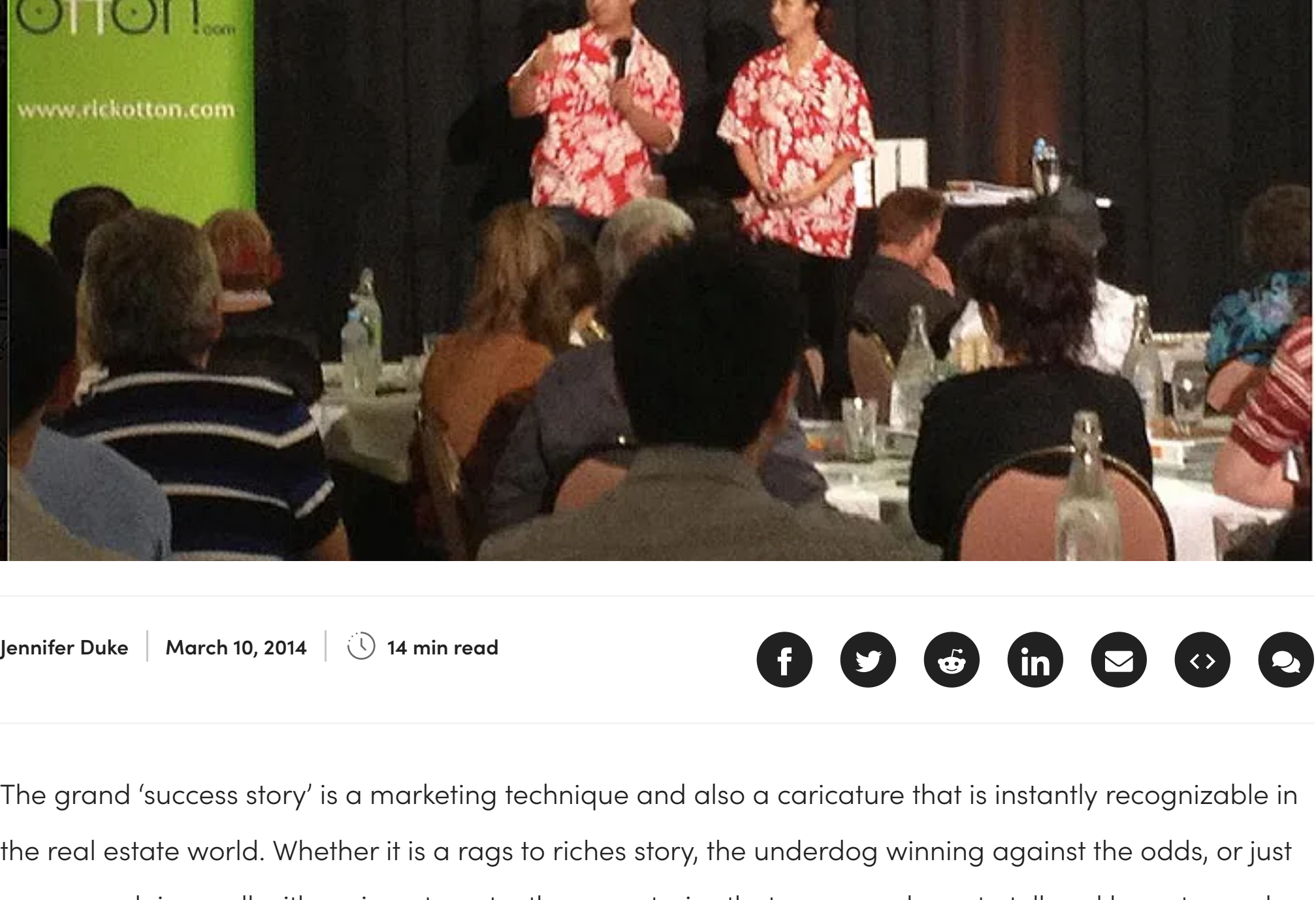


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# From seminar to success story... to getting fined in the Supreme Court of Western Australia: How it happened



Jennifer Duke | March 10, 2014 | 14 min read

The grand 'success story' is a marketing technique and also a caricature that is instantly recognizable in the real estate world. Whether it is a rags to riches story, the underdog winning against the odds, or just someone doing well with an investment – they are stories that everyone loves to tell and loves to read.

However, as is often asked of fairy tales, what happens when the curtain comes down and the happy ending has been reached? What happens after the story ends up in the waste paper bin?

A typical story emerged with two rent to buy practitioners in Western Australia. They were incredibly young when they started out. Siblings Patricia Mirawati Susilo and Bryan Artawijaya Susilo, the brother of the sibling pair being just 17 years old and still at school, attended a seminar and they became, like many others, hooked on property and the dream of making money through real estate.

Last week, *Property Observer* reported that they [had been fined for misleading and deceptive conduct by the Supreme Court of Western Australia](#). The pair were given penalties and ordered to pay costs to a total of more than \$30,000.

Bryan has just turned 20 – his birthday was last month. But how did they get from being wide-eyed youths at a property wealth building seminar, to slightly stunned adults at the court house?

The court documents revealed that the pair had learnt about rent to buy from a course in Sydney that cost them \$20,000 for four days, after an initial free seminar. The court records did not note who the provider of the course or the seminar was. The siblings set up Buy Houses Easy and began a small rent to buy business in Western Australia. They also have the website Easy Home Solutions, where Bryan is the main phone contact and his name is cited in the testimonials. His phone was turned off when *Property Observer* called.

Patricia, director of their self-created 'Buy Houses Easy', was operating without a real estate license and the court ruled that many of the terms they used on their advertising material were misleading or deceptive.

The promoter who taught the Susilos appears to have initially paid their court costs and provided the legal advice until the end of last year when everything changed, and the siblings did an about turn and pleaded guilty. At the time of publishing, it was unclear exactly who funded these legal costs.

The Susilos, softly-spoken Patricia and bolder younger brother Bryan, attended their first seminar in North Perth, held by TGR Seminars Pty Ltd and hosted by Stuart Zadel. It was 2009, and they had never done anything with property before, nor had they attended any other seminars at that time. The siblings, who have spent most of their lives in Perth, were told about the event by their father, who asked them to come with him. One of the sessions within the seminar was a 'rent to buy' presentation.

Zadel has since told *Property Observer* that given the reputation of the seminar industry, he has gone to great lengths to bring honesty, integrity, transparency and longevity to the industry with his events, noting that he is committed to making a difference in the world and always giving back to the community and environment.

'Zadel Property Education is an established, well-respected personal development and property education company offering leading-edge information to inspire prosperity for all,' he said of the events.

In a 'success story' interview with Zadel, Patricia explained that it was important to their father that they start a business and work together and that they saw an opportunity to do this through the information provided at the seminar. You can [hear the full interview online](#), although the video has been removed from the [main page of their success story](#).

"I was at highschool at that stage, she [Patricia] was at work in an accounting firm doing auditing, doing this and that. When we first came to Stuart we had very little background in terms of doing our own business. Never bought a property before, never done any renovations, we were pretty fresh off the block," Bryan told Zadel.

Their youth, heavily focused on in the interview, was said to be unusual, with the majority of people going to the seminars being significantly older.

The Susilos explained that they sometimes experienced difficulties due to people's perception of them as inexperienced. Some people "don't believe that we own the houses," explains Patricia. However, she goes on to say that the potential clients eventually "get over" the sibling's youth, as they appear to know what they're doing.

"That's fantastic," says Zadel.

Bryan laughs remembering the first time he put his new skills into practice.

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The first year of their business was slow. "The first year we only had one go through," explains Patricia.

"It was slow," says Bryan, "the first three quarters of that year were almost uneventful."

As of the interview, they said they had about eight deals altogether that had gone through.

"We were starting from ground zero, no financial resources, no experience, we had the support, we had the resources from Stuart and his strategies... for that reason, our first few, some we had to let go in the sense that we weren't in a financial position to commit from them... since then in the last 12 months we had [about five] deals stock up," Patricia explains.

"We're making, on average, around \$30,000 per house," she told Zadel at the time.

Evidence shown in court amounted to four property transactions. The profit received on these transactions was described in the judgment as including \$2,825 on a Huntingdale property, and \$17,676 on an Orelia property.

Further research has found that the 'hand over' course from the seminar, which the students told the Court their parents paid \$20,000 for them to attend, was that from best-selling author of *How to buy a house for one dollar*, rent to buy promoter Rick Otton. This was not mentioned in the success story interview the siblings did with Zadel and was gleaned from further searching. Zadel tells *Property Observer* that this is the norm for his business and not undertaken with anything sinister in mind.

"In relation to the online 'success interview', our long-standing company policy with such interviews is to focus on highlighting personal success with strategies and approaches, not the specific teacher," he said of the interview.

"The last time my company worked with Mr Otton in Western Australia was in April 2012. Around that time, we became aware of potential regulatory issues with Mr Otton's rent to buy strategy in that state (but in no other states), and immediately withdrew it from our program," he said.

"In all my legal agreements with my speakers, it is made very clear, amongst many other requirements, that: 'All statements made by the Speaker during the event are true and accurate and not misleading in any way and any opinion given by the Speaker during the event is based on the Speaker's reasonable belief!'"

At the time of writing, Otton has images of Bryan and Patricia on his Facebook (screenshots below) and refers to them as the 'BKs', or the 'Big Kahunas', in one of the 2012-uploaded images. This is a term he regularly gives to his successful students.

Source: Facebook

The course went on for five days, and the judgement explains that it included information on many aspects, such as promotion, sales methods and documentations and also had a lawyer speak at one of the sessions.

The Susilos also paid \$1,000 a month in ongoing mentoring fees after this date, which Justice Beech at the Supreme Court of Western Australia, believed to express the faith the siblings held in the course and its presenters.

"The defendants' evidence is that they followed what they were taught at the courses, including in the advertising of their business and the sales the subject of these proceedings. This evidence was not challenged, and I accept it," said Justice Beech.

While it was claimed that they did not know at the time that their actions were misleading, 'The Company Website Conduct was deliberate in that Ms Susilo knew that her business did not buy houses and knew that she derived fees and commissions. However, she believed, based on the course she had done, that the business did buy houses in a broader, non-technical sense of the word,' the judgement ruled.

"Nevertheless, given the defendants' age and inexperience, and what they had been told at seminars, their beliefs might be said to be understandable."

[Consumer advocate blogger at Naysayer](#), Carolyn Bond who previously co-ran the Consumer Action Law Centre in Victoria, and the Consumer Credit Legal Centre for 15 years, and has held numerous advisory body positions as consumer representative, has weighed in on what some of the recent judgments mean for others in Western Australia. She also told *Property Observer* that she has spoken to a number of those who have been involved in similar activities.

"While the court didn't specifically discuss the reference to options in the legislation, I suspect that as far as "creative" property strategies, the question of whether an estate agent's licence is required in WA (and possibly the rest of the country) may have been settled," Bond writes in [her most recent post Big Comeuppance for Big Kahunas](#).

She also notes the following that rent to buy promoters can learn from:

**Hold a real estate agents licence.** if you are doing rent to buy or be very confident of any legal advice that indicates you don't need one. While the licence decision was based on WA legislation, the wording of the decision suggests that the definition of 'real estate transaction' in other states' legislation would be adequate to require that rent-to-buy operators hold a real estate agent's licence.

**Fix up your website, ads and signs.** The Court relied on the Australian Consumer Law (Commonwealth) in finding the various statements to be misleading, so it is likely that similar statements would be found to be misleading in all other states. While there could be prosecutions in other states for conduct over prior years, it's better to comply late than never.

**You can't use the excuse "someone taught me".** The problem for any seminar students is that it is not a defence to prosecution to say that someone suggested, or taught them to make particular representations.

**Unjust contracts.** The decision relating to the exorbitant house price was based on the NSW Contracts Review Act. However, this legislation contains similar provisions to the unjust provisions in the NCCP. While purchasers in the same position in another state may not obtain a similar outcome from a deal which is not in the course of business, similar provisions of the NCCP may apply if a party is in the business of providing credit, or holds a credit licence.

Source: [Naysayers Blog](#)

And, finally, she indicates that there are many other rent to buy operators in Western Australia who are using very similar methods as those seen by the Susilos, and who are no doubt concerned as to whether they are compliant with the law.

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"The active, or soon to be active, nature of the rent to buy industry in Western Australia was also mentioned by Justice Beech.

"It is open to infer from the defendants' evidence that there is, or is likely to be, an active rent to buy industry. Some of the participants may have attended the same seminars and may be liable to engage in marketing and promotions strategies that raise questions of misleading conduct under the ACL. That engages the need for general deterrence. In any event, the object of general deterrence applies more widely," continued the judgement.

Both of the siblings, along with the fines, received three year injunctions requiring them not to engage in rent to buy real estate transactions without a license or without working for a licensee and not to represent that they "buy houses" unless they intend to acquire a freehold title.

They were also told not to represent that they are the owners, jointly or solely, of properties they are selling unless they are the owners and not to represent to buyers that they can purchase without a bank loan unless there are reasonable grounds for this.

Beech told them that accurate and complete statements of the money payable by prospective buyers under the arrangement must be provided, that rent to buy arrangements are not immediate sales of the property and this must be disclosed and that the promoters must also disclose what revenue they will attain from the arrangement.

When Rick Otton, director of We Buy Houses, was contacted by *Property Observer* he said that he was in a seminar but agreed to answer some questions by email.

He responded to the questions, which have been reproduced in their entirety below:

1. **When did the Susilos become involved with you, and how did you meet them?**

Many people have attended my trainings at some stage over the last 15 years as these strategies have become more main steam (sic) and popular both here in Australia and overseas the solicitors handle the legal aspects at these events. Most attendees go to other seminars covering the same subject areas

2. **What support did you provide to the siblings through the court proceedings? (Including help with legal advice etc?)**

I did not believe that prosecuting a 17 school boy in the supreme court was in anybody's best interest let alone the expense or the message it would send to other young Australians for what ended up being a legal technicality.

3. **I have read a comment online that is said to be from yourself about the case on Australian Property Forum here: <https://australianpropertyforum.com/single/?p=8444000&t=9755161>. Was this your post?**

[No response provided, and after a follow up email was sent Otton said that he would have to chase it up, as much of this is outsourced]

4. **Do you intend to alter the way you teach your students as a result of this? What are your overall thoughts on the judgement?**

Guidelines have now been set regarding advertising which offers more clarity as the industry is growing and constantly changing, as a result the industry has adapted. I'm glad but not surprised that the Justice agreed that all the strategies are legal.

5. **Had any of these issues as presented by Justice Beech been on your radar previously?**

This case has been ongoing for over two years as nobody could clearly define all variations in the way Australians now transact property The market is changing and therefore a lot of what was old does not necessarily apply to the needs of people today. The Justice agreed with our side on many issues raised by the commissioner of WA . On a couple of points he agreed with the WA commissioner

6. **Any other comments you think are pertinent.**

I believe that the way Australians transact real estate is ever changing as it is in other parts of the world.... In all areas of life change is inevitable, you can try to stop it or accept it and develop guidelines that accommodate the change

That there has been a crackdown on rent to buy in Western Australia, with Consumer Protection Commissioner, Anne Driscoll, leading the charge has been no secret in the industry. In fact, on their website there is [a list of the warnings and court proceedings in regards to rent to buy](#).

Rick Otton's seminars have already been the subject of a voluntary ban in the state, [as reported back in November last year due to potentially misleading advertising](#). Action in other states and territories around the issue hasn't yet been as pronounced.

Meanwhile, Zadel noted that this case had "nothing remotely to do with my business, which anyone who takes the time to read the publicly-available online judgment will realise."

As for the Susilos, one can only hope that their real estate dreams haven't necessarily been broken and that they realize there is an appropriate method for everything. As well as that it's necessary to comply with the law – particularly when dealing with a credit assesor's most valuable asset and lifeline. It was noted in court that Patricia currently works as a credit assessor, while Bryan relied from the funds coming in through the business, as well as on his parents.

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Note: The article has been updated to reflect comments provided by Stuart Zadel post-publication

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Jennifer Duke was a property writer at Property Observer

## Editor's Picks

Iwan Sunilo's OneSpace to deliver first building at Mastery by Crown Group

Aalto, Surfers Paradise beachfront apartments launch

Completed Apartment Tour Video: St Boulevard by The Shakespeare Group at 601 St Kilda Road, Melbourne

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First look: Former Socceroo's set for first Gold Coast apartment development