

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Department of the Senate
P.O. Box 6100
Parliament House
Canberra A.C.T 2600

To Whom It May Concern,

I am writing to give evidence to the Senate Enquiry and to express my grave concerns to the Parliament regarding:

1. The fraudulent activities of broker/planners, banks and other lenders and licensees within the finance industry. Of particular concern is the Low Doc and No Doc product introduced by the banks and the ease with which their product can be corrupted.
2. The lack of consumer protection against these operators. As a person of limited financial knowledge I relied on the integrity of the experts with whom I was dealing. That is not enough and I need to have in place a system by which this limited knowledge can be protected against dishonesty.
3. The complete disregard given to the public by the banks in areas of suitability and eligibility for loans. The lending standards and banking policies are less than proper to the point where simple signature checks do not take place. Does this practice now constitute normal commercial transactions?

Background Information

I am a single woman now aged 60years. I work full time for a modest income. Through hard work and frugal financial management I had paid all but \$14,000.00 of the mortgage on my family home where I raised 5 children. In 2004 I was solicited by Kate Thompson, principal broker and director of Mortgage Miracles. I was enticed into a financial strategy designed to reduce my mortgage in a shorter time and produce a small profit to contribute toward my superannuation. I did not seek this but was convinced to use the equity in my home as it was not "working" for me where it was. The government of the day was encouraging people my age to do this very thing.

The strategy was explained thus:

By joining with 3 other women (2 friends of a similar age and Kate herself) we were enabled to combine our resources and borrow more money for a shorter period of time. A "Group" was formed for this purpose. A line of credit account was set up for 3 of us (Kate did not contribute financially) to be used for deposits etcetera. We were to buy properties "off the plan" and sell at settlement. However, after a period of time we were convinced to settle and ended up with debts beyond our capabilities to pay because we were led to believe that because we were in a group there was no personal liability for the debt and Kate would accept liability for any error. My aim was to reduce /eliminate my debt and I was adamant that I did not want more debt. I was assured this would NOT be the case.

These loans were achieved through fraudulent Loan Application Forms. False and misleading information regarding my income and my occupation was furnished by the broker and her staff and signatures were falsified throughout the loan application process.

I would encourage anyone who has been introduced to the Low doc No doc loan in the past 5 years to look in their files and if they do not contain a copy of the original handwritten copy of the loan application form, demand it from the lender. A copy of this form is by law supposed to be given to you at signing.

For more than 5 months I repeatedly requested the loan application forms and it was only after the involvement of the W.A. Major Fraud squad that I received them.

I always believed this to be a great country. Recently through my involvement in Mortgage Miracles and the fight I have to fight with the bank just to have justice served I have discovered corruption in high places. I cannot express adequately the disillusionment I felt at the discoveries I have made in recent time regarding the finance industry.

Banks/lenders refuse to accept responsibility for sub-standard, neglectful and unintelligent lending practices with their Lo doc No doc loan product. It is disgraceful when a corporation knowingly allows a pensioner to borrow money they cannot possibly pay back because of the security the bank has over their family home. This is a form of theft. It is wealth creation at any cost. Where are their business ethics? In most cases a signature check or a phone call from the bank to verify eligibility was all that was required to allay these disasters. This product is fair game for dishonest broker/planners as has been proved by the collapse of Mortgage Miracles, Storm, Opes and other financial institutions.

Due to the fraudulent nature of my dealings with the bank they are denying the payment of commissions to the broker. Am I to believe that the broker/planners work for love? It is clearly stated on their forms under the heading of commission "We pay the originator a commission for the introduction of credit"

This is just plain lies and hopefully deserving of parliamentary intervention

The Broker/Planners would have had more difficulty defrauding on a safe secure product.

I therefore recommend:

That there is a Royal Commission into the Banks, Non banks and Mortgage trusts as a matter of urgency.

That the banks freeze legal action against borrowers until there is a proper investigation into the 15 banks involved in this scam.

That the banks be forced to provide Loan Application forms and lending policy and standards guidelines to all those who have Low doc No doc loans to enable empowerment of all those concerned.

That Low doc No doc loans be abolished.

That the Parliament insists the banks co-operate as the fraud is on their copies of these forms.

We need honesty in the banking sector so that trust can be restored.

Role of Broker/Planners

I believed Mrs Thompson to be an expert in her field and that she was recommending a plan that would have the desired effect of reducing my mortgage and seeing me debt free and would in no way jeopardize my security.

She has proved otherwise by betraying a trusting friend and engaging in fraudulent practices to increase her personal wealth with no concern, care or consideration of the consequences to my life. This would not have been the case if the regulatory policies of banks, lenders and Broker/Planners had been upheld.

A driving force for this deception is the large commission that awaits the transaction settlement.

I therefore recommend:

That commission driven services and products be banned and a wage system be used in its place.

Those Broker/Planners be required to be educated in the financial service industry and qualify before being licensed to practice.

That regulations be enforced to protect and safeguard innocent citizens against any would be fraudulent operators. These schemes would not have prevailed if a thorough knowledge of and

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adherences to Codes of practice by which these Brokers etc are supposed to operate were a necessary pre-requisite for operating a license.

The Role of the Regulatory Watchdog (ASIC).

As a government watchdog for consumer protection against these financial calamities that have occurred in this country ASIC has failed miserably.

Who is watching the banks?

Who is watching the licensees?

Who is protecting the average Joe Citizen against these diabolical and deplorable practices that have been allowed to go unchecked?

I wrote to ASIC to appeal for an investigation into the practices of Mortgage Miracles and its director. They referred me to the W.A. Fraud Squad and tried to palm the problem off to the state.

In 2005 the ATO in a sample search, found 800 cases of fraud in relation to Loan Applications. What was done? Nothing it seems. The practice was allowed to continue and hundreds of pensioners and low-income earners were exploited.

This is a huge problem in Australia at the moment and needs to be checked.

What is the point of having a regulatory body that does not regulate?

They have a conflict of interest and by attempting to look after their other interests have left people like me to the mercy of the corrupt banking system.

I therefore recommend:

ASIC as it is be abolished and a new regulatory body be established. A new protection agency that WILL protect consumers and not be in conflict with their other agendas.

I appreciate the opportunity to participate in this enquiry and hope my recommendations will be considered and this government will ensure justice is served so future generations will never have to suffer the awful fate that is upon many hundreds now.

I hope that truth will prevail.

Thank you
Christine Bradstreet