

Monday, 20 July 2009

Committee Secretary  
Parliamentary Joint Committee on Corporations and Financial Services  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

Submission from Richard Kaczuk and Janice Kaczuk.

During 1992 we received several phone calls from Julie Cassimatis encouraging us to come in and discuss investing with their company Cassimatis and Associates. During this time we were in the process of selling our home (of which we owned outright) and building a new home. After we sold our original home and completed the process of organising the building of the new home, Julie rang again in September 1992, this time we went in to discuss their investment strategies. **Our main reason for investing was the current government was encouraging people to do something to look after themselves during retirement**, as the country would have problems looking after all the baby boomers during their retirement years.

So it began! To begin with we were very conservative and did not always take the next step as we were advised. But as the years passed and with many market crashes along the way, our investment always stood up fine. As Storm grew and many more people became involved we began to have a lot more trust in Storm, accepted their advice and mostly always taking the next step in their investing strategy. I don't know whether I missed something somewhere, but I did not know about this cosy relationship with Colonial First State and Colonial Geared Lending and the change of the LVR to 90%. I have a problem with Storm leaving us susceptible to the whim of the banks especially Colonial Geared Lending, Colonial First State and the CBA. Even though taking out a loan in January 2008 was not the wisest advice to be given at this time, I find the biggest problem with the whole disaster is what happened during October, November and early December, when CFS, CGL and CBA could not handle the job they had on their hands at all, an absolute total shambles, they fell over themselves calling us on any contact number they could find and demanding money they wanted for their UNSECURED loans, no paperwork, no emails they just wanted the money. CGL couldn't even get that right over three days they gave me three different amounts owing always increasing in their favour of course. I asked them why they didn't call me when my LVR was at 80%, I was told, that wasn't their problem it was Storms (we were their clients as well, especially because of them we no longer had an adviser). They then broke our prepayment of interest and subsequently charged us the amount owing in negative equity (if they were doing their job properly the portfolio should not have been in negative equity) and a huge penalty for breaking it which took up nearly all money available. What really sickens us is that they used their knowledge to destroy all of us after closing down Storm and cutting our access to control our portfolios and they proceeded to collect any money anyway they could for their unsecured loans and leaving us all with the secured loans (if only we knew what we know now).

What terrible human beings they are to use this knowledge to not only destroy their clients but also crush them beyond help. The banks do deserve to get back money they have loaned. But do they have the right to this money when it was because of them that we all lost everything we had plus more. What about the clients? don't they have a right to proper professional conduct by the

financial advisers and the banks? We the clients had no control at all of our investments which was totally and devastatingly traumatic to us all, especially during those first couple of months.

We all know how the markets fell during this time and none of us expect to have what we had earlier in the year. But we all expected to have a portfolio, nowhere near as good as it was but if these professional people, all of them, who were by the way paid a lot of money over the 16 years or so, did their job properly we would have come out of this battered and bruised but not bashed and buried as we were. Obviously all of these professional people who charge a lot of money for their services are hopeless at their jobs when the road gets a bit rough and don't deserve to be repaid for their loans either.

Another question I have is how is it when we borrow from a bank to build a house we all have to have Insurance to cover us while we have the loan? When Colonial had this cosy relationship with Storm and the 90% LVR, why didn't they insist that Storm have enough indemnity insurance to cover all the loans they had with all the banks.

They have destroyed my trust with any professional, I have no desire to speak to a financial adviser especially when you pay them the money and then you have to make all the decisions yourself, if you knew everything they know, you wouldn't need a financial adviser. They have destroyed our dreams, destroyed our retirement, caused such heartache, stress and health problems, caused the loss of a job of 37 years through the trauma caused by the loss and last but not least the loss of our children's inheritance.

We feel as if we have been burnt by an invisible fire and nobody cares, we were just stupid greedy people. Well as much as we feel for the people affected by the Victorian bushfires were these people greedy for living where they were, were they stupid for staying when it was obvious that the place was a firetrap, some things they have we don't, they have insurance plus the empathy and money of the nation. We were actually trying to save the nation and the people money in the future. I think it would be in the best interest of the government to make the people responsible pay.

We also feel that ASIC needs to be more aware of the people hurt by these disasters and not only big business, we believe until now ASIC has only served the CBA to the detriment of the clients. As they are trying to make some amends now, show that they are willing to listen at least. We hope that they go on to prove the truth about what really happened in those few months with Colonial First State and Colonial Geared Lending all the lies told by these people and the CBA will come out and justice will prevail for all the clients and restore some faith that these people can't destroy us and get away with it. If they had done their job properly we would have all eventually recovered including them, instead now we all hate them with passion.

The bank has to look after its shareholders – Well we were its shareholders and look what they have done to us.

Yours sincerely

Richard and Janice Kaczuk