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Reedwilk Superannuation Fund

Submission to the Parliamentary Joint Committee on Corporations and Financial

As someone who has diligently saved to provide for my retirement I have been left in a precarious position with the failure of Westpoint.

To my great regret, I was encouraged by my financial adviser to invest \$75,000.00 in Westpoint Scots Church development, York Street Sydney.

When this development was completed, again I was advised to reinvest in the new Westpoint, North Sydney development.

Within weeks I was informed that Westpoint had been put into liquidation.

My submission supports the inquiry into issues associated with the collapse of Westpoint.

I hope new legislation can be put in place that would prevent others from being put in the same position in the future.

Background information

At the time I invested with Westpoint, I was shown a power point presentation that clearly showed Westpoint as a great financial success. Showing ninety five percent of the apartment pre-sold and Westpoint had just received approval to build an extra three penthouse apartments. This added to the financial viability of the investment. Also shops in the complex were still to be sold or leased. Therefore even more monies would be flowing into its coffers. The scheme was sold as a 110 percent safe investment. My financial planner said "He had even encouraged members of his own family to invest in Westpoint."

The advisor said "He could only offer this to a few of his special clients and an opportunity should not to be missed. He did not mention that he would be receiving commissions from the transaction.

I have always been deemed as a conservative investor, but on the planner's advice I purchased Promissory Notes in Westpoint. I was informed at that time the Promissory Notes were secured by 'Kebble Bank' and a guaranteed safe investment.

Later to my dismay, I found out that Kebble Bank was a bank in name only, but was allowed to trade purportedly as a bank for many years without ASIC stopping this fraudulent activity.

By time the truth was out, it was all too late for investors like me.

I always assumed that my adviser was recommending the most appropriate product; after all he was supposed to be acting in my best interest. As it turned out, it was more to do with him collecting commissions!

Very few people outside of the industry understand these arrangements or even told they existed. There can be no doubt that where commissions are paid on products sold, it becomes difficult for an advisor to not do things in their own interest.

Recommendation:

More regulation of the finance industry

Commissions should be banned forthwith.

That the enquiry investigates ways in which customer's investments can be protected

There needs to be appropriate legislation to prevent more disasters like Westpoint, Storm and many others from ever happening again.

The pain and suffering the Westpoint disaster has caused many hundreds of families is immeasurable. It is not just about the money. It is the worry about the future. We would have our own story to tell, some worse than others. This episode should never been allowed to take place.

Where was ASIC during this period. From what I can see, there were many people asking for answers well before Westpoint went belly up!

I welcome the committee's decision to investigate the role of financial advisers and their involvement in this financial disaster, caused by greed on their part and the monies they were supposed to look after became a secondary concern.

I look forward to at some time in the near future receiving some if not all of our monies back.

Hopefully the enquiry can provide us with some answers.

Thank you for the opportunity to participate.

Robert James Reed & Ronald William Cyril Wilkinson: Trustees