

APPENDIX 3**INTERIM REPORT DATED AUGUST 1 1995 TO THE BOARD FROM MR GARY WALLACE,
INVESTIGATOR, REGARDING BLACKBURNE & DIXON**

INTERIM REPORT**TO: FINANCE BROKERS SUPERVISORY BOARD****SUBJECT: BLACKBURNE & DIXON PTY LTD**

I report that I have had preliminary contact with Ken O'Brien from Blackburne & Dixon about the matter referred to the Board.

As the Board may recollect, it received a copy of what purported to be a transcript of evidence. No covering letter of complaint was forwarded with the transcript. The transcript shows that Owen Blackburne was the point of contact in transactions involving Amelia Homes and Gamehill Pty Ltd.

On the 2nd of August I had discussions with Simon Read of Ashton Read Arndel, Chartered Accountants, Level 6, 225 St George's Terrace.

Ken O'Brien is the current Manager of Blackburne & Dixon Pty Ltd, however I am of the opinion that his role in this matter was extremely limited. Mr Read told me that most of these transactions were undertaken by Owen Blackburne who is permanently unavailable for an interview.

A brief overview is as follows:-

1. Owen Blackburne on behalf of Blackburne & Dixon arranged substantial finance for Amelia Developments. Amelia Developments went into liquidation. Dominic Casella was a Director of Amelia Developments and had a long relationship with Owen Blackburne which seemed to go beyond the provision of finance. In fact, the property that Blackburne & Dixon occupies was built by Casella and Casella's current address is the adjoining property of 73 South Perth Esplanade, South Perth.
2. O'Brien has told me and this has been confirmed by Read that no losses have been incurred by investors.
3. Read believes that the trust account may have been used in a manner not authorised by the legislation, however he admits that he does not have any evidence to support this belief. I asked Read if it was possible to obtain evidence from other sources and he concluded that Casella was the only avenue. It is doubtful that Casella will come on side and produce such evidence because of his ongoing relationship with the business of Blackburne & Dixon Pty Ltd.

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4. Read expressed the concern that possibly valuations on developments had been over valued in order to obtain finance. This is not the first time that I have found this in inquiries in respect to finance brokers. Gamel Ward seems to have the same problem. Unfortunately valuations are simply a qualified opinion and given experiences before the Real Estate & Business Agents Supervisory Board is impossible to sustain a prosecution using the conflicting evidence of valuers. Perhaps the Board could consider an amendment to the Code of Conduct whereby it is a requirement that before entering into a mortgage, an investor should arrange at their or its own expense to obtain a valuation of the property the subject of the security. I believe that this could stop the practice of obtaining suitable valuations which are only designed to facilitate a loan.


G. WALLACE

1 August 1995

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