Bank skulduggery via Securitization Explained

Summary:
A very special guest editorial from three titians in the battle for bank reform. Why didn't the Royal Commission into Banking address the serious issues of securitization and its high risks when this was raised in many submissions? Why do our Courts fail us so miserably with ridiculously unjust decisions when a Bank is involved? Why do governments allow these deceptive bank business practices? This article explains how the banks take advantage of their customers.

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YOU - BANKS - COURTS - AUSTRALIAN GOVERNMENT

The Deceitful Secret - revealed *by Leon Ashby, Rita Mazalevskis and Lewis Tomcsanyi*

1. The Bank

a. You, the Borrower, go to a Bank, the Lender for a loan where you sign an Agreement and a Mortgage in favour of the Bank.

b. The Mortgage is registered on behalf of the Bank at your title's office against your title, while the Bank keeps possession of your Agreement, also referred to as the Letter of Offer and/or Contract.

c. The Bank will not in most cases register a Principle Sum or staple the Charge (the Agreement) to the registered Mortgage. The reason for this is, if the Principle Sum was recorded in the registered Mortgage, any monies from on-selling or assignments would then have to satisfy the recorded debt in the Mortgage. This is not what the Banks want. The Bank wants to on-sell or assign your loan and keep the money for themselves for their own greed and profits, whilst keeping you in the belief that you are fully encumbered through the registered Mortgage.

d. Without a Principle Sum or a Charge stapled to the Mortgage, the Bank has failed in any legal standing to default the Borrower. The best example of this is Case Precedents:

- Perpetual Trustees Victoria LTD v Tsai 2004 NSWSC 745 : (para 21 states)
  'It is clear that if no monies are lent under a mortgage, then the mortgage is just completely void…'
- Printy v Provident Capital Limited & Anor [2007] NSWSC 287 : (para 28 no.21 states)
  '…Registrar General, so eloquently put it, there may be a registered mortgage, but it may be a registered
  mortgage which secures nothing.'

2. Assigns

a. Under an Assignment, you (the Borrower) keep performing your obligation under the contract, but give some rights to a third party.

b. The Bank assigns your loan to a Trust (also known as the SPV – Special Purpose Vehicle). Once this has been done, any further right to assign has been used (spent). It should be noted the Trust pays for this assignment – it's not free.

c. The Trust then bundles your loan with others and turns the bundle into a Bond, where the Reserve Bank issues the Bond and the Australian Government Guarantee, guarantees it.

d. After turning your loan into a Bond, the Trust will engage the services of a Bond Broker to sell the Bond to investors.

3. The Bonds

a. Because the Bond is derived from a Mortgage Backed Security, only the whole registered Mortgage can be turned in to a Bond.

b. Climate Bonds, also known as Green Bonds, could also be created by the Trust. This would allow a party, other than the Borrower to claim Carbon Credits on these Bonds – this is known as Carbon Trading.

c. You will have NO knowledge that you have been Carbon Traded.

d. The new Bond investor will receive enormous profits by way of Carbon Trading through these Climate Bonds that should belong to the Borrower.

4. The Bond Investor

a. This sale is via Novation, which means 'the transfer of rights and obligations to a third party'.

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Novation requires a new agreement between the new third party and the Borrower, because the agreement is discharged with the outgoing party.

b. Once the Bond is created, the title of Mortgagor and Mortgagee is extinguished, and with no new agreement in place. The Bond investor has no legal standing against the Borrower.

c. Novation can only occur truthfully (morally and legally) if the people whose rights are transferred give full consent. At this point someone who has signed a Mortgage with their Bank should have been asked by the Bank/Bond dealer/lawyer to give their consent in writing before Novation is proceeded with.

5. The Australian Government Guarantee

a. Through the Government Guarantee our Reserve Bank makes all the payments on all the Bonds that our Banks create. One could only presume our Reserve Bank would have an arrangement in place to recover its money from the Banks.

b. Our Reserve Bank has a “Repo Scheme” for defaulted loans where the Reserve Bank buys back defaulted Bonds that the Trust created, so the Bond investor does not lose any money.

c. How is it possible for our Australian Government to guarantee these Bonds when the Bonds have no legal standing? They have become illegal Bonds with no Principle Sum through a deception of non-consented Novation.

6. Questions

a. Why are the Banks allowed to get away with all their illegal wrong-doings against us without consequence?
b. Why do our Courts fail us so miserably with ridiculously unjust decisions when a Bank is involved?
c. Why is our Government allowing this behaviour by the Banks and the Courts of all their wrong-doing without
consequence?
d. Why didn’t the Royal Commission into Banking address the serious issues of securitization and its high risks
when this was raised in many submissions?

7. Answers

a. There exists a conflict of interest:

(i) when a Bank, by secrecy and deception has assigned your loan to,
(ii) a Trust, who turns it into a Bond, who then hands it to,
(iii) a broker, who sells it to,
(iv) an investor, where,
(v) the Reserve Bank makes the payments, which,
(vi) the Government Guarantees!

b. Everything above in 7.a. is done without the Borrower’s knowledge.
At Bank Annual General Meetings, the Chairman and Board state to their shareholders and the public how efficient, honest, fair and transparent they are towards their customers. This is reported in their Annual Report and endorsed by the Banks Auditors.

c. Kevin Rudd P.M., during the Global Financial Crisis, purposely mislead the Australian public by

using the word ‘deposits’ instead of ‘investments’ in reference to The Australian Government Guarantee on Deposits. We presumed it meant our Government was guaranteeing our deposits (the Mums and Dads of Australia) in the Bank in case the Banks failed – we were wrong!

d. The sole purpose of the Australian Government Guarantee was/is to protect the Bond investor from losing their money.

e. The Borrower has been misled because they thought they had a Mortgage arrangement with the Bank. However, their rights were assigned by the Bank to a Trust via Novation so the Banks had a way to on sell the Borrowers debt.

f. The Royal Commission was strategically kept away from securitization issues as it could expose the Government, Banks and lawyers.

8. The Frauds

a. This happens when our Banks know they have no monetary interest in the registered Mortgage (no Principle Sum and no Charge attached) and are aware your loan has been on-sold via Novation, yet the Bank fraudulently pursues you on the pretence of still being the Mortgagee.

b. Our Courts accommodate this fraudulent behaviour. The obligation is not on the Borrower to prove the right of possession to property he or she holds title to. The obligation lies with the Bank to prove the Borrower is in default and that they have a right to possession. This is impossible due to the reasons given in para. 1-c & 1-d (no Principle Sum in Mortgage) and para. 4-a, b & c (no Agreement between the Borrower and a new third party).

c. What Points of Law are our corrupt judges and Courts using to dispossess the Borrower in favour of the Banks?

d. The Attorney General decides what is in the best interest of the Government of Australia to prosecute in our Courts. It is highly unlikely he would ever prosecute any Bank or Banker for a criminal wrong-doing, as this would disclose the Government’s involvement and its big secret. This is also the reason securitization was not in the terms of reference at the Royal Commission into Banking.

9. Conclusion

The Government through Australian Guarantee continues to endorse the Banks wrong-doings.

As it stands now because of the Australian Government Guarantee, it may be presumed that it will not be the Banks going broke or having to pay for what they have done.

It will be our Government that will go broke, and us – the people of Australia, will have to pay for the Bank’s corrupt wrong-doings.

As with other countries, our Australian Government should not involve itself with private company matters – Australia’s Banks are private companies.

The time has come for our Australian Government to stop supporting our private Banks and immediately remove their Government Guarantees.

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