

Submissions to Senate Inquiry
“Effects of the GFC on the Australian Banking Sector”

31 May 2012

Economics References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senators,

Here are my submissions that relate to how my business was treated by Bankwest after it was acquired by the Commonwealth Bank of Australia during the GFC in late 2008.

A. Overview:

- (a) Bankwest having been the banker to business for 6 years decided to not renew just months from renewal.
- (b) This was a big hotel business and a lot of time is needed to get a sale campaign up and under way, and then after a buyer has been found, a long time to settle the sale involving a lot of Government compliance with liquor, gaming etc.
- (c) We reacted urgently and the business was put up for sale, a campaign was well underway, with offers on the table which Bankwest has ignored.
- (d) Despite verbally agreeing to give more time to allow an orderly sale, Bankwest back flipped, appointed a receiver over night without notice, then sued me for \$9.6m, while operating the business, and with a view to a receiver's sale.
- (e) Bankwest sued me before even putting the business on the market.
- (f) The bank is waging a terror campaign before a sale to try and deliver a killer punch. The bank knows that I do not have the money they are suing me for.
- (g) Bankwest receiver will probably sell it for much less than what it is worth, or even the offers that were previously made.
- (h) The bank's uncommercial actions will wreak financial and emotional trauma and devastation upon me and with a thickest irony upon the bank as well.
- (i) The bank's behaviour belies common sense and logic. It is UnAustralian.

B. Full History:

1. On 22 February 2012 I was served with Brisbane Supreme Court proceedings issued by Bankwest against me for \$9.6m.
2. In the court action Bankwest claims that I am a guarantor under a Small Business and Consumer Guarantee relating to its' loan to _____, the owner of the land and

buildings from which the

operates at

3. I dispute the validity of the alleged guarantee and/or the alleged variations or that I am otherwise liable.
4. This action against me comes despite:
 - 4.1 Bankwest agreeing at a meeting on 8 November 2011, which I attended on behalf of _____, at Bankwest's office at Brisbane with our two Bankwest bankers that, given the sale campaign was underway, the bank's indulgence was (sought and) granted for time in order to have an orderly sale of the business which would ultimately be better for all parties;
 - 4.2 Bankwest having a mortgage over the freehold;
 - 4.3 Bankwest appointing a receiver to the business on 7 December 2011;
 - 4.4 Bankwest through the receivers operating the business since then and having full control of funds;
 - 4.5 Bankwest not having sold the business and the freehold.
 - 4.6 Bankwest having been given the Hotel Broker's sale campaign report including substantial offers which Bankwest ignored.
5. On 5 December 2011 Bankwest made a written demand on me for \$9.3m and requiring full payment by 4 pm the next day.
6. On 7 December 2011, without notice, Bankwest appointed receivers and managers and seized control of the tavern. I was not informed by the bank of the appointment of receivers. I found out from a third party a day or two later.
7. I heard nothing from Bankwest until 22 February 2012 when I was served with the Supreme Court proceedings.
8. In all of the circumstances, the action by Bankwest to issue Court proceedings against me before it has sold the business and freehold is wholly unreasonable and designed to wage a terror campaign before a shortfall (if any) is realised.
9. The Hotel Broker says that he had heard nothing from Bankwest whatsoever regarding the sale campaign and the offers that had been received, despite his attempts to contact Bankwest.
10. The action by Bankwest is completely unreasonable and offends the Banking Code of Practice to which it subscribes.
11. All this has occurred in circumstances where there were no arrears for interest owing and in circumstances where the capital repayments of \$20,000 per month having been paid for a long time, were with Bankwest's agreeance suspended in about mid 2011. **And the bank was getting all its interest for 6 years.**

Yours faithfully,