

posted by Andrew King - in the now censored due to legal threats
Sponge Bay thread on PropertyTalk.com 27 May 2009

This thread raises two issues that interest me. The first is promotional techniques that marketers use to sell developments. Looking at the material in this thread it appears that the opportunity being promoted was for investors to put down a deposit of \$1,000 and then on-sell when the title is issued.

"you can bond the deposit and ONSELL before title." "There should be every possibility to onsell before settlement at a good profit, and your only holding costs are \$1000 plus the deposit bond fee."

I personally think that this kind of marketing is immoral and wrong. I believe that disclosure statements should be required and not just in fine print or reduced emphasis, but in a way that clearly informs the potential investor of what they are committing to.

Does anyone see similarities to Blue Chip here? Information I have read gives the clear impression that Blue Chip investors did not have a clue that they would be required to purchase the property if it couldn't be on-sold. The above sales text does mention settlement, but the emphasis of the sentence is making a good profit with minimal input. Many people reading this would believe that they are only risking \$1,000 plus the deposit bond fee.

There is the "buyer beware" argument, but do you think that consumer protection needs to be enhanced? I do.

The second point is one that Peter Aranyi has been making for years about mixing education and property sales. I agree with him. I think there is a real conflict of interest between providing education about investing in Property and then selling property.

I disagreed with Richmastery doing it and I disagreed with Australian developers using education to sell Gold Coast Apartments as well. I think it should be banned.

When I owned the Residential Property Investor magazine before it was renamed and remodelled KPI, I had a clear policy of not accepting advertorials and not expecting payment from anyone contributing articles. My readers paid for their magazine and I believed they should be able to rely on the information it contained. If contributors paid to write articles then they would expect to get something for that payment and it could influence the content and tone of their articles. I would also be compromised in my role as Editor.

This thread is looking at the actions of Dean Letfus in his roles as an educator and a property salesman. I have only met Dean Letfus twice and both times were short conversations and really nothing more than exchanging pleasantries. I don't know him personally and can only comment on his public actions, which I believe are incongruous with some of his public words.

Dean has carefully crafted an image for himself of integrity, morals, positivity, godliness and trust. He may well believe that he is helping people to see the benefits of property and helping them buy property, but I think this creates a conflict of interest. No doubt he will say that his integrity would not allow him to do this, however the promotional techniques outlined in this thread demonstrate that he is a vigorous salesman and has crossed a line in my opinion.

There is nothing wrong with being a vigorous salesman, but I think mixing this with an educational persona is wrong. This is not aimed specifically at Dean, this is a general belief I hold.

Rather than promoting his integrity, I personally believe Dean would be better demonstrating it by choosing to be either an educator or a salesman, but not both. I think he is compromised until he does this, just as Richmastery and others are. Same model, different sales pitch.

Andrew King,
[Andrew King Property Management Services](#)
[Auckland Property Investors' Association](#)