

27 July 2009

Our names are Anthony Purse self funded retiree, now forced at 61 years of age to look for employment to pay debt, and Deidre Purse still working at 58 years of age, planning to become a self funded retiree but will continue working to pay debt. Tony invested his hard earned superannuation into Storm Financial in 2005.

We have been long term clients of Storm Financial for a period of twelve (12) years. During this time the company had several name changes – firstly it was Cassimatis Securities Pty Ltd, then Ozdaq and now Storm Financial.

It is not greed that led us to join Storm Financial as clients, rather the fact that we wanted to be self funded retirees not reliant on government support. We have both worked hard all our adult lives and raised two children of whom we are very proud.

We were assisting our daughter financially to finish nursing studies which she commenced last year. She has 2 more years to complete her studies. Our son who had a work related eye injury resulting in permanent damage, had invested his compensation payout 13 years ago into Cassimatis Securities Pty Ltd, then Ozdaq and now Storm Financial. Now it is gone.

We would like to know as to why Colonial Bank Margin Lending did not inform us of their intention to terminate the Storm Financial Index Sharemarket Funds. We actually read about it splashed across the pages in the Townsville Bulletin on Friday 12 December 2008.

We did not receive any prior notification of the possibility of the termination of these Funds – in fact we received a letter in the post on Monday 15 December 2008 which was dated 10 December 2008 stating their intention to terminate the Storm Financial Australian Index Funds effective 3 pm Wednesday 10 December 2008 – *the same day!*

Lack of communication by Colonial Bank Margin Lending to inform us of their intention to terminate the Storm Financial Australian Index Funds left us with no opportunity to seek another Index provider or seek advice from Storm Financial in a timely manner. We are extremely disappointed in this behaviour from a large organisation – actually devastated is a better descriptive.

As long term Storm Financial clients we have also been long term clients of Colonial Bank Margin Lending. Their decision to terminate the Funds has come at a time when they ought to be supporting us as clients, not hitting us when our portfolio has fallen due to a downturn of the market.

The Commonwealth Bank had no hesitation in approving borrowings of \$400,000 in October 2008 to invest further funds whilst we were unaware of the debacle unfolding. We were advised to borrow by our Storm Financial Advisor “to have money in the market for the market recovery”.

In December 2008 not wanting to believe what we were reading in the papers, perhaps in denial, this cannot be happening, I (Deidre) telephoned our Advisor who was based in Sydney and asked her what was happening. I also enquired about the money sitting in the cash account, which had been withdrawn from our investment portfolio, a considerable amount. She informed me this would be used to re-enter the market when it reached 4,000 points. When I

asked “what about the debt”, she replied that she did not understand what I meant. I chose at this point to still believe that everything was okay.

She was also a Director with the company, Storm Financial. My phone calls were never returned following this conversation. We could not get any answers and were unable to find out what strategies to undertake to assist our financial position despite several phone calls to Sydney, asking for clarification.

There was one financial advisor at Townsville office who gave us a true and realistic picture of our position – that we had lost most of our investments, that the money sitting in CBA accounts was not actually ours, and advised us to contact the State Nominees to break our loans, to salvage what little was left. This financial advisor assisted many people with advice before all staff were “gagged”.

I do not believe all the financial advisors of the company knew of the real financial position. Staff were reassured that Storm Financial was in good shape and would continue to trade. Many are now suffering as they had invested as their clients did.

We request a full explanation as to how our loan facility ended up with an LVR in excess of 80%. The current LVR in December 2008 Margin Loan Statement (not received until January 2009) of 92.43% is alarming yet Colonial Bank Margin Lending sought not to contact us. Why did our loan facility show a current LVR of 92.43% on 12 January 2009 and the following day on 13 January 2009 showed a current LVR of 132.77%.

We were not aware of the excessive LVR nor were we given the opportunity to inject funds into the loan facility to lower our LVR. Who authorised the margin level to exceed the original 80% without our prior knowledge and approval? We did not receive any margin call.

In addition we request a full explanation as to how our *second* loan facility ended up with an LVR in excess of 80%. Why did our *second* loan facility show a current LVR of 69.85% on 12 January 2009 and the following day on 13 January 2009 showed a current LVR of 85.82%.

Our understanding was that Colonial Bank Margin Lending offered an 80% LVR. Colonial Bank Margin Lending changed the rules and is now accepting no responsibility for any of its actions, leaving us with unanswered questions and non recoverable debt.

We have been customers for 12 years and treated appallingly.

Today the Stockmarket is around 4,000 points, twice the number when we joined the market 12 years ago at 2,000 points approximately. We cannot understand why our funds were not frozen/put on hold and allowed to accumulate interest until financial conditions improved as they now are. It remains a surreal situation to us.

Now another stressor has raised its ugly head at taxation time – capital gains not through our choice. Is it any wonder 25 % of former Storm clients suffer from stress related illness and depression – I don't believe the real figure has been calculated. It is much higher.

Where does the Australian Securities and Investment Commission (ASIC) stand in all of this? They play a pivotal role in the downfall of Storm Financial and more importantly, the demise of thousands of investors who wanted a better life, deserved a better outcome from their hard

earned dollars. They have not done their job. Why wasn't Storm Financial's business practices investigated thoroughly when ASIC received numerous complaints in the past?

I (Anthony) have a temporary position with Queensland Health for whom I worked for (as a recreation officer for 28 years) before retirement, now folding clothes at the laundry. After next week I have no work until relief work is available. When I went to Centrelink earlier this year, the young girl told me I "was too old at 60 to get a job". How demoralising is that.

I (Deidre) did not retire – thankfully - and have continued to work with Queensland Health over 35 years, firstly as a nurse and now in administration as a quality and safety officer. One of my roles is risk management. How ironic is that.

Writing this submission has been difficult, only former Storm clients will understand how long it takes to psyche oneself into actually filling out a form, re-living what was and what is now. I have whole days, usually on a Saturday, not every week, when I am cleaning at home, where I intermittently have tears running down my cheeks and sometimes sob. Not just for me, but my husband, my son and his fiancée, who have been decimated by this dreadful financial mismanagement by Storm Financial, ASIC and the banks / money lenders.

We trusted these people, these organisations. What will become of us.