

# Mentor to pay for 'misleading' couple

By LEONIE WOOD

RETIRED Melbourne couple Neil and Adele Taylor can recall the despair of seven years ago when they realised the \$245,000 they had invested in a "no-risk" term loan had vanished.

"I just cried all the way home from work one day," Mrs Taylor told BusinessDay this week. "You wake up in the middle of the night and say, 'Why did we do this?'"

"We went through a lot of time blaming ourselves, when what we should have done was blame the people that convinced us to put money in."

One of those people, the high-profile Victorian business mentor Garry Gosling, was ordered this week to pay more than \$340,000 to the couple who mortgaged their fully paid home in mid-2002 after soaking up his misleading spiel about "no-risk" investments.

The businessman also was criticised by a Victorian Supreme Court judge who said Mr Gosling falsely denied certain evidence in court, and that his decision to take on a directorship of a company to help business associate, Gabriel Neil Pennicott, hide his involvement "reflects poorly upon his commercial morality and upon his credibility as a witness".

Mr Gosling has been since 2006 one of the small-business mentors available through the non-profit mentoring network, Small Business Mentoring Service (SBMS), which receives funding support from the Victorian government.

SBMS chief executive David Gregory said Mr Gosling contacted the organisation after the decision was released earlier this week and resigned as a mentor.

Mr Gosling's involvement in promoting the investment was not related to his mentoring role at SBMS.

Justice Kim Hargrave heard the Taylors were close to retirement in mid-2002 when they mortgaged their \$300,000 Burwood East home so they could invest \$245,873 with IBP Capital, a company owned by Pennicott and Jan Li but whose sole director was Mr Gosling.

"Absolutely we trusted him [Mr Gosling]," Mr Taylor told BusinessDay. "He was a guy who had a lot of investment experience."

Mr Taylor said it was only with help from lawyer Simon Abraham of Tisher Liner & Co that the couple stopped blaming themselves for the shoddy investments "and understood how good these people really were at what they did". The Taylors sued Mr Gosling.

The Taylors initially expected to invest in a Phillip Island property development



Neil and Adele Taylor sued after losing \$245,000 they had invested in a "no-risk" term loan.

PICTURE: WAYNE TAYLOR

promoted by IBP Capital. But Mr Gosling told them in July 2002 that the project had been delayed, and he suggested they instead park their funds in two short-term loans with IBP.

The Taylors told the court that Mr Gosling assured them there was "no risk" and that IBP Capital was backed by more than \$4 million of property holdings.

The Taylors received some interest on the loans plus a single payment of \$10,000. But when the investment matured in February 2003 and the couple demanded their funds, they were met with what the judge described as "extreme delaying tactics and obfuscation" by Pennicott and Li.

In the end, the Taylors got nothing. IBP Capital and its associated company, Urban Investment Services, have collapsed owing millions, Li is bankrupt, and the court heard Pennicott probably will not be able to pay his creditors.

"I have no doubt that they [Pennicott and Li] lied to the Taylors repeatedly," the judge said in a decision published this week.

Pennicott and Li are facing many criminal charges relating to the collapse of property development schemes and their roles in enticing people to invest. Their trial is due to begin in the County Court in late July.

Mr Gosling spruiked investments for IBP and Urban Investment Services during seminars at Caulfield Town Hall in early 2002.

The court heard he agreed to be a director of IBP Capital so that Pennicott could disguise his involvement from his former employer, the disgraced property spruiker Henry Kaye. Justice Hargrave said Mr Gosling falsely denied this under cross-examination.

"Mr Gosling took no steps to inform proposed investors in IBP that, although he was its only director, he was acting under the instructions of Mr Pennicott and Ms Li at all times," the judge said.

Mr and Mrs Taylor said their contact with IBP was almost solely through Mr Gosling, but in December 2002 they learnt Mr Gosling had resigned as IBP's director four months earlier.

Justice Hargrave found that the main reason the Taylors invested with IBP Capital was "the misleading statement made by Mr Gosling at the 30 July [2002] presentation, that the short-term loans would carry no risk".

The court has ordered Mr Gosling to pay the Taylors \$200,000 owed from one of the loans, plus interest and costs — a sum that so far exceeds \$340,000. Mr Gosling declined to comment.

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NEIL TAYLOR