

To : DR. Shona Batge
Secretary
Parliamentary Joint Committee on Corporations & Financial Services
Parliament House
PO Box 6100
CANBERRA, ACT, 2600.
Australia

From ; Wayne Styles

C.C. Mr. Tony D'Aloisio Chairman A.S.I.C.
C.C. Mr Ralph Norris. ceo CBA.



19th June, 2009.

Dear Dr. Shona Batge,

I am writing to you after reading some recent statements made by the CEO of the Commonwealth Bank of Australia, Mr. Ralph Norris, regarding the CBA's involvement in lending practices to Storm Financial investors, as detailed in the Gold Coast Bulletin 18th June 2009, under the heading :

COMMONWEALTH BANK'S STUNNING ADMISSION - We made Storm mistakes.

It says : **COMMONWEALTH BANK of AUSTRALIA has acknowledged that some of its lending practices contributed to the hardship** faced by clients of Storm Financial.

Australia's biggest lender will **SUSPEND RE-PAYMENT OBLIGATIONS FOR ALL LOANS** in relation to Storm, the C.B.A. said in a statement yesterday.

Mr Norris stated that : " We are not proud of our involvement and we are working towards a fair and equitable outcome for our affected customers. Our customers can be assured that where we have done wrong, we will put it right. I am committed to the identification and resolution of all issues relating to the Bank's involvement with Storm Financial. "

Last week the corporate regulator said that it was considering proceedings against the CBA to recover damages

ASIC chairman Tony D'Aloisio told a senates committee hearing the regulator was looking at a potential case under its public interest powers of section 50 of the ASIC act.

The act allows for civil proceedings for the recovery of damages for Fraud, negligence, default, breach of duty, or other misconduct committed in connection with matters it is investigating.

" They are not in a position to look after their own interests and they have rights that we feel as a matter of public policy we should pursue for them , " said Mr. D'Aloisio.

He told the hearing that the ASIC investigations were looking at " wrongdoing".

" **Our investigations in relation to compensation are broad** so that we are looking at all the players or participants, " he said.

" **Clearly there may also be other wrongdoings that we might want to take proceedings on.** "

I would like to draw your urgent attention to another situation where the CBA has failed in its lending responsibilities -causing extreme hardship, and action must be taken against them.

I too also borrowed a large amount of money from the CBA to invest in a business venture using our home as equity and we are now in a similar situation to many of the Storm investors - i.e. the fact is that we are now in serious financial hardship due to the loan procedures of the CBA.

In our case we used a Mortgage Broker who advised us to borrow through the CBA, as he put it : " the CBA are more ' flexible' ".

We have since found out the **Mortgage Broker FALSIFIED our Loan Application**

Documents (without our knowledge) to obtain funds from the CBA and the **CBA loaned money -based on those falsified documents- & DID NOT VERIFY the figures!**

A brief outline is stated as below :

Beg. 2005. We first met Mr. Terence M. O'Sullivan, of 'Mortgage Choice' Mortgage Brokers at an exhibition stand at the Home Show Exhibition at the Gold Coast Convention Centre.

Jan. 2005. Mr. O'Sullivan visited us at home to discuss ways we could borrow money for :
1st) To invest in a new business venture called POLAR KRUSH
2nd) To finish off / complete the building of our home that we had just built.

We pointed out to Mr. O'Sullivan that we had only recently moved to Australia, we had NO credit history with Australian Banks, very little employment history in Australia and more importantly, that we had NO business trading history or trading accounts that banks usually require to assess before any loans are approved. We told Mr. O'Sullivan that we were looking to borrow around \$250,000 to invest in the Polar Krush business and around \$100,000 to finish off our home. Mr. O'Sullivan recommended the CBA, and said he would prepare the Loan Application Documentation.

Beg. Feb. 2005. Mr O'Sullivan again visited us at our home with the CBA Loan Documents for us to sign. We signed the Application Documents - but Mr O'Sullivan said that He would fill in the income figures & other necessary details at a later date. He recommended the CBA and told us they would approve a Low Doc. loan @ 60% of our home valuation (which was \$650,000 at that time), and that he would set it up as a Line Of Credit.

25th Feb. 2005. We received Consumer Credit Contract Schedule, Colonial, Line Of Credit for \$389,600 limit established (+ fees @ \$ 2,469.60)

9th March 2005. We received confirmation letter of Loan, A/C NUMBER 4175-10148199.

30th Jan. 2009. We met with our local C.B.A. representative at the bank, who confirmed that the figures detailed in the Loan Application were NOT VERIFIED. She also showed us the original Loan Application Documents on computer, which clearly states in big bold letters that the Loan Application figures were : **NOT VERIFIED.**

Today 19th June 2009. We are deep in debt to the tune of around \$ 369,000 and are in serious danger of losing our family home and our business.

The Polar Krush business that we invested in -which was the purpose for the majority of the funds borrowed from the C.B.A in the first place - is a scam - having grossly falsified its earnings information for investors - and is the subject of investigations by the N.F.I.B. - National Federation of Independent Businesses, on our behalf.

Further checking by the NFIB through ASIC into the required financial legal requirements enabling people to act as Financial Brokers, revealed that neither Mr. Terence M. O'Sullivan or the lady who helped process the Loan Application -Mrs. Suzanne O'Sullivan- hold the necessary licences as required by law.

These facts can be verified by contacting the National Federation of Independent Businesses (N.F.I.B) : Mr. Russell White (Secretary)

I would like to stress 2 key points:

Firstly that if the correct information had been provided to the bank we would not have received a loan for anything like the amount that we inquired about to purchase the business as we would have not met the banks policies and requirements for that size loan.

PLEASE NOTE that the financiers provided the false information -not us- and the bank admitted they did not check it. The second point is that it is clear Colonial (a financial subsidiary of the Commonwealth Bank) approved the loan as a line of credit to then have that passed on as a loan from the Commonwealth Bank. I am saying the use of Colonial is how they managed to get around the normal bank vetting requirements so it is a key point. It does not mean the bank should not

check the matters out just as Colonial should have.

I request that you look into this matter as a case of extreme urgency please, with a view to relinquishing us from this debt.

Yours sincerely,

Wayne 

Wayne & Carol Styles.