

Faye Andrews

26.5.18

Submission to the Financial Services Royal Commission

Thank you for the opportunity to present to this critically important Royal Commission. I am prepared to appear if required.

I present my story to inform you of the way NAB set me up in order to deliberately and methodically strip me of the assets my husband and I had built up over a lifetime of hard work. This travesty of justice was facilitated and enabled by NAB's lawyers, the Courts, the valuers involved and most importantly - by the liquidator Price Waterhouse Coopers.

In addition I hold governments partially to blame - as up to now that have not taken these sorts of bank crimes seriously. As a consequence the regulators have also let me and many other victims of predatory banking down.

I live in Sydney and have been a customer with NAB for 46 years; also, my husband was a manager with NAB decades ago.

The first two pages of this submission outlines a brief summary with regard to my Investment portfolio and how NAB engineered defaults without due cause. In-depth details of the default and the portfolio follow from pages 3-6.

- My Portfolio consisted of seven properties; a mix of commercial & residential.
- My home
- Term Deposit - \$865,000
- Trading Account - \$32,000

During my long association with NAB my Interest payments were never late, I was never in arrears and I was constantly assured by my Relationship Managers that I was a "loyal, high net worth client" and "a highly valued client of the NAB."

Over a lifetime of Banking with NAB, I was always completely trusting of NAB and my Relationship Managers. I had no inkling that any contractual changes to my mortgage facilities over time - eg cross collateralising the loans on my properties and then my home - were deliberately designed to enable the NAB to steal my considerable assets & life savings, my home and my income.

NAB was fully aware that I had signed & witnessed sale contracts from my tenants of 22 years to purchase their leased properties (identified as 4 & 5 in Property Description). This would have allowed me to keep my Investments, my home, cash in term deposit and my Income.

NAB & Price Waterhouse Coopers refused to allow the sale to proceed.

NAB was complicit in receivers, Price Waterhouse Coopers (PWC) filthy tactics - which I believe is akin to **blackmail**¹ of my tenants - so as to prevent the sale.

Without fear of legal consequence, NAB engineer defaults by various means - which I believe may be considered to be **extortion**².

Contractual As evidenced in NAB Contracts: thus

“The Bank may cancel the facility at any time whether or not you are in breach of this Agreement.”²

Verbal To prevent me paying shortfall Interest on vacant properties (identified as 1, 2 & 3) from my own funds in term deposit, Sydney Credit Manager, Ms Beth Stacker froze \$865,000 in Term Deposit and approximately \$32,000 in my Trading Account.

When I asked “Why I can’t use my own money to meet the temporary shortfall” I was told:

“By using your own funds, you are eroding the Bank’s security”²

Verbal When I appealed to NAB Conflict Resolution Manager, James Stafford to halt and overturn Beth Stacker’s unconscionable decision to foreclose; Ms Stacker’s reason to James Stafford;

“There is evidence of mortgage stress”²

“Mortgage Stress” occurred as a direct result of NAB deliberately preventing me from paying my interest due from my own funds. NAB then charged me 15.90% penalty interest for being in default – a 50% increase on the previous arrangement; following which, NAB appointed Receivers Price Waterhouse Coopers.

In the aftermath of the GFC, I made numerous finance applications which were viewed with disbelief and scepticism. No Lender would consider refinancing my Portfolio with NAB Statements emblazoned with penalty interest, 15.90% and they couldn’t *and didn’t* believe that NAB would resort to such unscrupulous tactics, *and/or* be complicit to acts - which I believe could be considered to be blackmail¹ and extortion² with regard to PWC refusing to allow Signed, Witnessed Contracts to sell properties to my tenants of 22 years which would have prevented the entire destruction of my portfolio, my life’s work.

My total assets, cash savings, cash-flow and overall net position and my ability to service my loans together with sale contracts for the vacant properties, signed and witnessed by the purchaser, ratified the LVR at 52.79%. This clearly should never have resulted in NAB’s refusal to refinance my borrowings.

As an aside before you focus on my case - I even went to see then leader of the opposition - MP Malcolm Turnbull - looking for assistance with regard to NAB’s actions and was dismissed thus, and I quote, “Mr. Turnbull doesn’t deal with those matters anymore.” Certainly, on many occasions, Mr. Turnbull has been made aware that the big four banks were running amok without fear of consequence. Despite his firsthand knowledge he saw no reason to call for a Royal Commission.

Blackmail¹ - *as defined* <https://en.wikipedia.org/wiki/Blackmail>

Essentially, it is coercion involving threats for the purposes of taking the person's money or property

Extortion² - *as defined* - [dictionary.com \(reference.com/browse/extortion\)](http://dictionary.com/reference.com/browse/extortion)

the crime of obtaining money or some other thing of value by the abuse of one's office or authority; “the extortions of usurers.”

PROPERTY PARTICULARS

PROPERTIES 1, 2 & 3 - Corner of Church & Marion Sts. Parramatta.

With a combined Area of 2214 m², the prime location, known as *Auto Alley*, makes these properties equal to the best real estate in Parramatta. They are just 7 mins walk to Parramatta Rail Station, the T-Way Bus Interchange and Westfield; and 5 mins walk to Harris Park Rail and a easy walk to the Ferry.

Following the GFC large tracts of land in the area were vacant and Leasing was restricted by exclusive "Automotive Zoning." Though my properties were vacant, rather than accept unviable demands "for a 10 – 20 year lease" from prospective tenants I elected to leave the properties vacant and wait for Council's release of Parramatta's new DCP & LEP, which according to council planners "was due any day."

Changes to *Zoning* would allow for broader land usage - and a wider pool of tenants - and height increase from 4 to 14 storeys and potentially 'increase the value of the properties by up to \$2,000,000.

Professional valuers, real estate sales professionals and my accountant were unanimous in that I should wait for the rezoning to be gazetted before making a decision to sell or re-lease.

NAB were fully aware that I had -

- Signed Contracts of Sale to purchase the properties for \$3,300,000.
- Offer to purchase by McDonald's Australia for \$3,000,000 or 20 year Lease.
- Offer to purchase by Mitsubishi Parramatta.

Since I had not missed a single payment of interest and had sufficient income and could meet the temporary shortfall of Interest from my own funds - \$865,000.00 in Term Deposit with NAB - I expected that NAB would refinance my loans – at least until such times as the DCP & LEP was gazetted.

Without notice, NAB froze the \$865,000 and froze the funds - \$32,000 - in my Trading Account. Soon after, NAB introduced penalty interest of 15.90% which of course, I couldn't fund.

Though sale contracts and 10% deposit held in Trust by agents, Khoury & Partners, Parramatta; together with additional offers to purchase or lease, my income and Term Deposit, were validated, prospective lenders clearly doubted 'that NAB could / would institute penalty interest of 15.90% and deliberately prevent me from paying my mortgage.

As a result, numerous finance applications were viewed with disbelief and scepticism.

A meeting with Credit Manager Ms Beth Stacker, Relationship Manager, Adrian Wong, and another female from NAB was arranged with my son, (then a London based Executive with Westpac) and myself.

It's worth noting that I complained to the NAB panel valuer from Landmark White Parramatta - Ron Bransdon - who had valued the vacant Parramatta properties for the NAB from the time of acquisition beginning in 1990. He replied, and I quote: "We have been instructed by NAB to drastically cut the values of all properties and were told that if we didn't, we would find we are no longer on the panel of NAB valuers."

I put to NAB managers at the meeting, 'after 46 years of being a loyal customer of NAB and a successful investor, I was aghast that I should be forced into a position of immeasurable hardship and not be able to use my own funds for a temporary period to pay my mortgages.'

The female said (by using my own funds) "you are eroding the Bank's security."²

On that basis, NAB appointed receivers, Price Waterhouse Coopers (PWC)

Their appointment forced me to make a decision to sell properties - 4 & 5.

It was clear to all involved that – the sale of the Granville properties to my tenants - was the key to allowing me to keep the other properties in my portfolio and allow me to remain in my home.

PROPERTIES 4 & 5 - 309-315 Church St Granville.

These properties are 350m south of the vacant Parramatta properties and adjacent to Mitsubishi. Nolstar Pty Ltd have been my tenants of 22 years and agreed to purchase at \$3,300,000.

PWC's First Appointee, Mr. Greg Hall, telephoned me with the news of PWC's appointment as receivers for NAB; he directed me to meet with him at PWC's Sydney office the following day and instructed me to "bring any contracts or leases with regard to my portfolio."

As instructed, I provided the current lease and sale contracts, signed and witnessed by Nolstar, to Mr. Hall and his Assistant Ms Angela Haynes;

I expected Mr. Hall & Ms Haynes to witness my signature so that the sale of properties 4 & 5 may proceed. **With NAB's approval, PWC refused to allow the sale to proceed and resorted to what can only be considered, extortion² and ultimately, blackmail.¹**

Angela Haynes inspected the Granville properties. Under the terms of their lease, the tenants completed regular repairs to workshops at the rear of the property where long term employees of Nolstar prepared and repaired all vehicles for sale from within the workshops.

With no advance warning, PWC issued a notice, banning any entry to, or use of the workshops because "PWC considered the workshops to be unsafe." Further, PWC refused to allow the tenants to undertake any repairs of the workshops which PWC deemed "unsafe."¹

Effectively, this would force the termination of jobs and force closure of the business.

My tenants said: Angela Haynes told them:-

- "the Parramatta properties 1, 2 & 3 were to be sold by tender;" *and*
- "there would be no renewal of the Tenants Lease for properties 4 & 5 at expiry.
- "She was not obliged to sell the Granville property, 4 & 5 to them."
- "She'd had discussions with other major franchise dealers in the immediate area and would most likely be selling to them."

The tenants said 'they were very concerned about losing their *all-important business location* from where they'd built up a good, strong reputation with clients and status as the 'preferred NRMA Dealer' and other entities over many years.

Though it was clear to all involved that – the sale of the properties (4 & 5) to my tenants was the key to allowing me to keep the other properties in my portfolio, **NAB approved PWC's refusal to accept signed witnessed contracts for the sale of properties 4 & 5.**

PWC proceeded to sell the Parramatta properties (1, 2 & 3) by tender.

Following the sale - Mr. Dan Ryan, Company Secretary for Mitsubishi Parramatta told me:

"I felt very sorry for you; I believed I had a firm verbal agreement with the selling agent *that*, Mitsubishi is willing to increase the bid substantially to buy properties 1, 2 & 3.

Mr. Ryan said he was "shocked to learn that the Parramatta properties were 'sold 'to Nolstar'" without any attempt to secure a better price from Mitsubishi.

Nolstar told me that PWC's *refusal* to allow the sale or lease of the Granville properties to them, was akin to blackmail and they had no choice but to submit a tender for the Parramatta properties in the hope that they would remain in Auto Alley - as they would have no business left if they were forced to leave Parramatta.

NAB refused all contact with me and PWC refused to meet with a solicitor who acted briefly for me.

PWC have always refused to disclose any information about anything, in writing.

At the completion of sale of the Parramatta properties, PWC's second appointee, Mr. Ian England arranged to meet me at a coffee shop in Bronte at around 3:30pm where he disclosed to me *that* -

- "PWC met with the NAB at 9am this morning and they - NAB - approved the sale for the Parramatta properties to my tenants in properties 4 & 5.
- This meant that the whole portfolio would have to be sold.
- Ian England said "well it's all over now. There's no point in worrying about it. You'll have to start again."

At nearly 70 years old, my spirit is broken and I am physically, worn out. I am now destitute.

Without discussion or written notice, Price Waterhouse then proceeded to sell my other properties.

PROPERTY 6 - 3 Orwell St. Potts Point.

This property comprises 2 spacious, sunny residential units and a shop occupying the ground floor.

The location is central to Eastern suburbs beaches, major hospitals, universities and private colleges and is extremely sought after. It is an easy 4 minute walk to Kings Cross rail station, major supermarket chains and tenants walked to work in Sydney CBD daily.

Note: This property adjoins 1 Earl St Potts Point; which is owned by my daughter and is not mortgaged with NAB.

The 'fire sale 'of Orwell St has robbed my family of invaluable potential to develop or sell both sites.

PROPERTY 7 – 170 New South Head Rd Edgecliff

This property is a magnificent Art Deco block of 12 x 1 bedroom units with sunrooms and a large penthouse occupying the entire top floor with water views toward Sydney Harbour. It has a private lift into the penthouse and is setback from the traffic noise of New South Head Rd., opposite the Edgecliff Centre and Edgecliff Rail Station.

With NAB's approval, PWC:

- Sold the property for \$5 Million - \$750,000 less than NAB's valuation.
- Allowed the purchaser to open the properties for sale the day following exchange of contracts on 5% deposit.
- Though strata was not complete, the developer told me that 8 of the Units were sold on *this* day following exchange on Contracts
- Tenants related to me the 'sale price' of their units and it would appear they were sold - at extremely cheap prices; ie \$480,000 compared to recent sale of a comparable unit in an adjoining block for \$710,000.
- Allowed the purchaser to continue with the strata application under my company name

Speed was the order of the day.

I notified council that the purchaser was using my company's identity to complete the strata application. Council held up strata approval for approximately 48 hours until NAB approved the strata application to proceed under my company name.

By the time settlement was due - 6 weeks later - the building was strata titled with 85% of the units sold. The developer made known to me, sale prices of individual units and in view of those figures, he made in excess of \$2,000,000 profit.

Property 8 - 19 Bay Parade Malabar. My home.

Eventually, with "losses" cited by PWC, NAB then evicted me & sold my home for \$1,635,000, \$35,000 less than what I paid for it in 2003 – 10 years prior.

The following sales in close proximity reached \$2,030,000, \$2,200,000 and \$2,450,000

The NAB used up the \$865,000 term deposit for penalty interest and now say I owe them approximately "\$120,000 for losses."

Mr. James Stafford, NAB's Conflict resolution Officer offered absolutely no help toward halting the sales of Properties 1-7 or in my appeal to him to prevent the eviction from my home.

I emailed NAB CEO Cameron Clyne – begging him to consider the *facts*. *He didn't! His Secretary referred me to Melissa Glasson, Manager of Board and Executive Feedback. Upon listening to my plea 'to halt the eviction' from my home, scheduled 12 December 2012, Melissa Glasson literally giggled as she said to me, and I quote, "yes it's a terrible time of year to be evicted, I will speak to our solicitors and reschedule the eviction."* She agreed to defer the eviction until 13 March 2013. This was NAB's idea of "goodwill."

Please see attached – my email to NAB CEO Cameron Clyne & Melissa Glasson.

It contravenes NAB's code of conduct and defies belief that:

- NAB deliberately froze my funds and deliberately prevented me from paying shortfall interest for a temporary period from my own funds.
- Applied \$865,000 to meet trumped-up penalty interest and now say I owe them approximately \$120,000 for "losses."

This is after humungous fees charged by Price Waterhouse over 20 months.

As is the case in the sale of all properties, I was not given any information with regard to sale prices of the properties. Angela Haynes told me that “PWC refused to disclose information to third parties.”

I reasoned that “I could hardly be considered a third Party.” Angela Haynes responded:

- “The NAB are the First Party, The Purchaser is the Second Party and you are the Third Party.”

Along with many others who have been annihilated by NAB my health has suffered dramatically. I have developed a relatively rare autoimmune disease – Giant Cell Arteritis - which affects the veins in my head - akin to walking around with a live hand grenade.

How is it possible in Australia that banks can prevent us from using our own funds to pay our mortgage? How is it that banks are allowed to freely profit from the unconscionable abuse of unfair contracts and the little known irrevocable power of attorney? How can all this be condoned by the Australian Government, ASIC, APRA, FOS, the Department of Fair Trading and all other relevant regulatory agencies & authorities?

Aside from the properties being undersold, additional losses amount to nearly \$2,000,000 for stamp duty, legal fees, council rates & water, refurbishment, installations and maintenance & repairs etc.

But most importantly, the investment potential and future Income - my family’s legacy - is lost forever.

After working alongside my husband (deceased) for an average working week of 50 -72 hours for most of our lives - I am destitute. Our hard work and my good health has been stripped and stolen by the criminal, predatory and unconscionable business practices of NAB.

I realise that the terms of reference you have been given are deliberately limited and the duration of your inquiry unreasonably short. You have been discouraged from assisting bank victims in their quest for compensation. Fortunately the climate is now such that you are able to demand more power and more time. I remain hopeful that you will be able to resist the pressures that seek to limit you.

After reviewing the cases that have been submitted I am sure you will understand the need for firm and decisive action.

Over the last few years it has become clear to me that there exists in NAB and the other major banks a toxic culture. The client’s needs and wellbeing are not a consideration in the calculations they make when doing business. It is almost as though the sales culture is designed to strip as much of a customer’s wealth as possible. This is driven by a pay, bonus and commission structure that encourages the worst elements of human behaviour. Bank staff are trained to behave in a predatory manner. It is just a short jump to unconscionable tactics which boost everyone’s pay right to the top – CEOs and Directors. It’s called control fraud and it is damaging our people and country.

Your Royal Commission even at this early stage has proven the culture needs reform. A very important driver would be making the penalties for the crimes greater than the proceeds.

NAB’s victims have a moral, ethical and legal right to full and fair compensation. The criminals involved in engineered defaults must be pursued, suffer claw-backs of ill-gotten assets and be jailed.

Thank you for your time and efforts,

Faye Andrews
Phone: 0468 877 674

Enclosed Attachment below (Pg.8) – my email to NAB CEO Cameron Clyne & Melissa Glasson.

NAB

Attention: Ms Melissa Glasson – Board Member NAB
cc Mr. C Clyne - CEO - NAB

URGENT

Dear Melissa,

After our discussion in December where you told me that ‘nothing would happen until I heard from you’ I believed that you would contact me with the view of hearing my story and see proof why the foreclosure by NAB was unconscionable. You didn’t contact me and now the Eviction from my home is imminent; scheduled for Wednesday 13 March 2013.

I’m sure it’s stating the obvious in saying if it becomes public knowledge that with the Bank as mortgagee in possession, my property will reach a far lower price than if I am allowed time to proceed with a normal sale.

Melissa, I’m shattered with the NAB’s treatment of my life’s work and again I say to you, I should never have been placed in this position; I was not in arrears and should have been allowed to use my own funds to pay my shortfall interest for a relatively short term , October 2011, (4 months.)

I had plenty of income and a Cash term deposit of \$865.000 and could easily have paid my way and benefited from the changes to Council’s DCP & LEP.

NAB’s decision to deny me the right to use my own funds for a relatively short time, breaches the expected code of ethical conduct by Australian Banks.

The reasons given;-

“You are eroding the bank’s security;” *and* “there was evidence of mortgage stress” leaves me speechless; what does that mean exactly since I hadn’t missed a single interest payment and had \$865.000.00 in cash with a stable monthly income?

Most importantly, NAB should have instructed PWC to accept the signed Sale Contracts which I had provided for the other properties and allow me the opportunity to refinance.

To charge default interest and be categorised as a “default debtor” prevented all attempts to refinance.

Instead, PWC sold everything first and refused to allow the signed witnessed Sales Contracts to proceed. Eventually those properties were sold with substantial losses as compared to the Sale Contracts which I provided: Why?

Please give my request *to sell my home without NAB as mortgagee in possession*, your highest consideration.

Yours faithfully

Faye Andrews