

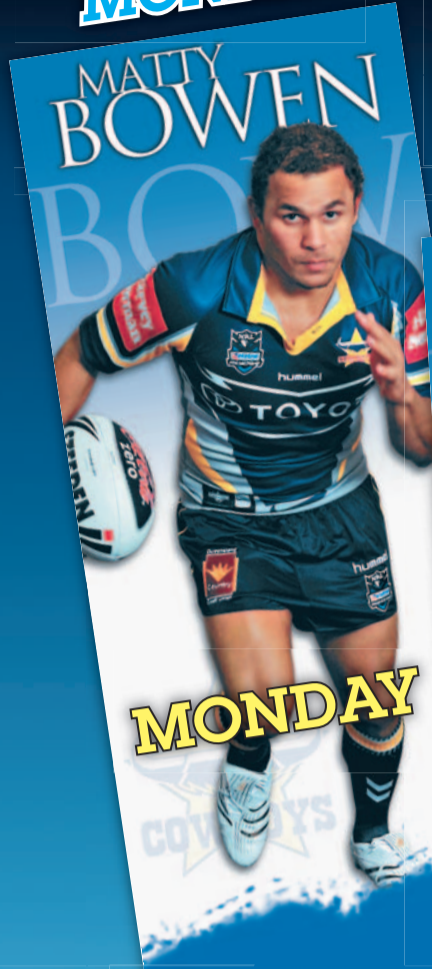
STARTS MONDAY

Townsville Bulletin

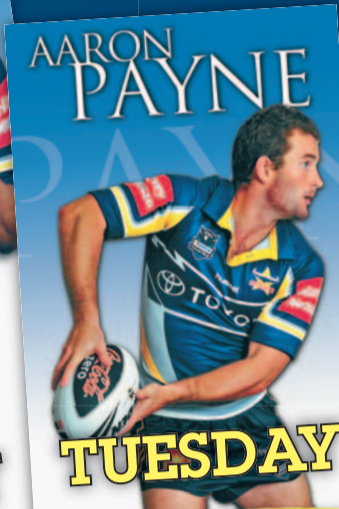
Saturday, February 28, 2009

\$1.80

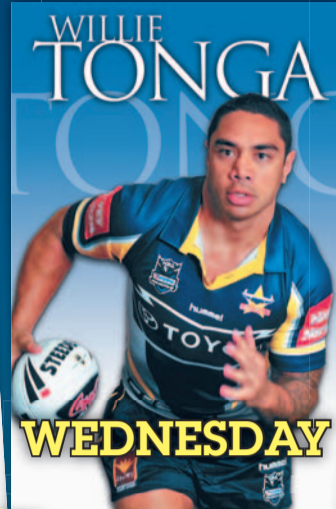
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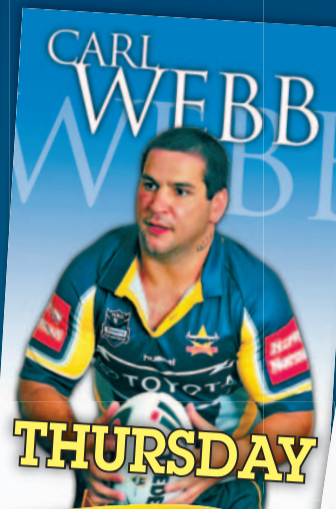
MONDAY



TUESDAY



WEDNESDAY



THURSDAY



FRIDAY

COLLECT THEM ALL!

COWBOYS HERO POSTERS

Salary sacrifice



Banks under scrutiny over Storm Financial wage anomaly

TWO major banks are under investigation by corporate regulators over the way they assessed loan applications for Storm Financial clients.

The Commonwealth Bank and Bank of Queensland are being investigated by the Australian Securities and Investments Commission (ASIC), which has seized records of people's home loan applications.

The probe centres on allegations that the salaries of Storm clients were inflated.

They say they now don't have the income needed to support the loan repayments.

Many of the clients had their investment portfolios wiped out in last year's sharemarket collapse.

The Townsville-based Storm Financial is in receivership and last month sacked 115 staff. Thousands of Storm Financial clients have lost up to a half a billion dollars.

» BUSINESS EDITOR Tony Raggatt reports / page 6



The pollies and their election porkies

Weekend Extra



Storm fallout

Anomalies probed

Regulator investigates claims of inflated incomes on loans

By TONY RAGGATT

CORPORATE regulators are probing anomalies in information provided by the Commonwealth Bank and Bank of Queensland to Storm Financial clients.

The information, records of people's home loan applications, show inflated incomes, according to Storm clients.

However the clients, many of them self-funded retirees whose investment portfolios were wiped out in last year's sharemarket rout, are finding they now don't have the income needed to support the loan repayments.

Having used their homes as security, the Commonwealth and Bank of Queensland, involved in about 90 per cent of the Storm clients' home loans, are now starting to move against them.

Storm clients have provided copies of loan records provided by the Commonwealth and Bank of Queensland to the *Townsville Bulletin*.

In one document provided by Bank of Queensland's North Ward branch, it shows a low documentation 'borrower declaration', which seeks to absolve the need for the bank to verify the borrower's income and assets.

War veteran Stephen Reynolds said his loan records showed his annual income at \$99,996 when in reality he was on a pension of around \$20,000.

He obtained the loan through dealings with Storm Financial and has no idea how his income was stated in bank records as almost \$100,000.

"I had no contact with the bank - the loan was just approved," he said.

Mr Reynolds said he had been interviewed by investigators with the Australian Securities and Investments Commission who had taken copies of his bank records.



STORMY ... Philip Green with his bank loan documents

"They were very, very interested in it," he said.

Part-time administrative officer and florist Elizabeth Corcoran said her bank records, provided by Bank of Queensland's North Ward branch, showed she had an annual income of \$90,000 when it was less than \$15,000.

"There's a big, big discrepancy in my income," she said.

"I've got a letter to the bank asking for information on where they got that from and I'm waiting for that to come back."

However the Commonwealth and Bank of Queensland are yet to release their clients' full in-

formation despite banking code of practice requirements to do so.

Clerk Phil Green, who obtained Commonwealth Bank records on his loan details, said the Aitkenvale branch had been stalling him.

"I got (some details) only because I kept chasing it," he said.

The bank's records purport that he had an annual income of \$93,600, however, Mr Green said it was less than half that amount.

The banks declined to comment on the cases although the Commonwealth did say it was satisfied it had verified Mr

Green's income appropriately.

A Commonwealth spokesman said it was unable to discuss its dealings with Mr Green without his authority, however he added: "The bank has also checked its files for Mr Green and is satisfied that it verified the income appropriately at the time he applied for his loans."

A spokeswoman for Bank of Queensland said: "While we cannot comment on individual customers' circumstances, our view is that we have followed our normal conservative policies and processes when dealing with Bank of Queensland

customers who were also customers of Storm."

The borrower declaration obtained from Bank of Queensland, purported to be signed by Mr Reynolds and witnessed by Storm Financial adviser Harry Notaras, states in part: "I have requested Bank of Queensland Limited ... not to require production of any documentary evidence to verify my income and assets."

Asked if he was concerned about bank record anomalies, Bank of Queensland North Ward owner manager Declan Carnes said: "Not really."

Mr Notaras declined to comment while Storm

founder Emmanuel Cassimatis, who stated on ABC radio earlier this month that he 'firmly believed' no adviser had inflated people's incomes, urged the *Townsville Bulletin* to obtain the bank documents on which they relied for their loan application records.

A former senior Commonwealth Bank employee, who is helping Storm clients and who did not want to be identified, urged Storm clients to complain to the Financial Ombudsman Service.

"If a pattern starts to be developed, then they can't ignore it," the source said.

ROAD CLOSURES >>



TEMPORARY CHANGES TO TRAFFIC CONDITIONS



CLARKE STREET, GARBUTT >>

MONDAY, 2 MARCH - FRIDAY, 6 MARCH

The intersection at Clarke St and Peel St will be closed for five days to allow for drainage improvements.



PEEL STREET, GARBUTT >>

TO WEDNESDAY, 4 MARCH

Peel St between Chandler St and Deerness St will be closed until Wednesday (between 6am and 6pm) for kerb and channel replacement.

For any queries, please call 4727 9000.

TOWNSVILLE CITY COUNCIL

Police to trial a new car registration device

DRIVERS trying to save money by ignoring car registration laws will find it hard to hide in Townsville.

A new number plate detection device will be trialled in the city this year, in a bid to stamp out drivers flouting registration fees.

A total of 382 drivers were fined for registration infringements in the Townsville area in just 10 months, until October last year.

In 2007, 408 unregistered vehicles were detected on Townsville roads.

Townsville traffic branch officer-in-charge Senior Sergeant Tony Goddard said driving an unregistered vehicle could have serious implications if drivers were involved in a road crash.

Sen-Sgt Goddard said the automatic number plate recognition system would be mounted in patrol cars, allowing police easy access to the car's registration status and driver's details.

He said the system would make it easier for police to run checks, without having to trail cars and manually check details with the current system.

Sen-Sgt Goddard said unregistered drivers were a problem throughout Queensland.

Swan warns bosses he'll cap their salaries

SOARING executive salaries have reached 'sickening' levels and may be capped, Treasurer Wayne Swan warned yesterday.

"I think Australians want to see a fair system for all and I think they are rightly sickened when they see some executives walk away with large payments and many workers walk away with virtually nothing," he said.

Mr Swan's comments came after Pacific Brands announced it was axing 1800 jobs, even though the executive received pay rises.

Chief executive Sue Morphet was paid \$1.86 million last year. Her predecessor, Peter Moore, received a \$3.4 million retirement payment that took his total package for 2008 to \$5.8 million.

The 13 executives of 2008 received \$15.4 million between them, including Mr Moore's payout.

"The Government is looking at all options, but there is a very important role here for shareholders in particular under our corporate law," Mr Swan said.

"I think the workers are right to be absolutely furious with their management and certainly their management has got a lot of explaining to do. To see that a privileged few are doing so well at a time when thousands of workers are being retrenched is frankly sickening."