender because I can no longer afford to pay the mortgage repayments.

In conclusion I would like to state the following:

1. What is the point of Lenders having Lending Policy Guidelines when they obviously ignore their own guidelines AND how can we insist the Banks/Non Banks give me a copy of this vital document?
2. My Lender/ Non Bank stated that they acted in 'Good Faith'. I suggest that someone in their finance institution was not acting in good faith and I have every reason to demand a proper explanation as to how these dodgy lending practices occurred and how the loans were ever approved in the first place?
3. In early 2005 the ATO found 800 cases of this phenomenon with fraudulent Loan Application Forms in just a sample search. How is that ASIC has allowed this practice to continue to exploit low income earners and pensioners? I wrote to ASIC recently and requested action and that they look into my claims.

They claim in a written form letter sent to all the victims, that it is a state problem as the WA Major Fraud Squad is looking into my claims and many hundreds of others who were affected by at least nine Broker/Planners. ASIC's letter left me feeling absolutely frustrated and totally unsupported by them. What is the point of having a national regulatory authority that act so timidly when there is obviously a massive problem in Australia with financial institutions and rogue Planners ripping off unsuspecting pensioners and low income earners? Aren't they a consumer protection watchdog? Isn't this one of their key responsibilities?

Fraudulent Loan Application Forms are rife with lies, deceit and misconception which the Banks and Lenders are blaming wholly and solely on innocent people who have been caught in scams by unscrupulous Planner/Brokers who should never be allowed into the finance arena.

I say the Banks and Lenders (aggregators) have a huge responsibility to face up to their own misrepresentations. The result as always is that citizens of this great country, the workers and backbone of the Nation are losing their homes, their only security and their

livelihoods because of regulatory neglect. These scams and activities are not confined to WA. The Planners became spruikers, flying to every state in Australia spruiking fresh victims and using bad lending habits by Banks, for their own wealth creation. How did these spruikers know that Banks would fail to contact or make a phone call to the client to ensure the information on the LAF was fraud?

Had the Banks been keen to wipe out these practices which I now am informed have been going on for years, the loan would have been declined and the Planner and AFS licence holder exposed to criminal charges. This is a National problem and a National disgrace and now we have to fight these Banks for justice. It appears the Mortgage Trusts have been used also, for a holding yard for dirty sub-prime loans. Those companies appear on many of the Mortgage documents. These are Federal offences worthy of a Royal Commission into the financial service, products and the banking sector and the links between all the players. Each loan has around four middlemen feeding off the commission bases provided by the lenders.

Wasn't anybody watching these Banks?

Who is going to regulate these banks and financial institutions to put a stop to this terrible practice?

Who is going to protect the rights of innocent people caught in this trap of financial skullduggery?

I RECOMMEND THAT:

We immediately Nationalize banks and lenders. Make them accountable to a department that is lead by strong, honest and ethical men and women who truly represent the 'Australian' values that we know our country stands for. We need people who can stand up to the banking corporations and their executives and keep them honest and in line.

I recommend as a matter of urgency a Consumer Protection Agency be set up. ASIC is a hopeless corporate cop and has failed us all again and again hence the escalation of these losses. Their conflict of interest lies in their attempts to look after the licensed advisers and leave us to the mercy of a very corrupt banking system.

I also recommend that commission- driven products and services become a sad and sorry thing of the past and wages be paid to well trained (two year minimum course) advisers.

I also recommend that the Committee inform all borrowers of Low Doc Loans that they are entitled to a copy of their Original Loan Application Form. If one is not in their files, then demand the Banks hand over a copy....NOT the Broker/Planners copy. The fraud is then exposed. The Banks/Lenders invented this evil Financial Product and failed to even make one phone call to the intended victim.

I ask that the Committee force the Banks/Lenders to hand over these copies and also the Borrowers Statements and also a copy of their Policy on Lending Process Guidelines.

Please ask the Australia Parliament to stop empowering the Banks, but empower the people instead – the long suffering members of the Public who thought they could trust the AFS licence holders and their authorised representatives. Please recommend to Parliament that a Royal Commission into Banks is of utmost importance if we are ever to get to the TRUTH.

We hope big changes occur in the Banking, Property, Planner adviser, spruiker, brokers sectors. The Property Investment Advice Inquiry 2005 did nothing to fix this problem.

Let us hope we can save the next generation from the same fate. Consumer Protection is about protecting consumers.

I do not intend to willingly allow these greedy banks to take my home. We will be fighting back in the public domain.

Thank you for this opportunity to at last speak out.

Kimberley Parkin

Steve & Kim Parkin