



To the Senate enquiry of Storm Financial and the CBA

Since documenting our journey with Storm Financial I am updating you with further developments in our personal lives.

We sold our family home on the 9<sup>th</sup> March 2009 and also most of our furniture, tools and personal belongings to try and pay back the CBA. We still owe the CBA \$480 thousand and we are now living with my Daughter, son in law and two teenage boys. We cannot afford a place to rent or buy at the moment and the situation we find ourselves in is not pretty.

There are a lot o questions we wish to ask and find the answers to.

Why were we not contacted before we reached a margin call? We were assured by Storm and our financial adviser time and time again that we were safe and had nothing to worry about. On the 12<sup>th</sup> Dec 2008 after numerous phone calls I told Stuart that we had nothing left and he still assured us we still had time. We were left with a \$912 thousand debt and no income.

Why did ASIC gag Storm Financial? We needed to speak to these people, if not for advice at least for information. This caused us to be thrown into complete turmoil not knowing what to do or who to turn to.

The actions of Colonial bank, Storm and ASIC have caused us immeasurable grief, loss of our living standards and loss of all that we had worked for all our lives. We have always been self sufficient and no drain on our public system. We have both had to go back into the work force and at our ages it is causing us both stress and hardship.

We hope this enquiry will prove the flaws in the financial system and the way the banks conduct themselves.

There should be questions on how banks and financial advisers can have agreements together and then go back on their word causing their clients untold damage and ruining their lives.

We ask that this inquiry demands that these funds be reinstated to the clients and the laws be changed so that nobody else has to suffer what we all have been through

We remain  
Yours sincerely

Rosslyn Myles and Michael Smith

## STORM FINANCIAL

- ROSSLYN KAYE MYLES
- MICHAEL JOHN SMITH
- 1998? INVESTED WITH YOU WITH ENOUGH MONEY TO RETIRE ON WITH HOUSES AND LAND IN ESPERANCE.
- 2001 RETIRED TO GO TRAVELLING.
- YOU TALKED US INTO SELLING DOWN OUR HOUSES OVER THE NEXT FEW YEARS, BORROWING AGAINST THE MONEY AND PUTTING IT INTO THE STOCK MARKET. AS THE LAND IN ESPERANCE WAS SOLD YOU ALSO BORROWED AGAINST IT AND PUT IT INTO THE STOCK MARKET
- YOU KNEW THAT WE HAD NO OTHER INCOME IN 2007 ONLY THE STOCK MARKET.
- 2008 JUNE YOU HAD US BORROW AGAINST OUR HOUSE, THE ONLY INVESTMENT HOUSE WE HAD IN TOWNSVILLE AND THE ONLY BLOCK OF LAND I HAD LEFT IN ESPERANCE.
- YOU PUT US IN A \$912 THOUSAND DOLLAR DEBT WITH NO INCOME. WHY?
- STUART TOLD US IN NOVEMBER 2008 WE HAD NOTHING TO WORRY ABOUT AND TO GO TRAVELLING FOR SIX MONTHS AS PER OUR PLAN. I KEPT RINGING HIM EVERY 2<sup>nd</sup> DAY ENQUIRING ABOUT OUR STATUS AS WE WERE WORRIED, HE KEPT TELLING US WE WERE FINE.
- WHY DID YOU NOT SELL US DOWN LONG BEFORE WE WENT INTO MARGIN CALL, THERE WAS NO NEED TO GET US INTO SO MUCH DEBT AS YOU KNEW WE HAD NO OTHER INCOME.
- MARCH 2009 SOLD OUR HOUSE TO HALVE THE DEBT AND NOW WE LIVE WITH MY DAUGHTER AND HER FAMILY IN THEIR SPARE ROOM.

- MAY 2009. WE CANNOT PAY THE COMMONWEALTH BANK AND WOULD LIKE AN EXPLANATION AS TO WHY YOU DID THIS TO US.WHEN THERE WAS NO NEED.
- WE WERE WITH YOU FOR 12 YEARS AND TRUSTED YOU WITH OUR FINANCES. YOU KNEW OUR POSITION AND TO TAKE ADVANTAGE OVER OUR TRUST IS BEYOND OUR COMMPRHENSION.
- I WOULD LIKE AN EXPLANATION IF YOU COULD POSSIBLY SUPPLY IT.
- WE ARE NOW 57 AND 62 YEARS OF AGE AND TRYING TO GET BACK INTO THE WORK FORCE FOR WHICH I THANK YOU.
- WHAT HAPPENED TO ALL OUR FEES WE PAID YOU SO YOU COULD LOSE OUR MONEY.
- WHY WERE YOU NOT HONEST AND UPFRONT WHEN WE KEPT ASKING ABOUT OUR POSITION, SO AT LEAST WE MIGHT HAVE HAD A CHANCE TO KEEP OUR HEAD ABOVE WATER AND NOT LOSE EVERYTHING WE HAVE EVER WORKED FOR.

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## SLATER & GORDON – STORM QUESTIONNAIRE

### A. Personal information

1. Your full name and date of birth: *ROSSLYN K. MYLES*  
*MICHAEL JOHN SMITH*
2. Your address:  
*Formerly*
3. Your contact details
  - a. Phone:  
(Home)  
(Work)  
(Mobile)
  - b. Email:
  - c. Fax:
4. What is your current occupation? *PART TIME a MICHAEL FULL TIME MECHANIC CLEANER*
5. Was that also your occupation at the time you invested in Storm? Y/☒N
  - a. If no, please provide details.  
*ROZ WORKING AT TOWNSVILLE GENERAL HOSPITAL MIKE TRANSFIELD*
6. Do you have a spouse / partner? ☒Y/☐N
  - a. If yes, what is your spouse / partner's current occupation?  
*gone BACK TO WORK AS A MECHANIC*
7. Was that also their occupation at the time you invested in Storm? Y/☒N
  - a. If no, please provide details.  
*WORKING FOR TRANSFIELD*
8. Please provide figures of you and your spouse / partner's gross annual income at the time of investing in Storm.
  - a. Your gross income: *\$35,000*
  - b. Your spouse / partner's gross income: *\$90,000*
9. At the time you invested in Storm, did you inform Storm that you were either:
  - a. Planning to retire within the next 3 years of making that investment? ☒Y/☐N
  - b. Had retired? Y / N
10. Are you now retired? Y/☒N *gone BACK TO WORK*
  - a. If yes, when did you retire and what was your occupation immediately prior to retirement?  
*BOTH RETIRED IN 2001 AS ABOVE TGM & TRANSFIELD*
  - b. If no, when do you plan to retire?
11. Do you have any dependants (i.e. spouse, children)? Please provide details.

*NO.*

**B. Investment experience**

1. Do you have any previous experience with investments (i.e. property, shares, managed funds)? Y/N

a. If yes, please provide brief details of amounts and dates invested, advice sought or relied upon, and the result of these investments.

BOUGHT FIVE HOUSES SINCE 1987. RENTED THEM OUT FOR A GOOD INCOME. RETIRED IN 2001 & STORM TALKED US INTO SELLING THEM DOWN & BORROWING AGAINST THE MONEY FOR MARGIN LENDING. ALSO HAD LAND IN ESPERANCE W/ VALUED OVER \$500 HUNDRED THOUSAND. SAME TIME NO ADVICE SOUGHT TIL STORM

2. Do you have any previous experience with margin lending? Y (N)

a. If yes, please provide brief details of amounts and dates invested, advice sought or relied upon, and the result of these investments.

3. How did you come to know about Storm?

a. through a friend

(Y) N

b. Storm group education sessions

Y/N

c. advertising in print or media

Y/N

d. word-of-mouth

Y/N

e. referral by (please provide details of the referral)

f. other (please provide details)

4. If you came to know about Storm through a friend/acquaintance, did that person have any connection with Storm? Y (N)

a. If yes, please provide details of their connection with Storm.

5. If you came to know about Storm through a friend/acquaintance, did that person work in a bank? Y (N)

a. If yes, please provide details of the bank and the position that person held in the bank.

**C. Advice from Storm**

1. When did you first start investing with Storm? 1998

2. Which branch of Storm did you invest with? (i.e. Brisbane (Townsville) etc)

3. What was the name of your adviser? If more than one adviser, please list all names.

STUART DRUMMOND

4. When making your decision to invest in Storm, did you rely on any advertising or documentation from Storm? ☒ Y ☐ N

a. If yes, please provide details.

WENT TO THEIR FORUMS

5. Did you receive a statement of advice about the investment strategy for investing in Storm? ☒ Y ☐ N BUT DO NOT HAVE STATEMENTS NOW

6. Did you ask your adviser whether the investment was a risk? ☒ Y ☐ N

a. If yes, please provide brief details of this discussion.

YES BUT WAS ADVISED THAT THERE WAS NO RISK AS THEIR WAS ALWAYS A BUFFER AND WE WENT IN AT A LOW RISK AS WE THOUGHT WE HAD ENOUGH TO RETIRE ON AND WE WANTED TO RETIRE IN 10-15 YEARS FROM WHEN WE FIRST WENT TO THEM. WE ONLY WANTED AN INCOME STREAM THAT WE DIDN'T HAVE TO WORRY ABOUT AS WE WERE GOING TO GO TOURING AROUND AUSTRALIA AND OUR SPENDING HABITS WEREN'T HIGH

7. Did your adviser explain to you what risks there were in relation to the investment in Storm? Y ☒ N

a. If yes, please provide details of this discussion.

8. Did you understand that the bank could sell your Storm-indexed units without consulting you? Y ☒ N

9. What risks were you concerned about? Please provide brief details.

WEREN'T CONCERNED AS THEY TOLD US WE WERE NOT AT RISK WE WERE LOW RISK INVESTORS AND TOLD STUART WE DID NOT WANT TO LOSE OUR INVESTMENTS THAT WE HAD WORKED SO HARD FOR.



10. Did you inform your adviser of any risks that you were not prepared to take? Y / N  
 a. If yes, please provide details.

WE DO NOT RECALL TELLING STUART OF ANY RISKS  
 AS WE DIDN'T THINK WE WERE AT RISK.

#### D. Your loans

1. Under what name or entity (i.e. your name, joint names, company, trust, superannuation fund) did you borrow money to invest with Storm? If more than one, please list all names or entities.  
 MICHAEL JOHN SMITH & ROSSLYN KAYE MILES  
 (Example: "John Peter Citizen & Jane Mary Citizen")

2. Are you the sole owner of the investments or investment scheme? ☒ Y ☐ N  
 a. If no, who are the other owners of the investments or investment scheme?

3. Did you obtain a margin loan to invest with Storm indexed units? Y / N  
 a. If yes, from which bank?  
 i. Colonial ☒ Y ☐ N  
 ii. Macquarie ☐ Y ☐ N  
 iii. Other: \_\_\_\_\_

b. Please state the total amount borrowed under this margin loan:  
\$3,512,740.52

4. Did you obtain an investment loan? ☒ Y ☐ N  
 a. If yes, from which bank?  
 i. Colonial ☐ Y ☐ N  
 ii. Macquarie ☐ Y ☐ N  
 iii. Other: COMMONWEALTH BANK

b. Please state the total amount borrowed under this loan: \$912 THOUSAND

5. Did you borrow against the value of your property (i.e. house, unit) and provide a mortgage to a bank? ☒ Y ☐ N  
 a. If yes, which bank?  
 i. Bank of Qld ☐ Y ☐ N  
 ii. CBA ☒ Y ☐ N  
 iii. Other: \_\_\_\_\_

b. Please state the total amount borrowed against your property (i.e. house, unit): \$912 THOUSAND

- c. Are you the sole owner of the property against which the loans are secured? ☒ Y ☐ N
- i. If no, who are the other owners of the property against which the loans are secured?
6. Prior to obtaining the mortgage, did you own your property outright? Y ☒ N
7. Did you borrow money to purchase this property? ☒ Y ☐ N
- a. If yes, when did you pay off this loan? \_\_\_\_\_
- b. If no, how much did you owe prior to your Storm investment? \$250 THOUSAND?
8. Do you have copies of the bank forms which you completed to obtain:
- i. the margin loan ☒ Y ☐ N
- ii. the loan against your property ☒ Y ☐ N
- a. If **yes**, please forward *copies* (and not originals) by email to [storm@slatergordon.com.au](mailto:storm@slatergordon.com.au) or by post to our Brisbane office, GPO Box 895, Brisbane 4001.
- b. If **no**, please complete the enclosed pro-forma letter to request these documents from your respective bank(s). Once these documents have been received, please forward *copies* (and not originals) by email to [storm@slatergordon.com.au](mailto:storm@slatergordon.com.au) or by post to our Brisbane office, GPO Box 895, Brisbane 4001.
- If you are forwarding your documents by post, please ensure that you attach a cover sheet with the following details:

Attention: Project Litigation Group  
 Matter: Storm Financial  
 Name: (Insert your full name here)

#### E. Your dealings with the banks

1. From which **bank branch** did you obtain:
- i. your margin loan COLONIAL
- ii. your loan against your property COMMON WEALTH
2. Did you meet personally with your bank representative to sign your loan documents? Y ☒ N
- a. If yes, do you recall the name of the bank representative and their position with the bank? Y / N
- i. If yes, please provide these details.



- b. What advice did that bank representative provide you in relation to the loan(s)? Please include in your answer any comments this person made about the loans.
3. If you did not meet personally with your bank representative, did they telephone or contact you at any time to discuss your loan documents? Y N
- a. If yes, do you recall the name of the bank representative who contacted you and their position with the bank? Please provide details.
- b. What advice did that bank representative provide you in relation to the loan(s)? Please include in your answer any comments that person made about the loans.
4. What did you perceive to be the relationship between your bank representative and your Storm Financial advisor? Please provide details.

#### ***F. Monies invested***

1. In summary, please list the total amounts invested with Storm indexed units in the following categories:
- a. Margin loan:  
\$3,512.740.52.
- b. Loan against your property:  
8912 THOUSAND.

- c. Personal equity (i.e. superannuation proceeds, personal savings or cash, shares or other index funds, proceeds from sale of property, inheritance, payouts from worker's compensation or personal injuries claims):

### G. Repayment of loans

1. Were you contacted by your margin lender **before** your Storm indexed units were sold? Y ☒ N
- a. If yes, who were you contacted by and when was this contact made?

2. If no to question 1, would you have been able to repay your margin loan if you had been contacted **before** your Storm indexed units were sold? Y / N

Please provide details.

WE DO NOT KNOW AS WE WERE NOT AWARE OF THE AMOUNT WE WOULD HAVE TO COME UP WITH.

WE DID HAVE SOME MONEY IN THE BANK & WE THINK IT WOULD HAVE BEEN ENOUGH

3. Were you contacted by your margin lender **after** your Storm indexed units were sold? Y ☒ N

- a. If yes, who were you contacted by and when was this contact made?

LETTER FROM COLONIAL DATED 9<sup>TH</sup> DEC 2008

4. Has your bank called in your margin loan? Y / N

- a. If yes, when did you receive a margin call?

WE PAID OUR MARGIN LOAN WITH THE MONEY THAT THEY SOLD OUR SHARES WITH

5. Are you able to repay this loan? Y / N

- a. If yes, will you have any money left over once you have paid your margin loan? Y ☒ N

**Please answer questions 6 – 8 for each loan that you have, listing the answers to each loan separately.**

6. If you have any other loans, has your bank called in those loans? Y ☒ N

7. Has your bank issued a 'Notice to Pay' on the loan against your property? Y ☒ N

- a. If yes, when did you receive a 'Notice to Pay'? \_\_\_\_\_

Please note that you should immediately contact our Brisbane office on (07) 3220 2555 or by email to [storm@slatergordon.com.au](mailto:storm@slatergordon.com.au) if you have received such a notice and we will consider whether we are able to assist in your dealings with the bank.

8. Are you able to repay this loan? Y (N)

a. If yes, will you have any money left over once you have paid this loan? Y / N

#### LIMITED RETAINER & AUTHORITY TO ACT

- I / we hereby retain and authorise Slater & Gordon to carry out the following work on my / our behalf and on behalf of my joint investors and/or joint owners of any property with a view to them investigating my / our potential case and thereafter providing advice as to possible legal or other remedies:
  - communication with banks, lending institutions, financial advisors, administrators, receivers, liquidators, other lawyers, barristers, experts or other persons connected to my / our matter;
  - the provision of information about my / our potential case to any of the above persons as is necessary; and
  - all other things necessary to investigate my / our potential case.
- I / we acknowledge that Slater & Gordon will **not** charge me / us legal fees for the work described above unless Slater & Gordon recommend that legal action be commenced and a costs agreement pertaining to that action is entered into.
- I / we acknowledge that Slater & Gordon have **not** been retained, at this stage, to commence any legal action on my / our behalf and will not do so without express instructions to do so.
- I / we acknowledge that due to the high number of enquiries and ongoing nature of the investigation, Slater & Gordon may not be in a position to contact me / us about my / our potential case for approximately 3 to 4 weeks.
- I / we agree to keep all information provided to me by Slater & Gordon strictly confidential and agree to not disclose any such information to anyone including, but not limited to, other ex-Storm clients, the media, SICAG, or other lawyers save as is required by law.

Signed:

Dated: \_\_\_\_/\_\_\_\_/\_\_\_\_