

## **AM with Tony Eastley**

Monday to Saturday from 8:00 am on ABC Local Radio and 7:10 am on Radio National.

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# Banksia class action lawyers claim company accounts were wrong

Kirsten Veness reported this story on Tuesday, March 5, 2013 08:18:00

**TIM PALMER:** Lawyers running a class action for investors owed money by the collapsed finance company Banksia Securities claim the company's accounts were wrong.

Banksia collapsed in October last year owing investors \$660 million.

Up to 16,000 investors, many of them retirees from rural Victoria, began their class action last December hoping to get some of the money back.

As Kirsten Veness reports, lawyers told a meeting in Warrnambool in south-west Victoria that Banksia Securities didn't put enough money aside for bad debts.

**KIRSTEN VENESS:** Eleonor Symmonds is 59 years old and on a pension. With her husband she'd invested \$62,000 with Banksia Securities. But when the company collapsed last year, she thought she'd lost everything.

**ELEONOR SYMMONDS:** It was just, well totally devastating.

I mean, I couldn't stop thinking about it. I dreamt about it, I thought about it during the day. It wouldn't let me sleep. Every time I woke up I'd think about it.

It just took over my whole life to the point where I ended up in a psychiatric hospital.

**KIRSTEN VENESS:** She's been feeling a bit better after meeting lawyers at a meeting in Warrnambool yesterday.

Norman O'Bryan SC, the barrister running the class action, says receivers have already indicated investors will get about back about half the money they invested.

But he's hoping to recover more.

**NORMAN O'BRYAN:** You know, we're not going to unfortunately get them back, I don't think, to 100 cents in the dollar. But you know, even if we could win them another five or 10 or more cents in the dollar, that's a significant you know chunk of money that they would otherwise not receive.

**KIRSTEN VENESS:** Norman O'Bryan SC says the investors have a strong case. He says according to Banksia's most recent audit in June last year, the company only had the provision for bad or doubtful debts of less than \$7 million.

But he says this doesn't add up with the receiver's report, which shows that just two months later loans in default totalled about \$170 million.

**NORMAN O'BRYAN:** And ask yourself the question - How on earth could a provision for bad or doubtful debts go from less than \$7 million to \$170 or more in two months?

The answer is, it could not. The reality is of course that these loans were going bad - as all loans do over a period of time - and they should have been recognised as going bad much earlier and something done about it.

**KIRSTEN VENESS:** He says there's no evidence that anyone deliberately misled anyone else. But he says there's no question the accounts were wrong and inadequate.

**NORMAN O'BRYAN:** So people reading them would not have been able to be put in a position to understand the true position of Banksia.

**KIRSTEN VENESS:** A directions hearing for the class action is being held in the Victorian Supreme Court in two weeks, and while investors like Eleonor Symmonds are hopeful, they know the process will take a long time.

**ELEONOR SYMMONDS:** It could take two, three or more years and there are very elderly people there who have said to me 'Oh, we'll probably be dead by the time we get everything we can get back'.

**TIM PALMER:** Eleonor Symmonds, an investor with Banksia Securities, ending Kirsten Veness's report.

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