NAB - Still Harming Customers

Summary:
Dr Evan Jones reports on NAB's way of doing business. Why isn't this information on the front pages of our newspapers? Why are our politicians not acting in the people's interests?

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The NAB's Ongoing Corruption

In January 2013 I wrote an article on the NAB foreclosure of the Priestleys' farms, near Walgett NSW ('Business as usual at the NAB and grab.'). The article began with: 'The National Australia Bank is a corrupt organisation. It also runs a bank on the side.'

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Truer words were never spoken. In the several weeks around late September and early October I received emails from three NAB victims of which I was previously unaware, one per week. One is from Brisbane, one from New South Wales, and one from Victoria. Two of these cases have been running for years.

Variations on a theme, but in common has been an attempt by the bank to grab assets from the victims unconscionably or fraudulently.

I've been receiving tales of woe from NAB victims for a dozen years. My collaborator John Salmon has been hearing such tales since the late 1980s, soon after he retired from the NAB. Together we have noted and variously documented 25 years of NAB corruption against small business and family farmer borrowers.

> The NAB is addicted to such corruption. CEOs come and go and nothing changes.

It took off under Nobby Clark and continued apace under Don Argus, Frank Cicutto, John Stewart and the current CEO Cameron Clyne. Ditto for successive Board Chairmen. The continuity indicates that the culture is entrenched, and no succeeding CEO or Board Chairman is prepared to touch it.

Cameron Clyne is well aware of it. NAB victims regularly communicate with Clyne on their plight, only to have some functionary close down the communication. Note that on each such occasion the bank is in breach of its obligations in handling of complaints under the Code of Banking Practice to which it formally subscribes. But given that the Code is effectively unenforceable and is merely a PR exercise to head off meaningful regulation, the NAB feels no inclination to change its practices.

> Consider the implications. The NAB is a corrupt organisation. Clyne knowingly presides over a corruption organization.

Ergo .....

I wrote to Clyne in July 2010. I mentioned six contemporary victim cases and also highlighted **two gold standard NAB victim cases (Somerset/Kabwand and Troiani/Wide Bay Bricks)**, the victims never having achieved justice nor compensation in these latter cases.

In blanket advertising in early 2010 the NAB described itself as having '... the best reputation in business banking.' This was an inaccurate claim, of course but it appears that the NAB is happy to suffer self-delusion on the strength of its own massive expenditure on advertising and public relations.

My response to Clyne was that: "Alongside an admirable [retail] banking practice [hm, somewhat overly generous], the bank is running what is essentially a racket on the side. Given that the practices have been in place for over twenty years, the commitment to the racket appears unrepentant."

Of significance, I offered Clyne a strategic win-win solution to his ethical dilemma.

"From a detached outsider's perspective, the arrival of a new broom at the top of a large corporation would appear to bring the mandate, indeed imperative, to clean out the cobwebs. The fact of the new broom at the NAB is precisely because of persistent debacles in the past.

The bank has accumulated a considerable mass of small business/farmer casualties whose economic

livelihoods have been destroyed, who are hurting, and who are deeply bitter. The parlous status of these people is, in many cases, of the bank's doing.

In my view there is a good argument for a strategic reorientation of reconciliation towards these people. Compensation is in order. What is several hundred million dollars (perhaps even a billion) if the bank were to clean the slate and build a new reputation on competence and rectitude? The bank would be home clear indefinitely for dominance in the SME/family farmer market.

Whatever the immediate cost, there are ready savings and significant long term profits to be had. The savings? If the bank had not recently rushed insensibly into CDOs during the recent boom, with the ensuing substantial write-downs, it would already be ahead of the game.

As to expendable ongoing expenses, the bank spends a motza on public relations; it has pursued a public omnipresence and it has succeeded. But is the product saleable? A reputation built on substance rather than chutzpah would reduce the annual public relations budget dramatically."

And this brilliant advice for nothing! Alas, Clyne responded through a frontline flunkey ('Office of the Consumer Advocate'), that I was sorely misinformed about bank-customer relations and that it would be business as usual. And it most certainly was. Thus do the emails from NAB victims continue into my inbox to this day.

But why do bank victims continue to contact me, a retired nobody? For a start, there is nobody at home at the NAB. The shutters are in place. The Code of Banking Practice is a smokescreen, designed to be of no use whatsoever to SME/farmer victims, as the Priestleys have found to their great cost. More, the NAB's Advisory Council on Corporate Responsibility appears to be a phantom entity. It is co-chaired by Tim Costello, CEO of World Vision Australia and thus reputed bleeding heart. I wrote to Costello in July and again in October 2011. (I also wrote to his brother Peter, then federal Treasurer, of course to no avail, receiving only a bullshit response from Treasury bureaucrats.)

I reminded the bleeding heart Costello in October that a couple who been the subject of a NAB sting operation had contacted him as long ago as 2002 to discuss their plight, with no result. I generalised:

"The NAB has proved that nothing is beyond it. … As I previously noted, the NAB's corrupt practices spread out to those associated with its dealings. Receivers, valuers, real estate agents, all in it. Myriad law firms perennially sell their integrity to the devil for a quid from the NAB …The judiciary itself is complicit. … The NAB is not merely incompetent, not merely corrupt but a willing participant in criminal activity.

Frankly, I'm disgusted at your de facto willingness to let the NAB use your good name for their unrepentant corruption."

There was no response.

Bank victims also contract me because they know that their Parliamentary representatives won't go near this issue and that the two most relevant entities to regulate and mediate bank malpractice – the Australian Securities and Investments Commission and the Financial Ombudsman Service – are, respectively, criminally missing in action and criminally complicit. But that's another story.

One is not optimistic that the current inquiry into ASIC will yield desirable results. My submission to that Inquiry has been held up for deeper consideration on meaningless grounds, but also because of "… the nature of some of the claims made in the submission regarding fraud and malpractice". What? Has the existence of fraud and malpractice in the banking sector been excluded a priori from the Inquiry? Is this going to be another Three Wise Monkeys Inquiry and Report? This is the same Senate Economics Committee (save for Senator Xenophon who was inexcusably absent) that brought down a breath-takingly gutless report on the Post-GFC Banking Inquiry in November 2012 – this in the face of CBA/BankWest victims laying out in detail the blood and guts of their experience in front of the worthy Senators.

From the scattered evidence (save for the devastating 2004 APRA report into the NAB's dysfunctional culture that facilitated the 2003 trading desk scandal), the NAB continues to reproduce a less than functional culture. This in spite of a mountainous public relations machine.

New recruits are hired, given inadequate training, and instructed to flog products whose character they don't understand. Some good staff are harassed and forced out. Agribusiness manager Khan Horne appears to spend his entire time engaged in PR stunts, especially buying off farmer organisations, so that the latter are nowhere to be found when distressed farmer victims are looking for assistance. Etc.

The company apparently now hires ex-members of the police force, to be placed particularly in the Risk Management section. What they actually do is a mystery. It is not entirely improbable that the NAB is operating a retirement package which has implicit in it that, as a serving police officer, one doesn't look too closely at banking operations and monetary transactions. **There is the nasty case in which Patricia Thirup and her husband, outer Sydney property owners, were the victims of a scam mortgage and money laundering operation, facilitated by a then NAB operative called 'Gary Chan'.** Police were investigating the scam for some time, with no help from the NAB, but peculiarly seem to have dropped the investigation.

One needs a NAB whistleblower, who has seen some of the workings from the inside.

On 11 October, NAB CEO Clyne was reported on a speech that he made on the previous day. Clyne reasonably claimed that it was silly for senior businessmen to provide a running commentary on the economy and on government activity. But Clyne knows well the PR importance of bank CEOs appearing regularly in the media, one side of a mainstream media clubby arrangement to fill important column inches with meaningless blather.

However on the 10th, Clyne did express support for the Abbott Government's mooted inquiry in the financial sector in general, as have other establishment figures. Said Clyne "A lot has changed [since the 1996 Wallis Inquiry]. I think it will be a good opportunity to drive long-term reform." Blah.

Actually, Wallis resulted in some dodgy moves, like splitting off what became the Australian Prudential Regulatory Authority from the Reserve Bank, and handing over the investigation of bank unconscionable conduct to ASIC. Long-term reform might desirably not only overturn some Wallis outcomes but confront the disasters that have followed from wholesale post-Campbell Report financial deregulation. It won't happen.

At the same time, the Abbott Government is threatening an investigation into corruption in the Trade Union movement, using the Health Services Union scandal as a lever.

Bank victims don't want another financial sector inquiry; they want a Royal Commission into finance sector corruption. They want senior bank managers themselves in the dock.

But it won't happen. And NAB malpractice against its small business and family farmer customers will continue into the indefinite future. And none of it will be reported in the mainstream media.

Websites For More Information: Business As Usual At The NAB And Grab
http://www.bankvictims.com.au/dr-evan-jones/item/10826-business-as-usual-at-the-nab-and-grab

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