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S&P/ASX 200	AUD/USD	TOP GAINER RRL	TOP LOSER DLS
+0.61% 5828.5000	+0.04% \$0.76	+8.15% \$1.26	-4.15% \$1.04

Gold Coast high flyer Peter Drake has \$337m debt

SARAH DANCKERT THE AUSTRALIAN MARCH 09, 2015 12:00AM



LM founder Peter Drake now claims to have assets of just \$146,869. Picture: Glenn Hampson Source: News Limited

PETER Drake, the flashy founder of collapsed Queensland property investment house LM Investment Management, owes creditors a whopping \$337 million — one of Australia's largest personal bankruptcies ever.

Documents obtained by The Australian show Mr Drake now claims to have assets of just \$146,869 — including a block of land on Russell Island in the southern reaches of Moreton Bay and a mansion in Fiji.

The collapse of Gold Coast investment house LM Investment Management in 2013 wiped out the life savings of thousands of investors in Australia and overseas, rendering many into financial dire straits.

Now its founder is in the same league as Alan Bond and Jim Byrnes and ahead of property developers Craig Gore and Warren Anderson and former childcare centre owner Eddie Groves in the personal bankruptcy stakes.

Mr Drake, who opted to declare himself bankrupt in January and voluntarily surrendered his passport to his trustees in bankruptcy, is also facing civil action brought by the Australian Securities & Investments Commission over an alleged breach of directors' duties.

Bankruptcy documents show some of the \$337m is the result of more than \$70m in personal loans taken out by Mr Drake to furnish his luxurious lifestyle. Personal guarantees added a further \$249m.

Apart from owing hundreds of millions to investors in his fallen empire, Mr Drake owes money to his former restaurant — the recently closed Lauxes (sexual spelled backwards) — at Broadbeach and unpaid private school fees for his three children.

His largest asset in bankruptcy is his Fiji abode — known locally as Vesi Palace, for the large number of vesi trees used in its construction. The property is valued by Mr Drake at \$126,000, according to his bankruptcy documents.

But local real estate agents believe the property could fetch \$US1.5m (\$1.92m).

Mr Drake and his lawyers at Bentley Cohen did not respond to phone calls or email inquiries.

Worrells partner Jason Bettles, who is Mr Drake's trustee in bankruptcy, said he was reviewing the ownership of the property and the valuation provided by Mr Drake.

The fallen businessman's two-acre beach front property at Lot 13 and Lot 14 at the Oneva Estate is a stone's throw from motivational speaker Anthony Robbins's exclusive Namale resort and is resplendent with a fibre-glass swimming pool imported from Western Australia, a tennis court, billiards room, several bedrooms and a caretakers cottage.

Fijian land title records show Mr Drake's then wife Belinda purchased the then undeveloped Lot 14 in 2002 for \$US175,000.

The property next door to Mr Drake's island pad is on the market, with the two-bedroom brick home on a one-acre plot carrying a price tag of \$US575,000.

Local real estate sources said Mr Drake had tried to rent the property out at \$US8000 a month. "Our client only wanted to pay between \$US4000 and \$US5000 a month," the agent said. "We actually thought he had sold it last year but when I spoke with him he said that he hadn't. He called again in January and told me he would not be coming back to the island for quite a while."

Mr Bettles said he was not surprised Mr Drake had tried to rent out the property but said he believed it was untenanted as declared in his statement of affairs.

Another property owned by Mr Drake is a more humble affair. The plot at 12 Kao Road on Russell Island is undeveloped and local property agents said the \$500 valuation on the slice of land that is located in the flood zone and has conservation overlay is correct. "It would not be worth a pinch of butter," said one agent.

Mr Drake spends his days on skid row holed up in an apartment in the six-star Soul Apartments on The Esplanade in Surfers Paradise where a single room costs \$297 a night to rent and the four-bedroom sub-penthouse apartment is \$1499 a night.

Mr Bettles confirmed Mr Drake rented the apartment in the complex that boasts a triple level outdoor pool, an indoor pool and limousine service, on a long-term lease.

The New Zealand-born Mr Drake lists his occupation as a consultant to an insurance company on his bankruptcy documents.

His 26-year old Estonian-born partner, Maria Magi, is the sole director of Bellmar Insurance, which was set up after Mr Drake's empire ended up in receivership and is operated from their luxury apartment. She has previously worked at Australian Global Insurance Companies alongside Mr Drake.

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