

SUBMISSION TO THE SENATE INQUIRY INTO BANKWEST FROM JOHN MACARTHUR AND ELIZABETH MARY WHARTON.

TO WHOM IT MAY CONCERN

10<sup>th</sup> June 2012

I am very pleased to write this letter to the Senate inquiry putting forward the deceit and misleading conduct of Bankwest that has caused our business to be in default within two years of being financed by them. I am writing this to expose the corrupt practices of Banks, Receivers, Valuers and the agents that work for them, doing their dirty work. I am also writing this for every MORTGAGE HOLDER in Australia, who is being persecuted every day by Banks that are making BILLION DOLLAR PROFITS and the Federal Government just standby.

In September 2008 we bought a property called Red Rock and another one called The Canyon, and was financed by BANKWEST. These two properties were tied together with one lease. We only wanted Red Rock, but had to buy The Canyon to get Red Rock due to the land tenure. The intention was to split them and sell Canyon within a period of time.

This turned out to be a big challenge due to the failed Delbessie agreement and getting any lease just renewed in the last 8 years in Queensland has been near impossible. My partner in this venture, Bankwest, was also well aware of this. We were guaranteed 4500 cattle, we mustered 6006, and their Bank Manager then added another 594 head of GHOST CATTLE, to make our total 6600 head. We then had on the Banks Books, (not ours) an extra 594 cows that were not there. The cash flow that was provided to us, (by our business partner, Bankwest) AFTER we had bought the property, then required us to sell 7000 head of our 10,000 head herd in the first year. (Please see attachment) When you add 594 cows to a herd, and put them into a Livestock Schedule moving forward at 70% calving rate, within the first 12 months, you have over a 1000 head of GHOST cattle. In the next 12 months it just gets worse, as your GHOST numbers increase. Our Tax Returns every year showed our true stock numbers and sales, yet Bankwest would not recognize this, and kept their own doctored up stock numbers. We refused to sell the 7000 head in the first year, 2008/09, as that would have made any future loan servicing impossible. This cash flow also had us selling cattle every month of the year, like the local supermarket, sells tinned food. Our wet seasons last 4 months, at the very least. A senior Agribusiness bank manager from NAB, informed me, after he viewed this cash flow that we should have gone broke in the first year. He also asked me could he get a copy of this cash flow, and then show it to his agribusiness bank managers, instructing them on how they should never do this. This was a set-up, for we were bound to fail, under their terms.

We then had the floods of 2009, just 6 months after we had bought the places, in the Gulf which was recognized by both Federal and State Governments as a Natural Disaster. We lost over 300 cows and over 600 baby calves in that flood. This was easily accounted for through our NVD book, showing the movements of cattle. In 2008 we trucked 1200 weaners from Red Rock to Runnymede, in 2009 the number was 594, in 2010 the number was 1300, and in 2011 the number was 1400. The effect of this loss in 2009 was going to be felt in 2010 and 2011. Bankwest failed to acknowledge this loss of cattle.

In July 2010, Bankwest appointed an Investigative Accountant to audit our books. This was given to Korda Mentha (Bill Buckby). How this Investigative Accountant did not see the corruption by the

Bank in 2008, only 2 years before is mind blowing. Then guess who becomes the Receiver in 2011, Korda Mentha (Bill Buckby). This has to be major conflict of interest, when the Investigative Accountant also becomes the Receiver, appointed by the Bank. It is clearly obvious that my family and business was being set up to take a fall in July 2010. All of the Investigative Accountants work was billed to us which was \$40,000, plus a new set of valuations for another \$12,000.

In November 2010, Bankwest forced us to sign a Deed of Forbearance under major duress and stress for both my wife and I. This was done through a teleconference, with my wife and I talking to them on the speaker phone in the car from our property Runnymede, which is 85 klms north of Richmond, in North West Queensland. I asked the then Credit Manager in Brisbane (who has since left to join BOQ) to go back and talk about the dodgy stock numbers they put on in 2008, and he refused to talk about it.

He said we are here to talk about only the future. Unknown to us at the time, but apparently when You sign a Deed of Forbearance; it clears the bank off any mal-practice up to that date. By the bank getting us to sign this, now we are unable to make a claim against them for PREDATORY LENDING PRACTISE and UNCONCIABLE CONDUCT, so we have been informed by a lawyer. This is CORRUPTION at the highest level. We believed by signing this, it would give us some more time to continue to build our stock numbers. The Financial Ombudsman Service which is paid by the Banks and has no Independence whatsoever, agreed with the Bank, that once we had signed that Deed of Forbearance, we had lost all our rights to mount any argument, even though the corruption was clearly evident. This corporate body is a farce, and is a whipping boy for the banks, and we have never seen any evidence that this body has supported anyone with a mortgage.

So as far as time frames are concerned, we were financed by Bankwest in September 2008, to purchase that property, and by November 2010, the bank has us signing a Deed of Forbearance. This in itself shows the complete failure to DUE DILIGENCE in lending by Bankwest. My family has owned this property (Runnymede) for 96 years, and my wife and I have personally owned it since 1992, when we bought the other family members out. Now, only two (2) years with Bankwest and we are going to lose everything we have worked for all our life.

Then in June 2011 the Federal Government puts a Live Export ban on any cattle going to Indonesia, which immediately drops cattle prices across Northern Australia, and they have still not regained any consistency.

The corruption continues: We had Red Rock on the market and advertised, when the bank sent in Korda Mentha as receivers, and they took it off the market, not allowing us to continue the debt reduction we were trying to achieve to co-operate with this corrupt bank. The receivers, Korda Mentha (Buckby and Hutson) informed me in Townsville in late November 2011 that they would have Runnymede sold and all the cattle before Christmas. This shows how fast they intended to move to take away any chance we had of a refinance package, as we needed those cattle to service our new refinance loan. Remember, at no stage did Bankwest write to us with a Letter of Demand before they turned up with the Receivers. This is once again how this Bank works, with no Care or Responsibility to their clients. Not only that, but they took our second property of the market, and targeted the home of my family, to bring me down. We had in good faith been trying to sell the second property to appease the bank, but they only want to kick me off my home. Now they are continuing to let our loan accounts with them accrue interest, building up our debt, even though we

have had no possible way of reducing that debt since the receivers moved in and took control off our assets. Our debt with them on the 16th November 2011 was \$11,300,000 million, and now it is up to \$12 million as it continues to accrue, and the receivers have billed our account for over \$360,000, yet have done no mustering or maintenance on either property. This debt should have been frozen on the 16th November, as our ability to reduce debt was frozen. The bank valued our assets in March this year as \$10,960,000, which included property and cattle. Now they are going to sell all our cattle, which means we will be unable to service a refinance package if we could get one.

The bank has made an offer to us, saying they will take \$9 million, and we would sign up to never sue them for damages. We have made an offer of \$5 million as that is what any legitimate financier would only lend, 50% of the valuation. The bank has written to us many times, saying that they want to achieve an amicable solution to this, but they are lying. They want to get rid of me, because I refused to do what they required in 2008/9. We have paid all our interest right up to the 16th November 2011, and sold two other properties, to appease them, during a market where no one was buying, with major reductions in values across the board. Their excuse for closing on us was that we had not paid them on the right days, and the money coming in from an asset sale was 14 days late. This was through no fault of ours, as we had no control over the contract on the property being prolonged. This was a property we had sold to the Queensland Government for a National Park, and they had been very slow in pursuing the purchase. The money was supposed to go in on the 31st October; however it did not go in until the 14th November. As soon as that money was deposited into Bankwest, they had the receivers ready to move in the next day.

Our industry, the cattle industry, in Northern Australia is really struggling, and many people have contacted me about this issue of the Banks starting to foreclose on our industry, as they are really putting pressure on right across the country, and everyone is worried. The northern cattle industry has had tough times in the last few years, and prices are still at the same levels they were ten years ago, yet all other overheads are continually rising. Forced sales of these properties will see a collapse of the industry as there is no buyers out there that want to invest in an industry that is being attacked on many fronts at the present time.

I am asking can you please step in and stop this evil corruption from continuing, and let us have our day to put our case to the bank regarding their activities in 2008, which set us up for a fall.

This is about every Mortgage holder in Australia at present, which the banks and receivers are walking over the top of every day. I am just a symbol here, but I am ready to fight for the rest of the country against Bank corruption. I would really like to give a verbal presentation to the inquiry, if that was at all possible.

Thank you.

Regards,

John Wharton AM Mayor of Richmond