

PONZI KING TRAPS VICTIMS IN SCAM



For decades Brad Sherwin was considered a trusted and successful financial planner. Then he was caught ripping off nearly 400 investors.

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LIAM WALSH

Bob Spence sliced a muffin in two, and as he went to put butter on the knife, he could only think about sticking the blade into the neck of the financial planner sitting across the table from him. A loss of more than \$800,000 will do that to a man. Spence had spent years working two jobs to fund a comfortable retirement or take care of his wife if something went bad. Now this Queensland financial planner, Brad Sherwin, had ripped him off.

Even worse, they had known each other for decades. They had worked together. They had gone to State of Origin matches together. Now Sherwin was sitting at a coffee shop, blaming everyone except himself for \$60 million in investor funds blowing up. But killing is a terrifying notion, even if it is something Spence would never actually do.

"I was that close to sticking that knife in his f---ing neck. That close. Serious. I had nightmares for months after it," Spence says.

It is one of many nightmares inflicted on almost 400 victims since Sherwin's companies collapsed five years ago, staining the emerging self-managed superannuation fund (SMSF) sector, which is used by almost 1.1 million people.

Perhaps some victims' pain eased in November when Sherwin was jailed for 10 years for fraud in Brisbane's District Court. Perhaps the damage is too raw. There are retirees starting new jobs, victims stripped of their ability to trust and children of one client spending \$50,000 to sort out their mum's financial mess.

Problems plague some big institutions, too. QBM can reveal complaints have been made to the legal watchdog about a law firm and Sherwin-related property deals.

Bradley Thomas Sherwin was born in Brisbane in 1954 to Mavis and Tom, a man in publishing at newspaper *The Telegraph*, where Brad worked part-time while studying (some co-workers would unfortunately become future clients). The work, at the same Brisbane office where *The Courier-Mail* was published, involved loading 15kg stacks of publications into delivery trucks.

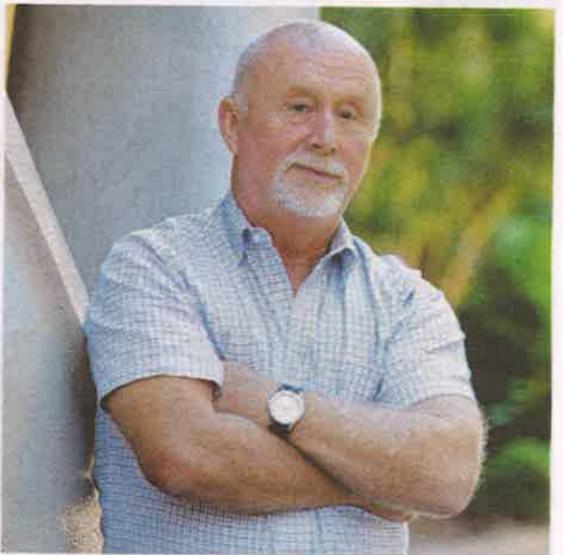
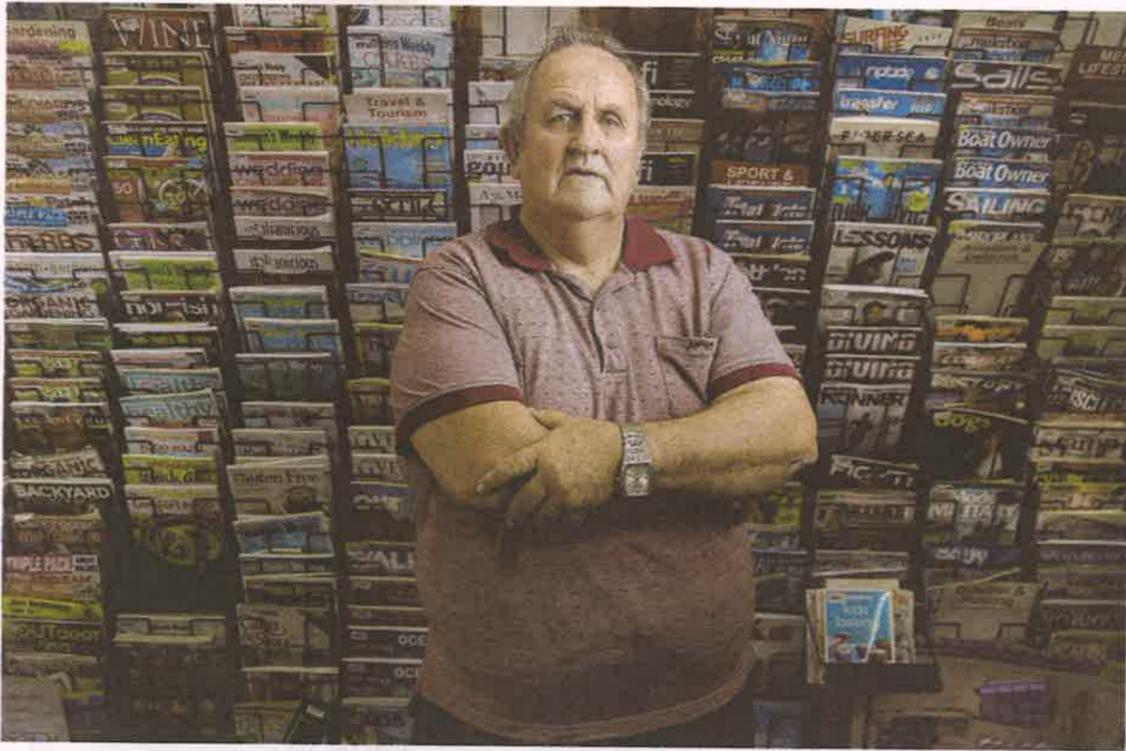
Spence was there. He recalls Sherwin as a typical university student, chasing women and grog. "But he used to keep up with us working. He never slacked off," he says.

With economics and commerce degrees from the University of Queensland, Sherwin established Sherwin Financial Planners in 1986. His office was on the eighth floor of a glass building in inner Brisbane's Spring Hill, decorated with sporting memorabilia such as a 1978 Kangaroos jersey and a signed picture of golfer Tiger Woods.

Sherwin's investment ideas spanned from vanilla fixed-income funds to property. Clients ranged from truck drivers to racing figures, to a mother with funds from part-time jobs and a divorce settlement.

Many clients were after conservative investment strategies, and Sherwin was Mr Reassuring.

"He was very friendly. He came across as knowing his



stuff," one client says. "We worked through spreadsheets. He had information in front of us."

Wealthy without being flashy, Sherwin drove a Lexus and lived on Brisbane's northside in a rebuilt colonial-style home. He could be one of the boys, taking customers to rugby league matches. They would chat about old players. Have a pie and beer. There seemed little to worry about.

Sometime after the global financial crisis hit in 2008, Sherwin's property investments secretly started rotting. Ground zero was Sherwin's property finance company Wickham Securities, which lent funds for developments from Kingaroy to Adelaide at rates of up to 30 per cent.

Things went crazy. Wickham's liquidators, Grant Sparks and David Leigh of PPB Advisory, found the accounts listed \$699,000 in fake loans. By manipulating PDFs and Word documents, a sham bank statement showed \$10.8 million in a Wickham account when only \$264,000 existed. Worse, some Sherwin clients had no idea they were in Wickham.

Stefan Dopking, a liquidator of related companies including Sherwin Financial, suspects Sherwin was sucked into the age-old quagmire of trying to cover up dud investments with bigger ideas. "He lost money and didn't want to admit it," Dopking says.

But rather than recognise one property venture had gone bad, Sherwin started using client funds on another project to fill that original hole. "It became a Ponzi scheme. King of Ponzis," Dopking says.

PPB raised the alarm after stepping into Wickham in December 2012, and an Australian Securities and Investments Commission investigation expanded to Sherwin Financial by mid-January.

It came to a head one Thursday afternoon. Sherwin had ignored ASIC's meeting requests and calls to his office were going to a message saying the business was closed. Two ASIC officers went to Sherwin's building but on reaching the eighth floor, the doors opened to an empty office with the reception computer switched on.

Sherwin had actually been found five hours earlier on the Story Bridge. He told police he was considering jumping as his "2IC has lost a lot of money".

Word soon spread among clients of trouble. Nigel Jeffares, a former government worker, had just finished an overseas trip. "I had my son waiting for me at the airport, ashen white," Jeffares says. His son bore bad tidings about Sherwin - Jeffares had \$370,000 with the planner.

Spence took a phone call at his newsagency about Sherwin's troubles but assumed it was a mistake. Yet as weeks passed, doubt seeped in. "It's just an emptiness. What's going on here? How do I find out? Bradley's not there. You can't get in touch with him," Spence says.

Sherwin, in fact, was by then convalescing at a Brisbane mental health hospital. He called in liquidator Dopking and workmate James Taplin, now at BRI Ferrier, and they recall a lucid Sherwin at a hospital bed offering to help, but first he

had some questions. Did the liquidators have Sherwin's personal files? Did they have a Brothers rugby club photo?

"There was not one iota of 'How are the customers?'," Dopking says.

Then, once the liquidators started asking business questions, Sherwin ceased talking. A nurse soon told them the businessman was "not in a good way". (Sherwin had been treated for depression since 2007.)

Since then, Wickham chief executive Garth Robertson copped a five-year sentence, suspended after 20 months, for defrauding investors and providing false information.

Sherwin received an 18-month suspended sentence for bizarre death threats issued as his businesses folded, with a judge citing the mental stress he had been under.

But Sherwin had initially denied wrongdoing in his main business. Now having pleaded guilty, he must spend at least four years in jail before any parole. His lawyer, Adam Magill, says Sherwin has sought an appeal of the sentence.

Victims clapped as he was led away to jail. Yet one ongoing question is whether the scam could have been stopped earlier. The spotlight is already on fund manager DDH Graham, which operated Bank of Queensland accounts for customers including Sherwin Financial clients.

Quinn Emanuel lawyers have initiated a class-action lawsuit, represented by investors Niels and Joyce Petersen, against DDH and the bank, which are defending the matter.

Attention is also focusing on Gadens, a top 10 independent law firm. QBM can reveal some victims say Gadens acted for both the buyer and seller, or borrower and lender, in the same property deals for Sherwin clients.

That is permissible, but solicitor rules stress potential conflicts of interest must be carefully handled. Both clients must give written permission, the rules say. Yet some clients claim they were unaware Gadens was representing them or that Gadens was acting for both sides in a deal, and complaints have been lodged with the Legal Services Commission. Gadens and the LSC declined to comment.

Spence, 65, and his wife should have retired a few years ago. Instead, he is considering a second job driving buses. "You either lay down ... or you get up and box on," he says.

The returns from \$27 million with Wickham have so far been less than 5c in the dollar, and \$30 million with Sherwin's other companies is gone. While politicians have considered safety nets, fleeced SMSF users lack protection.

One bright light has been ASIC. Victims such as Jeffares praise the watchdog's tenacious pursuit of Sherwin.

But the fallout clings to victims such as Beverly Holliday, who can't do simple things such as taking "my grandchildren to the movies".

There's also misplaced embarrassment. "How could I risk my life with this?" one victim asked herself.

Liquidator Dopking's response is grim: "When a trusted adviser becomes a crook, it's not hard to get ripped off."

For help call Lifeline 13 11 14.

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(Opposite page) Disgraced financial planner Brad Sherwin leaves a Brisbane court; (from top left) some of his victims: Bob Spence, Niels and Joyce Petersen, and Nigel Jeffares; and Brad Sherwin's former home at Woolloowin. Pictures: Mark Cranitch, Jack Tran, Tim Marsden