



SUBMISSION

Senate Inquiry

Financial Products and Services in Australia

Mrs Kay Robinson

17th June 2009

Committee Secretary,
Parliamentary Joint Committee on Corporations & Financial Services
Department of the Senate
PO Box 6100 Parliament House
Canberra ACT 2600

MY RECOMMENDATIONS

1. There ought to be a National independent Consumer Watchdog – anyone but ASIC who refuse to investigate and do not even call those who complain in writing.
2. There ought to be a Consumer Protection Fidelity Fund where policing of bank lending is mandatory with criminal laws being utilized.
3. I further RECOMMEND that The Committee warn all Australians who have been sold a financial product known as a LOW DOC Loan, to check their files and demand that banks hand over a copy of the original. We all need to help each other rid this country of these financial parasites that live in the world of financial planning and hide behind respectability.
4. I further RECOMMEND that BANKS be forced to make a phone call directly to the customer prior to approval and verify the income and then ensure the customer receives a copy of the Form, prior to any loan approval and prior to any monies being handed over. Then to phone again, one week later to ensure the customer has received this document and is satisfied there has been nothing added/alterd to the document after the signature was obtained and that the document contains no forged signatures and for the copy to be signed again and certified by Pharmacist who is unrelated to the lending process.

The Role of the Financial Adviser should be just that, a competent ADVISER not a glorified salesperson. Instead we have been unwittingly taking advice from licensed Financial Planner/Brokers, known as authorized representatives, whom we had no idea were just commissioned driven salespeople, selling misleading products devised by the Banking Sector. The Banks created these loans and now say: “we do not sell those any more.”

Instead of lasting financial security, we are now seeing financial failures, mismanagement of investors' funds, which extends even to the theft of vulnerable clients' monies. The only ones winning are the Promoters and Creators of the Financial Products & Services. Funds have been used for purposes other than suggested by the Planner/Brokers without our knowledge. It takes 40 years for us to save for our modest asset – our home, yet ASIC did nothing to protect us and yet are supposed to be THE CONSUMER PROTECTOR. Years ago, policy was all about protecting the public from being ripped off or at least minimizing those rip offs. The point being if we are robbed of our assets, then the taxpayers now have to fund our pensions until death us do part.

Financial Advisors have been living high on hefty commissions which promote greed and further questionable behavior. Eight years ago there were 7000 licensed planners, which have now ballooned out to 50,000 or more. They are bandits. Many give false, misleading and deceptive advice. Advice that erroneously leads the investors to believe they would benefit from a safe and

secure future if we follow their rotten advice. Information can be filled with bribery and corruption which the lay person is totally unaware of and where the Adviser is only thinking of the commission they are earning.

Regulating and policing is a must. We have plenty of laws but ASIC were not policing their licensee's. Slack corporate policemen and regulatory negligence caused this catastrophe with weekly collapses into the millions. It would appear that ASIC has only one purpose, to collect application fees from Companies and Corporations. ASIC has consistently been criticized for turning a blind eye to those who lure investors into parting with their life savings, knowing the consequences to customers and the market place, whilst their officers retire on over-bloated pension schemes. For over a decade Retirees were the target of bad advice from planners and bad advice from Banks. The past five years they targeted pensioners using fraudulent Loan Applications, without us even knowing what the licensees and banks were up to.

ASIC knew of these scams and fell asleep at the wheel. Pensioners have been lured into the same revamped disasters as befell the retirees. Flawed and fraudulent advice is given on the pretence of obtaining some small return to boost our already inadequate pension. Enter the Banks who approved loans of \$500,000 per person to people on pension. Whose money were they so eager to part with? The answer is retirees' money, simple to boost volume of transactions in a "competitive" market. Many women are pensioners due to the fact they were busy raising children and have little left over for retirement but do own a home. We were targeted and ASIC understood what the problem was some years ago, but they sat back and let these banking scandals quadruple.

Now we find there is no Insurance for the Investor, no protection against these predators, when the Company or Advisor is corrupt. There are policies but the cleverly worded policies were only written to make millions of dollars for insurance companies, who knew there was little likelihood of any payout. ASIC discussed this problem in 2000, yet continued to "tick-a-box" that licensees have insurance. Parliament forgot to prescribe the conditions of the Insurance Policies – now we find out!

So the Insurances were a smoke screen. WE are better off without a licensing system at all if its rorted and not policed. New Zealand has no licensing system yet just as many losses and skull-duggery banking products. I have only found out about these things recently after losing my assets, namely my home! Even the layman in attempting to gather information on their file is unprotected. Banks and their Financial Advisors by neglect or intent, thwart his/her attempts to obtain Loan Application Forms. As long as the corporation or company, meet the predetermined format and content defined by ASIC, they are completely free to conduct business in any way they choose even if it is clearly not in the best interest of the Investor. It is a tick-a-box process.

ONE PHONE CALL TO THE CUSTOMER/CLIENT WOULD HAVE SAVED 000'S OF PENSIONERS AND RETIREES FROM THIS MISERY. Our economy thrives on us being able to at least support ourselves. Twenty-cents per customer, was all that was required for ASIC to force banks to make that call and expose the fraudulent Loan Application Forms. The Banks checked no details at all and approved millions of dollars to Pensioners. Where are our lending standards? Who is policing the Banks?

The Retiree Invested Funds were being given to Pensioners whose only asset was their home. It appears that the elderly were propping up the past 5 years of our economy. I would like to see the committee investigate this matter and report to Parliament. I am sure if the STORM and OPES investors look for the copy of the original Loan application Form they will understand the sting.

A clear example of banking fraud is found in multi Fraudulent Loan application forms filled in by the Planner/Brokers, licensed via the Aggregators and backed by the Mortgage Trusts. They all preyed on aged pensioners. The advisor submitted the applications to the Aggregators and the Banks became the lenders and the Mortgage Trusts became the owner of the security of the asset. These are dirty loans.

Now we find out that NO checks were done by the Banks. Now thousands of aged pensioners are about to lose their homes. The Advisors get paid handsomely and ASIC and does nothing. It should be those that perpetrated the fraud that are held accountable not the pensioner who acted innocently, upon the advice given them by the licensed planners who were being paid commissions by the aggregators, which originated from the banks.

Our Government needs to make the Banks and Companies responsible for these fatalities. ASIC & other Government Bodies need to stop protecting the privacy of these companies and directors exposing them for what and who they are.

In "Responding to the Financial Abuse of Older People," August 2008, this paper is directly directed at Guardianship Administration. Why not other Seniors? I note that 50% of financial abuse is perpetrated against the older Australian. In particular against the older single women, people who are vulnerable because of, incapacity, dependence and trust in a third party, which was illegal or fraudulent, women who gave their lives to rearing the future generations of Australian men and women.

The BSFO state "more could be done to protect its older and vulnerable people." Yet no-one appears to be listening and acting upon those recommendations.

The Australian Government's response to Fraud states: "The Australian Government has developed a multi-faceted national strategy to combat fraud, in particular banking sector fraud." Where is it? Who does it cover?

In June 2005 the Australasian Consumer Fraud Taskforce was established to provide a whole government approach to raising awareness about consumer fraud, what about financial advisor & banking fraud?

It would appear this has failed. I believe the Government Bodies and powers to be continue to turn a blind eye to the plight of the lay person, or for that matter the basic Human Rights, of the hard working everyday Australian Citizen. Even the Constitution of Australia is unbalanced as it protects Banks, Corporations & companies over and above the integrity, honesty and protection of the hard working average Australians.

I was never an investor. I was approached by a licensed Planner/Broker of Mortgage Miracles who

was suggested we need financial advice and strategies to help us earn a mere \$10,000 per year and was paid commission by an Aggregator – an AFS license holder – the responsibility of ASIC. It one year later I have lost my home. How did this happen? Through a tick-a-box licensed system, via banking products created by banks that paid commissions to greedy AFS license holders. There are thousands of pensioners who have been spruiked in the same way, thinking the banks and licensees were being policed. The forms were altered and forged, after the initial contact. Incomes were inflated, as were assets and bogus “self-employed ABN for a day scams” appeared. The Planners knew that we were never to be furnished with a copy of the fraudulent document.

Everyone in Australia, who has ever been given a financial plan or strategy to assist in their financial well-being and fed a LOW DOC or NO DOC Loan, should look in their file and see if there is a copy of the Original Loan Application Form. If none appears in their file, then demand an immediate copy from the Bank (not the Planner/Broker). You may be filled with disgust at what you find as this has been going on quietly since 2000.

Parliament could act upon this by Nationalising banks as they cannot be trusted. REMOVE the protection of those Companies, Corporations and Banks. Expose the corruption that lies behind their actions so our country, its people can move forward or else it will have disastrous consequences for all. The Proceeds of Crime Act 2002 provided a scheme to restrain and confiscate the proceeds of crime against Commonwealth Law. What about Human Rights and the Law? Where are our rights as we take on those banks who created these deceit laden products, and paid handsome commissions via the Aggregators, on-sold the mortgages to Mortgage Trusts as dirty loans and the aggregators paid rogue financial salespeople, dressed up as authorized representatives, whom the MIAA stated in 2004 “could not be trusted.”

Remember Justice is: “The protection of rights and the punishment of wrongs.” So why is it, the retirees and pensioners who are being punished after the four middlemen companies and their directors were paid million of dollars to pass on fraudulent paperwork? These are indeed sub-prime loans and sub-prime lending practices.

I have now met hundreds of others who have suffered a similar fate by attending meetings run by support groups. These occurrences are far from isolated. I have copies which I can send to the committee to validate my claims. My paperwork has been handed in to the State Police. I would like the Committee to warn other vulnerable citizens and take on a National Approach to this matter and for Parliament to be fully briefed on what is happening out there in the finance, banking and corporate sectors.

I suggest you read Denise Brailey’s Submission, on “Corporations & Financial Services” RECA (26) February 26th, 2005
Inquiry into Regulation of: Property Investment Advice.

Yours Faithfully

Kay Robinson