

MY engagements with STORM Financial from:-

@ 6/2/07, I first engaged with Dean Thompson (Storm Financial Adviser) following a recommendation from a long term friend who was happy with the customer service and dividends they were receiving from their investment advice from Storm (Dean). At this time I made it crystal clear that I did not wish to lose the financial asset I had with my property which I owned in Cairns.

Sometime during these time frames Dean strongly advised me to sell my home in Cairns and he reported I was only making profit of @ \$2,000.00 per year and it was a financial weight I could ill afford. Dean laughed when he informed me, my view of home ownership was quite antiquated and no longer a viable option in today's investment marketing practices. He also strongly implied home ownership was an ill thought through investment option. I felt embarrassed and quite outdated with my strong view of continuing with my home ownership view and I informed Dean on numerous occasions that under no circumstances did I want to run the risk of not continuing with my home ownership. We also discussed 'investment risk' and I made it very clear to Dean I was not a risky investor and to place any of my investments into low to medium (if any) risky prospects. Over a few engagements with Dean he convinced me to sell my Cairns property. I eventually agreed with this and thought I would pay off my original Waratah loan and still be a 'home owner', particularly as I was in my 50 + years. However Dean talked me out of this with his recommendation that the \$ from the sale of my Cairns property would be better, safer and more financially productive if/when invested via his recommendations. Dean also discouraged me from salary sacrificing as he advised it would serve no purpose to me and not save me any money in the long run. He assured me I would conservatively have @ \$400,000.00 within 2 years of Storm management and possibility \$800,000.00 soon thereafter, based on their very safe and secure investments linkages and high standard of safe investment strategies. I was impressed by this as I did NOT want to be a financial liability on the community when I retired.

20/2/07

I signed a 'Confidential Financial Profile' – with Dean Thompson (Financial Adviser with Storm).

13/3/07

I received a phone call from Dean to come in the following week to review his plan for me.

14/3/07

I phoned Storm and made arrangements for a face to face presentation with Dean for 19/3/07 1330hrs.

16/3/07

I signed a 'Business of Making Money Statement of Advice' – with Dean Thompsons. At some stage during these previous engagements, I noticed Dean had miscalculated something with my credit rating and drew his attention to this. I understood he amended this and factored it into the 'Business Plan'.

23/3/07

I left a message for Dean re;

- a) \$ owed on my existing mortgage loan with Waratah Housing Co op (\$236,628)
- b) Early discharge from Waratah = \$6,500.00
- c) Legals ? Unknown costs

Phone call to Dean re his contact with Green Light (Who had organised my loan through Waratah Housing Co op) as Dean was planning on arranging an alternate loan from another vendor which would pay out my loan with Waratah and I could then use that \$ for investment through Storm. Dean informed me he didn't need to speak with Green Light as he only needed to speak with Waratah – he further reported “They, Green Light, didn't do you any favours by locking you into a discharge fee arrangement like the one the one you got”.

27/3/07

I understand Dean had a conversation with Steve Finn (Green Light) about ‘investment shares via cash out’ - something about \$1700 extra funding & fixed for 12months, interest only

23/4/07

Phone call with Dean regarding the sale of my property in Cairns (\$265.000)

1/5/07

I phoned Dean to inform him of the Commonwealths valuers report that it was viable for 3months.

15/4/07

Dean informed me he would be on holiday and Janelle Manbridge would relieve for him and that Dean would be speaking with Steve Finn (Green Light).

20/6/07

Phone call to Dean – I informed him settlement was 19/6/07 and about deduction breakdowns. Dean informed me “pay out from Waratah should NOT have paid out \$10,000 Security should have gone from Cairns property to Joy St property.

26/6/07

I presented a Commonwealth Bank Cheque (848 197) dated 26/6/07 for \$225,730.00 (proceeds from my property in Cairns) to Storm and signed ‘Amendment to Recommendations Additional Statement of Advice’.

18/7/07

Phone call to Dean regarding payments of loan whereby I was informed to cancel my direct credit to Waratah.

23/7/07

Phone call from Dean who informed me IF I borrowed more from Waratah, they would tack on a couple of \$1000 more in mortgage insurance and the \$1,415.00 p/m is internally debited between my accounts (with Storm)

30/7/07

I again signed a 'Your Next Step - Statement of Additional Advice'.

17/8/07

I again signed a 'Your Next Step - Statement of Additional Advice'

9/10/07

I phoned Dean re Macquarie document forms:-

- a) Request to Transfer sponsor
- b) Request to transfer in Broker
- c) Managed Fund Pledge

15/10/07

I again signed a 'Your Next Step - Statement of Additional Advice'

17/10/07

Phone call who informed me:-

- a) Average funds _507.718
- b) Current loan \$273.953.00
- c) Portfolio \$975,8389.83

9/11/07

I phoned Dean for advice as I needed to repair/rebuild my front veranda due to rotting timbers (safety issue). Dean informed me:-

- a) \$45,000 in cash reserve now and if I removed \$25,000 it leaves my management fund too low. Dean suggested a personal loan with a bank and not break into my investment portfolio.

15/11/07

Phone call to Storm regarding the Storm investment offer which I had received via mail – Clair informed me Dean was in Victoria setting up a new branch and that Dean would phone my call that day.

26/11/07

Steve (Storm) phoned me regarding my enquiry re investing with Storm (see 15/11/07).

Not long after this, I phoned Peter Allan (04 3852 1077) who informed me my margin loan was too high and decreased my borrowing power. Peter didn't know how that had happened nor why it happened and that he would ring me back later. Unfortunately I didn't keep a record of that conversation (if it occurred).

21/1/08

I again signed a 'Your Next Step - Statement of Additional Advice'. At some stage close to this, when Clair presented the documents for me to sign, she said "I want to be there with you when you draw your first million dollars".

19/2/08

I made a phone call to Dean however I didn't document the content of that conversation.

10/3/08

I phoned Storm about DPAC – unfortunately I didn't keep an account of that conversation either.

14/3/08

Phone call to Storm (Cherie) to enquire what a DPAC loan was to Waratah – I was informed by? Cherie to increase my payments to \$1,700 per month for future increases & that I would go in that afternoon to sign necessary form at Storm office.

11/4/08

I had a video conference scheduled to talk to Dean about my portfolio and the conversation I had with Peter Allan (see 26/11/07).

2/5/08

I rescheduled a videoconference for reviewing my portfolio for 6/5/08.

6/5/08

Video conference with Dean to discuss my portfolio postponed to 16/5/08

15/5/08

Phone call to Storm whereby Dean was to explain the \$400,000 excess borrowing on my behalf by Storm.

16/5/08

Videoconference with Dean to discuss the \$400,000.00 over loan.

26/5/08

Phone call from Dean – unfortunately I didn't document the content of that conversation however it related to Storm not being too sure how the debacle occurred.

28 &/or 9/5/08

Phone call to Dean requesting information as to how this extra \$400,000 has impacted on my margin loan. Dean informed me “We had the right numbers (Margin tender had it wrong). Now 70% LVR at moment”. He also mentioned something about \$672,000 not \$605,000 now owning more assets. Dean suggested adjunct to existing loan as separate loan and something about money won't interfere with my portfolio and that he would ring me back the following Friday 30/5/08

13/6/08

Phone call to Dean who's Receptionist advised me Dean had advised I go for a personal loan for my veranda repairs.

25/6/08

I phoned Storm re the ? date to sign off my marginal loan extra &:-

- a) Whether their margin loan of \$400.000 effect my tax
- b) Can I do salary sacrifice my Super living expenses/electricity?
- c) Swap from Dean to a more local (Storm) financial manager as it was difficult engaging with Dean since he had relocated to Victoria. I was advised Dean would return my call.

8/7/08

I phoned Storm to ask why and how my margin loan had been allowed to get to \$800.000 + and I was only alerted to this through my conversation with Peter Allen (26/11/07) and how I had tried to engage with Emmanuel X2 without success. Rachel advised me Emmanuel Cassimatis was in a meeting for the entire week. Clair rang me 1310hrs to advise me Emmanuel would personally intervene and sit with me sooner the better.

17/7/08

1300 hrs I subsequently spoke with Emmanuel via videoconference and I was in tears. He assured me my investments were safe and secure and there was no risk of me losing the possibility of me losing my home and arranged a video conference to discuss the matter. Emmanuel informed me I was a very lucky person to have been provided the extra \$400.000 as something like that hadn't happened before and it had put me in a very prosperous and enviable situation which no others had had an opportunity to enjoy. When I likened it to a sub prime situation, Emmanuel laughed and informed me it was indeed like that and again informed me how lucky I was. Emmanuel offered to do my tax (free) for the financial year in recompense for the over extended situation I had now been placed in.

21/7/08

Phone call from Claire to discuss Storm doing my tax for me as per arranged in the videoconference with Emmanuel (17/7/08).

8/9/08

Phone call from Claire to inform me Storm had completed my tax and was ready for signing.

27/8/08

Phone call from Claire re:-

- a) having my ING investment statement faxed to her
- b) Green Light fax last years return to Storm

31/7/08

Challenger – unfortunately I don't remember what this conversation was about.

6/8/08

Phone to Storm and spoke with Claire re my tax.

12/10/08

I left message for Claire to ring me re discussing my portfolio status and salary sacrificing etc.

5/11/08

I phoned Storm regarding the phone call I had received earlier that day from John (Macquarie) who informed me my Margin Loan was outstanding for \$8,041.13. I left a message for Claire to return my call.

6/11/08

Phone call from Claire who informed me to tell Macquarie to ring Storm and I was NOT to pay Macquarie \$8,000.00.

21/11/08

Phone call from Storm who wanted to pledge me \$45,000.00 into my account because Macquarie wouldn't accept Storm funds. Macquarie had sold to another company. The Storm member also said something about 'Margin call money Storm had put into my account from the loan stuff up ages ago'. I really didn't know what this meant.

During these particular dates, I had received @ 3 calls from? Macquarie regarding margin loan calls – on each occasion I didn't understand what they were talking about and requested they phone Storm as I was paying them to manage my funds/investments and they should be the ones they need to contact, not me (as I understood it at the time).

24/11/08

Phone call to Storm (Kim) – Macquarie margin report I'm \$5,264.58 overdrawn. She reported there was a 'dishonour' Margin CMP of \$3,791 (interest loan) & something about on 17/10/8 \$15,000.00 my money went into it. I informed her I was not happy with what was happening:-

- a) Major debt issue earlier in the year
- b) Now I've got dishonour notification (& I'm paying Storm to have my money/interests managed by them)
- c) How could these issues occur – should have been noticed before a 'dishonour' on my records.

1/12/08

1530hrs I had a face to face appointment with David & another female (Storm office). I again was in tears and clearly stated to David and the female I was in absolute fear I was at risk of losing home ownership and the future of paying off the debt of extra \$400,000 which Storm had dumped me in. David categorically promised on 3 separate occasions throughout this conversation - "I promise you, you won't lose your home or be at risk of losing it, your money/investments are safe". He then reported:-

- a) My portfolio had been converted to cash
- b) Margin loan debt - \$400,089
- c) Cash Security \$451,000
- d) Debt = \$40,000
- e) Sit for a week
- f) David asked if I could provide Storm with \$45,000.00 to cover the margin loan recall &/or accept a pledge from Storm of \$45,000.00. The first letter of pledge they presented to me, I queried as the writing in the letter reported the money was to be given to me and that it didn't state it was a loan. David immediately had the letter re written to note it was a loan. I advised David I

was not able to borrow any money under these circumstances however I was able to provide them with \$10,000.00 of my own savings - which I did. David assured me any pledge money I received from Storm could be paid back when I could - when the stock market improved.

15/12/08

Phone call to Storm (Bernadean) I had signed \$10,000.00 of my own savings for Macquarie, and Bernadean informed me Claire was yet to sign it off and this negative equity has been dealt with. She also informed me Storm would make another appointment for me with David again about increasing my investment & investment advice. I informed her I wasn't all that happy with David as I had been misled about the previous meeting I had with him whereby I had been told it was a meeting with David about investment advice and it turned out to be about other things (see 1/12/08). This meeting never eventuated because Storm ended up with the liquidators (which David, Bernadean etc would have known by that stage, however they were still projecting 'a business as usual' attitude and assurance).

2/1/09

Phone call from Macquarie – male informed me I still owed them money and that Storm didn't return their calls.

5/1/09

I phoned Storm and reported the previous conversation I had had with Macquarie and whether I did in fact still owe Macquarie money. Anna said she'd give me a call the next day as Emmanuel was in a meeting.

6/1/09

Phone call to Storm (Chris) who informed me someone would ring me back before 1230hrs (I can't remember just what that call was about) however I did complain about the numbers of 'managers' I had had in the short time I had been with Storm – Dean ->Clair -> Emmanuel -> Dean -> now Deans away just who would be managing my portfolio? Someone from Storm later rang me back and reported Anna would ring me back.

29/1/09

Phone call to Challenger – Macquarie loan withdraw margin loans of \$281,961.20; \$25,562.31; \$113,852.31 on 23 & 24/10/08.

30/1/09

Phone call to Challenger (Mark) – Macquarie will take surplus from Challenger and return it to PAC

13/2/09

Phone call to Macquarie (Daniel) – My margin loan is cleared. I did as requested by Macquarie and faxed a letter requesting "Please transfer the balance of my CMP account And close my account. Please transfer to Commonwealth Bank. Fax 1800 550 140.