

Gregory Maurice Kay and Marie Corinne Kay
22nd June 2009

Submission : Senate Enquiry into Storm Financial Ltd

We are making a submission in relation to the handling of our account by Storm Financial Ltd (Storm) and Macquarie Bank.

Before investing, our house, valued at \$950,000-00 was mortgage free, against which we borrowed \$510,000-00 and we had \$495,000-00 in cash.

In our Statement of Advice from Storm, it states "Margin Call Lending to Valuation Ratio (LVR) should not exceed 80%". Storm and Macquarie Bank both allowed our LVR to exceed 80%, taking no action, letting the LVR reach approximately 99,8%. Then without any consultation, decided to execute a Margin Call.

If this trigger point of 80% had been activated, we would have crystallised losses but would have saved losing our entire portfolio. According to my calculations, a margin call at 80% would have yielded a balance of between \$250,000-00 and \$260,000-00. Instead, when the margin call was activated, a surplus of approximately \$2,000-00, was realised. A net loss of \$1,003,000-00.

Storm and Macquarie were responsible for allowing our LVR to exceed 80%. They should have then taken responsibility in holding our account intact until the markets returned to a position where our LVR recovered to 80%. Only four months after executing our margin call, our LVR would have recovered to 85%.

Neither Storm Financial Ltd, nor Macquarie Bank, acted responsibly and no duty of care was practiced.

Yours Sincerely,

Greg and Corinne Kay