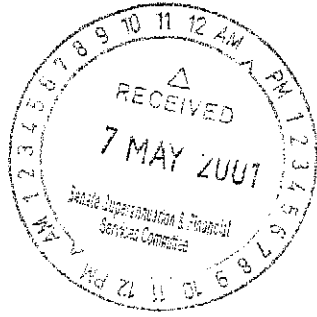


**Senate Select Committee on
Superannuation and Financial Services**

**Main Inquiry
Reference (a)**

Submission No. 134

Submittor: Mr & Ms Neville & Margaret
Newman
10 Manresa Court
Sandy Bay
HOBART TAS 7005



10 Manresa Court
Sandy Bay
Hobart
Tasmania 7005
02/05/2001

The Secretary
The Senate Select Committee on Superannuation and Financial Services
PARLIAMENT HOUSE
Canberra
ACT 2600

Dear sirs,

We would like to make a submission to the above committee regarding the negligence and misapplication of money which we invested for the purposes of a mortgage with the firm of solicitors known as Piggott, Wood and Baker of Hobart.

On 21/6/1993 a sum of \$ 60,000 was lodged with this firm for the purpose of a mortgage which was to be determined by members of the abovementioned firm of solicitors. This was a satisfactory arrangement until 1996 when the money was reinvested as part of a contributory mortgage to the DP and LJ Krushka Family Trust No.4 for the construction of a complex now known as the "Bridport Resort". The value of this venture, valued by a Launceston valuer was \$3,200,000 on which \$2,133,000 was lent. The documents relating to the granting of this mortgage were signed by two of the members of the above firm of solicitors, viz Piggott, Wood and Baker.

On 15/04/1997, on completion of the complex the government valuation was \$950,000 and it was revalued on 30/01/1998 at \$1,300,000. This gross discrepancy between the valuation accepted by Piggott, Wood and Baker prior to the erection of the complex and its final valuation by the government valuer is hard to understand.

Interest payments were made until August 1998 and no further interest has been paid except for a penalty interest of \$650.21 in June 1999.

We were not told that our money was to be put into what could be described as a dubious venture.. The complex has 16 villas which we are led to believe is nonviable, since, according to the brochure which has been recently released in an attempt to sell the property, it is operating at a loss of approximately \$20,000 for the last financial year.

Attempts have been made to sell the property at \$1,300,000 without success and it is now on the market for \$1,400,000.

In the meantime apart from one payment we have received no interest from our investment on which we depend for our living expenses.

Another example of the incompetence of this firm of solicitors was our investment through them of \$40,000 with a company known as R and B Developments in a block of units in Launceston. Within six weeks this company defaulted. It is amazing that the bona fides of the borrower were not adequately checked before the money was lent. Luckily most of this money has been returned.

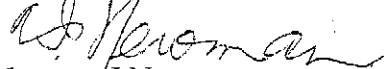
It would seem that these solicitors at the present time are not competent to engage in investments in the mortgage market. In the future, if solicitors are to engage in such transactions they should produce evidence that they have competence to indulge in such matters. In fact all those who have the care of investing clients' money should be required to produce such evidence. In the evident defaulting of such investment advisers either through incompetence, negligence or criminal activity such advisers should be compelled to take out prior insurance against such possibilities.

we remain

yours faithfully



Neville M Newman



Margaret I Newman