

Executive Summary

This is a document showing how Raine and Horne Strata Sydney BCS deliberately used Admin Fund to bribe members of the Executive Committee by offering illegal and unauthorized services in large strata complex at Macquarie Park, NSW.

Before this strata complex Annual General Meeting in November 2014, or at any time since 1999, BCS Strata Management refused to sign the Disclosure Statement, which among the other items listed:

- no conflict of interest existed in the past or currently, or is likely to arise in relation to offering improper of privileged services to any strata complex owner, employee, contractor, agent, or member of the Executive Committee;

- the Tenderer, any related entity, or their respective officers, employees, agents and subcontractors, are not currently, and have not in the previous 10 years, been subject to or involved in any investigations, sanctions, court proceedings, audits and the like in relation to anti-competitive conduct, bribery, or corruption.

Raine and Horne Strata Sydney BCS Special Relationship with the Chairperson of the Executive Committee (2001-2015)

Long-service Chairperson of the Executive Committee Mr. Bruce Copland used his "business experiences" as proof of his extraordinary skills to manage this large strata complex without scrutiny. He continually boasted about directorships with companies like D.C.W. HOSPITALITY PTY LTD, MEDINA APARTMENTS PTY LTD, ROBERT EDWARDS REAL ESTATE PTY LTD, SERIBALE PTY. LIMITED, TOGA ACCOMMODATION FUND, TOGA BUILDING COMPANY PTY LTD, TOGA CONSTRUCTIONS NT PTY LIMITED, VIBE HOTEL SERVICES PTY LTD, DNALPOC PTY LTD, HOTEL MOTEL and ACCOMMODATION ASSOCIATION INC., MCKENZIE SCOTT and ASSOCIATES PTY. LTD, TOURAUST SUPERANNUATION PTY LIMITED, QP HOTELS PTY LIMITED, CAPTAIN B. COPLAND and ASSOCIATES PTY, COUPLAND AUTO RECYCLERS PTY LTD, WHIRLWIND AUDIO PTY LTD.

Raine and Horne Strata Sydney BCS established extreme personal bond with the Chairperson since June 1999, at the detriment for majority of owners which, so far, amounted to losses from common funds close to million dollars.

BCS colluded with interests of Chairperson of the Executive Committee over many years, ensuring that he (and occasionally few other townhouse owners) enjoy special and unauthorized privileges. To list a few:

- Garbage bin collection for the Chairperson for 14 years as "personal service" by the Caretaker, without any other townhouse owner having same rights until October 2014 when a concerned owner discovered it.
- Private lattice in front of his townhouse without owners corporation approval and almost certainly paid from the Admin Fund (BCS still declines to answer the details about the expense for work on undisclosed lattices in amount of AU\$6,116.20 in 2012). Four other townhouse owners erected similar lattices.
- Water and gas reimbursements which the Chairperson personally enjoyed, along with other selected townhouse owners. Long-serving Chairperson of the Executive Committee received water and gas reimbursements for private usage in period 1999 until now (February 2015). In eight years for which all evidence was collected (2003, 2004, 2007, 2008, 2009, 2012, 2011, 2012) Chairperson was paid AU\$2,792.02 without a By-Law or Special Resolution that approved Admin Fund being used for this kind of benefits. Add to it payments since the Special By-Law 13 was "approved" but was not complied with (FY 2013 and 2014) and the years for which Raine and Horne Strata Sydney BCS failed to provide financial documents, the conservative estimate is that the Chairperson was paid at least around AU\$6,000.00 from the common funds without legal rights. That means he did not pay

any levies for more than a year. Other financial years are undisclosed, in non-compliance with SSMA 1997 S108. To cover the trails, BCS rushed to get owners to "approve" Special By-Law at AGM 2012.

- General meetings held in Medina Apartments for many years whilst Chairperson was in business relation with them. When he was asked about it at AGM 2010, he pretended he did not understand the question.
- Roof insulations for Chairperson and other townhouses in 2007, without owners corporation approval, without the tender, and of significant cost (undisclosed for 8 years). The Chairperson and the BCS falsely claimed that the insulation was due to fire safety issues because Ryde Council failed to check compliance at the time when Meriton Apartments built the complex.
- Pergola paintings and repairs - three times over last 15 years. Pergolas are, as per all available documents, not registered as common property in this strata plan! BCS knows it but it did not stop them from abusing common funds to do it again in 2010/2011. Total costs of fixing pergolas, which are, in accordance with the Land Title, not common property in our complex: more than AU\$110,000. At the EC meeting held on 24th of May 2000 it was documented that previous letter from Mr. David Lepage of Land Titles Office indicated responsibility for pergolas was private owners. The meeting resolved to have general meeting to create By-Law for pergolas. Solicitor Alex Ilkin got second opinion from Land Titles Office that the roof structure of the pergolas were common property, but written document or record of it has never been provided.

Four document searches as per SSMA 1996 S108 at Raine and Horne Strata Sydney could not allocate it.

Six requests to Raine and Horne Strata Sydney BCS and EC to provide evidence of pergolas being common property were met with silence. As minutes of various meeting show below, Raine and Horne Strata Sydney BCS and EC have been fully aware of the issues with pergolas and yet decided not only to avoid general meetings to deal with them but as well incur significant expenses from Admin Fund without owners corporation approval.

There is no registered By-Law or Special Resolution that approved pergolas to be common property at any general meeting as of February 2015, and such proof has not been provided to any owner. Listing of By-Laws of the strata plan published by Raine and Horne Strata Sydney BCS as document ID BCS2541110 in 2011 confirms that pergolas have never been approved as common property at any general meeting.

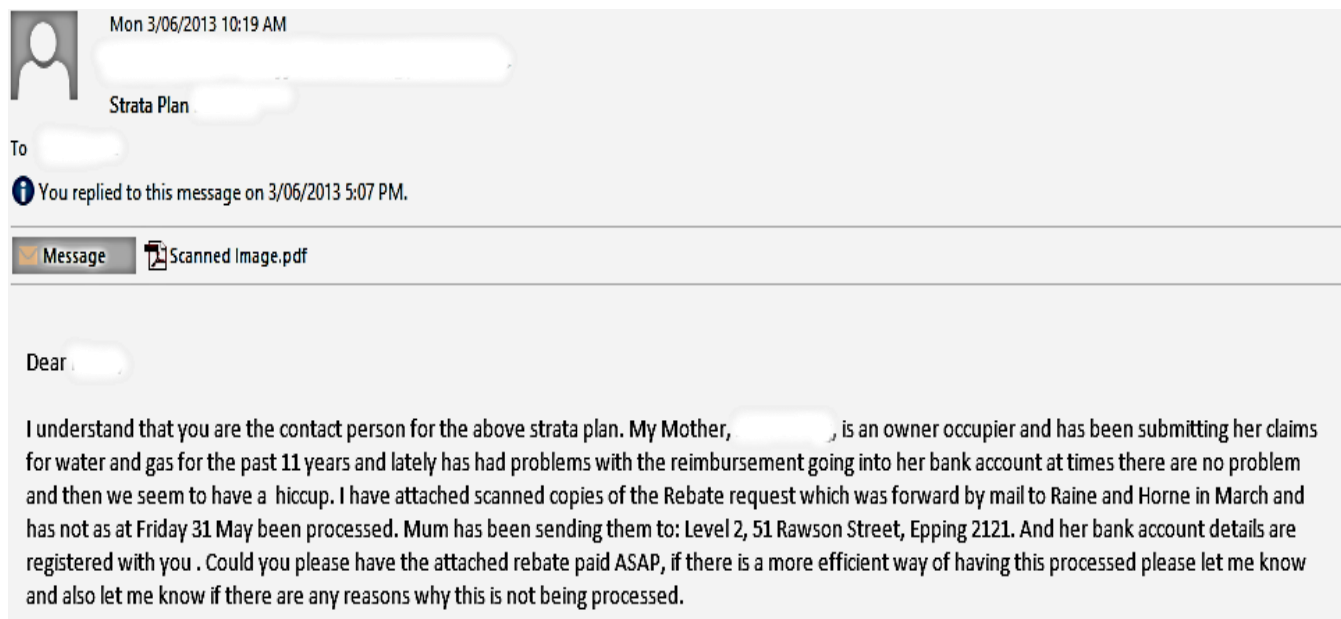
Special Benefits to Selective Members of the Executive Committee (2001-2015)

By having inequitable private water and gas usage reimbursements for selective townhouse owners (typically 18 owners out of 26), another illegal activity occurred over 15 years:

- Member of the Executive Committee Dr. John Edye received water and gas reimbursements for private usage in period 1999 until his death in 2006.

These water and gas reimbursements were paid by Raine and Horne Strata Sydney BCS from owners corporation Admin Fund without a Special Resolution or registered By-Law. These illegal expenses were hidden in the accounting books and undisclosed to owners.

- Member of the Executive Committee Mr. Bill Young received water and gas reimbursements for private usage in period 2002 until his death in 2011. After his death, his wife continued to enjoy the same benefits, as confirmed in the letter sent by her daughter to the Strata Manager:



These water and gas reimbursements were paid by Raine and Horne Strata Sydney BCS from owners corporation Admin Fund without a Special Resolution or registered By-Law. These illegal expenses were hidden in the accounting books and undisclosed to owners.

- Member of the EC Mr. Stan Pogorelsky failed to be invoiced for second gas connection in the unit and only reimbursed owners corporation for a few out of 14 years. Since year 2000, it was well-known that he has a separate gas connection for heating in his unit:

(B) GAS HEATING - UNIT 181

Application was examined for the owner to install a gas heater within the unit.

Such installation will incur additional costs on the Owners Corporation for the increased gas usage.

Enquiries are to be made with AGL in connection with the capacity of the existing system/pipework to enable a number of residents to install gas heaters and also options available regarding the metering of such usage.

A suggestion made which requires further discussion is that a once a year charge be levied on unit owners who install gas heaters to cover extra costs incurred by the Strata Scheme.

A similar application has been received from the owner of unit 62.

- Member of the Executive Committee Mr. Jeffery Wang who fails to attend meetings more than 92% of time, was given special privileges not to pay legal fees for outstanding levies at the Executive Committee meeting held on 22nd of March 2000 (such special treatment has not been given to any other owner):

To consider correspondence from the Owners of Lot ... and regarding outstanding legal fees:

Resolved that an offer be made to the proprietors concerned that the outstanding legal fees be reduced by 50%, but that any interest is to be paid in full.

The offer is to be made available for a period of 30 days, following which the balance outstanding is to be settled in full.

The same owner was in arrears with levies and received stern warning by Strata Manager on 20th of October 2014. The amount owing was \$1,450.40. In spite of owner's request to view this payment as per SSMA 1996 S108, BCS refused to provide it. Not only there was no proof that this owner was financial at the time of AGM on 26th of November 2014, but he was again "voted" to continue to serve as member of the Executive Committee.

- Member of the Executive Committee Mr. Gerard Raichman, whose son damaged common property several times (so much so that police had to be called). Strata Manager at the time Mr. John Fry, quietly took the money from common funds for all repairs but did not notify owners about it. After Mr. Raichman sold his property to Mr. Rafael Hirschhorn, the latter "automatically" became EC member. Mr. Hirschhorn failed to attend more than 90% of all meetings.

Special Benefits to Ex-Chairperson of the Executive Committee

At adjourned general meeting held on 24th of January 2003, ex-Chairperson of the EC Mrs. Lorna Zelenzuk obtained exclusive rights to common property through falsified count of proxy votes. For the last 12 years, this owner is non-compliant with the Special By-Law but BCS Strata Management is not willing to enforce it.

The Special By-Law 4 was registered with the LPI on 24th of July 2003 but never disclosed to owners or potential investors. BCS does not have this by-law listed in any documents of the strata plan. LPI advised to notify police about it, and it was done in first quarter of 2015.

Reg: R331500 / Doc: DL 9308711 / Rev: 24-Jul-2003 / Sts: SC OK / Pmt: 23-Jan-2012 16:52 / Pgs: ALL / Seq: 2 of 3
Ref: 12/P0020 / Src: E

Annexure A to Change of By-Laws

Parties:-

THE OWNERS STRATA PLAN NO. 52948
Dated

- "4. The Owner for the time being of lot 3 shall be entitled to a special privilege in respect of a common property window dividing the lounge room and the courtyard of the lot for the purpose of removing that section to permit the installation of a sliding door on the following terms and conditions:-
- (a) The owner of lot 3 shall at its sole expense carry out such works and shall be responsible for all future maintenance costs.
 - (b) The work must be undertaken in a proper and workmanlike manner by a suitably qualified tradesperson.
 - (c) The owner of lot 3 must obtain any required approvals from Ryde City Council.
 - (d) The owner of lot 3 shall indemnify, and keep indemnified, the Owners Corporation in respect of all claims, action, costs and expenses whether for injury to persons, or damage to property, arising in any way out of the carrying out of the works and future maintenance and the owner shall at all times keep in effect a public risk insurance policy in a sum of not less than \$5,000,000 to cover the owners obligations hereunder.
 - (e) If the owner defaults in the performance of any term or condition on this By-Law and such default continues for a period of fourteen (14) days after notice thereof is given to him by the Secretary of the Owners Corporation in writing, then the rights and privileges conferred by this By-Law may thereafter be terminated by an Ordinary Resolution of the Executive Committee of the Owners Corporation.
 - (f) The rights and privileges conferred by this By-Law shall be terminated automatically in the event of the Strata Scheme being varied or terminated pursuant to Sections 50, 51 or 51A of the Strata Schemes (Freehold Development Act) 1973 as amended.
 - (g) The owner shall reimburse the Owners Corporation on demand for all legal and other costs reasonably incurred in the preparation and registration of this By-Law and in respect of any steps taken by the Owners Corporation to terminate this By-Law under paragraph (g) above."

Certified correct for the purposes of the Real Property Act 1900 by the Corporation named below the common seal of which was affixed pursuant to the authority specified and in the presence of the authorised person(s) whose signature(s) appear(s) below:



Corporation: The Owners of Strata Scheme No. 52948
by their Managing Agent, Body Corporate Management Services Pty. Ltd.
Authority: Section 238 of the Strata Schemes Management Act, 1966

Signature of authorised person:

Signature of authorised person:

Name of authorised person: WILLIAM JOHN RAY
Office held: FM MANAGING AGENT

Name of authorised person: Ian Robinson
Office held: Director

In addition, owners corporation claimed \$24,919.31 through premeditated falsified insurance claims for non-existent CTTT case allegedly defending the owner for whom the Special By-Law applied!

More details are at:

<http://www.nswstratasleuth.id.au/Raine-and-Horne-Strata-Sydney-BCS-Course-101-Lesson-4-How-To-Register-Special-By-Law-Illegally-and-Hide-it-from-Owners-and-SSMA-1996-S108.pdf>

The same owner also enjoys unrestricted parking car on common property at all times, and as such occupying common property permanently.



On most days, their car is parked next to Caretaker's and security guard's spot but no action taken against them. In essence, these owners have unlimited privilege to use shared carpark space for private use without compensating owners corporation.

Benefits to Raine and Horne Strata Sydney BCS

BCS privately negotiated its contract renewals without owners corporation decisions at general meetings and without updates to their Agreement in period May 1999 to November 2014.

Without any approval or details in Schedule of Fees, BCS claimed expenses for:

Tax Information Fee
BAS Information Fee
Bank and Accounting Fees

They were not in any Strata Agreement for 14 years.

In 2012, BCS Manager and Chairperson of the EC alone "negotiated" renewal for BCS contract, where BCS "offered" discount which COO of NSW BCS Strata Management Mr. Greg Freeman called "**loyalty rebate**". Not only that rebate never occurred, but it was a direct bribery because there was never a tender for the contract.

All other contracts in the complex were exclusively "negotiated" by Raine and Horne Strata Sydney BCS and the Chairperson alone. Quotes from other potential vendors have never been provided to any owner, in spite of SSMA 1996 S108.

The contract renewal at AGM 2014 also did not have any proofs of tender, in spite of paid document search as per SSMA 1996 S108. There was a secret cash advance from PICA Group, parent company of BCS Strata management, two months before the AGM. The debt was repaid from common funds of owners corporation six months later, without any disclosure to owners corporation.