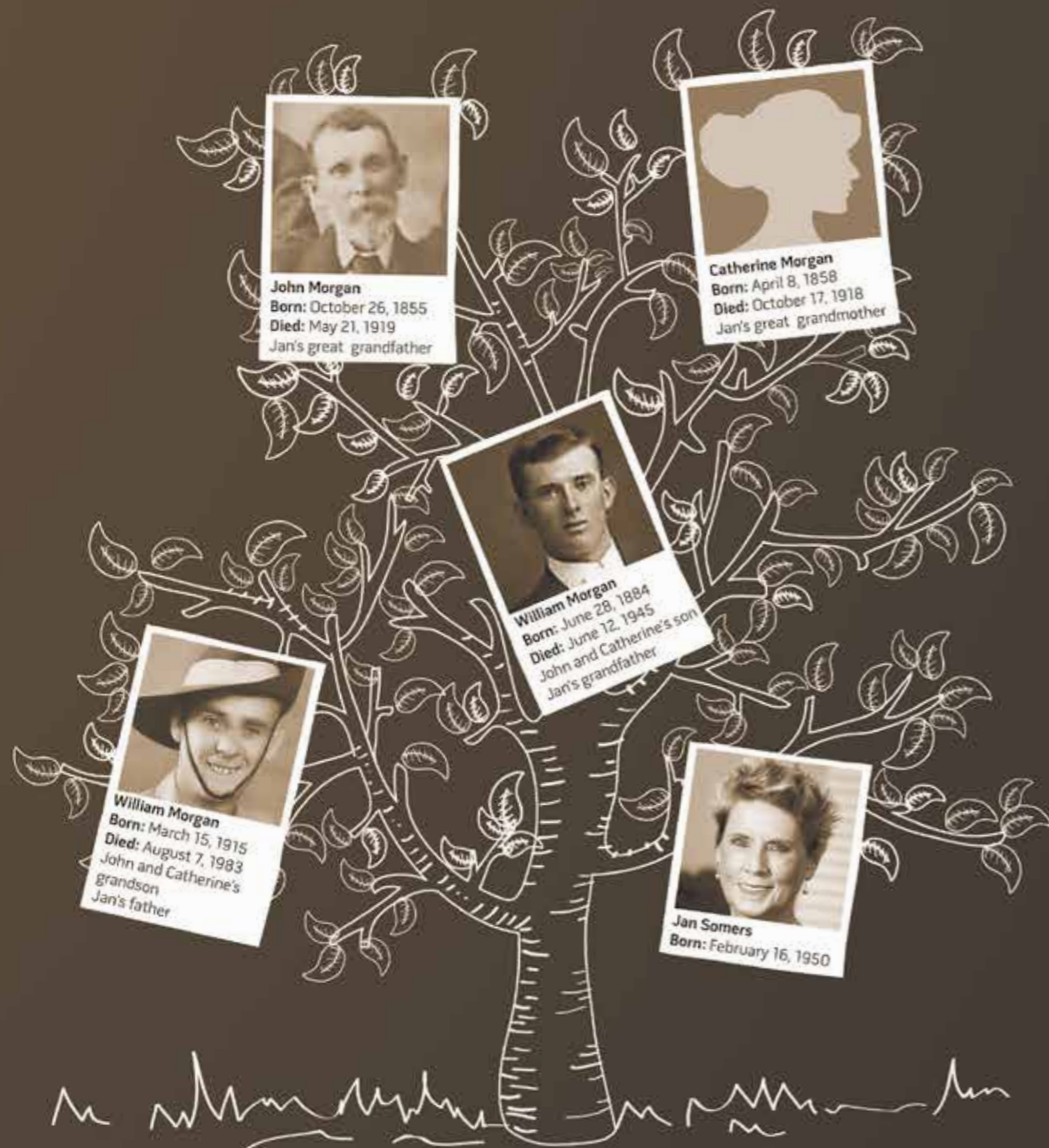


# PROPERTY AMBITION IS IN THE BLOOD

Financial ruin, family tragedy, unimaginable hardship and nine children were no barrier to real estate success for one ambitious couple, who just so happen to be the ancestors of property millionaire and author Jan Somers.



## Shannon Molloy

Imagine being the son of a convicted criminal who dies when you're a child, leaving your 20-something mother to raise you. Picture then that in the years to follow, three of your stepsiblings die in tragic circumstances, followed shortly after by your stepfather.

Think of how downtrodden you might feel when you go on to build a relatively successful small business as a young adult, only to see it destroyed by fire, leaving you bankrupt. In the midst of all of this, your firstborn son dies.

These are just a few of the incredible and unimaginably harrowing experiences a man named John Morgan had to endure.

Despite those many setbacks, John and his wife Catherine went on to acquire eight prime properties in a booming town, which should have ensured the security of their family for generations to come.

And it would have, except for an estate planning oversight and some costly red tape that saw it all slip away.

This painful but riveting saga began 125 years ago, and John and Catherine were the great grandparents of property millionaire and author Jan Somers.

"More than a decade ago, my brother and my uncle became interested in our family history and specifically this convict who'd been transported to Australia in 1835 on the convict ship The Lady Nugent," Jan explains.

"They found the original court documents from Hereford in the United Kingdom, the ship he came on, how he died, where he was buried. My brother gave me a stack of photocopies of all this information he'd gathered and I sort of just filed it away, and there it sat."

When a cousin recently became interested in the family's ancestry, he phoned Jan and asked for copies of the paperwork she had. So she dug it out.

"There was so much stuff. There were huge sheets of paper, lots of bits and pieces, and I thought 'this is going to be too hard'. I started sorting it out, then I started reading it, and then I was hooked."

Prior to that, all Jan knew was that the Morgan family held some significance in Ipswich, a major regional city to the west of Brisbane. Some 20 years earlier, she'd been invited to a function to celebrate the launch of a new park on Smith Street, named in the Morgan family's honour.

"I wanted to know the significance of Smith Street and the Morgan family in Ipswich, so I began looking at the convict's son, John."

Soon enough, it became clear that most members of John's family had all lived together in Smith Street, even into adulthood. So, Jan paid the first of many, many visits to the Titles Office.

"I spent an absolute fortune digging out and buying whatever information I could on who did what, where and when. But that was only half of the picture. One discovery would bring with it a whole lot of other questions."

Gradually, she pieced together the fact that John and Catherine had acquired eight blocks of land, side-by-side, in Smith Street over a period of 28 years between 1887 and 1915. And then it had all been suddenly lost. But how?

## // BUILDING AN EMPIRE

It was 1878 and John's boot-making business had just been destroyed by the Great Fire of Ipswich, leaving him bankrupt. Married and the father of an infant son, he moved the family to a rented house in Smith Street to start over.

At that time, Ipswich was a boomtown. A mining and industrial frenzy saw significant investment in the region, akin to somewhere like Perth today.

A TIMELINE OF TRAGEDY, TRIUMPH AND TRAGEDY	
July 1878	John's boot making shop is destroyed by fire and he loses everything. He's later declared insolvent.
October 1879	John and Catherine's firstborn son, William, dies at just eight months of age.
1887 to 1915	John and Catherine acquire eight blocks of land in a prime area in a booming town.
November 1912	John sells the two blocks he'd bought, including one he'd put a house on, for a massive profit and is able to clear their mortgages.
October 1918	Catherine dies without a will on October 17.
May 1919	All nine children sign a deed of assignment on May 17 to their father, in anticipation of a decision on their mother's estate by the courts.
	John Morgan dies four days later on May 21.
December 1919	The Supreme Court decides on Catherine's estate and awards it to John (now deceased).
April 1920	Each property is individually transferred from Catherine's estate to one of her sons as administrator.
May 1920	Each property is individually transferred from the son's name to his deceased father's estate.
June 1920	Each property is once again individually transferred from John's estate to the son's name for divesting. There's now almost nothing left.

"There were huge railway workshops, a massive coal mining scene, and successful woollen mills and more," Jan explains. "It was a hugely successful region. Properties there were worth a lot more at that stage in relative terms than they would be now, comparatively."

Smith Street was in the heart of it all, a stone's throw from the CBD and the river, and close to major industry hubs.

"John's mother, Ellen, started the property ball rolling in 1887 when she bought two properties on Smith Street at an auction and eventually sold one of them to Catherine, John's wife."

Over time, the couple's family expanded and they built their first home on this block in 1891. Three parcels of land to the side of their house came up for sale in 1901 at a fire sale price. Catherine bought them, now making four allotments in total.

"John had been bankrupt and couldn't own property in his name, so all of the properties were held in Catherine's name."

"It was actually commonplace in those days for property to be purchased in the wife's name, as the husband was usually the owner of a small business – a butcher, baker or boot maker – and so there was a high degree of risk of becoming insolvent, the term used then for bankruptcy."

Suddenly, the struggling family owned four blue-chip real estate assets – the block with their home on it and three plots of land next door.

Their fifth acquisition in 1902 came about in less than happy circumstances, when John's mother Ellen was committed to the Dunwich Benevolent Asylum on Stradbroke Island.

"Something happened to her," Jan says. "I don't know what, whether she was an alcoholic or senile, but I can only imagine given her absolutely tragic life. She was committed, and she must've known she was going to be, because before she went she sold her remaining block of land on Smith Street to Catherine."

Now John and Catherine owned an impressive five blocks of prime land.

In another bizarre turn of events, Jan discovered that when Ellen later died in the asylum, she didn't actually die. John was notified of the passing of his mother in 1905 and issued a death certificate.

"She wasn't dead though. The doctor who managed the asylum had wrongly reported her death due to misidentification, which must have been hugely distressing for the family. A year later when she actually died, they were issued another death certificate."

The details of the horrific mix-up were

contained in transcripts of a wrongful dismissal lawsuit against the government, brought by the doctor who managed the asylum. He was fired for misconduct and went to court to dispute it.

For a while, the family carried on life as normal in Smith Street and property took a backseat to other responsibilities. But then in 1909, John and Catherine's son William bought a neighbouring block of land for himself.

It was perhaps hoped to be his start on the property ladder, no doubt inspired by his parents' incredible achievements. But it wasn't meant to be.

"He must've struggled to keep on top of things because Catherine bought it from him a few years later, bailing him out it seems, which made it her and John's sixth property."

In between that in 1910, John bought another two adjoining blocks of land. His insolvency record had obviously been long forgotten by this point, making the purchase in his name possible.

Two years later, he borrowed enough money to build a house on one of those allotments and also another dwelling on a block bought earlier. That second property was designed to accommodate some of the 16 people who were living in the three-bedroom family home.

That included John and Catherine, their five daughters and four sons, three daughters-in-law and a couple of grandchildren. The sons and their families moved out to create some breathing space.

In November 1912, John sold those two blocks for £345, making such a profit that he could clear all of their mortgages. It follows Jan's own investment philosophy of borrowing to buy property, keeping it for the long term, and selling one or two to clear the debt on the rest of the portfolio.

"That was crucial to their success."

#### // A COMPLEX MORTGAGE STRUCTURE

At first glance, the structure of John and Catherine's mortgages looks a mess. Lenders included building societies and private individuals, and some properties had multiple mortgagees over them.

The private lender aspect aside, Jan says it's not a scenario entirely unusual to what an investor might face today.

"My mortgage structure is extremely complicated," she laughs. "Most people's arrangements would be. You buy a property and you might use a different lender, or use part of another asset as collateral. Things evolve over time and that's how it gets a bit complicated."

## “Having accumulated all of this property through enormous hardship and tragedy, it was essentially lost – primarily because there was no will.”

John and Catherine's mortgages were all cross-collateralised, meaning more than one property was used as security against the loans. When looking through the history of their financial arrangements, Jan saw two familiar names – Henry Cribb and Ambrose Foote.

Cribb and Foote were men synonymous with colonial settler success. Their business was the Myer of the time, after the pair established a roaring retail trade in Ipswich and set themselves up as very wealthy businessmen.

"They probably made more money lending to private individuals than they did parking their cash in the bank, and so both Henry and Ambrose lent money to John and Catherine."

#### // TRAGEDY BEGETS RUIN... AGAIN

By 1917, the Morgan family was about as successful as you can imagine. From nothing, John and Catherine built themselves up tremendously and acquired a property fortune.

They'd both come from incredibly challenging backgrounds and together experienced the worst kind of human suffering – a failed business, financial ruin, the loss of a child, all while their family grew and grew.

When it was all said and done, the tenacious couple had built an empire of eight properties to show for it, worth "an enormous amount of money", Jan says. She estimates such an accumulation could have a comparable, modern day value of around \$4 million.

"It would've been a huge holding for anyone at that point in time, let alone someone with nine kids!"

They should've been able to comfortably live out their lives together, the rulers of Smith Street, and leave their children a handsome inheritance, but it wasn't meant to be.

In 1918, Catherine suddenly contracted influenza and pneumonia and tragically died. The family, no doubt devastated by the loss, couldn't have imagined the legal mess that was to follow.

Each of the six properties was owned in Catherine's name, but she didn't have

a will. Dying 'intestate' meant the assets were transferred to a trustee until a line of inheritance was properly established.

The children agreed their father John should take possession and from there they'd sort out the rest. They signed a deed of assignment to him.

In December of 1919, the Supreme Court decided on Catherine's estate and awarded it to her husband, John. That should've ended the family's saga with ownership, but it didn't.

John had died just a few months before the legal decision was handed down, creating a whole new difficulty for his children – and heirs – to navigate.

Each individual property had to be transferred from Catherine's name to one of their son's, who had been appointed administrator of her estate. Then they had to be transferred to John's estate, as he was the newly inherited owner – though now deceased – as declared by the courts.

From there, they were transferred back to the son as devisee in trust with the power of sale of his father's estate. It was a complicated and messy arrangement, Jan says.

To add complexity to the issue, one of the houses straddled a property boundary, so that block had to be subdivided before ownership was transferred.

"After 18 property transfers, with associated solicitors' costs, court costs, advertising costs, transfer fees, stamp duty, administration costs and so on, I estimate only a small amount was left."

On her calculations, just five per cent of the estate remained after that red

tape nightmare was over. The family had gone from riches to ruin – again.

"Having accumulated all of this property through enormous hardship and tragedy, it was essentially lost – primarily because there was no will," she says.

In a bizarre twist in this already intriguing tale, Jan also discovered that one of those properties had slipped through the cracks. Rather than be divested like the rest, it remained in the name of a trustee for 52 years and was occupied – presumably unfairly – for a long period of time by a member of the Morgan family, unbeknownst to anyone.

"I don't know if rent was paid. No one knew that it was still held in the name of an administrator for all that time."

The bulk of the estate had been intended to go to two of the Morgan daughters, Mildred and Emily, who were at the time minors and unmarried. As Jan explains, women didn't work in those days so they had no way of looking after themselves.

"Mildred later married and was fine, by all accounts. Emily virtually became

a nomad, carrying her bed with her and shifting from place to place. There was nothing left. She had no place of her own."

All nine of John and Catherine's children struggled through life and none went on to dabble in property for themselves.

"Perhaps they didn't have the same get-up and go as their parents. Perhaps it's that old adage that the first generation makes it, the second one uses it and the third one loses it.

"The fact that the children didn't inherit the properties was really no excuse for not going on to do anything for themselves. Look at what their parents overcame.

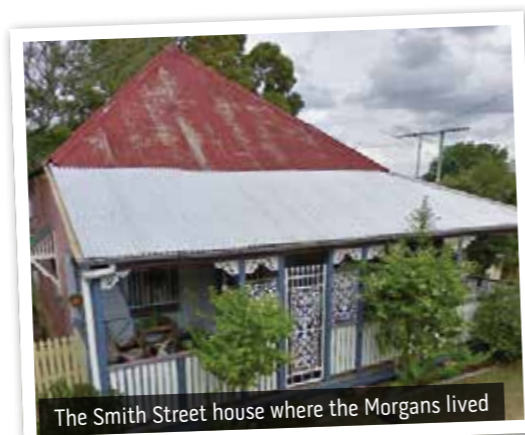
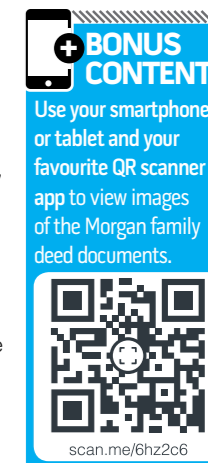
"John and Catherine built a sizable portfolio despite their challenges. It's a story that could happen today. Some people say they can't invest in property because they've got kids, or they've had an illness, or they don't have enough money, or some other reason. These people had a mile of excuses but were able to accumulate property. That's pretty much how it's done successfully these days – when and as you can."

Jan is arguably one of the country's best-known investors and her experience in property is well documented. She says she was intrigued to discover that an interest in bricks and mortar was seemingly passed down through the generations.

Jan was surprised to have discovered the sad conclusion to this family story, a journey that required hundreds of hours of her time and some master sleuthing.

"It took months, on a few occasions 10-odd hours a day of ploughing through documents, and putting the puzzle together.

"It's amazing that there are so many parallels with what investors might face today. Hardship is never an excuse for inaction. You can still succeed." **API**



The Smith Street house where the Morgans lived