

Submission to the Senate Inquiry into Financial Products and Services.

Trenham Arthur Richard Old and Jennifer Robyn Old are ex Storm Financial clients.

We first heard of Storm via our son Anthony Trenham Old who was living in Cloncurry and doing work at Phosphate for Western Mining Corporation.

Anthony was doing work required between the large contractors engaged to build the Phosphate mine and associated plant buildings.

The person responsible for letting these contracts to Anthony was married to one of Julie Cassamatis's sister. Anthony and his wife Shelley were looking for a good financial planner who was successful.

They investigated Ozdaq Securities as it was then called and visited Townville to attend educational sessions with Emmanuel Cassamatis and after much deliberation they decided to invest through Ozdaq.

My wife and I were investing in real estate in Toowoomba and on many occasions Anthony said to me that we should have a look at Ozdaq. So we did and we then visited them in Brisbane in late 2000.

We spent the next twelve months investigating Ozdaq and attended several introductory sessions.

On 21st October 2001 we were given our financial plan to study and we were told we could either decide to go ahead and invest or decide to do nothing in which case there would be NO charge for the work they had done collecting all our information and preparing the financial plan.

I would like to stress at no time did we receive any pressure to move ahead and make a decision. The timing was left to us.

We decided to go ahead with them and I remember the all ordinaries was 3300 when we made our first investment.

The market then decided to move down to about 2200 and we had lost about \$150,000 on paper but of course that was not a problem as we were still well away from a margin call, and we still had money to invest.

Whilst on the subject of margin calls...page 47 of our plan clearly describes the risk associated with margin calls and the last paragraph says "adequate arrangements have been made to handle market volatility and the associated potential for margin call".

We have been very happy with Julie & Emmanuel Cassamatis and in fact all of their staff. It was like going to family to go to their office in Brisbane.

We attended regular updates that they held in Brisbane and we would have a review of our portfolio every 6 months with Stuart Drummond.

We have been on the three overseas trips that they organized for their clients and have found them wonderful and as a result we have made some strong friends of other clients we have met on these trips.

We have been strong referees of Storm Financial and many of our friends and associates decided to invest through Storm as a result.

What went wrong in November 2008 we do not know. We felt confident that Storm were taking care of the margin call as they had always told us they would get the margin call rather than us.

I think they must have had an agreement with the margin lender to let people stay in the market with the remaining 25% of their portfolio and that the CBA credit department has come in over the top of the margin lenders Colonial Geared Investments and told them to sell all Storm clients down. We happened to be one of the clients in negative territory.

I have requested the date that our loan went into margin call but to date Colonial have failed to answer that for me. I would be interested to know how many days it was before we were sold down and to see just what the market did in that time.

We are angry that the CBA broke our pre paid fixed interest loan without consulting us and charged us a break fee of \$66,000.

Having been sent every piece of paper we have ever touched with Colonial and we now know that the bank can do whatever they want to

do at the time of their choosing without telling either us or the financial planner.

(I believe the terms and conditions of the margin loans need to have a fairer go for the borrower.)

The paper work specifically states that Emmanuel Cassamatis is the contact should there be a margin call.

We were disappointed that they have sent us so many letters and phone calls after the event but they could not extend to us the courtesy of a phone call when we may have been able to do something about rectifying the position.

We have requested that the Bank refund our break fee and they have responded that they will not consider our request until we complete a personal financial plan. As we have a Pty Ltd company and two trusts the personal financial plan is not going to be accurate until we have these accounts done at the end of June.

We have placed all our real estate on the market including our own home and to date we have had not one offer on any of our properties.

We have a 12 acre property on the New England Highway 10 kms from Toowoomba towards Warwick and we currently have a coffee shop and a gift shop that are trading very slowly due to being a bad time of the year for hospitality. We are trying to keep these two businesses trading so we can sell the business as a going concern. This is using some of our meager cash reserves

as we are also paying interest each month on a fixed loan at 11.1%. This property was listed in October 2008. Our other real estate has been on the market since January 2009.

We have loans totaling \$1,153,000 secured by our real estate plus a margin loan of \$75,000 and loans against our life assurance policies of over \$100,000 and growing monthly as the interest is added each month.

We believe the 12 acre property should sell for considerably more than the amount owing to the NAB. But first we have to get an offer.

To add to the stress my wife has been diagnosed with a leaking mitral heart valve that needs attention as she is exhausted all day and suffers from migraine headaches as a result.

We are considering going into voluntary administration so we can get on with the rest of our lives.

We have applied for the age pension with Centre Link but they are still requesting more information from our accountant to be able to access whether we are eligible.

We are putting this submission to the senate inquiry in the hope that Storm clients will get some compensation for the turmoil and stress the bank has caused in the actions they have taken in this black swan event that nobody saw coming.

The banks have had assistance from the government by having their deposits guaranteed, the fire victims in Victoria have received massive assistance from fellow Australians, the flood victims have received assistance and we are asking the government to see that the bank shows some concern for its clients in view of the \$2billion half year profit.

Yours sincerely

Trenham Arthur Richard Old

Jennifer Robyn Old

11th March 2009