

Submission to Senate Inquiry
"Effects of the GFC on the Australian Banking Sector"

date: 31/5/2012

**Economics References Committee
PO Box 6100
Parliament House
Canberra, ACT, 2600**

Dear Senators,

Please find attached my submission that relates to how my business was treated by Bankwest after it was acquired by the Commonwealth Bank of Australia during the GFC in late 2008.

The total amount that was advanced by Bankwest was \$27,537,500.00 and the total approved by Bankwest for drawdown was \$30,387,500.00.

On 11/10/2006 an initial application was lodged for refinance with Bankwest from St George Bank and Westpac Bank.

An offer was received for \$20,812,500.00 (\$19,012,500 Jindalee Property Trust and \$1,800,000 Coastal Heavy Equipment Trust) from Bankwest dated 2 November 2006 it was signed and accepted on even date.

An additional offer was received for \$2,850,000 for Jindalee Property Trust with duty paid in the amount of \$11,400 (Total facility approved \$21,862.500 JPT and \$1,800,000 Coastal Heavy Equipment Trust) from Bankwest dated 10 May 2007.

Then an additional offer was received for \$3,875,000 for Jindalee Property Trust with duty paid in the amount of \$15,500 and \$2,850,000 for Coastal Heavy Equipment with duty paid of \$11,400 (Total facility approved for \$22,887,500 Jindalee Property Trust and \$4,650,000 Coastal Heavy Equipment Trust) from Bankwest dated 5 November 2007. However only \$3,875,000 was settled to JPT on 9 November 2007 and the \$2,850,000.00 to CHE was not settled. CBRE Valuations for

Jindalee Property Trust property were \$31,400,000.00 at LVR 72.89% and \$7,600,000.00 at LVR 61.18% for Coastal Heavy Equipment Trust. Even at this stage if they advanced the \$2,850,000 I was well under the 75% LVR covenant put in place with the finance approval offer.

Bankwest appointed receivers on 24 May 2009 claiming a default on the facility and receivers PPB then sold the Jindalee Property Trust property for \$11,000,000.00 and Coastal Heavy Equipment Trust property for \$2,600,000.00 only 1/3 of its conservative bank value. I controlled through various companies and trusts a further \$20,000,000.00 worth of property and business and was personal guarantor for all loans and as a result of Bankwest appointing Receivers have been forced into bankruptcy owing more than \$20,000,000.00 on 2 March 2010. Prior to the appointment of receivers by Bank West I controlled various companies and Trusts with assets with Bank Valuations of \$60,000,000.00 (market Values approaching \$75,000,000.00) and debts of \$40,000,000.00, I had a net worth of between \$20,000,000 and \$35,000,000. The actions of Bankwest have caused my personal net financial worth to be turned around to the extent of between \$40,000,000.00 to \$55,000,000.00.

Jindalee Project

The project was first acquired in 1987 it was around 40,000m² in total land area and was an amalgamation of 4 commercial properties and 4 residential properties to be redeveloped as a mixed use commercial residential project. The address of the properties were 225, 241, 213 and 235 Sinnamon Road Jindalee and 25, 27, 29, 31 and 33 Koorringal Drive. The properties were individually valued by CBRE for \$32million and the project was under a put and call contract for \$36million. The bank appointed receivers on the day that the option was to be put to the purchaser. The receivers did not put the contract to the purchaser and proceeded to sell the properties on an individual basis. The receivers sold them all for \$11million.

Durack Project.

The project was first acquired in 1992 it was 18,000m² of land with a 2500m² commercial building. The plan was to subdivide off the excess land and sell or develop the land as a town house site then sell the commercial building off separately. The property was valued at \$7.2million by CBRE and the property was sold by the receivers for \$2.7million.

The bank did not allow enough time for the issues to be resolved, the bank had approved a further drawdown of \$2,850,000 but would not release the money. As well as the added pressures of the Global Financial Crisis, and due to the pressure from the bank the group was pushed in to a family and partnership dispute. The bank was not interested in supporting us through the difficult period, it was as if there was some pressure from senior management to accelerate the process. It was obvious that due to the complex nature of the projects and related businesses that significant losses would be incurred unless the bank was to be patient and allow the group to work through its issues. The Boman Group was a \$60million business was built up over 60 years of hard work sacrifice and determination by my parents and their parents before them. The business was destroyed in a matter of months by a Bank that had an agenda to prepare itself for sale to the CBA.

Even after the appointment of the Receivers my accountant and I approached the bank to try to negotiate a deal that would put them in a position at least \$10,000,000 better than they ended up. The Bank was not interested it was as if they were operating on another agenda.

The impact on my Family and myself has been extremely traumatic, I have lost everything my home my belongings my confidence and self esteem. I have 4 children that I can no longer support, I have been unable to pay agreed child support and financial binding agreements. My parents superannuation and life savings were lost and they now are forced to live on the pension they have not only lost their house that they worked their whole lives for they also lost the properties they inherited from their parents. A thriving successful Brisbane based Family Company that was respected in the community for over 60 years was smashed in a matter of months.

Yours Faithfully,

Tim Boman