
12th July, 2009

Committee Secretary
Parliamentary Joint Committee on
Corporations & Financial Services
PO Box 6100
Parliament House
CANBERRA ACT 2600



Dear Sir/Madam,

We wish to submit a case Against Storm Financial subsequent to your calling for submissions. **We also request that this information remain the property of the Commission, and that our name and financial details NOT be published in the public domain.**

We had an 11 month history with Storm Financial when things went "pear shaped". We were introduced to the company by Toby's parents, who had been with Storm for four years, and were doing quite well with them.

Needless to say, all was not well. We ended up losing our own capital of \$265,000, plus fees of approx \$55,000 paid to Storm Financial, all within one year of joining. We sold two homes to provide the capital for this investment.

Yes, we are devastated that we have lost our capital due to what we believe to be poor management of rapidly changing market circumstances, but what really concerns us is that we paid so much money to Storm Financial in fees, and got little to no management, advice, or control of our investment for the time the company was solvent. It irks us tremendously to understand that a person or company can quite legally lose all your money for you, and appear to have no repercussions or legal obligations to rectify or resolve the loss. Where is the professional insurance? Where is the industry responsibility? Where is the personal integrity of the adviser?

We were fortunate that we held a small amount of positive equity (approx. \$4000), thus avoiding the negative equity debacle, but we have lost our entire investment, and now need to rebuild from scratch. Fortunately, we have jobs, but we are still on the "back foot" at a time in our lives when things should be consolidating for us.

Please find attached a basic outline of our situation. Should you require further clarification, or more in depth detail, please do not hesitate to contact us by methods listed above.

Yours sincerely,

TIME LINE FOR FINANCIAL SERVICES COMPLAINT

<u>DATE</u>	<u>TYPE</u>	<u>CONTENT</u>
23/01/2008	phone	First contact of concern. discussed slowing process of application due to market volatility. Told there is no good or bad time to enter the market, and the application would be processed as the paperwork allowed.
07/03/2008	phone	Discussed loss of \$80,000 on portfolio in 5 weeks as the ASX drops -3.2%. Expressed further concern for loss of our invested capital. John Fuller responded with words like don't be afraid or worried, if you sell out now you will crystallize your losses. Besides, you've only been in a month and \$80,000 is nothing in the scheme of things.
10/04/2008	phone	unable to document
23/04/2008	phone	unable to document
26/05/2008	phone	We are unable to document what resulted from these three calls , but think they relate to requests to finalise our additional investment of \$50,000 (\$15,000 capital + 35,000 margin)
16/07/2008	diary	We are screwed. ASX way down.
16/09/2008	phone/fax	6th worst ever crash on the Dow Jones - 5.5%, ASX -3.3%
18/09/2008	e-mail	Expressing deep concern for our financial position. Requested advice on position and options.
23/09/2008	e-mail	Response from Storm Financial John Fuller 5 DAYS LATER to above e-mail. Told Storm will act at margin (ultimately didn't. Storm Index called in by Challenger). The usual comments of "All the world would have to disappear before you lose all your money. Or, you can lose all your money if you

sell down out of fear. We need to focus on the now, rather than what might be!" Told our LVR, debt ratio and cash reserves were solid and that IF THE MARKET CONTINUES TO FALL, YOU WILL SURVIVE. **Request for protection strategy dismissed as unnecessary.**

10/10/2008	phoneX4	ASX down -8%, Dow Jones 3rd worst fall in history. Asked to be sold out of the market. Storm Financial John Fuller told us that Storm "would sell down if have to". Told we were to receive paperwork to set up a Accelerator Cash Account with the CBA should Storm deem it necessary to sell down a portion of our investment to cash. We asked why not just sell it all out NOW into cash and be done with it? Told NO! Storm will sell down as required... laughing saying we are all in the same boat! What are you worried about? You'll still eat tonight! Reiteration of the "total market cannot disappear/world has to stop before you lose all your money" story.
13/10/2008	phoneX6 fax	CBA Accelerator Cash Account paperwork ready to go.
23/10/2008		First sell down out of Storm Indexed Fund/Challenger.
29/10/2008		discovered directly owned shares were sold out when specifically directed NOT to do so.
30/10/2008	phone	John Fuller replied not to worry, will be rectified. (never was). Told Storm has a deal with Colonial Margin lenders, and is reviewing each portfolio on an individual basis. Second sell down.
05/11/2008	phone/fax	We are unable to document the contents of this call, but think it pertains to current situation in view of recent sell downs.
21/11/2008	phone	Panic call to arrange phone meeting ASAP.
26/11/2008	e-mail	Outline of questions regarding what is left of our portfolio, strategy re-think, grave concerns for the

		loss of our investment.
28/11/2008	phone	John Fuller still told us we are OK, and will NOT LOSE ALL OUR MONEY. We had approximately \$152,000 in the market, \$285,000 in Accelerator Cash Account, and a margin loan of \$432,000. With a capital loss of approximately \$200,000 . He went on to say that Colonial was responsible for some actions, and that there would be no fees to re-participate in the market in the future under guidance of Storm Financial up to the value of existing funds.
05/12/2008		Final sell down. Totally out of market now. We were not to discover this until 6 days later.
09/12/2008	e-mail	From Storm Financial stating that a reconciliation statement was pending, and offered a meeting to discuss. The statement was never received, nor the meeting conducted.
11/12/2008	letter	Received letter from Colonial Margin lenders stating our investment has been totally sold out into cash in the Accelerator Cash Account, with an outstanding margin loan of approximately \$432,000 linked to funds held in the Accelerator Cash Account.
12/12/2008	e-mail	To Storm to please explain Colonial.
14/12/2008	letter	Formal letter of complaint sent by traceable express post to Storm Financial principle Emmanuel Cassimatis, copies to Gus Dalle Cort and John Fuller in the Cairns office. (attached)
15/12/2008	e-mail	We sent e-mail to John Fuller asking for advice and strategy options once again. We expressed our extreme displeasure at our situation and felt it could have been alleviated if Storm had sold us out of the market entirely when we first asked to do so . The response was poor.
15/12/2008	e-mail	From Storm blaming Colonial for the sell down.
18/12/2008	letter	From Storm Financial (Julie Cassimatis) responding

to the fact that a letter of complaint was received, our situation would be reviewed and Storm would contact us within 20 working days. This never happened. (letter attached)

20/12/2008	phone	We made calls ourselves to Colonial Margin lenders to get an accurate report on our margin loan position, and to Challenger to confirm the account was closed and no further debt was being incurred. Administering the Accelerator Cash Account proved difficult until I presented at the local branch of the CBA as there was no record of my signature on file at the time.
22/12/2008	letter	Colonial Margin lending statement faxed to Storm Financial. Same day subsequently contacted by secretary and told that "Storm Financial could not give us any advice, and to seek advice elsewhere!"

Final position is approximately \$432,000 margin loan with Approximately \$436,000 in the Accelerator Cash Account to cover. WE HAVE EFFECTIVELY LOST ALL OUR MONEY DESPITE STORM FINANCIAL CONTINUING TO TELL US THIS WAS NOT A POSSIBLE SCENARIO.

END OF TIME LINE