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NEWS

Barrister sues MacBank in margin-lending dispute

Report Marcus Jacobs

A Sydney barrister is suing Macquarie Bank and margin lender Leveraged Equities for more than $15.6 million, alleging his shares were sold without notification less than a day after he received a margin call, and as he was putting together the money to pay the call.

Ross Goodridge, who says he earns about $720,000 a year, is suing for breach of contract, unconscionable conduct, breaching the Code of Banking Practice and breaching Australian Stock Exchange market rules.

Mr Goodridge first took out a margin lending facility with Macquarie in May 2002, and says that over the years, considerable goodwill built up between the two.

He received margin calls on several occasions and says he was always given four days in which to raise the cash to pay the call.

In January this year, Bendigo and Adelaide Bank's Leveraged Equities bought Macquarie's margin lending business. On February 23, Mr Goodridge received a margin call for $190,201 after the loan-to-value ratio on his 5.6 million units in Macquarie CountryWide Trust dropped to 70 per cent.

He was allegedly told in an email that his shares would not be sold until at least 10am on February 25, and raised the cash in that time. Yet the shares began to be sold on the 24th without his consent and Mr Goodridge was then locked out of his account.

"The applicant's arranging of the necessary funds, however, was to no avail as Macquarie Bank, at some time on 24 February 2009, started selling the whole of the applicant's MCW holdings without the applicant's authority," court papers say.

The whole of his portfolio was sold for $616,391, and Mr Goodridge alleges that placing large volumes of the Macquarie CountryWide shares on the market caused a slump in the share price.

At the time, he was entitled to the equivalent of $9620 a week in tax-advantaged distributions from the units. He says he acquired the shares to provide income for his family for life and has been denied $9.6 million worth of distributions over his lifetime.

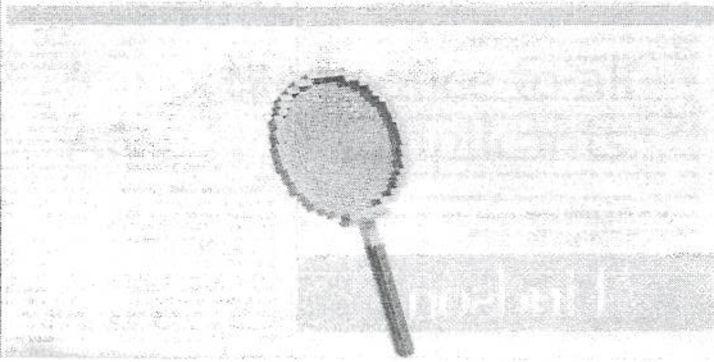
He also says the net tangible asset value of the shares would have grown to provide him with another $5.9 million, bringing his total claim to $15.6 million.

Macquarie declined to comment and Leveraged Equities did not return calls seeking comment.

Retirees are voicing their concerns. Photo: Nic Walker

Call to keep tax benefit

Report Louise Dodson
National affairs writer



We had 75% of our portfolio sold out of the market and had a balance of $2,376,755.26 in a cash accelerator account and the proceeds of the units that were sold out on 28th November 2008 by Colonial without notification to us totaled a further $734,405.24. These two sums added together give a total of $3,111,160.50.

Using the Ross Goodridge theory we have lost the income from this investment which was calculated by Storm Financial to be $130,000 per annun. Considering that I am 68 years of age and in excellent health I consider that I can expect to live to age 85 which means a loss of $130,000 for 17 years which totals $910,000.

The growth potential of the investment was $3,111,160.50 at a cumulative average rate of 13%

per annum which totals $24,845,969.94 Over 17 years.
So my claim now against Colonial Margin Lending is $25,755,969.94 less the cost of borrowed funds at say an average of 7% which compounds to $9,827,581.11 so our net claim is now $15,928,388.83.
Due to the actions of Colonial Marging Lending we have been forced to sell our home at a reduced value. Our town house has been sold for $512,000 and should have brought $600,000
Our property at Hodgsonvale is being sold at 50% of it's true value if we can find a buyer at $950,000.
So added to the loss of earning from our investment we have a further debt of $1,153,000 against our real estate.
This will reduce to $693,000 once our home sale settles next month
I have not included any amount for stress caused by these events. The irony of the situation is that the market has now recovered to a stage where we would have been within our LVR. So for a period of just 5 months being in excess of our LVR we have been placed under extreme hardship. With our pre paid loans to June 21st 2009 we would have been able to re enter the market using the funds in our cash accelerator account and in the mean time we would have been earning 4% on the

$2,376,755.26 we had in our cash accelerator account.
Our real concern is the lack of contact from Colonial Margin Lending prior to our being sold out of the market. We have had endless correspondence from them after the event.
Our margin loan documentation did list Emmanuel Cassimatis of Storm Financial as the contact person but I would have thought if they were not receiving a satisfactory response from him they should have had the moral decency to contact us prior to our being sold out.
People in a similar situation with an equity loan on their real estate would not have been sold out if the valve of the real estate dropped below the banks valuation. They would have been happy to allow the situation to continue whilst the interest payments were being met.
I trust you will consider this claim justified after considering Barrister Ross Goodridge claim against Mac Bank.

Your sincerely.

Trenham Arthur Richard Old Richard Old

Jennifer Robyn Old Jennifer R Old