

Committee secretary parliamentary joint committee
On corporation & financial services
P.O.box 6100 parliament house
Canberra A.C.T. 2600

Questions I would like the senate enquiry to ask the C.B.A.I have some issues on the following questions.

Colonial Geared Investment advised me that Storm Financial was sent daily updates on my margin loan. Can I please see:

- Copies of daily updates that were sent to Storm Financial for the period of 1/10/08 to 31/10/08
- I am particularly interested in seeing the information relating to the period from 16/10/08 to 23/10/08 – the period during which the Index Fund was frozen
- Please also advise at what point the unit price was restored to its correct value post the fund being reopened

I have been advised by Colonial that the first sell down of the fund occurred on 28/10/08. Can you please advise:

- Who purchased the units at the point that the Storm fund was closed down?
- Is there any evidence to suggest insider trading at this point whereby departments within the Commonwealth Bank bought the units of the closed down Storm Fund at its lowest price?

It is quite disappointing to me as a long term investor with Colonial to have never been informed that my portfolio would end up in negative equity. All the information that I had received confirmed that I would be sold down at 90%.

In the business of investing, I understand there to be three key parties: Investors; our advisors (in this case Storm Financial); and the Fund Managers & lenders (Colonial Geared Investments). I signed a form on 8/10/08 requesting to sell down up to 100% of my portfolio. We as investors are obviously unable to sell down our units and rely on Storm Financial, as the advisor, to send the redemption through to the Fund Managers at Colonial. No other party, except the Commonwealth Bank, are able to sell down the units. I believe that the Commonwealth Bank, in my case, did not exercise adequate duty of care as the time between my advice to Storm to sell down the fund and when this request was actually carried out by the CBA, was too long. It was this delay that caused my portfolio to go in to negative equity.

I am very disappointed that Colonial First State made no attempt to notify me that they were going to close the fund, nor did they give me any options regarding the units in that fund. I had already prepaid all of the interest a long time prior to any of the above requests and subsequent actions. I believe that Colonial First State had a responsibility to inform me personally of the closure as part of the Duty of Care that is fundamental to any investor relationship.

I understand and am prepared to accept the losses that occurred due to the decline in the Stock Market but I am not prepared to accept the losses that occurred as a result of Colonial First State not showing due care.

The CBA has made significant profits as a result of the investments that Storm investors have made over the years and I strongly believe that we were let down for the reasons cited above. It is the responsibility of the CBA to show due care and diligence to its clients and I do not believe that this has occurred.

I would appreciate your consideration of my thoughts as per above and your response to my questions detailed in the second and third paragraphs of this letter.

Please feel free to contact me on any of the contact details above if you would like to discuss or clarify any of the points in this letter.

Kind regards,