

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

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
TUESDAY, 1 AUGUST 2000**

SESSION 1 OF 2

Members

Hon Ken Travers (Chairman)

Hon G.T. Giffard

Hon Ray Halligan

Committee commenced at 10.10 am

**LENS, MR CARL ERIK,
Retiree,
residing at 8 East Road,
Shoalwater, examined:**

Mr Lens: I am here to discuss the investment experience I had with Global Finance of 35 Charles Street, South Perth.

The CHAIRMAN: Yes. I have to go through some formal parts to get us under way and I will then invite you to make a few introductory comments. You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

Mr Lens: For witnesses?

The CHAIRMAN: You would have signed a document entitled "Information for Witnesses".

Mr Lens: Yesterday I received some urgent mail from here which I presented at the counter a few moments ago. I signed it, yes.

The CHAIRMAN: Did you read and understand that document?

Mr Lens: Well, I would say 99 per cent, because my ability of understanding at this time is that I take it and sign it. I believe in honesty and therefore I take it and politely tell everybody that I speak as honestly as I can, and remember.

The CHAIRMAN: Were there any parts of it on which you wanted clarification?

Mr Lens: No, that is quite in order, sir.

The CHAIRMAN: These proceedings are being recorded by Hansard. To assist the committee and Hansard, could you please quote the full title of any document referred to during this hearing for the record. A transcript of your evidence will be provided to you. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before speaking about the matter. Further, the committee may, of its own motion, resolve to take evidence in closed session. The taking of evidence in closed session may be relevant when, for example, the committee believes that the evidence may breach term of reference (3) of its inquiry which states -

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

- (a) the police;
- (b) any liquidator or supervisor of any company;

- (c) the Gunning inquiry; (d) the Australian Securities and Investments Commission; or
- (e) any prosecution.

However, even if evidence is given to the committee in closed session, that evidence will become public when the committee reports on the item of business to the Legislative Council unless the Legislative Council grants an ongoing suppression order at the time that that committee tables its report.

Before I invite you to make some introductory comments, I am probably remiss in not introducing myself as Hon Ken Travers and also my colleagues, Hon Ray Halligan and Hon Graham Giffard, who are members of this committee.

In respect of your submission, Mr Lens, I advise you that in accordance with a process we have in place, we have contacted the board about your coming before the committee today. It has indicated that there is in progress a formal inquiry into the matters you have raised but that that has been adjourned sine die. It has further indicated that it may reopen that inquiry at some time in the future. The committee has resolved to take your evidence in public but would ask that if you are aware of anything that may hamper, impede or obstruct the board's inquiry you request that that information be taken by the committee in private. We ask that if, as you are going through your evidence, you believe there might be something that, by giving it to us today, would interfere with the board's inquiries, you request that that be taken in private session.

Mr Lens: To answer your question, at this moment in time I have been relying on all the information given by myself at the Gunning inquiry. I was publicly in front of the reporters in St Georges Terrace and this has been published in the papers. Therefore the interpretation of my opinion given to them is printed by them in their style of reporting. If in their reporting in your opinion or anybody's opinion there is something misinterpreted, it is not my doing.

The CHAIRMAN: We understand that. We certainly are aware that many matters you will be raising today are already on the public record. I wanted to make that clear to you if there is something that you believe could interfere with those matters, although we do not believe there is, based on our information.

Mr Lens: As you have not detailed which item it could be or would be, it is hard for me to determine at this moment of the interview what is right or wrong. By all means and in all cases, whatever I said there and then is what I felt deeply inside, in protection of myself plus the 7 000 people behind me who lost their money, most of them elderly and retirees. I seek only fairness. If therefore there is a level playing field, I am asking you and the ones above you, why is it that my attitude towards fair trading and in particular Doug Shave, has gone nowhere? As we all know, and you included, he has given his father-in-law back the money that he invested - \$100 000. My money, \$150 000, has never been returned nor 1¢ received in interest from the day I lost it.

The CHAIRMAN: I understand that. We are moving into what you want to give as evidence. I wanted to make those comments about evidence to begin with, in respect of the board.

Mr Lens: Yes.

The CHAIRMAN: I would remind the people in the public gallery that only accredited members of the media may take notes during the hearing. I would ask anyone who is not an accredited media representative not to take any notes during the hearing. Mr Lens, if you wanted to take short notes when we ask you a question, you are at liberty to do that. However, members of the public should refrain from that. Would you like to make an opening statement to the committee?

Mr Lens: I would like to inform everybody and by this time everyone outside knows that I am a retiree. I am also an investor with Global and started on 5 September 1994 with \$60 000 as an investment with them on shop No 8 in Kenwick which was a string of shops they suggested that I should invest in because it was a very good investment. The introduction was made not by John Margaria, the director of Global Finance Group, but by his co-director, Kym Wood. Now the co-director Kym Wood is a very well-mannered person, I must say. She visited me at home; she explained the whole resume of investments and also the security attached to these investments. I trusted her and told her, "Look, Kym, if you are in a good and sound business, I will stick with you and there is more to come. This is only the beginning with \$60 000. As a retiree, I have saved fifty years of my life savings to make that sum even bigger for you to grow." She was from Blackburne and Dixon and wanted to start on her own. I said to her, "Do so because I have been working in the State Housing Commission in the Government for nearly 10 years to get a war service home and they are for the returned soldiers in this country." I was a former Dutch marine. I said to my captain, "Now that we have become part of Indonesia, I don't want to be one of them. Where is the nearest white country?" He answered, "Australia". I said, "That is where I discharge." I came here in September 1948 and I disembarked in Fremantle.

That is all back in '48; let us return to the present. If I talk to a person who has a responsible position, good appearance, approach and mentality, I give them a go. On the political scene, I would even give Pauline Hanson a go. She could be wrong, she could be right. You vote for her and in four years' time you know what she is - good or bad. Scrap her as being no good. We had the Labor Party with WA Inc. Now we get Liberal with Doug Shave and Richard Court. What are they trying to cover up? I have nothing to cover up but I have no money for lawyers at so many X dollars per hour. I am not a rich man like Alan Bond.

Let us get back to the story. When I entrusted my savings with them, I followed a few investments and finished therefore on 10 July 1996 with the Westminster Plaza shopping centre investment of which shop 12 was an investment by me and five other elderly people, I might add - retirees - and very old people in my particular group.

The CHAIRMAN: Can I just interrupt you? I want to clarify. You originally started investing with finance brokers through Blackburne and Dixon?

Mr Lens: I have been there. I called it off because Kim said she would start on her own. I said, "I will follow you."

The CHAIRMAN: And what date was that?

Mr Lens: That was before 1994 so it must have been 1993. I only had I think one investment

but I said, "I'll close the door. If you start on your own -"

Mrs Burn: [inaudible]

The CHAIRMAN: Sorry, can I ask you -

Mr Lens: Yes, [inaudible] -

Mrs Burn: 1995.

The CHAIRMAN: Yes, sorry. I ask people not to comment from the public gallery because it just makes it very hard for Hansard.

Mr Lens: But she is my secretary.

The CHAIRMAN: Maybe, Mr Lens, if you would like to take a break and just consult if you want to.

Mr Lens: Oh, I see, that is what I want to hear so that I can sit down.

The CHAIRMAN: No, no, maybe if you take a break to have a chat to those people -

Mr Lens: Yes, to check, you see.

The CHAIRMAN: - and then for you to make the comment from the public gallery if you want to check the date with her.

Mrs Burn: I think 1995.

Mr Lens: Sorry, sir, it was in 1995 at Blackburne and Dixon that I met Kim Wood who was the adviser in that office. Things went all right. I mean, the whole investment procedure should be right because of the trust. We got a month's repayment. I do not get a retiree pension; fair enough, so I started to work on that. But when she said she was going to leave, I said, "What you are going to do?" She said, "Well, I intend to start on my own" and that is when they moved to the street behind Charles Street in South Perth with John Margaria who apparently was the ticket holder, I would say, to use that word, of the licence, and he called himself Global Investment Finance Group. Fair enough. I met John Margaria at his address, introduced myself and said that Kym has brought me in to meet him and that was the start on a very sound basis. Because the money that you have received from me is my income; I do not get a pension nor have I got any other dealings anywhere else. So I trust you, you should trust me. It was good and that is why I mentioned here that shop No 8 apparently afterwards has been the borrower Gregory and Corina Johnson. So at that moment of time they must have been, so to speak to use the word, honest enough to pay the monthly payments with me and many others because there was a whole string of shops involved.

When I therefore get the introduction letter later on from Kim Wood that this family, Gregory Johnson and Corina Johnson, are very rich, I said, "Kym, what do you mean by "rich"? Are they the Alan Bonds of the day?" She said, "Well, nearly because they have got \$9m in the kitty and

they invest and refer this and the Balga Shopping Centre which has now been renamed the Westminster Plaza Shopping Centre. We have to release the bank of the liabilities and it becomes a whole investment on its own with investors from outside. So release the bank, get the money to release that and then your money will be placed in one particular part in the shopping centre." So when we first started to release the bank and give them their millions of dollars back, the rest was placed in refurbishing of this whole shopping centre. When that was happening and done, I made an inspection to see where my money was going. So with friends I said, "Can I sleep at your place because we want to see and go to Balga shopping centre?" My friend Bill said, "Okay. I will drive you there." The shopping centre was therefore already occupied with a few shops still empty and I had the information that my shop was No 12. All right, you come in the hall and my shop was therefore No 12 in the corner. It was locked. I looked through the windows. Oh well, it is a reasonable size and I felt that therefore in a total light the whole shopping centre was a wise move, especially with \$9m invested by a rich borrower - what could happen? What could go wrong? In my humble opinion, I thought, well, I am an architectural designer. I know therefore in a construction whether the construction is sound or not or flawed here or there. But I looked at it. Later on I asked the manager from Supa Valu for the key to let me in and he let me in to have a close look structurally because as I told you, I have been an architectural designer. I know construction; I learned it at the State Housing Commission. I made an inspection and everything was all right. I shut the door and we went. On the next inspection when this trouble started on 10 July and I did not get my money, I rang up -

The CHAIRMAN: Sorry, 10 July, what year?

Mr Lens: It was 10 July 1996. My investment in this particular shop was on 6 September 1994. So it was all right. All the payments had come through and then all of a sudden on 10 July 1996, something was wrong. I rang John Margaria, the director, up and he said, "Well, they have a bit of trouble but don't worry." Kim Wood backed him up. When I did not get my investment even in July or August, I said, "Yeah, but -"

Mrs Burn: Excuse me, Mr Chairman, can I -

The CHAIRMAN: No, I am sorry, we have got a problem that we cannot hear evidence from someone who is not -

Mrs Burn: But I know he has made a mistake here. I want to correct it.

The CHAIRMAN: Maybe the simplest thing would be for us to get an "Information for Witness" form and then you could join Mr Lens -

Mrs Burn: Because we never went into the shop until after it went -

The CHAIRMAN: If you could just wait a moment and what I might do is we will get you an "Information for Witness" form. I take it you are Mrs Lens?

Mrs Burn: Mrs Burn -

The CHAIRMAN: Then you could join Mr Lens.

Mrs Burn: It is a bit mixed. We never went to the shop before it went -

The CHAIRMAN: If we could just hold with that because otherwise we are going to have a real problem with Hansard.

Mr Lens: Because of the first interview as I mentioned before in Kenwick, which was all right, we closed that and we got paid. Okay, you continue on the next investment which was Westminster Plaza Shopping Centre which was looking good. So continuing that, we trusted them and we therefore transferred the money with them to, so to speak, continue the good understanding of finance and relationship between the borrower or the investor and the company.

The CHAIRMAN: Mr Lens, if you want to just take a break for a minute.

Mr Lens: When the money was continued with the Westminster Plaza shopping centre, I trusted the same procedure would happen. The service and the understanding between Clem Good, George Rudolph, the assistant financial adviser, and John Margaria was quite all right. We were dealt with in a very business and welcome manner. Therefore, when the payment stopped I started to get worried because as I said it is my income and I do not get a pension, so we had to do something about it. He said there would be a delay. By January I gave him another call because I thought it was becoming a bit difficult because depending on what we have still around us, I do not want to be forced to sell my house, my car or anything else just for the sake of money which I am entitled to. That money was stopped. It became more and more heavier on my part to carry that burden. I asked him if he was insured because there is insurance that he can use to help his clients out if somebody is in trouble. When I had my office - Superior Designs - in St Georges Terrace I was insured with the Trade Gazette. In those days - 30 to 40 years ago- one could do that and you were covered if anything wrong happened or a contract fell through. I asked if he had a solicitor and he said yes, Trevor Watts from Highland and Watts. I rang them but they did not do anything. Up until now I have not received any communication from them. What are they doing on behalf of Global Finance? Absolutely nothing in my book because they have not done anything with me. I cannot show you any papers from them. No communication, no help. In my opinion, they were supposed to be the protectors on behalf of Global, as a solicitor's office. That is how I took the story right from day one. You are represented by law but you do not get anywhere. Even today, with whatever lawyer there is, I have not received 1¢ since it started going wrong. I know I am under oath and that is the truth. I do not even receive a pension today. I have written to Centrelink, the Australian Securities and Investments Commission, the Ministry of Fair Trading, major crime squad, RECA - the lady behind me, newspapers, television stations. I was opening a studio which is bigger than Hollywood because they all came to my place. Interviews, films, photos, newspapers, stories, everything; I gave the lot. I told them I had been in the marines and fought the Japanese and the Germans and do not forget I speak five languages. State housing knew it. When the Immigration Department came to get me I could understand the fellow at the counter. I translated secret letters for the minister when the Narrows Bridge was built. I was working there.

So I am not just a backyard man. I gave this country the best I can because I fought for democracy. I designed and built St Martins in the Field in South Perth; I designed and built it. Who laid the foundation stone? Sir Charles Gairdner and Lady Gairdner. The biggest honour this man could have in this country - my new fatherland!

The phone rings - the RSL to ask me to build our clubhouse? I live in South Perth and I will build your clubhouse. Have a look at my work on the corner of Angelo Street and Anstey Road.

I had a phone call from Save the Children Fund. I am a man who paints. People here know it because they have my paintings. They are hung on the wall at Government House. I had an exhibition and the money went to Save the Children Fund. What more must I do? Invest, look after myself at 80 years of age. I do not get a pension. Why? I have written to Jocelyn Newman. Centrelink wrote me a letter - I have not got a copy because they took it back - and read it out in my house. I was told your \$150 000 is somewhere in the world and deemed to earn 5 per cent and therefore you are taxed on it. You still have the rest. You therefore come over the limit and do not get a pension. Good afternoon, sir, I said to him. I will not forget that. That is why I want the world to know. A man has dealt with what I did and at this age has to battle to get a pension - not even a part pension - nothing. I never received 1¢ from the day they started - not 1¢.

The CHAIRMAN: Just on the issue of the pension, can I ask you a question as we are going through. You have provided a copy of a letter from the 30 July 1999 that Doug Shave sent to you and it includes an extract of a reply from Senator Newman saying that the Department of Family and Community Services and Centrelink are aware of the difficulties with investments associated with Global Finance and Grubb and that the department has been meeting with Centrelink about appropriate policies and procedures for the assessment of these investments. Has there been any change regarding that?

Mr Lens: No. We got a letter that I have reached \$465 000 and would not get a pension. I said to them to show me the list - how it came to that amount? Then I can say which is wrong. I got no answer. Try to ring them up now - you cannot get through. All you get is a recording and asked to leave a message. I hung up. A week later, I ring back - that is service.

**Burn, MRS DOROTHY,
Retired,
Residing at 8 East Road,
Safety Bay, examined:**

The CHAIRMAN: Have you signed a document entitled "Information for Witnesses"?

Mrs Burn: Yes.

The CHAIRMAN: Do you understand that document?

Mrs Burn: Yes. There was a bit of confusion because apparently the \$150 000 we lost has been classed as an asset. At one stage we were told it was deemed to be earning but I have since been in touch with Centrelink and have a new appointment with it because it has added on things which we have already sold because we have to live on some money. We had shares which I have sold which they have still been adding on. So there is a bit of confusion. I have an appointment to see it again soon.

The CHAIRMAN: It is still not resolved.

Mrs Burn: It is still being added as an asset. We have had no dividend from it since 1997 and we cannot get the money back. We have gone through all the court processes. Mrs Johnson was made bankrupt and Mr Johnson has a part 10 and we have the shop at Westminster just sitting there. We cannot sell it. The agent said it may take years to sell and at a very low price. We are stuck with it. It is a thing around our necks but it is still a \$150 000 asset as far as Centrelink is concerned.

The CHAIRMAN: Even though the value of it has diminished.

Mrs Burn: We have got no value from it - nothing.

Mr Lens: In view of that, if I may continue, the case went to court. The judgment was given by Master Sanderson in Chambers on 23 March 1999. I have the verdict through the *Hansard*. Mind you, justice was done, I thought. Here it reads that we should get together as a group. I am the top investor of my little group of old people. Some of them have already died - five. It angers me that the people who put their faith in this industry have died. Bill Lohmeyer was one of my group and he died last year. Another one has died. I requested a list of the people and Rita has that list.

I had a stroke after this and the ambulance took me to hospital. The doctor said to take it by the day. I know what that meant. I said, "You give me the time, because if it is limited and I am going to die next week, I have things to do." I do not mind dying, I am not frightened, because I have already been there. Dr Woollard was there to revive me at Fremantle Hospital after I had a heart attack. This has never happened, in the existence of Fremantle Hospital - a man with electric shocks coming back like I did. She had to sleep in the back room in case I was gone, or was going.

I tell you all this because it is of interest that a man of my age - 80 - still has the courage to give his life after the war for the people outside who have been robbed by finance brokers, for the reason that they want to get rich. They are money hungry. It was to give us just a bit of return in our last years of life on this planet like I did and look after myself. I thought I did a great thing. I did so many things for my fellow man and for Australia as a whole and I get this treatment. That is what everybody in this room should focus on. I do not want money. I do not want to be an Alan Bond. I hate money but you need it to pay your bills, you need it to exist. Therefore I have called on these people, written to them, and got the visits. They all sat around and I treated them as gentlemen but today are they gentlemen? I do not think so because barbarism has returned.

In the time of Hitler, the troops marched, knocked on the door and asked, "Have you got a son or daughter?" The parents had to say yay or nay because they came in and counted the beds. There used to be a trap in the timber floor under the carpet. I said to my father, "They can knock on the door." I crawled underneath, made a hole and slept there. I lived there. My little brother who was 20 years younger than I was was born and he would have given me away with his young voice. I said, "I will sleep there every night." Mum said, "Righto, open the carpet, lift the lid." I would go and sleep under the floor in the house in a hole under the fireplace. Why? Because the Germans would shoot everywhere, just in case you were there. One fellow was shot through the toilet. The pipes and the cistern were built in on the lower ceiling, sufficient for him to crawl

behind. There was a shot and he said, "Who is there?" I said, "If they shoot, they have to shoot through the steel whatsaname which the fireplace is on." That is where I dug the hole. That was my life in war-time.

Then I tried to escape to Sweden, which was the only neutral country - no go. I went to Berlin and from there back to France. I worked for them. I tried to get over to the channel with the fishermen. They saved so much petrol from the English islands. You could not fish in Mitchell Bay, not in the open ocean. When that petrol was finished the Germans said they had to get used to fishing for just a couple of hours. They used that much to get to [inaudible] and then they crossed to England. They asked, "Will you be a part of it?" I said, "I will go on the next trip." I would not be sitting here if I had because they were caught by the speedboat of the Germans in the Dover, taken to the beach and shot. There was a big flag put over it reading, "These people have fallen against capitalism." Ha ha. Hitler's generals, Germans.

I was back home again, underground. Then we got the landing - V Day. "I will join you." "Righto. What do you want to be?" I said, "I want to be with the marines." [inaudible], Antwerp, Belgium. "Do you speak English or Indonesian?" "Yes, I speak five languages. I was born in Indonesia." He said, "We will send you to the Japs." "Fair enough." I went back home to where I was born. I stood in front of the house where I was born and I wrote a Red Cross letter to say "Come back home again, Mum and Dad, there is peace. The Japs are back." My father was retired and he said, "I cannot make it". He died. I served my time and when it was over, the troops came over, the blue ones. The United Nations took over. Indonesia is there and we are here. "Sign here." I said, "Look, Commander, why must I sign there? If you are born here you stay here." He said, "You want to stay here, do you not?" I said, "Yes, this is where I was born but I do not want to stay here under their management because I would have to become an Islamic man. I am white. Where is the nearest white country?" "Australia." "That is where I will be demobbed." The transport ship with Australians and New Zealanders brought me to Fremantle and that day I started.

Someone said, "Haven't you got anyone here to embrace or welcome you?" I said, "No, I am on my own." He said, "Sit down and have a meal." That was George Jarrett, an old man. I said, "Who are you?" He said, "I am the engineer in Pemberton. I work on Simperts mill. You have nobody. Do you want to come with me?" I said, "I will go where you go." He said, "All right." I said, "But my case is still on the wharf there with my goods - with the returned soldiers." He said, "I will look after that." Later on I found out through Stoddart, the lawyer, that he was a Freemason. I told him, "You are my dad." I was 28 years old because I was born in 1920. He said, "Okay, son. I will treat you as a son because I do not have one."

At Pemberton I started in the bush at the state sawmill. I met Mr Young, the shearer, and he put me right. George Jarrett, my father, took me to the Government and said, "Interview this man and there will be money in the pocket." From then on, I worked for the State Housing Commission. I spoke five languages. Immigration came and I had to translate the letters from the Norwegians who built the Narrows Bridge in those days. Then there was Professor Stephenson. I felt happy in my newfound land. I had a position. Sir Charles Court: First prize went to an Australian countryman - he won the first prize in planning. The second prize went to somebody else. When it came to the third prize - "Mr Lens, please step forward." I won the third prize in planning. "Here is the third prize." That was from the father of Richard Court. This is what his son is doing to me. I could fight him today in front of you and you would see

whether he wins or whether I win. That is my background. What else can one do?

Back to my story. Then it started with the shopping centre. The [inaudible] family supposedly had \$9m; I had never heard of that sort of money. How can someone go broke with that sort of money? I was told that the man is so rich that I should invest \$150 000 this time because the investment is so secure. The shopping centre is close to all of the avenues. I decided to invest \$150 000 and not split the money into little bits and pieces because I am too old to administer accounts, and the tax would be too much. I wanted to invest in one thing and have one income and be finished; instead I have been ripped off. My wife gets a small pension, and supports both of us. I will fight until the end for this, then I will give her the biggest present a man can give to his wife. We have got this far.

At the Gunning inquiry, I reminded Judge Gunning that he had just started his business under the clock in London Court when I was a young man across the road from him in the NML building on the first floor with Qantas, and he laughed. Next door to him was Dianne Newman who has been my accountant for nearly 40 years. I told Dianne over the phone, "I am in the dock being interviewed. Therefore, you can tell them whether I fiddled with the books or if I did anything wrong." If so, punish me, but I am not stealing, I do not want money and she knows that.

C.P. Bird built a farm. He asked me whether I would do the plans and alterations to his farm. I said, "Okay sir, no charge." I did all of the house planning for their accountants in the country. He said, "You know what? These accountants have to borrow money from the bank. Can you supply them the money partly as an investment because they pay rent to the bank and to you. How secure can it be?" I said, "Okay, here is my money." I designed houses for all of the accountants in the country from Wagin to Darwin. [inaudible] in Busselton was the builder. I gave a service back to the community, to the people and to C.P. Bird, the firm that I was dealing with, even to C.P. Bird himself. If the committee rings Cameron, it will find that I knew Nobby Clark and everybody else, and they knew me; I was one of the family.

Back to the story. After visiting the Australian Securities and Investments Commission, Centrelink, the Ministry of Fair Trading and the major crime squad - now listen to this - I met Captain Lavender and asked, "Have you ever heard about white-collar crime?" He said that there is no such thing. I said, "Do you mean to say that you have not heard of the expression, white-collar crime?" He said that it is only a saying. I told him that that was not the way my school taught me when I was a youngster. I learnt what crime is and the difference between right and wrong. White-collar crime is committed by the society people; that is, all of you people here. The workman in the street commits blue-collar crime. When the sophisticated people, the middle class, do something wrong, they are white-collar criminals; so are these people, therefore, so is the Ministry of Fair Trading, including the top men, Richard Court and Doug Shave. Here I hold the verdict from the Supreme Court - and I have written about it in my letter in which I thanked Master Sanderson for his verdict - which reads that they must pay our group \$396 926.55. Thereon in the sum of \$12 266.66 and the cost of the action, including the cost of the application for judgment which is to be faxed. I wrote to Mr Gregory Sanderson and thanked him for his verdict. Nothing has happened since 23 March 1999; I have not heard a word. Where can I go now? Now I am confronted by what I call a justice committee, because it is a part of the law, and it represents the justice system. This committee listens to me, the victim. I have tried to bring forward the truth and nothing but the truth, so help me God. From here on I fall back on the papers and things that I have. Doug Shave himself admitted he had written me

26 letters. I wrote to Rhonda Parker as a senior minister. I asked her how she could see fit to refurbish her office with taxpayers' money for a tea set, a bread set and a sugar bowl? That money should go towards helping the people outside, to me and to others - not me in particular, but all those who need it. I appeal to the committee to provide me with a letter for Centrelink so that I can get a part pension. At least do something. Pass on the buck.

I have seen a report by June van de Klashorst. I told her that she must be Dutch like me because she has a Dutch name, and that she is also an Australian. She said that her father was Dutch and that he had died. I told her that maybe he is in the care of our Lord and in good hands. I asked her what she could do now that she has taken over? Up to today, I have written 17 letters. Do you think that she can do anything? She said that Canberra is the seat of power, it tells us what to do, we are only a State Government. I said, "Is that so?" What is Richard Court, the captain, the top man in Western Australia doing? If I was in his position, I would form a team like I did in the underground in the war time. Doug Shave would not even be inside the room - Doug Shave, or shame, whatever his name is; I call him Doug Shame. I call the belltower that Richard Court is building the belltower of death because it will one day ring over the country to give the message as to how the Liberal Government has treated us at this moment during this black page in the history of the Liberal Government.

Ladies and gentlemen, I was invited by Griffiths - the Liberal man - to listen to his maiden speech in Parliament.

The CHAIRMAN: Clive Griffiths.

Mr Lens: I met Clive Griffiths when I was living in Mt Pleasant. I told Clive that I would be there to hear his maiden speech. It was in 1963 from memory; I am sorry if I am wrong. I listened to his speech. Do you think I will listen to a Liberal man now? I gave Richard Court a go because of WA Inc which cost so many millions of dollars. That why Christopher Skase is having a nice time and Alan Bond served his sentence in a nice hotel in prison. Do not tell me that he was in chains for his birthday. Now he is moving into a \$2m mansion with his new wife.

Sorry Dot, I will not move anywhere without you. That is history, that is the truth, those are the facts. He is a free man after robbing so many people and Skase is even a bigger man. Why? Because money talks many languages. I bet my bottom dollar - and you can put it down that this is true - that Christopher Skase will pay the Spanish Government to stay there. Money talks many languages. He must pay millions to the Spanish Government to be shielded from being extradited to Australia. I would offer my services as a hangman for free for people like that. In the underground those people would have been shot, no pardons, no questions asked, the same like Hitler did. If you do not want to listen to me, there is the wall, that is what he did - bang. Little Wimpy - do not forget that name - was shot by them in the street and his body laid there for a week because the parents could not bury him. He was a soldier to me. I said to Wimpy, "You are the man that I will take over from. Your blood streams from my veins." That is what I mean.

I have made a list of the investors in my group. They are all over the place; they are in Mount Pleasant, Scarborough, Warwick, Churchlands and Mount Hawthorn. Bill Lohmyer, who invested \$50 000, has died. It saves the pension. If I do not get a pension, it saves the Government money because if the Government has to pay me a pension, it costs it money. Therefore, for three years that has saved the Government money and that goes to the bell tower.

[inaudible]. I hope that the words I speak in this room will not be my last and that they will be listened to by everyone present today. I will not stop until He calls on me, and that is the honest truth. I fight for your parents if they are still alive, for your children, your future - not mine, mine is finished; I am already at the end of the road. But, why must my money be stolen, and why should I be treated like this by a Government, which is a Liberal one, and supposed to be democratic? Is this democratic? Is this a level playing field Doug Shave? Giving a hand to your father-in-law and ignoring the rest of us. At least sell or buy the shop. That is what I want Richard Court to do; buy the shop for \$350 000, which is peanuts for Treasury, and do what he likes with it. Run it and get interest or rent out of it every week. Why must we do that? We had an auction and nobody turned up. The very man - Gregory Johnson - has rung me so many times and said, "Please, don't do this, please don't go to court", and he is the borrower. He said, "I've got a man from Thailand who is a millionaire. He's bigger than Alan Bond", and he paid me cash. I have got it in a trust fund. I said, "Look, Gregory, if you are an honest man, you come to my home with the trust money and we will go together in my car to Doug Solomon and you put the money there and Doug Solomon can distribute it to my group. We invested \$350 000; therefore, \$350 000 is all we need. We do not want any penalty, back rates or whatever, which we are entitled to according to the court. If you give me my capital back, at least, as a retiree, I can continue to live my life in a normal, happy way with my wife." He said that he could not do that. I said, "Why can't you open your trust fund account and bring it here?" He said, "According to the law it cannot be done". I said, "Ring him up and let him do it. Get the money and let him come with you". But the man - whose name I cannot remember - I think it was the man from Thailand or India -

The CHAIRMAN: Could we get a copy of that document you referred to.

Mr Lens: By all means. I got it from the *Hansard*. But if you want it right now to read it through, by all means.

The CHAIRMAN: If we could have a look at it to see what it is.

Mr Lens: I reckon that it is a very good decision given by him, but I have never been paid out for some reason. Okay, that is the law. However, to hear afterwards that there is a part X. Does anyone in this room know what part X means?

The CHAIRMAN: No.

Mr Lens: Part X agreement.

The CHAIRMAN: No, not in detail. It is part 10.

Mr Lens: I have written to the Law Society, asking it to explain what part X means in a court decision. The Law Society wrote back telling me that it means that if somebody gets part X, he can never be sent bankrupt by anybody - not even by the King or Queen. I said, "What does it mean, then; is he free?", and they said, "Yes, he cannot be sent bankrupt". He got part X. Who made up that law? Where does that come from? Do any of the university students know about that law? I do not have the power like you, Mr Chairman, to do this letter saying, "You get part X". That is a law that I would never have thought of - that a criminal can get part X - or part 10 - agreement on all of this and he is free. I cannot catch him. If that is democracy, I think we have got to change.

The CHAIRMAN: Going back a step. You mentioned that Mr Johnson had some money in a trust account?

Mr Lens: Yes. He said, "This man is so rich. He has got money in my trust account and therefore we can release you and we can pay everything, so don't take it to court." He wanted to avoid my taking action. I said, "But I cannot live on fresh air, Gregory". I also said, "Your wife is an estate agent". That is where Denise came in. I told her, "Find out what she is doing", because as an estate agent, you are therefore in a good position with your valuers. It was valued above the price and we as old people accepted it. When I went there, I told him, "I don't think it is worth \$350 000." He said, "It is good; it is a nice building." You go there today when you knock off. You will find there are problems with the ceiling. When the building was inspected for the second time, [inaudible]. What for? Who did it? I went to the manager and said, "Who gave permission in that shop to do that?" He said, "Not me. That was Mr Gregory Johnson. He is the owner and I am only the manager of Supa Valu here". There was a security officer there and I said to him, "[inaudible] You are the security officer here?" He said, "Yes". I said, "Do you see what has happened here; you can see the big gap. The framework and all that has been pulled down. You can see the roof framing. This was all clean, but there is rubbish inside". There were trolleys and there were counters all over the place and bags with rubbish. I had to push them aside to get in. I said to the manager, "What is this?" He said, "That's from all the shops here". He opened the door and put in a trolley and waste baskets. I said, "Look, this is going to be auctioned. I have got to have it presentable for the auction" - the LaSalle Estate Agents were the auctioneers. It could not be auctioned with all the counters, rubbish bins and trolleys piled up.

The CHAIRMAN: Are you saying that the fit out had been completed on the shop and it had been fitted out to a preventable shell; it did not have an internal fit out?

Mr Lens: Yes, it was presentable on my first visit.

The CHAIRMAN: You are saying that things started to go wrong and you were taking it back to mortgage it and before it went to sale, someone had gone in and stripped out a number of the ceiling fixtures. Do you know that it was Mr Johnson who took those parts out, or is that just your supposition?

Mr Lens: That is the question that I am asking at the moment.

The CHAIRMAN: You suspect him, but when you were talking to people, they were not able to say definitely that it was Mr Johnson who came in and took it out?

Mr Lens: That is what the manager said, but he has been sacked. There is now a new manager.

The CHAIRMAN: He indicated that he thought it was Mr Johnson?

Mr Lens: He said, "There are people coming here to work or do something to the shop". Fair enough - thinking, of course, that with the whole refurbishing people would come there, not to take things down. Under the ceiling, there are roller doors, so it was easy to rip off the doors and put them on a truck because behind that wall is the parking area and the street. Therefore, he has ripped everything out or he has not paid the ceiling people; the back ceiling is gone. I said,

"What is going on here? Who got the key for the front door? The manager said that he had not given it out. I rang him back later and he said that Mr Johnson said that if I queried that, I had to bring the evidence on paper signed by the members of this group that I invested with in that shop. How can I do that? These people are crying on the phone; they are old people. They were saying, "Mr Lens, what will we do? You are our spokesman; you do so much for us, but we do not understand the law." They are old people. They invested the last of their money with them in order to get a bit better life than they would have with the pension. I hope that your lives will be different when you are my age. The thing is that that is gone. I went again and again and I think that even today, there is still rubbish there.

Mr Lens: That is the story up to date with what I know. I go back to Rhonda Parker who therefore used the money so much for her own selfishness in her refurbishing.

Mrs Burn: The valuers.

Mr Lens: That is right, the valuers. The thing is also that when you get a valuation, you go to valuers and as part of their profession they must give you, I would say not a 100 per cent true figure but at least a 99.5. When you get a figure hundreds of thousands of dollars over the valuation, that is a bit rough and to me, it is haywire. A valuer is a man that you trust most of all and, apart from Global and the manager, John Margaria, in my case, they are the main targets. If I was in your seat to investigate, I would have in front of me all the valuers. Who did that job? Who did this job? Who did that job? Fair enough. They can pay it one by one. How do you get to this? Show me therefore your talent, and I think that they would stop there and then. They told lies, "Oh, yes sir, but at that time it was a good time, the boom time, you call it and therefore the prices were high so my valuation was high." They do not look in the future. But the more the valuation, the more commission, thank you. And that is valuation.

When I went there I said to Doug Solomon, my lawyer, "I don't think there is much more than \$200 000 in that job. If it is on auction, that would be my asking price, and not a cent lower." It can start and they can bid but when it hits \$200 000, stop it because I reckon it is worth \$200 000. It will be more but the boom time is gone and therefore let us be fair at that moment and even today. That \$200 000 will grow in future with the town etc, and will reach \$250 000 and that would be the limit. So do not invest, do it now or buy it because there is even a man here who wants to sell his share for \$10.

Mrs Burn: Yes.

Mr Lens: He put in \$50 000 for his grandson. He was on TV. He was interviewed with me in St Georges Terrace, and filmed. I have got the tapes at home. If I had known, I would have brought my tapes and you could have seen the affair on film. It is very interesting but it is for my grandchildren. I made it to help them see what experiences of life they will have to go through at this advanced age. I made a film from it and copied it from tapes. But the main thing therefore for the consideration of your panel is to see the story from each individual's viewpoint. This is mine but who will be the next one? You must realise and place yourself in their shoes to see what it means and why the outside world has been so rough. Make money by all means but consider most of all the people who give you their trust to bring you the money, as we did. We do not speak. It was okay; 10 per cent is not big. Never mind, here it is. Looking back on the file, CP Bird in the boom time gave me 16 per cent on the houses as I have told you before; the

bank charges were 20 per cent and 24 per cent was the overdraft rate. So in those days it was still good money for everybody, and I drove along too. I am not a wage earner; I want the highest. When John Margaria rang me up and he said, "Well, you have to drop from 11 to 10 per cent investment", I accepted it. Does that mean I am money-hungry? No, I said, "I'll face you and I'll trust you." So therefore we still can manage our lives and pay the bills, and send her to England to see her grandchildren. This costs money, let us be fair but I like her life to be complete too and for her to see her grandchildren, to see my brothers and sisters who I have not been to see for years. There was a 20 year gap between the end of the war and when I saw my family again. My little brother was 20 then and I never saw him before except in photographs. That is my life; that is past; it is all gone. The letter I have written, that is my thank you letter.

The CHAIRMAN: If you want to table that, you are more than welcome to do so.

Mr Lens: Well, if you are interested, this is my thank you letter to the judge for his decision - it was a very important thing that he did on our part. I hope that the law will take its course on behalf of us, the investors, in such a way that everybody, also the blind man, Eric Crew, will get his money back so that he can at least live in peace like me and continue his life until the day comes that we have to leave this planet. But Richard Court cannot realise that apparently, and Doug Shave as his soldier has to follow up the orders of his captain. Where do we go from here? It is a very sorry state. I tell you honestly, how can I honour any party now or have faith in them? I thought, well, is Pauline Hanson therefore the choice? I would not know. I have not decided yet. But the thing is that when the day comes for all of us, where will we go? Our folks are the ones who will fight, like me, till the death. That is the biggest honour can give in his or her lifetime and I am prepared to give her a go.

There are lots of people who are standing by, like Denise here in the public gallery. She needs an office, money and transport, to help the people in need. She has shown from day one that she has done so for me and for the others. For that, I honour these people because if you know that part of the story, you will say that you are absolutely right, Erik; they are the people you can trust and therefore we place our faith in their hands. I did the same with Global. It started well but Grubb, there we got another one and it is now open and he may go to jail. But do they pay the money back? Can they? When you are declared bankrupt, what does it mean? I can put everything in my daughter's name and cover it up, in other words. Money talks many languages and also the justice system cannot be everywhere. It is difficult but how does a man who is a crim know today how to get into a computer, how to manipulate it like this chap in Singapore who sent the Bank of Germany broke?

Mrs Burn: The English bank.

Mr Lens: I thought it was the German bank or was it the English bank, my wife said.

The CHAIRMAN: I think you mean Baring, so we know which one you are talking about.

Mr Lens: The thing is that the younger ones now with computer talents can cheat and deceive the banks and financial institutions in such a way that it takes a lot of brains to figure it out. But if the law therefore is so unreliable and says, "Righto, we will let you go free," and gives them a pardon, that is for me the end of the world. What am I doing here? What is everybody working for and paying tax for? I paid tax all the time and I am still paying it now. Where is the

pension? Where is the support, and then Rhonda Parker wastes it on refurbishing her office and on the people who are supposedly to be sent broke? In my career in the building industry it was Ron Claffey. You may know of Claffey construction in those days, but probably not because you people would have been still at school; it was so long ago. Good on you. But that was a builder who went broke and when you went broke in those days at the end of the 1940s and 1950s, they sold your house and your car, everything. What you were wearing was all you could walk out in.

Mr Lens: When you went broke in those days, at the end of the 1940s and the 1950s, they sold your house, your car, everything. What you had on your body was all you could walk out with. Radios - everything went under the hammer and was sold and the money went to the creditors. Today you walk free. You do a crime and get a slap on the wrist and they say, "Who is next?" Be a strong man, that is what I say. Justice is so important, especially at this moment of history in Australia. The papers are full.

I would like to finish my story, unless you have other questions, with a prayer, if I may read it out. Dear God, as this nation has now reached a barbaric level of existence and has destroyed people's trust and peace completely, we, the elderly in this country, are begging you for your help to bring back the sanity and humanity we once enjoyed. Please eradicate this present evil system and the rulers who spread so much suffering amongst the elderly in so many ways. As many of the seniors have already passed through your gates of Heaven, those left behind are doomed to follow under these traumatic conditions. All those who voted this Liberal Government into office, like me, are asking for forgiveness in having done so but none of us knew then what is happening to us now. We beg you to come to our assistance in our darkest hour of life on this planet. Only your power can bring us victory over evil. Give us the strength and the will to live. Amen.

I thank you.

The CHAIRMAN: Thank you. On 6 September 1994, was that a separate investment you were talking about - when you commenced?

Mr Lens: The first investment with Global was on 5 September 1994 for the amount of \$60 000 in shop No 8 of a string of shops in Kenwick - there were 13 shops, I think.

The CHAIRMAN: You say you had your first problems with payments on 10 July 1996. Is that correct?

Mr Lens: That was the fifth investment. There were small ones. From the first investment I just mentioned, there were little amounts of savings which we accumulated and put on the fifth one, or rather the second, third, fourth and fifth. The fifth is the one where the money accumulated to a big amount which I said to Dot would be for her trip and the grandchildren and a good Christmas and also for my death - burial and all that. We have to look ahead. That was therefore the fifth investment that brought all this trouble about, on 10 July 1996, in the Westminster Plaza shopping centre on shop No 12 for the amount of \$150 000. That was my own money.

The CHAIRMAN: The problems you had with Global Finance did not occur at that time - in

1996? They occurred at a later stage.

Mrs Burn: In 1997.

Mr Lens: This was July and I gave him a chance. I read here that Global and the solicitor did nothing. I was patient but in 1997 -

Mrs Burn: May I explain?

The CHAIRMAN: Yes.

Mrs Burn: It ran for 12 months with no problems and they asked for an extension. Because it was all right running for months, we gave another year's extension. However, in November 1997 they went into default in the payments.

The CHAIRMAN: Prior to November 1997, you had not had any problems with investments through Global Finance that you were aware of?

Mrs Burn: No. We have since learned from Penny Searle that she went out of that investment because of problems in payments. We of course went in.

The CHAIRMAN: She went out of it prior to July 1996?

Mrs Burn: She went out of it prior to that because she was finding there were problems with payments. It was already beginning to happen, I guess, but we were unaware of that when we gave the extension.

Mr Lens: This is very important. At that time we had with Kim and with John Margaria small amounts on other things. Therefore I said, "I want all that money back." In front of us they rang their solicitors, Highland and Watts, because we wanted the money back. Alan Watts said, "There will be a penalty. You see, they are good for it." I said, "Righto, John, a penalty because I am breaking the contract - it has only a few months to go but I want it now. I have finished with you. No more. If you cannot get my \$150 000 back, I will close shop" which I did. He said, "Penalty." I said, "Okay." He deducted \$2 300 from what we still had running with them and got the money back. I said, "I do not want your cheque, I want a bank cheque because that is a trustworthy cheque in my book." A personal cheque could be a scrap one or a false one. That is what I got. I said to him, "You have got the word from Highland and Watts. Do you not have any protection? What have they done for all of us - those behind us, the rest of your customers? Here you show me from that wall to that wall two rows of files." He said, "I have five million to look after, Ric. What do you reckon I can do for all these people?" I said, "That is the man who should protect your five million in the files here on that wall in your office." I will never forget that. I said, "You have a very big office here and good luck to you if it runs well."

There is another thing. When it was offered by them, he said, "Put your money in a big building in Leederville" because he himself put \$290 000 into it. I thought, "Hello, Ric." You see, Mr Travers, if you put money there and I am a friend of yours, I will put the money where you put your money. I feel safe because of you and your position. John Margaria put \$290 000 into that building, which is an office block. I put some in at that time but we got it back when he

closed the door and we paid a penalty. He had \$290 000 still running and kept it there. I said to Doug Solomon, "That \$290 000 will come available on 10 July. I want you to freeze it." It did not happen.

Mrs Burn: It went into receivership.

Mr Lens: I said, "That is builder's money." They invested \$290 000 - it says so here on the title. "Global investment \$290 000." Mine was there for I think only a small amount, but at least, I thought, "He has \$290 000 in there. At least my group of people, including me of course, will get that \$290 000 divided."

The CHAIRMAN: Why was that not able to happen?

Mr Lens: I do not know.

Mrs Burn: It went into receivership.

Mr Lens: It is the law. Nothing happened. We never saw one cent. It never went to court. It was never in that script of Sanderson. He therefore must have known and mounted it up. Where is the justice? Where does it stop? Where do we stop after this?

The CHAIRMAN: After the problems with the investment in November 1997, did you raise your complaints with anyone at that stage?

Mr Lens: Not straightaway but one day I was working in the garden. I always have the radio next to me. A voice came on on the Howard Sattler show on 6PR. There was a woman talking about a similar affair - somebody in trouble in the estate business who had been ripped off. I rushed into the house and rang 6PR. I said, "Can I speak to the woman who just was just talking?" "Oh, that was Denise Brailey." I said, "Well, whoever it was, I would like to talk to that woman because it looks as if we are in a comparable situation and she can do something for us, probably. I do not know, it could be nothing. Could you ask her to contact me? This is Ric Lens and my phone number is so and so." "All right, when it over she will ring you." She did. Apparently she was in her capacity with the Real Estate Consumers Association. She is the president and she is the top one. I was happy to hear that. She did not take weeks to get to my place; she was there within a day. That is service, in my book. I said, "Thanks for meeting me." I called her Joan of Arc because she acted as Joan of Arc in a day of French history. From that day onwards, this woman has been and still is on my side. She should be on the panel - she could give the committee more information than I can because she is more brainy than I am, I admit it. She is more on these things than anybody I know.

Mrs Burn: Can I say something? In early 1998 we went to our own solicitor, after they went into default. He started uncovering some things. We had also got in touch with the other people who were in the shop with us. They did not want to have a bar of it at that time. They were not interested so we did it on our own. Then we got in touch with Denise. We left the first solicitor. We had already paid about \$2 000 to him, trying to get somewhere. At that time Global was trying to divide the people.

Mr Lens: That was MacKinlay and Co in Booragoon.

Mrs Burn: They were trying to keep the people separate so they did not get together. They were saying, "Do not rock the ship." It was only when we got with Denise that she went to see the other people and we banded together and went to see Mr Solomon. It was at about that time that Ric was starting to write to everyone including fair trading. That was in about mid-1998. Ric started writing to fair trading, to Richard Court - to anyone. We have the files.

The CHAIRMAN: When you went to your solicitor in early 1998, did he indicate any options that were available to you? Did he talk about what the options were?

Mrs Burn: It was very complicated because we discovered that we did not have a first mortgage as it was supposed to be.

Mr Lens: We were not even clients.

Mrs Burn: We were running as a second mortgage. He said that what was happening was not a very good picture, it was a very bad picture.

Mr Lens: There was an over-valuation for starters, which I agreed upon, and misrepresentation of those involved in the office.

The CHAIRMAN: So you were only a second mortgagee?

Mrs Burn: He said he thought it would be very very hard to get our money back.

The CHAIRMAN: You are still only on the mortgage as a second mortgagee?

Mrs Burn: Yes. We worked with Solomon and he got the title eventually. After about six months of correspondence and to-ing and fro-ing, we actually got the title.

The CHAIRMAN: When you started the investigation.

Mrs Burn: Are we now first mortgagee? I am not sure.

The CHAIRMAN: If you are not sure, that is fine.

Mrs Burn: In the beginning we were after Global but I think that has perhaps been sorted out with Solomon.

The CHAIRMAN: If you are not sure, that is fine, we can still chase it up and get further information.

Mrs Burn: Doug Solomon did all the work - it took about six months of correspondence.

The CHAIRMAN: When you first went to your own solicitor you thought you were first mortgagees but it turned out that you were not.

Mrs Burn: Global was first on the title. All of the correspondence says that we are the first

mortgagee.

The CHAIRMAN: Do you know who was the first mortgagee?

Mrs Burn: Global.

Mr Lens: That is how it finished up. When we were interviewed, like you are interviewing us now, we believed what was said. They said, "They are in trust, the money is guaranteed, even the letter of introduction shows you that." I think we have that - on the \$9m introduction. Kim Woods and John Margaria said, "You are absolutely guaranteed." We believed that. I am not a lawyer to go into the finesses or details. When a man in that position with a reputable office says that to me, I believe him and so did 7 000 other old people. When it comes to the crunch and you find out that there is a difference in later findings and investigations through the Gunning inquiry or other processes that this is happening, you start wondering why. I already had the premonition, the feeling, to close it. When I closed it, I had to pay the penalty, which I did. After all, I broke the contract - fair enough. That was a further loss of \$2 300. I am honest and said, "Here is a bank cheque for that amount."

The CHAIRMAN: You mentioned that previous people had invested in the property including Penny Searle. Do you know the amount of the loans they had on the property?

Mrs Burn: I do not know. It is my own feeling that they kept putting it up and getting more. I do not know for sure.

The CHAIRMAN: That is all right. We can look at that at a future time. I just wondered if you were aware.

Mr Lens: George Rudolf was the finance administrator. He apparently, from what I found out later, has been, through another firm, bankrupt or something was wrong, and went to Global to find a new position. Even now he is with fair trading, I think, as an adviser.

Mrs Burn: No. He is with administrators.

The CHAIRMAN: Did the first lawyer you went to suggest he was aware of any problems?

Mr Lens: No. MacKinlay -

The CHAIRMAN: When you went to your lawyer originally, was there something that they felt was a common problem? Were they aware of these sorts of practices in the industry?

Mr Lens: Just let me answer that. Could I answer that please?

Mrs Burn: I think he thought it was a mess.

Mr Lens: We were both sitting in front of him. He said there had been difficulties in finance. What sort of finance, I did not ask. He said after my story, "I feel sorry that that happened. My father was in a similar position." I never asked who with because it was leaving time. What I

am getting at is this: That lawyer said to me, "Sign this for the job and the deposit is \$500." I had never been to the business centre of Booragoon before. I said, "I noticed coming in here that there is a Commonwealth Bank there." He said, "Yes." I said, "I will see you in a moment." I took back not \$500 but \$1 000 - not because I am rich. I said to Dot, "If you deal with a man of reputation, show him your colours first." I said, "Here is a cheque." He said, "It is for \$1 000." I said, "It is for \$1 000. I am paying you therefore more than you asked for. It shows my ability; it shows that I trust you." He appreciated that and then he said, "I will do my best."

Mrs Burn: I think part of the problem was that it was a pooled mortgage and we were going on our own without the other people. That was also giving a problem.

Mr Lens: With that phone call to Denise. I was the first one to open this can of worms and I will not be the last one to close it. It is in your hands and other people's hands to find the true verdict. I appreciate and will remember Mr Gregory Sanderson.

The CHAIRMAN: All right.

Hon RAY HALLIGAN: Mr Lens and Mrs Burn, I think I can safely say on behalf of my colleagues on this committee that we sympathise with your current situation. Part of the terms of reference of this committee include that we inquire into and report on the reasons for losses associated with the finance broking industry and also consider the adequacy of existing legislation to prevent a reoccurrence. With that in mind, I need to ask you a few questions.

Mr Lens: Sure.

Hon RAY HALLIGAN: Can you tell me whether you have made previous investments, not necessarily with the finance broking industry? You have had this money which you accumulated over your working life, as you have said. Where had you placed that money prior to 1994?

Mr Lens: The thing is that this is a step back in my life again because I am the one who did the finances between the two of us. I am an architectural designer and everybody needs a home - whether it is migrants or a newly married couple.

Mr Lens: Well, I need to step back into my life again because I am the one that managed the finances between the two of us. I am an architectural designer, and everybody needs a home, whether it is a migrant, a young married couple or whatever. I have also built C-Class hospitals for the old people. I was a part owner of the Southern Cross District Hospital on Leach Highway. Friends of mine who came with me from the navy had a savings account with a bank, but asked if I could deal with their money. I said "Okay, if you want use me as your broker, or investor, do so." That hospital still stands today. It was a highly reputable hospital because, from memory, matron Flood told me that the parents of Sir Charles Court were there; that was a big honour to me. I have built or designed five other ones for other people. People say to me, "Rick, can you do mine?" and I say okay. I did a lot of work in that field.

Mrs Burn: We put money with CP Bird on first mortgage for quite a number of years.

Mr Lens: We invested with an accountancy firm where we were clients, at CP Bird - even with C.P. Bird personally on his own farm. I was on a good run and had a lot of clients coming to me.

I was so snowed under with work that I had another draftsman helping me privately, and I had an engineer from the works department to help me with the structural design. A lot of these people were good to me and helped build up my Superior Designs business. A heart attack stopped me from further business in the building industry because my wife and I were cleaning up, shifting bricks and scaffolding, you name it, we were the labourers of our own spec home. Before the house was finished people had already bought it because of the design, the outlook and the position. A man with a bit of integrity which I had been given by my God, can go forwards, not backwards. That got me so many demands that I had plans for nearly 40 builders, including general agencies like Hooker and AV Jennings. Superior Designs is the company to design people's homes or speculative homes.

Hon RAY HALLIGAN: Is this how you were able to accumulate these moneys over a period?

Mr Lens: Yes, money came in.

Hon RAY HALLIGAN: Originally you invested through C.P. Bird and First Mortgage?

Mrs Burn: We spread the money a bit, some of it was with various institutions, such as AGC.

Mr Lens: AGC, ANZ investment, short term on the bank.

Mrs Burn: We had a spread of things.

Hon RAY HALLIGAN: Did you think that was a prudent thing to do?

Mrs Burn: The bulk of our money was put into these first mortgages with CP Bird who are our accountants. We found that they were trustworthy over the years we were with them.

Mr Lens: But of course I had to buy the land freehold, build the house roof slab high and by then the bank had all of my money, so I had to borrow the rest to put on the roof and finish it off on an overdraft. That was the skill in those days.

Mrs Burn: Erik was getting older and we needed to simplify it, so we looked for -

Hon RAY HALLIGAN: Had you originally received any advice about spreading that risk?

Mr Lens: No, it was our own initiative.

Hon RAY HALLIGAN: You decided yourselves at that point?

Mrs Burn: Yes.

Mr Lens: I had three heart attacks at Fremantle Hospital and they said that I had better calm down, so I stopped. But what can we do? Money cannot stand still.

Mrs Burn: We always thought a first mortgage was safe.

Mr Lens: We have to pay, therefore, we invested in other sources.

Hon RAY HALLIGAN: Was there any particular reason why you invested through finance brokers?

Mr Lens: No, we saw an advertisement in the newspaper and on the television which was offering 10 per cent interest, and the bank was only paying us 2 per cent interest. The banks made \$40m last year. Do not save with the bank unless you are happy with 2 per cent interest. I thought that was no good because we had to think about my wife and her kids, me and my kids and my father and mother at home. We wanted to send them things and give them a happy life, and share our money. Even today I share what I have with others.

Mrs Burn: We always thought that a first mortgage, bricks and mortar was safe, so we looked for someone who was giving first mortgages.

Hon RAY HALLIGAN: You were looking for someone who could provide that security, although you have admitted that you felt that you had a first mortgage and found later that it was only a second mortgage.

Mrs Burn: That is right.

Hon RAY HALLIGAN: I would like to ask a few questions about Westminster.

Mrs Burn: We thought that by investing in bricks and tiles, if anything went wrong we could get the property and get our money back out of it, never thinking that the valuation was so far out.

Mr Lens: That is the thing.

Hon RAY HALLIGAN: How long has Doug Solomon been your lawyer?

Mrs Burn: Since about the middle of 1998.

Hon RAY HALLIGAN: You mentioned earlier, Mr Lens, that Dianne Newman had been your accountant for 40 years.

Mr Lens: Yes, when I left the State Housing Commission and started Superior Designs, the trade gazette paid me a visit to see that the name had been registered. They asked who was my accountant. In those days there were a lot of inquiries into bookkeeping. I was open and asked if this was for the taxation department.

Mrs Burn: She was our accountant when we were with CP Bird, and then we had a break from her for a few years.

Hon RAY HALLIGAN: Had you asked for any advice from these people whom you had been dealing with for so many years before moving over to the finance brokers?

Mr Lens: No. We opened the paper and took a guess. I read an ad which sounded all right, it

offered 10 per cent interest on a first mortgage. It hit me. I said to Dot, "How can we go wrong by investing in our own house where the bank has first mortgage? If we go broke the bank tells us to sell. I took 10 per cent, there was no need to be hungry, there was 14 per cent and more, but I said 10 per cent is enough.

Mrs Burn: If it is run properly, first mortgage can be very good, but you must be dealing with honest people.

Mr Lens: But what opened our eyes later on was the fine print which reads "care of". That is where first mortgage is care of me. If I am a crook, you are out. Because it is care of me, care of Global.

Hon RAY HALLIGAN: I understand what you say about trust, but our courts are full at the present time because people trusted people; that is one of our difficulties. In a document that has been provided to the committee by Denise Brailey, it mentions the project known as Westminster Plaza. It also mentions a time when she called on both of you at your home and was horrified at what she saw in the documents. That concerns me as far as this committee's terms of reference are concerned.

Mrs Burn: Yes, they were raised in such a way that they were misleading, but for people like us who are not lawyers, who are just ordinary people, it sounded straightforward, but one must look very closely at it.

Mr Lens: The interpretation of the law is beyond our knowledge. It can be tricky to find the true legal definition of what we read. We are not lawyers; one must study for five years to become a lawyer. An outsider off the street who wanted to invest at 10 per cent would sign on the dotted line. If he asked where the money goes, he would be told that it was invested in a building or whatever. That is what we follow up so that we know what has been done with our money. If it was someone outside, so to speak, I would say "No, sorry Kim and John Margaria, it is beyond me." I have files at home that have been cancelled because it was too far out of my reach to see where the money went. Others, however, as members may have noticed in the newspaper, invested in plantations in Queensland or somewhere in Busselton. How can I go there to see what my money went into? It is vacant land. Camouflage is important in wartime, and this is wartime in peacetime.

Mrs Burn: On the surface, they looked to be good investments but I think it was meant to deceive, when we look back on it, the way it was worded. It appeared to be what it was not. Am I saying something wrong?

Hon RAY HALLIGAN: No, not at all.

Mr Lens: It needs control from the Ministry of Fair Trading. If I could sit there, you would find a different person in me because I would go through the needle-hole.

Hon RAY HALLIGAN: I was going to ask that question, as to what you understand by the word "supervisory" in the name Finance Brokers Supervisory Board.

Mr Lens: I presume it means it is sufficient to say that the roof is strong enough, or the truss is

no good. Whether I can go there I do not know. I cannot walk very well, because of my health. I am still on plenty of pills and I cannot do travelling. I do not even drive a car, I do not have a car - she drives me. The thing is it is the mentality of a specification - and you know what that means. It is the guideline for the builder and his crowd to inspect and say "Pass - pay progress payment." I told him. I have been there three times so far and I have found that the whole centre was all right. It is not that it is super modern but the thing is our shop never should have been valued at \$350 a square metre. That is where I said to this gentleman, Rudolf, the manager of finance, "Where do you investigate whether the money is right? After all, you are a financial consultant, you talk money. You say it is backed by so and so." I have found out, through others, that Allbuild Construction Co of North Perth was the builder who did that job - the refurbishing of the whole centre. It is not bad. Unfortunately, the first lawyer has all the photos I took, one after the other. I put them in a line and it is the whole shopping centre. I have visited it three times but if you went there today on your way home, you would find that the ceiling is pulled off and there are already blemishes on the walls. It needs a lot of maintenance. Who will be paying for that when we get the shop back? That is why I said to Richard Court, "You buy the shop. You have money, you are the Treasurer. Do what you like with it. You can make it nice and sell it. That would be one of your assets." It is \$300, if not more today, per square metre. It is an area of 1 265 square metres. I spoke to all the others and asked, "What do you pay for your shop?" The barber. "The general rent here is \$300 per square metre." On 1 625 square metres, that is your yearly rental.

Hon RAY HALLIGAN: That is the size of the block as well, is it?

Mr Lens: That is there for three years with a two year option, a five year minimum. I do not have an accountant's education, but in my humble opinion it is still a good result on that type of money but what can you do with it? Who will go there? They have this already, they have the supermarket, they have the chemist which is across the road. To me, a gun shop would be best because there is no gun shop there.

Hon RAY HALLIGAN: Mrs Burn?

Mrs Burn: I think John Margaria was very remiss in who he was lending the money to, he was not being very careful about it, plus the valuations were no good. When things went wrong we were not being listened to. It took a long while before someone started to listen. I believe there had been complaints before.

Mr Lens: He rang me at 12 midnight or 12.30 am and I got a shock. I thought it was my family, that something had happened. "John Margaria here." I said, "John, what time do you work? I am asleep, I am in bed." He said something to me. What is that saying?

Mrs Burn: Loose lips sink ships. He was keeping everyone separated. He did not want the other ones who were in it -

Mr Lens: Then he hung up on me. He got me out of my sleep after midnight. What was the reason?

Mrs Burn: Also we discovered that before our money actually went into this investment, it had already been paid out by John Margaria to Johnson and the builder.

Mr Lens: It was covering up for Peter to pay Paul.

Mrs Burn: I do not know if that was legally right. He should not have done that until our money actually went in. He had already advanced the amount out of the trust fund. Do you understand what I mean?

Hon RAY HALLIGAN: That is certainly something he has to answer for. You made mention earlier that you now understand it was a pooled mortgage.

Mrs Burn: It is a pooled mortgage, yes. That is what our solicitor said.

Mr Lens: Our name is on the title with the others. At the back of the title it reads Mr Lens, Mr Lohmeyer - all the names and the amounts. But also at the bottom it says "care of". That is where I was tripped. I said, "All right, it is care of him because he is the head administrator" but now it goes by law and that is where the law comes in. "Oh, you are therefore no longer a client." He is the one because it is care of him. Everybody has to learn that if you invest, do not let it be care of anybody. If it is not care of anybody, it is care of yourself, then you are in a first-class position.

Mrs Burn: If it is money from various people, you would call that a pooled mortgage, I guess. That is what our lawyer said it is, a pooled mortgage.

Hon RAY HALLIGAN: At Westminster Plaza it was only a refurbishment. I was interested to hear that your money went into one shop alone.

Mrs Burn: The money came from various directions. We had a mortgage over the whole property - this is what we were told. Then as they did the refurbishment we were allocated a shop. They split it into different parts.

Mr Lens: Inquiries could be made at the Commonwealth Bank about that. I think the whole shopping centre was \$3.1m. "Clear the bank, pay the penalty and you investors become first up." That is what Kim told me over the phone. "The first thing with the whole group is to get the bank out of the way and this pays for that section and that section. We reach that point and that is your part, shop 12." It reached that point - okay. Then for four months I got paid, I was happy. I said, "There is only another eight months to go and the year is over." We only signed for a year and then new fruits, but they never came. Four payments and they stopped. I have a list which I keep it for taxation. That is what I received for this investment. There is the list - payment, one, two, three of 12. The investments were \$60 000, \$20 000, \$30 000, whatever we had. This was the full amount, \$150 000. I said, "Look, I am getting old, Dot. I have had a heart attack and a stroke." When they told me this, I was not realising and I collapsed. She came through the back door and said, "What is wrong with you?" I said, "Ring the hospital." They came out and saw me in the kitchen where the phone was. It was the ambulance and then hospital.

The thing is that you trust people and therefore you get it firsthand from the directors. Where do you go if you cannot trust them? George Rudolf is the assistant financial adviser. How far can you go? When I was in the State Housing Commission, I was a supervisor and I would go and

investigate before I even answered the phone, spoke to a client at the counter, or wrote him a letter. It was effective. I was very particular because you are dealing with the public - they are other people.

I did one thing wrong in the State Housing Commission. The architect said to me, "You cannot do that." I said, "Look, I have just come out of World War II." I do not know whether you can remember that far back but this was in 1949. I said, "Here is the file I have read of a man with eight kids living in a garage. I would give him preference - take him from underneath there and put him on top." "Oh, you cannot do that. You have to work to the numeration of the file." I said, "Architect, that is the man I would help. If you do not agree, there is the door. I have come out of the war but I will walk out of this, and good luck to you." I said to the accountant, "Pay me up to today because on Monday this man will not come back." He said, "What's wrong with you, Ric?" I said, "I put from underneath that pile this file on top - a man living in a garage." In those days I had to make my own bridge, which I did, to build just one room half this size - to sleep here, wash there and eat there. There was one door here and one window. That was in Roleystone. It is still there for inspection if you want to have a look. I do not know what they have done with it now because I sold the block. That was the one room I built. Everything was on tickets in 1948, after the war. You could not buy bricks, there were no brickyards. You make your own here with cement bags - ticket ration. I put that file on top because this man with eight kids to live in a garage. I said, "Not me." I come and I seen very good the bad side of war and prison camps. I said, "If you don't like it, I go," and they did not, so I went. Monday I was not there and they felt sorry. When I started on my own, who brought me the clients, State Housing Commission, because I said to, "Tell me honestly, sir, I don't mention your name, but who - where do you come from?" and he said, "I cannot disclose it." I said, "Are you an ex-serviceman?" He said, "Yes." "Somebody must have sent you here," and I found out from his wife they did. So under the table I got work from things that I did for the State Housing Commission; good luck. That was long way back, but that is the world for you, sir. You treat somebody good and right, you get it back because he or she will spread the word. If you want to invest, look me up because I know there is one person in this world sitting behind me that will help you, the honest truth, and you can trust her because I trust her. Thanks for your attention anyway with further questions please.

Hon G.T. GIFFARD: Mrs Burn, you mentioned there would be a mortgage to this shop 12 but being part of a larger development, presumably there is a strata title for you to be able to have a first mortgage over one shop alone.

Mrs Burn: Yes.

Hon G.T. GIFFARD: Do you know if the mortgage document mentions that?

Mr Lens: We guess that is the case, I suppose, but we do not know the very details. Mr Doug Solomon is the solicitor who has been investigating also the Titles Office (indistinct) be your spokesman for it.

Mrs Burn: The strata titles - if we asked for them, they always took a while to come through, did they not?

Mr Lens: Yes.

Mrs Burn: You had to wait.

Mr Lens: You do not get it straightaway.

Mrs Burn: You do not get is straightaway.

Mr Lens: Because of the muddling about, I think there is all delays after delays.

Mrs Burn: Had to go through various processes. So in some cases Ric would ask for a strata title but it always took time to get these things.

Hon G.T. GIFFARD: I just have one more question, if I may, and that is: do you have any problem with the supervisor and the liquidator both being appointed from the same firm should that be required?

Mr Lens: You mean from Global?

Hon G.T. GIFFARD: Any of the finance brokers. If a supervisor was required and at some later date a liquidator, do you have any problems with both of those appointments being from the same -

Mr Lens: You can do that. I mean, every firm has got what you call an information officer, but it is sometimes not required because the supervisor sometimes is not versed with the position itself, you see, and to give your story, which I sometimes feel is not adequate to what the law requires.

Mrs Burn: We are not concerned with the Global liquidators because we already got our title through Solomon just before, I think, they went into liquidation. So we are not sort of involved with any liquidation business.

Mr Lens: No, we have not had any experience.

Mrs Burn: So I do not think it really affects us at all.

Mr Lens: All I could say or add on to what my wife has just explained is that this Department of Fair Trading is, in my book, unfair trading. Now, why would you say? Because you write them letters, you get an answer and they say, "Well, we have passed it on to somebody else" or "passed it on to so-and-so" or "We are very sorry." Yes, very diplomatically very sorry, but who pays my bill and my medicine? You see, if you are a retiree, you pay for pills that I got \$25, but with a card, if you got this health card, \$3.25.

Mrs Burn: Yes, we have a health card now.

Mr Lens: So when she came home and I did not get the pension, I said I would shoot that chemist because \$25 - whereas another one with the card it was 3.25. Does it not open your eyes there is something wrong?

Mrs Burn: We now have a card for the health and things.

Mr Lens: But we are still fighting for the pension. I still while I am talking to you have not got one cent received, not one.

Mrs Burn: To get to Fair Trading, it did take them quite a long time to get their act together.

Mr Lens: Love letters; that is all, "We are very sorry; yours faithfully."

Mrs Burn: Or, "We're looking into it?" We have about 10 of those, "Thank you for your letter."

Mr Lens: My files are getting bigger.

Mrs Burn: His letter went once a week to them and every week we would get sometimes, "Thank you for your letter. We're looking into it," I think about 10 of them and the rest were -

Mr Lens: Have you got at the moment in that bag of yours the letter that I have typed this morning to van de Klashorst that you open. You see, I still write every day, love letters too probably in their eyes.

Mrs Burn: I think they shudder a little when they see the letter.

Mr Lens: But where is the love?. Where is the actual love?

Mrs Burn: "Not another one from that man."

Mr Lens: When you get to our age, that is where a new life -

Mrs Burn: I have spent a small fortune on stamps.

Mr Lens: That is where a new life start. After you are 65 it is a different chapter altogether. Hopefully I will be still around. Now, fairness is a different thing, but there is an uneven field for some reason and that must be politically. How can he help his father-in-law? If I was Richard Court, I would stop anything. Forget about that leaking tunnel. Forget about the Bell Tower of death because people are alive. They are alive. They want to enjoy it. Give them the money.

Mrs Burn: He says it as he sees it.

Mr Lens: They have paid their tax and that tax you can do your next dream, you see, but, no, this is a joke. This is a joke; good to laugh but it is serious behind the screen. I mean, I am a sick man and I do not know really how long I have to go, but for my wife's sake, I hope, and for everybody's sake I can still keep fighting on. In war time my commander said, "We got to surround that village." Because I spoke the language, I told them, the natives, "Get out because you are surrounded. If you stay, you get shot at through your walls," and they left. That was the headquarters of Sukarno and Sukarno has in our glorious colonial time brought it from nothing in the marines to an officer. Now, between you and me, Australia have the colonies here for

Australia for 200 years. We had Indonesia, the Dutch East Indies for 300 years, that is, (indistinct) was built in 1600. There is the proof for you, and (indistinct) is still in sea. It has to be dug up. I come out them backgrounds as a colonial three generations, as far as I can go, but those people I could speak with, do anything. They are very good, but now Sukarno has taken over. I said to my commander, "That will be the biggest bloodshed in Indonesian history." What happens now? There is your proof. They were laughing then at me. They said, "What do you reckon?" because I said, "If I sign this dotted line, I become one of you and you can command me," like what Speight is, "You don't; shoot him. He's only white fellow like in Africa," but I would be worse than Hitler, but the truth, if you are wrong, that is the end for you; no questions asked.

The CHAIRMAN: Graham, did you have any questions?

Hon G.T. GIFFARD: No, I have not got any questions.

The CHAIRMAN: I just wanted to very quickly clarify a couple of issues. You mentioned that you first came across finance brokers through adverts in the papers. You first got in touch with the finance broking industry in terms of these investments was through adverts in the newspapers.

Mrs Burn: Yes, I think so. We also had a visit from Kim Wood but I do not know in which order it went, whether we saw the ads or whether she came to us, because she had worked at Blackburne and Dixon and knew their clients, I guess.

Mr Lens: No, just their ad. You see my -

The CHAIRMAN: Right. So you contacted Global following the ads. Did the ads have the fact that they were licensed finance brokers on them at all? Do you remember that?

Mrs Burn: Yes, I think -

Mr Lens: No, I did not. You see, when I get the newspaper, I want to invest and there is an ad, I cut it out, make a file and at home, if you were at my place right now, you see the file and that is glued on and in there is all the paperwork that I am dealing with with that particular investment.

Mrs Burn: We would have it at home still, the ad, I am sure.

Mr Lens: I have got too many files there at home. I cannot bring it with me.

Mrs Burn: We can send a copy up if you want so you can see it.

The CHAIRMAN: Yes. No, I guess the reason I was asking is whether -

Mr Lens: But it is a newspaper ad.

The CHAIRMAN: - the fact that the finance brokers were licensed -

Mrs Burn: I am pretty sure it had.

The CHAIRMAN: - had any impact upon your decision to invest with them or not.

Mrs Burn: Yes. Most of those ads did have "licensed brokers" on and I am pretty sure it would have -

The CHAIRMAN: Yes, and did that have an impact on your choice about where you would invest, the fact that that industry was licensed?

Mrs Burn: That is right, yes.

Mr Lens: No, they give you prospectuses and letters to say, "Look, this money, 50 000, 60, whatever, is in a project there and there. Interested? Can you reach it?" "Yes." "Come and see me in the office," and I come with a bank cheque. First the correspondence, phone, "Hello, Kim." "Yes, well, we have got a new one. 50 000. You reckon you will ride along with us, because we only need 50 at the moment and then it's fully booked." I said, "Okay. Where is it?" because I like buildings, because it is secure, building.

The CHAIRMAN: Yes.

Mr Lens: Especially first mortgage.

The CHAIRMAN: All right.

Mr Lens: I always understood was first mortgage off.

Mrs Burn: But do you remember if it had "licensed"? I am pretty sure it had. I am almost sure it had.

The CHAIRMAN: Yes, I guess it was more whether - it was not so much whether it was definitely on the adverts but whether or not that had an impact upon your decision to invest with -

Mrs Burn: Well, it would make us feel a little safer.

The CHAIRMAN: Yes, okay.

Mrs Burn: Yes.

Hon RAY HALLIGAN: I think you also said, did you not, because the Johnsons had plenty of money? In fact, I think you said they were rich.

Mrs Burn: Yes, it is on the proposal that you have.

Hon RAY HALLIGAN: Mr Lens, you said, "How could we go wrong?"

Mrs Burn: Plus they were -

Hon RAY HALLIGAN: Did that influence you as well?

Mrs Burn: Yes, and that they gave personal guarantees which we have since found out, of course, is worth nothing.

The CHAIRMAN: You also made the comment just in answer to a question earlier, Ms Burn, that Margaria - and I did not get it exactly, but basically you have mentioned the two things he went wrong with. One was valuations and one was in terms of the people that he loaned to.

Mrs Burn: That he loaned money to. We had no idea that he was not checking properly the people he was lending the money to.

The CHAIRMAN: Right.

Mr Lens: You see, we had phone calls from nowhere, people I never knew, say, "Hello. I'm from so-and-so down in the country and I'm with Global. What should I do, because I see you are in trouble and lost your money? Is mine" - I said, "Pull it out, that's my suggestion, because I think they will go wrong." I had the feeling there somebody told me.

The CHAIRMAN: Yes.

Mrs Burn: I think Ric mentioned that we went to the office one time and he said he had all these -

Mr Lens: Files.

Mrs Burn: - files. So he had quite a clientele.

Mr Lens: Big clientele. Big, yes.

Mrs Burn: But apparently -

Mr Lens: He had \$5m worth, he said.

Mrs Burn: We did not know at the time that he was not being - well, how can I put it - more careful about who he was - he seemed - we learned afterwards now that he was not -

The CHAIRMAN: So he was not making necessary inquiries into the people he was lending the money to on your behalf.

Mrs Burn: Yes. Yes, we expected that he would make inquiries as to the background of the people he was lending money to, but we have learned later that if someone brought a proposal - one of the finance brokers - I do not know who it was - said that if someone brought a proposal they took that at face value, that they were worth this money. They did not look into the

background because apparently bankrupts and all sorts of people have been borrowing the money from all these retirees.

Mr Lens: Yes, that is the story (indistinct)

The CHAIRMAN: All right. Just finally, you mentioned Mr George Rudolf who was, I think the investment consultant or financial consultant or something.

Mr Lens: He is the financial consultant. George Rudolf.

The CHAIRMAN: So what role did you actually have with Mr Rudolf? What role did he play?

Mr Lens: The thing is, you go in the office -

The CHAIRMAN: Did you have many dealings with him?

Mrs Burn: Not much. In the beginning not, but later if we rang up he sometimes was put onto us to answer a question or whatever. We did not have a great deal to do with him.

Mr Lens: I do not think he was that knowledgeable.

The CHAIRMAN: Did he seem to have knowledge of the files that you were dealing with?

Mrs Burn: Pardon?

The CHAIRMAN: When you spoke to him did he have intimate knowledge of your file or was he intimately involved in matters or was it more just general questions that he was able to answer?

Mr Lens: Well, I think that my feeling is there was very close coordination between Kim, John Margaria and Rudolf, because at one stage Kim said, "We have got meetings on Fridays," or something, and that means that these three persons, head persons, I might say, run the whole office, and he is quite often helpful over the phone, but that is where it stops.

The CHAIRMAN: So -

Mr Lens: But when it comes - Yes?

The CHAIRMAN: So the impression you had was he was intimately involved in the operation of Global Finance.

Mr Lens: He must. He must be.

Mrs Burn: I would say so.

Mr Lens: He was the consultant.

The CHAIRMAN: Right, but in terms of from your dealings with Global Finance, when you had dealings he with Mr Rudolf, he was intimately involved in the -

Mrs Burn: Sometimes if Kim was not there we would talk with him and he seemed to know what was going on.

Mr Lens: No, I mean, Kim Wood is the person that I told to - I said, "Look, Kim, I deal with you because you know me, you know us, you know where we live, you know the background, you know our money." I said, "So if I ring or you ring, you ring me, not nobody else. So enough about any of the secretaries or Rudolf ringing me, although it may be a question from him (indistinct) because Kim was the person I mainly dealt with. If not, John Margaria. "Kim this, Kim that." So it was a whole Kim story, and I trusted her with the papers that she gives, introduction or otherwise. "Explanation over the phone for me good enough, Kim, because what you say I presume is the truth," and always she said, introduction, "We know this family for a long time," the investor or the borrower, rather. "They have dealt with us for many years," and between you and me I think maybe even client from Blackburne and Dixon walked over to her, trusting, "You were good there, so you are still good here."

The CHAIRMAN: This is the Johnsons?

Mr Lens: Hey?

The CHAIRMAN: Are you talking about the Johnsons?

Mrs Burn: Yes, I think they were also borrowing money from other finance brokers.

The CHAIRMAN: So you are saying Kim Wood moved from Blackburne and Dixon to Global.

Mr Lens: From Blackburne and Dixon. That is where I met her the first -

The CHAIRMAN: Yes, but, sorry, you were saying some of the borrowers came across with her.

Mr Lens: I guess. I said I bet you my bottom dollar that of course that clientele dealing with Kim there would follow her like I did, came here under Global.

The CHAIRMAN: All right. So that you do not have any examples of that, that is just your feelings rather than -

Mr Lens: And that is why he got so many files, you see. They must have been clients from Blackburne and Dixon, probably, that walked over like me with him.

The CHAIRMAN: Yes, all right.

Mrs Burn: I do not know - I heard somewhere that they were a bit angry at them at first because I think they took clientele, but then they started to work in together.

Mr Lens: It is quite obvious.

Mrs Burn: I heard that somewhere. I do not know how true or what.

The CHAIRMAN: Yes, all right.

Mr Lens: I would say that that is the trend, because if you deal with a client in a good way - goodness knows how many clients I have had that came - should be at the State Housing Commission and came to me because good planning, good sightseeing, and all that, you know, with the plans, orientation, everything, and they come to me. That is how everybody - I walk over. Nothing wrong with that.

The CHAIRMAN: Yes. All right. Any other final questions? No? If not, thank you very much for coming along this morning and giving us your story. I think everyone - and I think the Honourable Ray Halligan has already mentioned that I think as a committee we certainly have a lot of sympathy for the circumstances you find yourself in and I hope that as a committee we can find some recommendations to certainly prevent it happening again and to look at what avenues for redress people have, such as yourself. I think you have obviously given us a lot of background about your life and I think, you know, people of my age need to appreciate -

Mrs Burn: You got more information than you bargained for.

The CHAIRMAN: Yes, need to appreciate the contribution that people like yourself have made.

Mrs Burn: That is my Ric.

Mr Lens: But if I may ask you, sir, from your report here - like, we have been at the Gunning. I have spoken there as well, but from here on in where does this lead you people to with your report? Would it really be another step in the judiciary system higher up, the chief himself, or with Richard Court, or is this the stop, you as the final decision?

The CHAIRMAN: No, no. We certainly -

Mr Lens: That is what I would like to know. Here it stops.

The CHAIRMAN: I guess as a committee we can look into, investigate and come up with both findings of what we believe did occur and make recommendations on how we think the issues can be handled in the future, and obviously where members of parliament from both the Labor and -

Mr Lens: But who gives the final verdict on behalf of the -

The CHAIRMAN: Yes. We can only make recommendations, so ultimately in terms of suggestions like you have made, that the government should take over your loan, effectively, and pay out that -

Mr Lens: That is what I am pointing out.

The CHAIRMAN: - that would be a decision of the government. Now, obviously that is something that we may or may not, and that is something the committee will have to determine down the track, make that as a recommendation. Obviously I think parliamentary committees generally have a fairly strong persuasive power when they make recommendations to the government. Certainly both the Honourable Ray Halligan and myself sit on another committee that deals with petitions and in the past we have made recommendations and often those are picked up by government, but certainly that is the only power we have, is to make recommendations, not -

Mr Lens: So it is not your final decision?

The CHAIRMAN: No.

Mr Lens: I like to also speak to Jim McGinty. I have written many letters to him too. I have written to Kim Beazley, but Kim Beazley is too busy over east. I never received an answer.

The CHAIRMAN: Yes.

Mr Lens: That is not so good either on the Labor side.

The CHAIRMAN: I guess in terms of the sort of recourse that you are looking for, ultimately at this stage it is only the government of the day that can make those decisions.

Mr Lens: Sure, sure.

The CHAIRMAN: Individual members of Parliament, or opposition members - it is the Cabinet rather than the Parliament, which is a separate body - even though it is made up of members of Parliament, it is a separate body to the Parliament and operates in that regard. But certainly one of the things we will be looking for is whatever avenues we can find to come up with recommendations and suggestions for people like yourself to get some redress for - the legal avenues for redress, and that is one of our terms of reference - are available to you.

Mr Lens: Would this therefore be a part of the Hansard filing?

The CHAIRMAN: This today?

Mr Lens: Today, yes.

The CHAIRMAN: Yes, it becomes a part of the public record and you will be given a copy of the transcript to make any corrections on and then that will become available as a formal Hansard record of today's hearings.

Mr Lens: That is very, very kind.

Hon RAY HALLIGAN: If I can just add to that, here are Hansard here, these two people.

Mr Lens: Gentlemen, yes.

Hon RAY HALLIGAN: So they are recording everything that is being said.

The CHAIRMAN: And they will transcribe it.

Mr Lens: Indeed, indeed.

Hon RAY HALLIGAN: But this committee is not a committee of government, it is a committee of the Parliament, and we -

Mr Lens: But this is the ultimate decision.

The CHAIRMAN: No

Hon RAY HALLIGAN: We have to report back to Parliament.

Mr Lens: Yes.

Hon RAY HALLIGAN: And Parliament will make any decisions as far as any recommendations that we put forward.

Mrs Burn: As it is, the point that I would like to stress is we have gone through all the legal processes and just come to a full stop, because the shop is sitting there and nothing is happening, but it is still our asset, the full amount. Even though we might never get that money back or get only a little part of it back, it has still brought us to a full stop. Where do we go from here, do you know what I mean?

Mr Lens: Does that mean that I have to open a new fight, I would say, with Centrelink, because how do I get a pension? Can you decide when you report? Can you do something? I do not get one cent from nowhere.

Mrs Burn: I have an appointment with that -

Mr Lens: If we part, is all I have got on and that is the street.

Mrs Burn: I have an appointment with them so we will see. We will battle on, that part.

The CHAIRMAN: Yes. No, and certainly if you want to come back to us after that too, I mean -

Mr Lens: I mean, do you take that into consideration too or is no part of your work?

Mrs Burn: I am going for appeal and just tell our circumstances and see whether we get anywhere.

The CHAIRMAN: No, and that is why I guess I asked the question, because although it is, I guess, an issue to the side of the main part of the inquiry, obviously it goes to the redress in terms

of at least keeping an income coming in. Certainly the impression that we had in some evidence earlier was that Centrelink were now, particularly for Global and Grubb investors, treating them differently and -

Mrs Burn: On the deeming part, but apparently they still class it as an asset now.

The CHAIRMAN: Asset, yes, and I think obviously -

Mrs Burn: And we have not got that asset.

The CHAIRMAN: Yes. I mean, it may be something that as a committee we need to look at and see whether we cannot quickly sort of make some recommendations.

Mrs Burn: Yes. It may be years before that shop is sold and we certainly will not get all our money back. I doubt it. So it is just like a full stop we have come to. We are just -

The CHAIRMAN: No, and if you have now got the asset of the actual title deeds, then I would have thought the asset should be based on what the valuation - obviously Centrelink must have a different view, but from a personal view, I would have thought that the value that should be taken into consideration -

Mrs Burn: Yes, they told us they cannot change the valuation. That is the valuation that they have before them.

The CHAIRMAN: Yes. I mean, you lent \$150 000, but if that has now gone to the point where you have actually had to take back the title deeds, then my view would be that the asset that you have is the title deeds and so it is then a case of what is the value of those title deeds, and if, what you are telling us, that is certainly not the \$150 000 you lent, it is significantly less, that should at the very minimum be the figure that they are -

Mrs Burn: No, they are taking it as the loan.

The CHAIRMAN: Yes. No, no, and I think there is something -

Mrs Burn: You should work for Centrelink.

The CHAIRMAN: Well, certainly we might see if we cannot try and find someone who can give you some assistance with those sort of matters, because I think it is certainly -

Mrs Burn: It just seems unfair.

The CHAIRMAN: From where I am sitting it sounds particularly unfair.

Mrs Burn: It just seems unfair, yes.

The CHAIRMAN: Yes, obviously they are basing it on the original investment but your asset now is very clearly the title deeds, not the original asset.

Mrs Burn: Yes.

Mr Lens: It is a serious matter.

The CHAIRMAN: Not the original loan valuation, sorry.

Mrs Burn: Thank you very much.

The CHAIRMAN: All right. Thank you.

Mr Lens: Yes, thank you very much.

Sittings suspended from 12.25 pm to 1.24 pm