

**SELECT COMMITTEE INTO THE
FINANCE BROKING INDUSTRY IN WESTERN
AUSTRALIA**

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
FRIDAY, 15 SEPTEMBER 2000**

Members

Hon Ken Travers (Chairman)

Hon G.T. Giffard

Hon Ray Halligan

Hon Greg Smith

Hon Norm Kelly

Committee met at 10.15 am

DICKSON, MR KENNETH ARTHUR,
residing at 3/7 Johnson Parade,
Mosman Park, examined:

The CHAIRMAN: Will you please state your name and the capacity in which you appear before the committee?

Mr Dickson: My name is Kenneth Arthur Dickson and I live at unit 3, 7 Johnson Parade, Mosman Park. I appear here as a director of Denmoore Holdings Pty Ltd and as an investor with both Grubb Finance and Global Finance.

The CHAIRMAN: Have you read and understood the document "Information for Witnesses"?

Mr Dickson: Yes.

The CHAIRMAN: This hearing is being recorded by Hansard. To assist the committee and Hansard, will you please quote the full title of any document you refer to during the course of this hearing so that the record is clear. A transcript of your evidence will be provided to you, and this transcript will become public. If for some reason you want to make a confidential statement during today's proceedings, you should ask that the evidence be taken in private before speaking on the matter. The committee might also decide that your evidence should be taken in private. This could happen in cases where the committee believes the evidence might breach the third term of reference of this inquiry. That term of reference states -

the committee in its proceedings avoid interfering with or obstructing any inquiry being conducted into related matters and in particular inquiries by -

- (a) police;
- (b) any liquidator or supervisor of any company;
- (c) the Gunning inquiry;
- (d) the Australian Securities and Investments Commission; or
- (e) any prosecution.

Even if your evidence is taken in private, the evidence will become public when the committee reports to the Legislative Council. If you would like your evidence to remain private, the committee can apply to the Legislative Council for a suppression order when the final report is presented to the Council.

We have received two submissions from you. I believe you have been provided with correspondence that the committee received from the liquidators and supervisors about your submission.

Mr Dickson: We have.

The CHAIRMAN: Would you like to make an opening statement to the committee?

Mr Dickson: I will refer to the comments by Bird Cameron, and PPB Ashton Read. Some were reasonably valid, but many highlight the fact that two sets of chartered accountants have been working on the case for 12 to 18 months and so far have not been able to balance a trust account. I had several accountants working for me when I was in business. If they had

operated like that, I would have sacked them. They could not call themselves an accountant's bootlace to have operated for that long and come up with nothing. Both companies - one in particular - have complained that I have a hobbyhorse to ride. In a way I have, but not against the other investors. Both these sets of accountants appear to hide behind the excuse that they are waiting for the courts to do something. There was no reason for most of these matters to go to court. Both those companies appear incapable of making decisions. They must believe in the old adage, "If you never make a decision, you never make a mistake", to which many people subscribe. This sort of attitude has been evident all the way along the line.

Our friend from PPB Ashton Read stated that there was no conflict of interest. After sending my submission to the committee, Jeff Herbert from PPB Ashton Read was appointed liquidator for all the Casella projects. I have a small investment in one of the Casella projects in Kalgoorlie. The fellow who owns the block next to me in that estate is John Margaria. I wonder whether that is a conflict of interest. He now operates under Jeff Herbert, both as a supervisor and a liquidator. Would the committee consider that a conflict of interest? These sorts of things should come out.

I received a letter from Bird Cameron about a project with a farmer down south called Desmond Wallace. The project was due to be settled almost 12 months ago; and Mr Wallace has paid the interest. He asked if I would extend the settlement, as he thought he would be able to pay it out in November. I said I was quite happy to do that while he continued to pay interest to all the investors. I then received a letter from a firm of solicitors, which was obviously touting for business, that said it wanted to take action against Mr Wallace. It said it had talked to some of the investors and they had agreed action should be taken. I rang the firm and told the solicitors about my agreement with Mr Wallace, and they decided not to take any further action. The letter from Bird Cameron suggests that it, as liquidator, should take action against him. It sent a paper for me to sign to indicate my agreement. The last paragraph of the letter states that if all the investors agree to the action, Bird Cameron's costs will be deducted from the proceeds of the settlement. The Government is paying it once; it wants us to pay it again. I have hard, cold proof of that in the letter.

When we have a query, these people all say we should seek legal advice. For most of the investors obtaining legal advice is an absolute impossibility - a lot of them are starving now without having to find money for legal advice. They could not do it. In most cases, there is absolutely no need for a lot of these matters to have gone to court in the first place - they were due for settlement and the people settled. Bird Cameron and PPB Ashton Read have a habit of coming back and telling investors that the trust account was underdrawn or overdrawn when the money was deposited. They feel that they should hold the money in a trust account and they have done so on a lot of occasions. Bird Cameron did it to me on amounts of \$151 000 and \$90 000. The \$90 000 was held in the first week it took over. The one it is dealing with now involves an amount of \$60 000. It amounts to a lot of money. It is being held for no reason. All the people involved have settled. The reason I am given is that it is waiting for the court to give a decision as to whether the money should be paid out or not. Most of the deals should not have gone anywhere near a court, as there have not been any arguments over them.

In the reply to my letters to the committee, PBB Ashton Read hints that I have been trying to do something to the detriment of unregistered mortgagees. That is not true. The accountants and the solicitors have been trying to impress upon the judiciary that there is a major fight between the registered and unregistered mortgagees. I have not seen any evidence of that anywhere, nor have I heard any mention of it other than from the accountants and the solicitors. An instruction should be sent to both sets of accountants, that as firms settle, the amount of pro rata settlement that is owing to the investors should be paid to all investors who

were receiving interest from the investment. From my own point of view, I would not pay anyone interest if he had not invested any money. Would members of the committee? If that were done a lot of the heat would be taken out of the marketplace where people are relying on getting the money and not receiving it. Not only are they not getting it, they are not getting any interest on it .

I thought that PPB Ashton Read was appointed to help investors. I have not seen it do one thing to help investors. The Premier said that he has done all he can to help investors and that it is in the hands of the courts to convict the guilty. Putting the guilty parties in jail is not going to help investors one little bit. In the end, after all the moneys have been settled and the crooks have been identified, put them in jail. At the moment it is not helping investors at all. Pressure can be applied to make the accountants pay out the proceeds of various projects as they are settled. The moneys should be paid out to all those who received interest. All the people - period. The people who are not receiving interest at the moment are the ones whose interest is being paid to Bird Cameron and PBB Ashton Read - and they are hanging on to it.

I will relate two other instances. Through a lot of effort, the consortium of 19 of which I am part, sold a farm called Hillsfield. We received over 100 per cent return. The farm owed us \$1.2m and we received about \$1.27m. We got out of it and we got all our money back. I have two letters, the first of which, from PBB Ashton Read, states that if the property were sold the money would have to be paid to PBB Ashton Read. It also stated that it must be present at the settlement. It would not say what would happen to the money - it would be a matter for the courts. This shows how much PBB Ashton Read has done its homework. It did not know that it did not have the title - we had it. We sold the farm and collected our money. PBB Ashton Read sent a second letter stating that it had discovered that about \$26 000 in interest was paid to us when it should not have been. Firms make these claims but they do not provide any corroborative evidence. We have been told that we may soon get an instruction from court to pay the money back to PBB Ashton Read. It looks as though there will be 19 more people in the State's jails as there is no way in the world that we will pay the money back to them.

The consortium battled like hell to sell a supermarket in Westminster. It was overvalued to glory in the first place. It owed us about \$890 000. We eventually sold it but we will have to wait umpteen years before we get the money. We will get about 80 per cent of our money back. Having notified PBB Ashton Read that we were proceeding with the sale we received a letter from it telling us that it wanted to be certain that the best deal was achieved for all investors - not just us - and that the best price was achieved.

The CHAIRMAN: Was that letter from Ashton Read sent in its capacity as supervisor or liquidator?.

Mr Dickson: As supervisor. We would get the best price and he would judge that. We told him that the National Bank was backing the people buying it to the extent of \$500 000. He wanted to do know what valuation they got. I do not know whether members of the committee have dealt often with banks, but they do not like disclosing that sort of information, no matter who wants it. We decided we would not take on the bank because it would slow down the process and we were trying to get the sale through before 30 June or 1 July. If we did not, we would have been up for the 10 per cent increase because of the goods and services tax, which would have meant paying another \$80 000 or \$90 000.

We then received another letter indicating that some interest was paid to us by a company called Haskins, which was owned by the same gentlemen who owned the project in which we were involved. Apparently that company had paid \$79 000 in interest that it should not have

paid. We were being billed for it, along with interest accruing at 10 per cent. That increased the \$79 000 to \$122 000 or \$132 000 - I forget which it was.

We received another letter saying they had obtained legal advice that the original project was the whole shopping centre. Apparently there were three or four shops separate from the supermarket. The project was later split into the supermarket and the other shops. We were involved in the supermarket project. They decided that, given we were the first to sell, we should take up all the debts owing on the other shops, such as rates and taxes, corporate fees and so on. That involved another \$30 000-odd plus interest, which took it to \$172 000. We had to put that money in a trust account with the lawyer. I would not lodge it with their lawyer, so we lodged it in our own lawyer's trust account with him and someone from Global Finance as a signatory.

The CHAIRMAN: Was that the rates and charges for the entire site because it was on a strata title?

Mr Dickson: Yes.

The CHAIRMAN: Did you have to pay the entire amount?

Mr Dickson: Yes. We have done it, but we have objected. We still have the \$172 000 sitting there, which is more than we got out of the original sale. We got \$120 000 and they got \$172 000. It is just sitting there. There is no talk of their paying 10 per cent interest on that or on the \$560 000 sitting in the trust account when they took it over. That money had been handed over to Global Finance but had not been invested when the company went bad.

The CHAIRMAN: Who would be getting that interest?

Mr Dickson: I do not know. No interest has been paid, and it certainly would not be 10 per cent if it were paid. It would be paid only at the money market rate, which has gone from 3 per cent to a bit over 6 per cent. That would be it.

We have had another letter since then saying that the court could order that we repay the \$120 000 we received because it might be split among all the investors. That is part of the model the solicitors have before the courts now. I mentioned that arrangement in my original letter to the committee. It is hard to believe that any court anywhere in the world would go along with that. I have just finished reading *Going for Broke* and I have changed my mind. It was dreadful. That might be what is happening here, but I do not know. This is affecting 500 or 600 projects. The problem could be quickly and dramatically reduced if pressure were brought to bear on the supervisors to pay out all moneys they have collected from projects plus interest to all the investors involved with each project. If that happened, this problem would almost disappear overnight, with the exception of Sandgate Corporation Pty Ltd. Can I talk about that now?

The CHAIRMAN: Yes. We have will have some questions later.

Mr Dickson: I have provided some figures on the Sandgate situation. My daughter is involved in it, but she is one of many. She had \$150 000 invested in it. The letters that we have received from Sonia Riley, who was running the show for Grubb at that stage, stated that the Karri Oak Pty Ltd prospectus had been oversubscribed and everyone would be put on growers' agreements, which involved the growers having viticultural leases. My daughter rang and asked what she should do about it. I told her to ring Bird Cameron and ask what they knew about the growers' agreements. She rang and she was told that they had hundreds of these agreements, but that they were worthless. Each growers' agreement is worth \$25 000 of investors' money. Some 320 growers' agreements were issued. That means that \$8m is in a black hole somewhere. Our supervisor-cum-liquidator said that these growers' agreements were worthless.

I have a plot of the whole thing with the numbers of all the blocks. Growers' agreements were available for those looking for a tax dodge. The whole system was set up like that in the first place; they were like the blue gum plantation projects. It is a tax benefit thing. The growers then had the opportunity to borrow the money from Grubb, and they borrowed the \$25 000 that they needed for each viticultural lease. After they got those leases, the firm running it - that is, Karri Oak Pty Ltd - would plant the grapes, put in the stakes and trellises and provide the irrigation for a charge. I forget what it was. Most people invested this money rather than their own money because they got a better tax advantage. I told the trustee looking after this that I thought about 80 per cent would have borrowed the money. He said, "No, 99 per cent borrowed the money." I am talking about 320 growers' agreements. He told me that he had been sitting next to one of them at the opening of the Karri Oak arrangement. He got matey with him and gave him his card. The trustee said that he had rung him on five occasions since it had all gone bad, but that he would not answer the phone. He is from South Australia. These people are scattered all over Australia. I cannot find out anything else about it. They are sitting back saying that they got the tax advantage and they did not even put up the money, and they are not paying the interest either. Something should be done. My erstwhile friend at Bird Cameron would be much better off looking into those things and trying to find where that money went. Perhaps the \$8m is in the black hole that he said the money fell into, I do not know. If you did a quick sum in your head, 320 by \$25 000 is \$8m. That is a lot of dough.

The CHAIRMAN: They all borrowed that money through Grubb Finance?

Mr Dickson: Through investors who were originally in Sandgate. Karri Oak was over-subscribed, according to this letter, and they had the overrun of people whom I have given you lists of. There is the plan. I think you have a copy.

The CHAIRMAN: We have received your original letter, and we received another one on 6 September, which has a whole lot of correspondence from Ashton Read and Bird Cameron.

Mr Dickson: Yes. I brought some stuff in this morning and had it copied.

Hon G.T. GIFFARD: Where do you say the \$8m has gone?

Mr Dickson: I do not know. I know where it was spent. It was spent on buying the viticultural leases from Sandgate. Where it went from there I do not have a clue.

The CHAIRMAN: The \$8m has gone into Sandgate?

Mr Dickson: I imagine it went into either Sandgate or Karri Oak.

Hon G.T. GIFFARD: This money was through Grubb?

Mr Dickson: He was the project manager for the money, and he got the money through investors, and he then reinvested it, with the borrowers being the people with the viticultural leases, or the growers' agreements. The growers' agreement - and this is another difficulty - was attached to the back of the prospectus that was put out on Karri Oak. However, I have been unable to put my hands on a growers' agreement. It is difficult, for some reason.

Hon G.T. GIFFARD: You do not know if there are agreements?

Mr Dickson: I know there are agreements because I have been talking to the trustee.

Hon G.T. GIFFARD: Do you know if those investments in those leases have generated any returns?

Mr Dickson: I do not know.

Hon G.T. GIFFARD: Do you know whether there are any grapes on the vines?

Mr Dickson: I think by now there would be grapes on the vines, but that does not give the investor anything, the investor being the one who loaned the money for the viticultural lease. It is the growers' agreement arising from the viticultural lease that will get any money from the grapes.

Hon G.T. GIFFARD: Do you know whether there are any grapes?

Mr Dickson: I think there.

Hon G.T. GIFFARD: How do you know that?

Mr Dickson: Through the trustee. I do not want to name him at the moment, because I have meetings coming up with him where he is trying to get me a list of all of the people who applied for and got the growers' agreements; and once we get that and can start to track them down a bit, we may have some idea about where the \$8m has gone. I do not think that is my job to do. It is a job for the bloke whom the Government has been paying, but he has not been doing it.

The CHAIRMAN: The supervisor or the liquidator?

Mr Dickson: The supervisor. He is the same bloke.

The CHAIRMAN: I realise it is the same person -

Hon G.T. GIFFARD: But wearing which hat.

The CHAIRMAN: Yes. Is the list of people that you have provided to us the people who have borrowed the money?

Mr Dickson: They are the people who loaned the money. You will notice it is broken down into amounts of money and how many thousands -

The CHAIRMAN: How many shares.

Mr Dickson: Yes.

The CHAIRMAN: These are the people who loaned the money?

Mr Dickson: Yes.

The CHAIRMAN: With regard to the growers' agreements, they loaned the money to whom?

Mr Dickson: They loaned the money to the person who had the viticultural lease. The growers' agreement was the thing that went with the viticultural lease.

The CHAIRMAN: What we do not know is who the people who had the viticultural leases were?

Mr Dickson: No, and that is what I am trying to get. Once I get a list of them, I will know where I am going.

The CHAIRMAN: You do not think that is Mr Grubb? That will be others?

Mr Dickson: That is not him. Not all these leases were filled, because if you read that thing through, it does not come to 320, it comes to about 210, and that goes with that letter that starts off by saying that the Karri Oak prospectus was over-subscribed, and they are all the people who were going on to those viticultural leases.

The CHAIRMAN: So these people loaned the money to people who bought viticultural leases from Mr Grubb or Sandgate?

Mr Dickson: Sandgate or Karri Oak.

The CHAIRMAN: So they must have then have on-paid the \$25 000 to Sandgate or Karri Oak?

Mr Dickson: Yes.

The CHAIRMAN: So the \$8m-odd would have eventually gone into the coffers of Sandgate and Karri Oak as profit for having sold off these viticultural leases?

Mr Dickson: That is right.

The CHAIRMAN: Is the land that the leases are on still held in the name of Sandgate or Karri Oak?

Mr Dickson: No. Karri Oak has been sold now. Karri Oak was sold through Norgard Clohessy, which became the receivers for Karri Oak, and it sold it to Frankland River for about \$4m.

The CHAIRMAN: So the creditors of Karri Oak got their money back, or a percentage of their money back -

Mr Dickson: It would have gone back to Sandgate.

The CHAIRMAN: The people who held the growers' leases or the viticultural leases that you are talking about obviously paid out that \$25 000 to Karri Oak -

Mr Dickson: That is what they had to pay for the viticultural lease.

The CHAIRMAN: Other than getting a tax benefit for the period up until the property was sold -

Mr Dickson: They have got that property for -

The CHAIRMAN: Would they still be getting a tax benefit from the new owners? I assume that when the physical land was sold, it was sold with the encumbered leases?

Mr Dickson: That is right. I believe the lease was for 10 years, and at the end of the 10 years that will revert to the original owner.

The CHAIRMAN: Going to the next stage, these people loaned the money to the people who have the viticultural leases, but they do not know who they are?

Mr Dickson: They do not know. I have been trying find out who they are and where it comes from. What happened was my daughter chased that along and she got numbers. You will see a square around six blocks on that plan. They were hers. She had funded the growers agreements applicable to them and the viticultural leases applicable to them.

The CHAIRMAN: And she cannot even find out who those six people are?

Mr Dickson: No. She got a list of names. It has been difficult, because Grubb's computers and his system were all taken over by ASIC originally, and we got a print out from that by devious means, and we got some names, and my daughter rang them, and the only one who came through from the call was a lady in Adelaide, who said she had been paying the management fee to the trustee, and the trustee was paying it on to Karri Oak. She did not know anything about paying any interest to anyone. Yes, they had borrowed the money, but they had not borrowed the money from my daughter, so the names we got were all wrong.

The CHAIRMAN: Obviously you have a view that the supervisor should be pursuing this matter on behalf of the lenders.

Mr Dickson: He should be.

THE CHAIRMAN: Have you approached the Ministry of Fair Trading or the Finance Brokers Supervisory Board about this matter?

Mr Dickson: Not the Sandgate one. My daughter has phoned them.

The CHAIRMAN: You obviously realise that the supervisor is answerable to the Finance Brokers Supervisory Board. If you have a problem because the supervisor is not doing something correctly, you can approach either the supervisor or the board.

Mr Dickson: After what has happened with a couple of the brokers being charged with fraud and all that sort of nonsense, approaching them would not give me any confidence. That is why I wondered at the response we got from the Bird Cameron man that he was working under the supervisory board and blamed it for what had happened. That is in the letter that came to me and that I saw this morning. He is making a big thing about the fact that Dr Barclay and I bought the charge from the bank. There is a reason that I did that. You will notice on the back of my bit about PPB Ashton Read that Ashton Read's charges for the first six weeks of the operation are \$235 000. I have had a lot to do with accountants in my business life, and I know what they do and how they charge. Apparently they are paying a clerk \$66 an hour; it is more likely to be a very junior clerk, who will be paid \$45 an hour.

The CHAIRMAN: They may be charging you \$45 an hour; they are not paying the clerk that.

Mr Dickson: It is \$1 600 a week. I do not think that any of them would be getting anything like that. I thought I would keep the nose out of the trough, grab all the Rowena stuff and see what we could do under agreement with Melsom Robson that they would not be charging those sorts of fees. That is what we have done. They went to court on 18 November of last year before Justice Owen to get the right to sell the properties down there. They won that right to sell. Mr Hawkins, representing Bird Cameron, said that the money would have to be paid into Bird Cameron. The Melsom Robson people objected to that. They wanted to hold the money in their trust. They eventually won and the money is held in the trust.

The CHAIRMAN: Who is Mr Hawkins?

Mr Dickson: He is the legal bloke who appears in court most of the time for Bird Cameron. Justice Owen at the end of the day reserved his decision. He did not bring down his decision until 18 February. It takes a while because the judges are fairly busy. Since then Conlan has appealed against all the things in it because it took away from him a lot of the things he had been operating on.

The CHAIRMAN: Was Conlan the supervisor or liquidator?

Mr Dickson: I should not be saying Conlan, but Bird Cameron. Bird Cameron challenged it and keep challenging it. I mentioned that Bird Cameron is going for broke because the court hearing is running on and on and on, just like Bondy kept his going.

The CHAIRMAN: Is Bird Cameron the supervisor or Mr Conlan?

Mr Dickson: Conlan could not be appointed supervisor because he is the representative of Bird Cameron. Bird Cameron was appointed as the provisional liquidator, then the liquidator and then supervisor. I presume that while it is in its name, it is a bit like PPB Ashton Read. Read is the liquidator and Jeff Herbert is the supervisor, now the liquidator, for one of the big projects and one of the big money costs in the whole thing - Casella.

The CHAIRMAN: Have you finished what you wanted to present to us?

Mr Dickson: Yes.

The CHAIRMAN: You touched on the issue of Casella. For whom is Mr Herbert supervisor?

Mr Dickson: For Global.

The CHAIRMAN: He has now been appointed liquidator for Casella?

Mr Dickson: For all Casella companies.

The CHAIRMAN: Can you see any area where the interests of the creditors of Mr Casella and Global Finance and the lenders to Casella or others through Global Finance would be at odds?

Mr Dickson: There is only one that I name to you, which is the fact that the block next door to mine in Kalgoorlie is owned by Margaria, who is the man that caused it all. He was the proprietor of Global.

The CHAIRMAN: In your original submission you touched on conflicts of interest. It is an area of interest to the committee. Getting the best return for Casella's creditors may mean taking actions that would reduce the returns for Global creditors or may impact on the return that the lenders would get.

Mr Dickson: As supervisor for Global, Jeff Herbert has not done one thing to try to sell any of the properties. When the committees have tried to do something to get a sale, he has hindered the sale by putting all these things up against what we are trying to do. That is not helpful to us at all. The other thing is that he is asking us whether we sure we have got the best price. For God's sake, we are the investors in it. We would not be giving the stuff away. We are trying to get at least 100 per cent, maybe 110 and get some of the interest back. He says he wants to do that but he never does it.

The CHAIRMAN: He justifies that on the basis of trying to get the best price?

Mr Dickson: He talks about all the investors and all the money in there belonging to the investors. He has the same silly idea. If I as an investor were to pay Grubb or Global a cheque for \$100 000 to go into someone's project, that \$100 000 would go into a trust account until the cheque was cleared, and then Global would issue its cheque to the person with the project. He is saying that because the cheque is in the trust account I am no longer the investor - you will have heard this from the Gunning inquiry - but the trust account is the investor; that the trust account therefore represents all investors; and that all that money must go into the pool and ultimately be spread out among all of the investors.

The CHAIRMAN: That is the position Mr Herbert is adopting as supervisor and the argument before the court?

Mr Dickson: Yes, he has written a paragraph in one letter saying that he has approached the court to object. He said he did not want it and that he only needed it for the investors in a particular project, not for the money to be spread around all the people. As far as I know that is only a paragraph in a letter. It is fairly easy to write that sort of paragraph in a letter but it has not gone into the court.

The CHAIRMAN: The action in the court is taken by a solicitor on behalf of some investors. Is that correct?

Mr Dickson: Not necessarily. The action in the court is set up in the main by Bird Cameron. The man does not want to make a decision. Now that firm of solicitors has that model in the court, both of them are hiding behind the model.

The CHAIRMAN: Is Bird Cameron presenting a view to the court as to what Mr Herbert believes the model should be?

Mr Dickson: No, there is only one model that I know of and that is the one that his firm put in. At a meeting other people and I had, Jeff Herbert said that if this goes ahead it will be four to five years before it is set up. They love it and you people are paying all the time; that is nice. The same thing is going on with Bird Cameron.

The CHAIRMAN: I am at a bit of a loss to understand, if they are acting in the best interests of all the investors, why they are not being more proactive.

Mr Dickson: They are not acting in the best interests of all the investors and never have. I was at the meeting that Mark Conlan mentioned. He proposed that we should have a committee to oversee what he was doing and I nominated a person to go on the committee. The balance of the people at the meeting voted it down and said they did not want a committee, that it would be just something else for him to hide behind. He did not say that in his letter. While I am on this issue, I object fairly strongly to him producing to the committee details of all my investments. It had nothing to do with the matter. I will go further and say that he never read the letter he produced because if he had read it he would have changed the spelling. It commences with Dickson and moves on to Dixon when he refers to my wife. He read it and if he has any brains he would have changed it.

The CHAIRMAN: I want to return to the issue of conflict. Obviously you have a background in business. For the benefit of the members of the committee and the record, could you briefly give the background of your involvement in business?

Mr Dickson: Yes, I will give you a quick one. I joined the Coca-Cola Export Corporation in Brisbane way back in 1947. I worked for that company over there when it owned all of the plants in those days in each of Australia's capital cities. I worked in the Brisbane plant until it was franchised in 1950. When it was franchised, the company left me there on loan to the Brisbane bottler until 1953, still living in Brisbane but working out of Sydney. I then looked after every plant in Australia north of Sydney, all of New Zealand, all of the islands, out as far as the Philippines, down the Malay peninsula and back to Sydney; I was never home, in any case. We then opened plants in New Caledonia, Townsville and three in Tasmania. I was with the bloke who had the other half when he had a bad car accident and had his arm torn off. I looked after the whole lot after that. During that period we opened the plants in Hobart, Devonport and Launceston for Coca-Cola. I then came over to Western Australia for the first time to put on Fanta.

The CHAIRMAN: I remember it being delivered to the front door.

Mr Dickson: That is right. I came back to Perth, as Coca-Cola was not doing too well, to study what was wrong and make recommendations on what it should do. When I finished that study, the former Western Australian chairman offered me a grant of shares in the business and to come back as managing director. So, I came back and ran that business. In the first year of operation here we sold 524 000 cases of the little bottles. When I left the company in 1986 we had sold 9 million cases; that is a helluva lot more. In the meantime we had sold out to the British Tobacco Co, which later changed its name to Amatil. It was the first Coca-Cola company in Australia to sell out to a public company and that was only because of the structure our company had in Western Australia, as we could get around the bottler's agreement with the Coca-Cola company, which we did. Straight on the heels of that, the company asked me to go back and have a look at Brisbane to buy it. It was good to go back to the company where you started to buy the place; so I went back there and bought it.

The CHAIRMAN: Especially if the old bosses are still there!

Mr Dickson: They were very friendly. Then Amatil bought Coca-Cola Melbourne and since then it has bought all of them. The only plants in Australia it does not own are one in Darwin and a little one in Inverell, I think. It owns the plants in Papua New Guinea, the whole lot in New Zealand and now Jakarta and the Philippines. In fact, I employed a bloke here straight from university after obtaining his Bachelor of Economics degree. I got him up to being marketing manager Perth and when I left the company I made him general manager. He is now manager of the operation in the whole of the Philippines, which is a massive business.

The company also bought the one in Korea and Hong Kong. It owns just about all the Asian operations.

The CHAIRMAN: Was that while you were still the managing director?

Mr Dickson: No, I got out of it. However, when I was still in Perth I got a little job to run two they bought in Austria, one in Vienna and one in Graz, as well as still running the Perth one and buying all the production equipment for all the plants all around the world. I was therefore trying to wear airplanes out by sitting on them! I go back a bit now to say that I joined the Chamber of Manufactures in Perth and ultimately became the chairman. I went on from that and when it changed and brought in the Employers Federation and became the Confederation of Western Australian Industry, I got up as high as the senior vice president. I had to give that away because with the operation in Vienna I was never home to look after it. I was chairman of the 150th anniversary of the industries committee that we ran in Western Australia. I wrote the original legislation for a business levy - we were not allowed to call it a tax - for the Keep Australia Beautiful Council in Western Australia to provide funds to keep it running. We got that legislation passed during the Sir Charles Court Government. I say I wrote it but, of course, the political draftsman drafted it under the instruction that he could change the wording but not the meaning. That legislation worked extremely well to the extent that the Government kicked in funds to look after the rent of the buildings and the wages. We paid all the marketing wages and advertising of KABC from that levy. In the first year we raised just under \$1m from the business levy and that is what kept this State so damned clean and looked after it pretty well. Then, when Sir Charles Court went out and a Labor Government came in, the bloke from Geraldton was the Minister for Local Government.

The CHAIRMAN: Jeff Carr.

Mr Dickson: That is right. He saw me and I wrote legislation for him, as he said, in the event that Amatil and the brewery pull out of it as the cash flow would then fall right down. He asked me to write legislation for the Government to bring in a compulsory level to do the whole deal, which I wrote and I guess still sits there.

The CHAIRMAN: Basically, in summary, you have had a fairly long involvement with business and business associations?

Mr Dickson: Yes.

The CHAIRMAN: Even a degree of involvement with legislation and parliamentary procedures?

Mr Dickson: Yes.

The CHAIRMAN: You mentioned the model of the legal firm and the issue about whether the trust fund is treated as the investor, which concerns the mixing of funds. It seems that some people put money into that trust fund but their investments have not been able to be tracked, particularly in the last days of the business. You probably have not seen all the trust accounts. Why can money that has been invested through the finance brokers' trust accounts not be allocated to particular investors?

Mr Dickson: It should be fairly simple to find out who those investors are because the investors' cheques could be followed. When Global went bad it had \$540 000 of uninvested capital, according to the statements of PPB Ashton Read to me. It is still there and has not been paid out to the investors. It was suggested that it would be paid out before the end of last year - that was cute. The investors were to get 95 per cent of it back, and the other 5 per cent would go towards the payment to the liquidator - I thought that was nice. That is in the letter from Ashton Read. Global still had \$540 000 in capital but I do not have a clue about Grubb. Bird Cameron said sent out a list of all the times that the trust account had been overdrawn.

He made statements at that time that the trust account was \$22m overdrawn and that had disappeared from the trust account. The funny thing was that the balance, at the end of the time when he took over, was only \$57 000; that is in the same statement he has given. The only way he got the figure of \$22m was by adding up all the times that the trust account was overdrawn - by the amount it was overdrawn. Can you imagine an accountant doing that? The figure came to \$22m, but he never put in what was paid back.

The CHAIRMAN: It was not a balance sheet.

Mr Dickson: No, it was a list.

The CHAIRMAN: It was a running figure of the total.

Mr Dickson: He did not balance it. That was at the time he was making statements, as members will recall, that the trust account was, from memory, \$22m overdrawn. That is how he arrived at the figure of \$22m - I know, because I added them up. I recall one day that the trust account was overdrawn by \$6m, and two days later it was in credit again. I imagine that a cheque was floating around that did that, I do not know. I do not think Graeme Grubb pinched any money, but he was a shocking administrator. He did not perform well and he did not treat the people who were trying to find out what had happened to their money very well either. I happen to be one those people. He has got his just desserts by going to jail, but it does not help us.

He or some of his staff could quickly clean up the issue. I would like the people who have been earning interest from each project paid out when the property is settled. The interest earned by investors whose names were not on the title has been paid to Bird Cameron. Those investors should be paid out with interest. That would leave only a small portion of money, which it should be simple to sort out. The statements Denise Brailey has made about the investors having lost \$200m is a load of crap. There is no way in the world they lost anything like \$200m. As a rough guess, the total investments through the brokers who have been in trouble amounts to \$250m as a total investment. I have told the committee that we sold one investment and received 100 per cent return, another returned 80 per cent, and I know many others that returned 100 per cent but the investors have not got the money. There will not be a massive amount of money left.

The CHAIRMAN: Part of the problem that taxes the mind of the committee is how those figures are determined. That figure of \$250m has also come from the police, but it is difficult to work out the losses.

Mr Dickson: The \$250m figure is only a guess. The losses were estimated to be about \$70m for Grubb and about \$50m for Global, which is a total of \$120m, but they were the bigger ones. I do not know the amount Blackburne and Dixon lost. MFA would have lost a bit but not a lot, and a bloke in Albany has lost about \$1.5m. The total investment - not total loss - would not be much above \$250m, or anything like it. I do not know of anyone, except that fellow who was on television recently who was in one of the side shops at Westminster, who would sell his \$50 000 investment for \$10. That would be a \$49 990 loss.

The CHAIRMAN: Many of the properties have not had water rates and council charges paid, and that must be factored into the equation.

Mr Dickson: I will discuss that issue. A woman in Collie invested \$30 000 in two lots of land or houses or whatever, at \$15 000 each. She became a mortgagee in possession and is trying to sell them. She has now been hit, as she says, because it would be the same deal. Because she is the first to sell she gets the debts of the lot, which amounts to about \$250 000 in back-taxes and rates. Naturally, she does not want to sell it any more. The Government charges land tax, council rates, water rates and the whole damn lot. Some of those taxes go to

local government, but that is still government. Why does the Government let the borrower, who has been the crook, get away with this stuff and as soon as the poor old investor gets involved and tries to get out of trouble he is hit with all the bills? It is wrong, unjust and unfair. It is the wrong way to go. The Government should be forced to take action against the fellow who ran up the debts, instead of passing them to the investor. It is totally controlled by local and state governments - the whole lot of it.

Hon G.T. GIFFARD: Mr Dickson, how much have you invested in Grubb and Global?

Mr Dickson: In total, \$550 000 with Grubb and \$400 000 with Global. My wife has invested \$175 000.

Hon G.T. GIFFARD: What do you expect to get back?

Mr Dickson: I estimate that I will lose about \$100 000, not including my daughter's loss, I did not mention her.

Hon G.T. GIFFARD: Had she invested in the growers' agreement?

Mr Dickson: Yes she invested \$150 000 in that scheme, which does not look too safe.

Hon G.T. GIFFARD: Do you reasonably expect that she will get anything back from that?

Mr Dickson: Yes, if I can get all of these names. This ties in. Is the Government going ahead with its action?

Hon G.T. GIFFARD: Do you think you have lost \$150 000?

Mr Dickson: The amount is \$100 000.

Hon G.T. GIFFARD: Does that included your wife's money?

Mr Dickson: Yes

Hon G.T. GIFFARD: Do you not know how much, if anything, your daughter will get back?

Mr Dickson: I do not have a clue.

Hon G.T. GIFFARD: Would that be the case with the total \$8m of everyone's investment?

Mr Dickson: Yes.

Hon G.T. GIFFARD: Have you been trying to find out about the \$8m?

Mr Dickson: Yes. I hope to get full information, including a list of the investors within the next month.

Is the Government taking action against the St George Bank? Comments in the media have indicated that may occur. Whatever action is taken against the St George Bank in the main, will affect Sandgate Corporation Pty Ltd because that large amount of money was involved in the overdrawing of the trust account. The status of that will determine how much of the \$150 000 my daughter gets back, if I cannot get at the other money.

The CHAIRMAN: The issue of negligence will be part of that process.

Mr Dickson: It is clear that trust accounts are not allowed to be overdrawn. However, the brokers have done that so many times it does not matter. I think St George Bank is involved with Grubb Finance Consultancy, but I do not think it is involved with Global Finance.

The CHAIRMAN: I suppose it is then for the courts to determine its percentage of the liability for the total loss. It may it be 100 per cent because the trust account was overdrawn or they may have to track back to the overdrawing of the trust account as the cause of the loss.

Not being a lawyer I have no idea what will be the end result. I suspect that 10 lawyers may not reach the same conclusion.

In answer to your question about the St George Bank, the committee has not dealt with it at this stage. It has not been brought to our attention yet.

Mr Dickson: Mr Solomon and Denise Brailey, on behalf of the people who donated towards a claim, are seeking action against either St George Bank or the Government. I would not be shivering in my boots if I were the Government or the bank, based on their almost unlimited resources versus the very limited resources of the others.

The CHAIRMAN: I take it that you are not making that comment on the legal merits.

Mr Dickson: No.

Hon G.T. GIFFARD: It is a resource issue.

Mr Dickson: Yes.

The CHAIRMAN: As a committee, we must examine what legal redress is available for investors. Some of the evidence you have provided today is about how the Government is handling that to assist the investors and minimise the impact on investors.

Mr Dickson: It is a chance to take much of the heat out of the issue. I do not think either major party would be too happy with what is occurring at present.

The CHAIRMAN: A previous witness to the committee, Mr Reichholdt, referred to a conversation he had with Ministry of Fair Trading officials.

Mr Dickson: I know about it.

The CHAIRMAN: Do you want to comment on it?

Mr Dickson: He is a good friend of mine now, but our friendship was not too good at that stage. He said, I think, aided and abetted by solicitors whom I will not name, that I was in Grubb's pocket. I had not financed that investment; Dr Barclay and I financed it. It was in receivership. He has become quite friendly now. His argument was that he had mentioned it to someone and his comments were repeated back through the Ministry of Fair Trading. He was not too happy about it. I got hold of him at one of our committee meetings and said that if he continued with his attitude, he would have a bit of a snout on his front teeth. However, he had changed his mind and said that everything was all right.

As a result of the receivership, he will get 100 per cent of his investment in a block of land that Melsom Robson sold.

The CHAIRMAN: I am not so concerned about your views about each other. He said to the committee that he had a conversation with the Ministry of Fair Trading that was adverse to you. Apparently his conversation was repeated by Ministry of Fair Trading officials back to you. Was a conversation you had with Mr Reichholdt repeated to you by Ministry of Fair Trading officials?

Mr Dickson: No; it came back to me through my solicitor, who picked it up at the courts. He may have got it from Mr Hawkins who was representing Fair Trading. I did not like what was said, and I told him so.

The CHAIRMAN: Does the issue relate to a conversation between Mr Reichholdt and Ministry of Fair Trading officials?

Mr Dickson: Yes. It was on 18 November last year at the court hearing I attended at which Justice Owen took some of the material away from Bird Cameron.

The CHAIRMAN: I was left with the impression from evidence we heard that ministry officials repeated it to you. Did it come to you by your lawyer, who you suspect heard it from the Ministry of Fair Trading lawyer?

Mr Dickson: That is right; from Mr Hawkins.

The CHAIRMAN: Was it in the court case, or outside the court?

The CHAIRMAN: No, it was not mentioned in the case.

The CHAIRMAN: I think Mr Reichholdt questioned the motivation of that conversation being passed on. Are you concerned about the motivation? If you do not have a view that is fine.

Mr Dickson: I think the motivation came from the fact that we had stepped in and a receiver-manager rates above a liquidator, a provisional liquidator, ordinary liquidator and a supervisor. These people cannot pull them down, so I imagine that upset Fair Trading and Bird Cameron because it cut off an avenue to some money. It also upset Doug Solomon and his people because he was representing many people and claiming that at this stage he was looking after people whose names were on the title and people whose names were not on the title. He said that people whose names were not on the title would not get their money since he had moved in. However, the opposite is the case.

I am making the point so that the committee can impress on those two that everyone whose name is on the title and whose name is not on the title and who have been receiving interest from the borrower, will get their share of the settlements when they are made. That is what will happen to all the stuff through Melsom Robson. They end up getting their rightful money, but not without undertaking that process.

The CHAIRMAN: The only question is whether one can accurately determine who should receive it. I take your point about a simple way of determining who is entitled to the money, and who should receive the interest. It varies with different companies. It is not possible in some companies to work out who should have received the interest on some of the loans.

Mr Dickson: I think the problem with some of them was that some of the interest was paid out of the trust account to people. Even if that happened, the people responsible for paying it, by doing that, said, "Yes, we did have their money and we are now paying interest on it." They should still get it. It is as simple as that. It happened with Grubb in many cases as he had a cash flow guarantee. If the interest did not come in, he paid it. However, he apparently paid it out of the trust fund. How was the investor to know from where the money came? You would not have a clue. The money is put in and if the interest was paid all the time, you do not know whether it was from a bet on the horses, or whatever.

The CHAIRMAN: Whatever way it came back to you, it would be in a trust account cheque anyway. The interest would be paid into the trust account -

Mr Dickson: It was paid to him, and on to you. I guess he took his fee out.

The CHAIRMAN: A trust account cheque would be normal rather than abnormal, would it not?

Mr Dickson: It would be normal practice.

Hon RAY HALLIGAN: You answered a question I was about to ask concerning interest. I accept your point that the receipt of a cheque does not tell you from where the funds were generated. We have noticed with some other finance brokers that some documentation which investors and lenders received showed how the total capital was to be distributed. This included interest for 12 months. Therefore, they were aware that some of their money was

coming back to them. It was paid from the capital they distributed. Are you aware of that situation?

Mr Dickson: I do not recall getting any of that from Grubb or Global. If someone was defaulting or a bit late paying, the form, which you eventually received from Grubb, referred to "cash flow". On the next one, it might be back to the float source again, or be cash flow followed by another cash flow reference. You would know whether it came from his cash flow. If you had a couple of those, you were on to him straight away: "You'd better watch that bloke; he's not paying his interest. He's in default."

Regarding all that happened with the finance brokers, I initially made a condition that I be the only investor in a project, and I had no problems. It was the pooled mortgages that created the problems. Both of them set up companies, which took the total pooled mortgage in their name with the idea that they were taking it on behalf of all investors. However, the investors were not put on the titles. This is where the problems arose. Many people were not on titles but were still receiving interest. They were not worried when they were getting interest. They did not know whether they were on the title. They knew that they should have been on the title, and they were told that they were on the title.

Hon RAY HALLIGAN: Are you suggesting that they never checked?

Mr Dickson: A lot of things happened because of such things. I blame myself in some ways: If I had got off my tail with some investments and looked at them, I would not have touched them with wooden nickels. However, you go along with it, and you are hooked.

With this entire episode, many brokers were operating under a body set up by a ministry, which is part of government. You see that it is first mortgages, and that it is government sponsored all the way down the line, so it looks like you virtually cannot lose your money. Some of these people had been playing up for years. It goes back to 1992. People got into trouble with the Ministry of Fair Trading or the Finance Brokers Supervisory Board, and nothing was done about it. I am certain in my case that I would not have touched them if I had known that they were in trouble. I could have put my money into many other things.

Hon RAY HALLIGAN: Are you suggesting way back then that it was not public knowledge?

Mr Dickson: No; it was not made public. The complaints were sat on. They were not let out to the people and they could not do anything about it. I say - I may be wrong to do so - having been a chief executive of a rather large company, that I realised that if Jack Jones down the line had done something wrong, I was the fellow responsible - that is, I was the boss and the buck stopped at the top. One cannot slide it away and say that someone else has done this or that. You are the bloke accepting the money for all the responsibility, and you must take the responsibility. If private enterprise had let what happened here go on, you would have sacked the whole damned lot of them. We are stuck with this. This episode does not help the view of these departments in the mind of the voting public. I do not say it is a threat in voting one way or another; however, it does not place a lot of confidence in the people representing them.

Hon G.T. GIFFARD: I want to be absolutely clear on your evidence regarding conflict and the example you gave. I ask you to go through it again. You have said so far that Herbert is supervisor to Global and liquidator for Casella.

Mr Dickson: For the Casella companies.

Hon G.T. GIFFARD: They have properties next to each other in Kalgoorlie. Can you explain that conflict; namely, what is the conflict, how did it come about and what is its effect?

Mr Dickson: Simon Read is the liquidator for Global, and Jeff Herbert is now the liquidator for the Casella companies. This property up in Kalgoorlie is made up of close to 40 little factory blocks. Another guy and I are in block 28, and block 29 is owned by Margaria, who was the chief executive of Global. Therefore, he comes under the Global liquidator. As his investment is with the Casella companies, he comes under Herbert as liquidator, and he is under Jeff Herbert anyway as supervisor. There is a little sorting out to be done regarding who is responsible. I have said all the time that there is a conflict of interest when one person at the same firm wears two hats. Does he attend work and until 11 o'clock be the liquidator, and after 11 o'clock be the supervisor? One would not try to run a business with such conflict. You could make a decision in the morning, and cross it off in the afternoon. A decision as supervisor could go against a decision made yesterday or that morning as liquidator.

Hon G.T. GIFFARD: If you sold a unit to try to maximise the return to the investor, would there be an inherent conflict between your role as supervisor and liquidator, or supervisor for one company and liquidator for another company that is not party to the transaction? I am trying to identify that conflict, and how it kicks in. What is the conflict if you sold it to maximise the return?

Mr Dickson: Let me put it this way: He has not been able to sell it as a supervisor and he has not tried to sell it. Why is he going to sell it as a liquidator? He has not put in any effort to sell it. I have the title for this block of mine that he will find out about shortly; he does not have it. That fixes that as far as I am concerned, and we have been trying to sell it ourselves.

Hon G.T. GIFFARD: Is it your grievance that he has a conflict or that he is not performing?

Mr Dickson: Both. He is certainly not performing and he certainly has a conflict. If somebody offered me a position like that I would not have a bar of it, because I could not do justice to either side. It seems all wrong to be able to divide your activities, your thinking and your decision-making process. How can you do that?

The CHAIRMAN: This is the question we are trying to have answered: If the interests of the people you are working for are the same then, in theory, you could be making the right decision. As supervisor, the interests you are looking after are the client's or the lender's.

Mr Dickson: They are supposed to be.

The CHAIRMAN: If you are the liquidator you are looking after the interests of creditors of whoever you are liquidator for. If their interests are the same, the fact that you wear two hats would not necessarily mean there is a conflict. It is where the interests of the investors and the creditors start to diverge that the conflict of interest would occur. That is the issue that taxes my mind.

Mr Dickson: What is the difference between the creditor and the investor? He is the same person.

The CHAIRMAN: No. The liquidator is looking after the creditor of Global Finance; that may also include the investors but there may be other creditors as well who have a different claim and who never invested through Global. They may be trade suppliers or other people.

Mr Dickson: But Global did not build anything. It did not have any workmen or those sorts of things. Global was an agent for the investor. These people fell in a hole when they moved into this scheme originally. It is not the same sort of receivership, or whatever you like to call it, as a normal one when a business goes bankrupt. It has creditors and all those things, but these people were only agents for the investors. As a matter of fact, in Grubb's case there was a clause whereby an investor could write to Grubb and say, "You haven't been doing the right thing and as far as I am concerned I am withdrawing from your agency altogether; I will run

my own investments from now on". When our friend Bird Cameron came along and I first started arguing about it, I had my solicitor write that letter. I said I wanted to withdraw it all. Surely it is my right to do that; I am the investor. He said I could not do that. I asked him to send all the files back, too. He said all the files were in the hands of the fraud squad. The files must be out of there by now, but I still do not have them.

The CHAIRMAN: They may still be with the fraud squad.

Mr Dickson: They are not. I have made that inquiry. The fraud squad said they have all been sent back to Bird Cameron.

The CHAIRMAN: Then you would manage it yourself?

Mr Dickson: I would manage my own.

The CHAIRMAN: If you are in a pooled mortgage, you may still have to manage with the supervisor. The supervisor is still representing the other people.

Mr Dickson: Yes. That is not quite right, either. One project that I started was called Rowsley and I think 13 of us were in that. I am not sure of the number. I got them all together to use the same solicitor. I got them into the solicitor's boardroom and talked to them about everything. I suggested we should all write, as far as that one investment is concerned, and ask for our files back. The solicitor did that on our behalf.

The CHAIRMAN: On behalf of all the investors?

Mr Dickson: That is right. We got the same answer: He could not give the files up; they were with the fraud squad.

The CHAIRMAN: They have not subsequently written to you and said, "We have now got the files back"?

Mr Dickson: No. That has been paid out since then. He is still hanging onto \$151 000 of my money. It is wrong. I do not know why he is doing this. Every now and again you see things that tell you a little bit about it. If I can find the letter I will read it. All the way through the letter he says he will only release the moneys held in trust upon the joint agreement of my two partners and himself.

The CHAIRMAN: Can you identify which letter that is?

Mr Dickson: That letter was from Bird Cameron dated 17 December to my lawyers.

The CHAIRMAN: Is this one of the letters you have provided to us in the supplementary information?

Mr Dickson: No. This is one I sent in originally. It is dated 17 December 1999 re Rosalea Pty Ltd and others. Another matter that I have not mentioned yet is in the letter after that, dated 28 June, which states for about the fourth time that I had received an affidavit for a court hearing. By the time I received the affidavit, the court hearing was over. I wrote to Justice Owen's associate, I wrote to the Ministry of Fair Trading and I wrote to Conlan saying how disappointed I was at not getting this last lot of information in time. I have the envelope with the postmark showing when it was posted. He said he was sorry, he would not do it again, and all that nonsense. For the record, the circular from the ministry was dated 6 June. The hearing was on 12 June and started at 9.15 am. The envelope that I have was postmarked 5.00 pm, Friday 9 June. I could not possibly have received that before 9.15 on Monday morning, 12 June. When these things go ahead and you do not appear, you cannot blame Justice Owen for thinking you are not interested in what is happening. That was happening all the time.

The CHAIRMAN: Do you want to read the document that you were looking for?

Mr Dickson: I was looking for this document. This is the form he sent out which is headed "Authorisation", and it states -

Denmoore Holdings Pty Ltd hereby authorise Mark Anthony Conlan, as liquidator of Oakleigh Acquisitions Pty Ltd to act on its behalf in taking all necessary action to recover moneys secured by Mortgage G301529.

Without limiting the generality of this Authorisation, it specifically empowers Mark Anthony Conlan to:

- (a) issue Notices of Demand;
- (b) commence legal proceedings;
- (c) sell the mortgaged property and all other matters incidental thereto.

Mark Anthony Conlan shall be entitled to deduct all costs and expenses incurred in taking any of these actions, from any proceeds recovered. The Ministry of Fair Trading, or whatever, is already paying him, and he also wants to take money off the investors for expenses. He wants to get paid twice. He will not be getting paid, because I will not agree to it.

The CHAIRMAN: Was Oakleigh Investments (WA) Pty Ltd a subsidiary company of Grubb?

Mr Dickson: That was the company that Grubb set up for these pooled mortgages. It had no stature at all. All it did was hold the pooled mortgage on behalf of the investors. I do not think there was any real money in it at any stage.

The CHAIRMAN: In theory, the supervisor would not have any involvement with Oakleigh and its acquisitions other than through its liquidator.

Mr Dickson: Only through the unregistered mortgagees, who were registered still under Oakleigh. The title had not been changed over. Then it will become the supervisor's, of course.

The CHAIRMAN: Then Conlan would have to start dealing and arguing with himself or his partner in the accountancy firm.

Mr Dickson: Yes. Oakleigh Investments was a company name that was set up to hold the titles for the pooled mortgages; in other words, it was a bulk mortgage.

The CHAIRMAN: That is why we are spending some time on it because in a sense this is a conflict in the roles of the different parties. The liquidator is not actually liquidating anything.

Mr Dickson: He has nothing to liquidate.

The CHAIRMAN: A liquidator was appointed to liquidate Global Finance Pty Ltd, and Conlan was to liquidate Grubb Finance?

Mr Dickson: Rowena or Grubb.

The CHAIRMAN: Rowena Nominees Pty Ltd, and some other companies that were associated with Grubb. However, as supervisor, he is managing the ongoing business or investments. They may also be in the process of liquidation, but not by him. In this case, it is through the unregistered mortgagees, so Conlan would have to deal with himself as the liquidator of Oakleigh Investments about who owns what and who is entitled to what.

Mr Dickson: He should, that is right. However, it has not been working out like that. One of the things that originally got my hackles up with Conlan related to the first letter he sent out to all of the investors after he was made provisional liquidator. In that letter he complained bitterly about the cost involved in sending it out. Yet he enclosed with the letter a

brochure of Bird Cameron, saying what lovely people they were and the whole bit. I said, "Hello, that's not right; you don't do that." I thought that was fairly unprofessional.

The CHAIRMAN: Unless you wish to raise anything you feel we have not covered today, Mr Dickson, I thank you for coming in and providing us with information. Obviously you have raised some issues that the committee will have to put its mind towards as it works its way through the inquiry.

Mr Dickson: If and when I get this list of people, can I come back or give it to somebody here?

The CHAIRMAN: Yes. One of the problems is that the committee has a fairly stringent time in which to report. You can provide it to us, and how we deal with it will depend on when you provide it and at what stage we are at with our deliberations - whether we are gathering information or at the point of writing up a report. If you provide that to us, the committee will make a decision on whether it calls you back to consider the detail or whether we will acknowledge an issue that has been raised, but we have not been able to address it.

Mr Dickson: It would be fairly self-explanatory. I do not think there would be a need for me to come back. However if I can get it, it will provide something that should be reported on.

The CHAIRMAN: By all means provide it to the committee and we will look at it and see what action is required.

Mr Dickson: How much longer will the committee run?

The CHAIRMAN: It is due to report to the Parliament by 31 October this year. At some point we will stop gathering information and will work on finalising the report. At this stage we do not have any fixed dates, and if new information comes to us before the report is printed that is significant, we will consider incorporating that into the report.

Mr Dickson: That would be around mid-October, I suppose.

The CHAIRMAN: Thank you, Mr Dickson.

Committee adjourned at 11.58 am