Dr Evan Jones - Rally Speech

Transcript of Speech - Dr Evan Jones

Bank Reform Now, Rally, Parliament House Lawns Canberra - Monday 21 November 2016

Thank you for inviting me, I have been hearing bank victim stories since 2000 – that's 16 years, I am in the rare position to understand both the character of bank malpractice and its scale. Its scale is of course enormous. But what I have to say now would be known to all victims here.

We can be thankful to the Fairfax press for covering a succession of scams – Storm financial, Commonwealth Financial Planning, CommInsure. These are all CBA.

However the reporting has been uneven. Only occasionally is there reference to the farming situation and not at all to small business in general. So the general public has no idea of the scale of the problem and the corruption that exists for small business and the family farmer.

It makes it easier for the banks to claim that the odd staff member is not playing by the rules – these are the 'rotten apples.' They claim that we're fixing it up, and it's full steam ahead.

But, as everybody here knows, the corruption is systematic. **Corruption is an integral dimension of the banking sector's modus operandi.** The tragedy is that all banks are corrupt. Note the signs created by the Bank of Queensland victim here. No single bank has taken the opportunity to stand up and compete on competence and integrity. I actually put it to the NAB CEO, Cameron Clyne, on precisely those terms. Hand out a billion or so in compensation, set up an office of integrity and you would be home and hosed in terms of customer support and market share. But Clyne replied by a flunkey, at 'the office of the customer advocate,' who claimed that everything was in perfect working order.

There is a toxic culture in the banks and it's complex. It's not just about the bottom line. As you all know, assets are consistently sold under value – often to insider mates. So there is something other than the bottom line going on here. It's a matter of the exercise of power which they have abused for its own sake. There is an entrenched sadism within banking culture.

Ironically I think that it's not the CEOs who are running this show – there is an endless turnover of CEOs. Rather, there is a deep state in every bank that is running this crap apparatus. They are well hidden. We don't know who they are, we get the occasional name. Certainly in the CBA, David Cohen, Chief Counsel, is evidently the man in charge of a criminal enterprise. He is running the show and is prominent. In the NAB, those running the show are well hidden.

Let me also highlight that we are not talking a nickel and dime industry here. The banking sector fuels the entire economy but it also drains it. I looked up figures for finance sector profits. **As a percentage of total corporate income, financial sector profits went from 5% in 1981, the year that financial deregulation began, to 23% just recently – almost a quarter of all corporate profits. The banks have become a parasite on the entire economy.**

It's not just 'rotten apples' but the rotten barrel itself. Malpractice is comprehensive – an integral part of the banking story. There is no exception, they're all at it. The second tier has seen what the Big Four have got away with, and do the same. Thus the BoQ story here.

But the big 2 of corruption are the NAB and CBA. The NAB have been the most consistent bastards against small business and farmers since the mid 1980's and of course they have the largest market share of small business and farmers.

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The CBA in the last few years have been trying desperately to overtake NAB at the top of the corruption stakes, and they have done absolutely brilliantly. So the NAB and CBA are vying for the top spot up there in corruption.



It's not just the corruption of the banking sector. The banking sector pays the salary of a lot of other sectors. **The legal profession (quote unquote) – entirely corrupt. Decent lawyers never go near the banking sector, so it's open to predators and the parasites. The insolvency and receiver sector – corrupt. The valuer sector – corrupt. Parts of the real estate sector – corrupt. The bankruptcy trustees sector – corrupt.**

Then there's the judiciary. Here is a key part of the problem. You can count on the fingers of one hand the number of bank victim victories in court in the last 30 years.

Part of the problem is the law itself which is innately antagonistic towards the victim. But you also have a prejudicial class who are lazy, ignorant and at worst complicit. **Many judgements which you can access on the website Austlii are so bizarre, that the judge has to be either thick as two bricks or on the take or both.**

It's time to list the judges who have decided for the bank in order to expose these people.

As part of the corrupt apparatus, there are the regulators – ASIC, APRA, the Reserve Bank. ASIC in particular is corrupt. ASIC personnel write letters saying that 'we have examined closely your case [they haven't] but we have decided not to pursue the matter'. They say 'take it to the court yourself'. Many of you will have such letters in your in trays as well.

ASIC was given mandatory legislative power to pursue unconscionable conduct in 2001. It has not taken a single case against the banks, not taken a single case.

At the Impairment of Customer Loans Inquiry hearings on 23 November 2015 it told the parliamentarians, 'we don't have the guts, courage or confidence to do so.' There is no point in giving ASIC more money. The problem in ASIC is cultural; add corruption as well.

And finally there is the Financial Ombudsman. **FOS is also corrupt. Incompetent at best, corrupt at worst. This one is totally under the radar, with not a single reference to FOS corruption in the press. But many of you have felt the experience of trying to get justice through FOS.**

The police as well. If you have a case of fraud, the police are where you are supposed to go. But they generally don't have the competence for lack of the existence of special units. If a police unit starts an investigation, it may get closed down from the top. And often the police will come out to support the bank itself as some of you have seen.

When the victim is faced with this complex apparatus – they've been through the regulator, they've been told to bugger off and this is how the system works. Absolutely nobody cares. The banks and the pollies, and the pollies say ‘we’ve got all this regulatory apparatus, it’s a robust system, and we have just got to tweak it on the margin,’ as Malcolm Turnbull has said. But as we know, they are all front organisations, a façade. There's nothing behind them. But those in authority are happy to continue the charade.

Next cab off the rank, Members of Parliament. Some are complicit, like Arthur Sinodinos. Others get bought off by revolving door-ism. In general we could call it a culture of acquiescence. Many MPs, no matter how well intentioned, face the problem of a strong culture of Party discipline. Lateral thinking is not well rewarded. If you think laterally you’re put on the margin and cut out of the goodies, or in influencing your Party members.

In particular any MP with a modicum of lateral thinking would question the comprehensive financial deregulation from 1981 onwards. Why has nobody re-examined that, because comprehensive financial deregulation provided the ground work for the bank corruption that which we now enjoy today. The Tony Rigg story has demonstrated that.

From the mid 1980s it takes off. The NAB and CBA corruption takes off from there. The scandal is that the CBA is at that stage still publicly owned. It was still the ‘People’s Bank’ and it is appropriate that we sitting here right now in front of the memorial to King O’Malley who was instrumental in getting up the People’s Bank in 1912. A hundred years down the track it’s a disgrace, a disaster, and one of the great institutional political scandals in the last 100 years.

Members of Parliament who have sat on parliamentary committees, they have seen the whites of their eyes, they have had senior bank leaders lie to them. There is a lot of huffing and puffing, but ultimately the reports are blah, bland, and recommending a little bit of tweaking at the margins. And then nothing happens.

One thing we have to face is that every Member of Parliament and every judge has a banking relationship. What influence does this have on their behaviour? Even if it’s tacit, implicit, rather than conscious, self-interest may inhibit MPs and judges from pursuing bank corruption.

At least Members of Parliament have a registry where they have to list all their assets. Judges have no such registry. Nobody knows what kind of assets or banking relationships judges have. Are they receiving privileges from the bank lenders? Occasional evidence would lead one to think so. Before they come to the bench, many judges acted for banks as counsel and then they sit on the bench and preside over bank litigation and decide for the bank which they acted for on the way up to the bench. Paul de Jersey, previously Chief Justice of the Supreme Court of Queensland, now Governor of Queensland, is representative of this process.

We need a judicial registry of judge’s financial interests, and we need it quick smart. And we need not merely the nature of the mortgage, we need the terms, the rates of interest which they are receiving. The shares held in banks, and so on.

Now let’s get down to some fine details. What is the nature of the relationship between bank lender and bank borrower, especially with respect to small business, the family farmer and the small

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property investor.

This is probably the most asymmetric of all commercial relationships, because the bank has absolute power of life and death once you sign the contract, given the scale of the debt. The common law says that the bank and the small business borrower are equal under the law, which is absurd.

The nature of the banking relationship itself is under the radar and needs its own investigation.

Within that what is the nature of the loan facilities that the bank dictates to a small business, farmer borrower?

You have no control over that. They are typically short to medium term whereas you want medium to long term because of the nature of you business. There is the bank overdraft which is very short term – that's how these trading banks first developed. The new flavour of the month is the bill facility, which most small business borrowers don't understand. I don't understand it and I'm not a fool.

These facilities effectively are not fit for purpose. In effect not merely do we know about the low doc loans, the forged signatures, etc, but every loan made to a small business, or family farmer in effect has a predatory character because of the overwhelming imbalance of power written into that contract.

All the special conditions, for example, the overdraft that every business needs can be recalled at any moment. **Compare the NAB overdraft contract. This is innately unconscionable.**

Add the suspension clause in the contract (all debt must be repaid before a counter-claim by the borrower against bank malpractice can be pursued), the penalty interest rates in the contract – all innately unconscionable.

Every such contract is innately predatory from the start, and the bank knows that.

I'm still getting emails from bank victims every second week. It has become clear that there is a new subcategory, that women are significant victims. Ex husbands and partners, in conjunction with corrupt loan officers, take their partners to the cleaners. This is heart breaking loss, because a combination of financial loss and emotional loss, from this man you once trusted and they have made a coalition against you and they are out to devastate you. And this kind of practice receives no publicity.

So to finish up. We have this amazing disparity between the public relations activity – small business, family farmer, small property investor are the backbone of the nation. They are the entrepreneurs who generate all this activity. We love you, etc etc. In the small business sections of the financial press, it’s all a good news story, blah blah blah. It’s all bullshit.

The harsh realities – as you know you have devoted your life in building up a business. The banks then default you, its sends in the receivers, it forecloses you, it takes your family home first, takes all your assets, as a consequence you’re living in a caravan or shed in your child's yard, and living on a pension if you’re lucky. You only have one lifetime. How many times can you pick yourself up?

And who cares in authority? Nobody cares, and that's the environment in which Bank Reform Now was created. Thanks to Peter Brandson and others, and I wish everybody the best.

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