

Mortgage brokers to disclose benefits

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The Mortgage Industry Association of Australia (MIAA) will soon require mortgage brokers to disclose non-monetary benefits to consumers.

Under the MIAA's Code of Alternative Forms of Remuneration, gifts such as tickets to sporting events, holiday travel and entertainment will have to be disclosed.

"Consumers that receive recommendations when shopping for a loan have a right to know of any remuneration they believe may influence a broker", MIAA Chief Executive Phil Naylor said.

The new code came after nine months of discussion and development and members will have two months to start implementing the code.

Loan writers will be required to put in writing all alternative forms of remuneration over \$300 in value that can be reasonably expected to influence a loan recommendation.

Members could risk expulsion from the MIAA if there was a complaint about non-disclosure and there was no monetary loss by the consumer.

Breaches would be referred to the Credit Ombudsman, who would decide on damages in cases where there was a failure to make a disclosure and a consumer lost money, the MIAA said in a statement.

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The MIAA provides service and representation to more than 8,000 mortgage broker, managers and lenders in Australia.

Police crack real estate fraud

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Nine Sydney real estate agents and mortgage brokers were charged over an elaborate money laundering scheme used to fund a \$15 million property empire. Eight men and one woman, all based in south-west Sydney, were arrested and charged with a string of fraud and money laundering offences related to a real estate conspiracy.

Another man was expected to be charged on Tuesday night.

The arrests came after Task Force Gain officers raided 30 homes and businesses in July, seizing hundreds of documents allegedly relating to a large-scale scam by a group of business people.

Police allege the group bought property cheaply and resold it at grossly inflated prices to criminal associates, who used false identification to deceive banks into issuing loans.

The group then allegedly used the borrowed money to buy up more low-value properties and repeat the process, thus growing a real estate empire.

As the loans were given to fictitious people, one of the banks only became aware of the fraud when it foreclosed on a loan.

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The scheme was allegedly masterminded by a 34-year-old Chester Hill man, who it is claimed defrauded several banks and financial institutions of more than \$3.5 million.

The proceeds were then allegedly used to build a \$15 million real estate empire.

Task Force Gain commander Detective Chief Superintendent Bob Inkster said the ring concentrated on cheap properties in Sydney's south-west and eastern suburbs, including Potts Point.

"They would buy the properties legitimately at the low end of the market for around \$160,000 and then, using a grossly exaggerated value, they would sell them to criminal associates who used false identification to get home loans," Supt Inkster told AAP.

"The scam was noticed when the persons have defaulted on their monthly repayments."

He said three affected banks, ANZ, the Commonwealth Bank and the National Australia Bank, had launched civil litigation in a bid to get their money back. The NSW Crime Commission had frozen some of the assets, a police spokeswoman said.

"The banks are the victims at first blush but the community eventually becomes victims from crimes like this," Supt Inkster said.

The year-long operation was a separate charter of the Task Force Gain operation primarily formed to investigate violent crime in south-western Sydney.

"From the outset of this investigation, I indicated that Gain officers would attack and dismantle the underlying causes of the violent crime in Sydney's south-west," Supt Inkster said.

A 34-year-old Chester Hill man has been charged with 10 counts of fraud and seven of money laundering, while a 33-year-old man and a 29-year-old woman, both from Castle Hill, have each been charged with four counts of conspiracy and one of money laundering.

A 21-year-old Guildford man, a 35-year-old Revesby man, a 29-year-old Sefton man, a 34-year-old Bankstown man, a 45-year-old Granville man and 36-year-old Fairfield man have been charged with conspiracy to defraud.

A 32-year-old Granville man was assisting police with inquiries and was expected to be charged with conspiracy later on Tuesday.

The group was given bail and will appear at Parramatta Local Court on November 3.