

**Senate Select Committee on
Superannuation and Financial Services**

**Main Inquiry
Reference (a)**

Submission No. 132

Submittor: Ms Jocelyn Walsh
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**SENATE SELECT COMMITTEE ON SUPERANNUATION
AND FINANCIAL SERVICES**

JOYCELYN M WALSH

1. My name is Joycelyn Myrtle Walsh I reside at 19 Tilanbi St, Howrah, Tasmania. I am 64 years old. I saved up a small nest egg of some \$65,000 over 45 years from my work as a retailer and a dressmaker. I started investing some 23 years ago by putting my money into first mortgages on private homes. The borrower would pay the loan back and then the money would be put into another house. I thought my money was safe in these properties as the firm could only lend 66% of the valuation.
2. When I first made my investments with Piggott Wood and Baker in the late 1980s I was told that my loan advances "are interest only and repayable on demand." One month's notice was required for both partial and total withdrawal of funds.
3. The bulk of the money I invested was from the sale of my holiday home on the East Coast. I invested this money, some \$65,000, with Piggott Wood and Baker who lent it out to four borrowers between December 1995 and June 1996. Piggott Wood and Baker charged approximately 6 % collection fee on this amount. Initially I was pleased with the way my investments were handled even though the interest rates had dropped from an initial 10.5% to 7.5% pa in October 1998.
4. I felt absolutely sick when I received a letter from Piggott Wood and Baker in November 1998 which said that the partners of the firm would not be covering any overdue interest in the future.
5. One of my concerns is that I had \$9,000 lent to a Mr Jelovic up to April 16 1998. This was a performing loan and I received my interest promptly. However this mortgage was closed on April 16 1998 and \$9,000 of my money was transferred over to Everworth Tas Pty Ltd, which turned out to be Rutherglen, a troubled resort. I would never have put any money into Rutherglen as I had visited the resort and had said that: "I would never put my money into something like this". I didn't know it was Rutherglen because of the name Everworth Tas Pty Ltd. Rutherglen had missed some 5 interest payments and was some \$68,339 in arrears by the time my money was transferred over to this loan in April 1998. I was paid a small interest payment of \$62.31 in April and another of \$191.21 in May and the borrower then failed to make any more interest payments.
6. On the 3rd of December 1998 I received a report from accountants Deloitte Touche Tohmatusu which said that they would be working with Messrs Piggott Wood and Baker to ensure that my investment "is capable of being repaid at the earliest possible time if that is what you require". This document said that there was a difficulty in advancing the money "as received" from the tardy borrowers as "unfortunately the software will not permit part-payments of interest". "The

firm is awaiting a response from the Law Society as to an appropriate means of overcoming this difficulty”

7. Piggott Wood and Baker invested some of my money in the Sunny Hills Country Club at Ravenswood. The valuation of these two properties was \$4.4m. The amount loaned out in contributory mortgages in 1998 was \$3m. In April 2000 this property was sold for a price of \$820,000. The distribution I received for my initial investment of \$6,000 was \$840.18.
8. Piggott Wood and Baker invested \$35,000 of my money in DJ & LJ Krushka, 35 Main Road Bridport and \$6,000 in the Krushka's Ravenswood development. Piggott Wood and Baker sent me a notice on the 10th November 1998 that the borrower was not going to be able to meet his interest payment and that the partners would not be paying the interest payment out of their own funds, as they apparently had in the past. I have received no interest on this loan since 15th August 1998.
9. I wrote on the 24th November 1998 giving the required 30 days notice asking to have my capital back plus accrued interest. Piggott Wood and Baker replied two months later on 7th February 1999 enclosing a memorandum to help me more fully understand the nature of a contributory mortgage scheme. This document said among other things that Piggott Wood and Baker “had a policy to remove from the mortgage register any borrower who is unlikely to meet his or her interest obligations.” The letter goes on to state that “the present level of requests for withdrawals is significantly greater than the amount of funds available to replace them.”
10. On 13th February 1999, I wrote to the Law Society about problems with my investments. I said that “I would never have agreed to the principal total of \$65,000 being invested in commercial loans.” I sought advice as to whether I could draw on the Solicitor’s Guarantee Fund.
11. I saw Mr Fabian Dixon of Murdoch Clarke on the 24th of February 1999 about the matter. He wrote back and told me that “unfortunately there is nothing that can be done to expedite repayment of the monies invested with Piggott Wood and Baker”. He finished by saying that “...from a legal point of view there is nothing you can do”.
12. The Law Society wrote back on the 8th of March 1999 and said that I was “strongly advised to seek independent legal advice”.
13. Having already been there – done that- I am at a loss to know where I should go from here. Everyone said you may as well give up because you won’t get another lawyer to fight one of his own. Two and a half years down the track I now have to think seriously about down-grading my home because without my capital and interest I am finding it very difficult to manage the basic household

expenses not to mention pay someone to clean windows, gardening and house maintenance. When you are a single pensioner with arthritis and a hip problem you need the extra money as a back-up. That is what my investment means to me not to mention the occasional holiday I would like. I feel for people to gain their TRUST in lawyers again, lawyers have to prove to the people that they can be TRUSTED. The only way they can do this is to give us our investments and the interest they owe us.

- 14 My remaining investment has been transferred from Piggott Wood and Baker to Perpetual Trustees. At the moment I am leaving it there because I really don't know what else to do. My faith and trust in lawyers and investments is at an all time zero.