

Dear Senators,

We are former Storm clients and self funded retirees, now trying to get the Centrelink Aged Pension at age 69 and 66.

In 2006 we had recently sold our property and business and wanted to set ourselves up for a self funded retirement. We initially invested our money in a private Super Fund, however the fees and returns were not providing us the returns we expected. We began looking at other alternatives to ensure not only our future but the future of our children. In our very first welcome letter we received from Storm they thanked us for the opportunity to "help us achieve our goals for the now, middle and end of our lives". We would like to make it very clear from the outset that we invested with Storm for our long term security - not short term profit.

Storm had all the appearances of legitimacy and was a member of the industry's peak national body, the Financial Planning Association. It had grown since 1994 into a "powerhouse" (as their marketing material put it) with 14,000 clients, 10 offices across the country and more than \$4 billion under management. We attended their educational sessions and were impressed with their results and recommendations. To add to this, the person who introduced us to Storm – Jodie McIver - was a Storm Adviser and a family friend who became instrumental in our decision to invest with Storm.

From our first meeting with Storm we made it very clear that the security of our investment was our priority - not short term profits. We were told repeatedly that our initial investment of \$1.6 Million was not only guaranteed by Storm but personally by the CEO's, Emmanuel and Julie Cassimatis. This was reiterated by Emmanuel himself in the final meeting we had before investing with Storm.

In the first two years of our investment with Storm we gained confidence in their model and saw our investment exceed their forecasts each year. We felt their modelling was sound and therefore trusted their recommendations.

As the whole world knows, we have seen an unprecedented drop in the Australian Stock Exchange. Having margin loans on our initial investment saw our future totally decimated. We now sit in our caravan with no house, no money and no future. How did this happen?

We had one of Australia's top Financial Planning organisations (Storm Financial) managing our future. Our funds were invested with one of Australia's top Fund

Managers (Challenger). Our loans were with one of Australia's top Banks (Macquarie). We did everything right, the system failed us.

We were not given the opportunity for our long term financial security as the banks made margin calls with no opportunity for us to rearrange our affairs. In the situation of a home loan you are given ample opportunities before the bank forecloses. However in our situation our shares were sold and our future destroyed with the flick of a pen.

When our shares were sold, we were told this would avoid a margin call. This did not happen and we were not given the opportunity to arrange more security from other sources. Our children would have been more than willing to assist us if we were given the opportunity.

We requested a full explanation as to how our facility ended up with an LVR in excess of 80% which equates to approx \$321,692.30 negative. The Storm statement of advice clearly points out "trigger points" and "layers of protection" before a margin call. Why did Storm and Macquarie Bank Margin Lending not contact us until our LVR reached the margin call LVR?

Had we been notified of the bank's intention to redeem our investments, we would have at least been able to consider the possibility of providing extra security to lower our LVR. We were not given this opportunity despite being contactable on a daily basis by Macquarie Bank.

Once we were sold down, these monies were to stay in cash as a way of protecting against further market falls. The loan interest was prepaid to 30th June 2009. As markets stabilised, the option to start switching back into the market could then be considered.

The failure of Storm and Macquarie Bank Margin Lending to prevent this facility to get above 80% LVR's (margin called) has now meant any such strategy of switching funds from our CMT account back into indexed funds is virtually impossible without significant amounts of extra capital from ourselves.

This means that we were effectively forced into a position where the bank deemed our fixed loan needed to be broken and paid down. We were forced by Macquarie Margin Lending into having to break the loan and subsequently requested a full refund of any breaking costs charged.

Our understanding of the above mentioned products is that Macquarie Bank Margin Lending offered an 80% LVR. Macquarie Bank Margin Lending is now accepting no responsibility for any of the actions, leaving us with these concerning unanswered questions and non recoverable debt.

- Why were we not notified that the margin call LVR at 80% was reached?
- Who authorized the margin level to reach 94.59% approx without our approval or knowledge?
- Why were we allowed to lose approx \$321,692.30
- Why did we receive no communication from Macquarie Bank Margin Lending?
- Why are we still waiting for the statements showing the exact breakdown of the margin loan indicating LVR's, dates of action, communications, total interest paid, exact break costs with the explanation of these included?
- Why has the communication from Macquarie Bank Margin Lending to Storm Financial, allegedly warning of our risk in the market, still not been received as promised? (Verbally over the phone). Why were we not notified? After all, we were constantly being reminded it was our responsibility to monitor our loan. This was difficult given the web details were not up to date and we were not notified directly.
- Why were we responsible for the break fees which Macquarie Bank Margin Lending forced us into - A situation not of our creation that we learnt about in a brief letter from the bank dated 19-01-2009.
- We require a full explanation as to why a breaking cost of between 40-50% of the remaining interest paid in advance on the facility was charged by Macquarie Bank Margin Lending
- Why were we as Macquarie Bank customers of 3 years treated so appallingly?

We made repeated requests from our Storm Advisor – George Cassimatis - for information and guidance to protect our position from the time the market started to fall and we were always assured that “we did not have to worry”.

We are asking for your help to find where the system let us down? Was it the banks recklessly lending money, was it the Storm model, or was it the relationship between Fund Managers and Margin Lenders who both got rich on our money?