

# CEP,HAP,MLP, Family

creditors of OPES PRIME Stockbroking Limited.

H A P	C E P (daughter)	M L P (daughter)
self	Power of Attorney H A P	Power of Attorney H A P
Previous margin lender ANZ Margin Lending from 1999	Previous margin lender None prior to 2001	Previous margin lender None prior to 2007
Leveraged Equities from 2001	Leveraged Equities from 2001	None
O.P.Margin Loan Account #	O.P.Margin Loan Account #	O.P.Margin Loan Account #
Commenced 2 <sup>nd</sup> July 2007	same	same
Age 63	Age 35	Age 31
Job Retired	Job Div 1 Registered Nurse	Job State Manager Fitness Industry
Prior –Executive Automotive Ind.	Degree Bachelor of Nursing	Diploma Beauty Therapy
Status as at 27th March 2008	Status as at 27th March 2008	Status as at 27 <sup>th</sup> March 2008
Portfolio total = \$183069.28	Portfolio total = \$138251.86	Portfolio total = \$142173.60
Loan amount = \$130125.85	Loan amount = \$ 71714.61	Loan amount = \$ 81429.63
<b>Positive security= \$52943.43</b>	<b>Positive security = \$66537.25</b>	<b>Positive security = \$60743.97</b>
Broker ABN-AMRO MORGAN	Broker ABN-AMRO MORGAN	Broker ABN-AMRO MORGAN
Securities ASX 200 stocks	Securities ASX 200 stocks	Securities ASX 200 stocks

My name is H A P and after 20 years employment with International Harvester Company Australia (IHCA) the company went into liquidation in 1982. My wife and two young daughters CEP and MLP were dependant on me to provide for sustenance, food, medical, education.

As an IHCA employee I received only 20% of the redundancy agreement progressively until 10 years elapsed. Whilst I was able to find employment immediately I had to travel to Melbourne =130km /day necessitating me to buy a used car that would get me to my new employment.

Therefore at an early age in 1983 with a dependant family I decided to rebuild my finances.

Slowly having saved from wages, I bought equities initially BHP, Myer, Fosters in small parcels.

I was sensibly advised by a stockbroker and gradually added stocks as I saved.

This determination to instil in my children the need to save and look after their own future was the catalyst for their savings mentality. I asked them to set aside savings in small parcels of ~\$1000 these I invested in shares directly in their name. As they later worked overseas in the UK until their return my daughters appointed me as their Power of Attorney which I still am.

Having experienced a number of Australian Bull and Bear markets notably 1987 and in 1990's

I was well aware of the risks of rise and fall of share prices. It was with caution to preserve our investments and the added responsibility of Power of Attorney that I researched the pros & cons of Margin Loans. Simply put we were able to take a loan and buy more shares and do not over gear. In all the years of margin loans we geared below 50% and never had a margin call.

In 1999 as recommended by my StockBroker I entered into a Margin Lending agreement with ANZ Bank and in 2001 changed to a margin lending agreement with Leveraged Equities and this continued until June 2007. My daughter CEP also commenced her Margin Loan with Leveraged Equities in 2001. High interest rates and poor service moved us to look at other Margin Loan providers and my daughter MLP had at that time accumulated sufficient stocks to enter into a Margin Loan. We all changed to Opes Prime.

In July 2007 my at that time stockbroker at ABN AMRO MORGAN (name withheld) recommended we move to OPES PRIME Stock Broking.

Having read the O.P. Financial Services guide April 2005 and having been assured by the local ABN AMRO Morgan that we owned the shares and were entering into the same retail Margin Loan agreement as we had with Leveraged Equities. In fact the broker stated that our previous Leveraged Equities Margin Loan account Manager (name withheld) had moved employment to OPES PRIME Stock Broking and had assured us and broker that the OPES PRIME Margin Loan facility is a normal margin loan secured by equities the same as he managed at Leveraged Equities. At all times we were assured we were beneficial owners of our shares.

SUMMARY:-

- We are absolutely devastated that my daughters and I have had all our savings in Opes Prime confiscated by ANZ including the positive securities net of the loan amount which were ours, which have been painstakingly saved over many years.
- It appears that we only see <37% return from liquidation and our pain will continue for years as we anxiously await the latest legal shenanigans which benefits everyone but the creditors.
- There is no positive outlook in my daughters future savings habit and I am sure they will not invest in Australian companies directly again.
- This has had a devastating effect on their confidence in the financial market operators
- I am retired and my shares used as securities to buy additional shares using Opes Prime Margin Loan have been confiscated by ANZ and Merrill Lynch Banks as I had equities with high income yield which I purchased when the price was very low.
- At no stage were we aware that our positive securities were at risk in the event of a liquidation we were told by Opes Prime Manager (name withheld) that as worst case we would pay back the margin loan and receive the remaining securities.
- We were not aware nor were we advised of the recent surprise revelation that we were a lender not a borrower and so our positive securities were acquired by ANZ/Merrill Lynch/Dresden. The 2005 Financial Services guide was so unclear that Opes Prime found it necessary to issue a 2008 FSG.
- The creditors at the “Creditors meeting 8/4/08” were ignorant as were the lawyers representing creditors of the lender/borrower arrangement . It seems that even the banks led by ANZ etc. were unaware that Opes Prime was share lending rather than Margin Lending.
- However the ANZ moved quickly to obtain a charge over Opes Prime assets it seems a week before Opes Prime went under.
- Our securities for our Margin Loan were “BLUE CHIP” we had no reason to join OPES PRIME as a borrower against low LVR securities.
- ABN AMRO MORGAN do not take any responsibility for placing us at risk with a Margin Loan with OPES PRIME Stock Broking which did not meet our requirements..
- We believe that as in the case of purchasing a property the contract is compulsorily reviewed by a lawyer or conveyancer to protect and appraise the client. So ABNAMRO MORGAN should have had a legal review of the OPES PRIME Margin Loan Financial Services Guide and contract to ensure it met the requirements of us as clients before they recommended it to us.
- It is unreasonable to expect us as clients to have the legal and financial know how to understand such a complex contract that has the best financial/legal brains in Australia baffled. Hence the huge number of law suits that will gum up the courts .
- The regulators must pass adequate laws to punish the criminals who are bending the law to suit their greed.
- On checking the Deloittes website which displays all receiver documents as well as OP Financial Services guides I note that there are (2) existing guides 2005 and post 2008 the latter has significant changes and emphasising the lender/borrower and credit risk clauses. Why was it necessary to update the FSG in 2008 was it because the pre 2008 FSG was flawed and misleading?

signed

---

HAP ,C E P, MLP  
Address supplied