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SUBMISSION TO PARLIAMENTARY JT COMMITTEE ON CORPORATIONS & FINANCIAL SERVICES APECIALLY STORM FINANCIAL AND ASSOCIATED BANKS.

I am an ex-storm client, a 56 year old widow of 8 years, who thought she had her financial future secured. How wrong that has proved.

In 1999 my husband and I were introduced to Storm Financial via the then Seymour & Associates, Brisbane an insurance firm who merged with Emanuel Cassimatis of Townsville. In subsequent years becoming Ozadaq, then Storm Financial.

After researching the product we decided to go ahead with a large mortgage over our house for a share portfolio and a margin loan. My husband became ill in late 2000 with cancer and died in June 2001. His dying wish was to use the proceeds from his life insurance policy to pay down the combined bank & margin loan debt of \$230K. This was done and he died knowing that my future would be secure with \$200K of freehold shares and a freehold house as assets for my uncertain future.

Each year on review of my portfolio Storm advisors would ask me to take out debt for shares, as I was in a healthy financial position, and with a job. I resisted until 2005 when I realised that I could be a self funded retiree and not rely on public funds, if I built my asset base. All went along okay with the share market ups and downs and again I was badgered to take out further investments. I again decided that things were going well and was always told by Storm advisors to concentrate on the positive side of the ledger not the balance owing of margin & investment loans.

At this stage up until 2008 I had been working 4 days week a lifestyle I enjoyed, as the fund was paying the repayments, and I was not drawing anything from it. I was regularly being updated and aware of my financial status and started to see the signs of the downward market after November 2007. In January 2008, I saw Stewart Drummond, Brisbane senior manager and George Cassimatis & Stephen Halsell to reassure me of my financial status. From January 2008 onwards I was urged to have my house revalued, to gain more funds to borrow against, to help correct the narrowing margin loan buffer. It went from 60% to 95% in 6 months.

In July 2008 I was told be Storm that this was the only thing I could do "to ride the market" and took out a further \$140k loan against my house. My house was

valued by Bank of Queensland at \$470k of which I now owed \$368k. My margin loan with Macquarie Bank was at \$590k.

All bank loan applications were prepared by my Storm advisor at the Brisbane office. At **No Time** did I ever hear from the Bank of Queensland, North Ward branch. I was asked to forward a copy of my home & contents insurance and this was also requested through my Storm advisor, Stephen Halsell.

In October 2008 I was contacted by Storm to sign a document to set aside the majority of my shares as collateral against the Macquarie Bank margin loan. The loan was at 95% and I had never heard from the Macquarie Bank. I did sign the form to set the majority of the share aside. This was done, however shortly after as things got worse with Storm Financial I was very nervous about losing the depleted balance and decided to sell up my entire index share funds in the Storm managed trusts and repay my debt.

In December 2008 I repaid my entire Macquarie margin loan plus the broken interest which amount to \$582K. I then paid a further \$94,000 which was the balance of freed up funds to some of the existing Bank of Queensland loan. I had good advice to do this and wanted my slate as clean as I could make it.

From December 2008, I now have to work 5 days per week and without this job I could not make my weekly repayments on the home investment loan. The North Ward branch of the Bank of Queensland assisted me with loan changes and I continue to pay \$600 per week to cover the cost of my home investment mortgage. This is more than 50% of my earnings.

In October 2007 I had about \$1.1million in shares and house asset, and was planning to retire by 2012. I am now steering down the barrel of work until I drop dead, while I manage to hang onto my only asset of my house. Should I lose my job I would have to sell my asset and try something else. My home is the family home my husband built 21 years ago and means a lot. I am very able to work and for that I am grateful, but as for my future situation I can only work and repay debt. I calculate that the Storm advice that I paid about \$40K has taken 20years of future savings and I have no idea at 56 years of age how I will ever be able to build for my future independence. I will have to rely on the government pension, which was what I wanted to avoid.

Can you imagine how hard this has been for a woman who not only lost her husband at 48 years but has battled to make a new path for her future life? The one saving grace is I am strong and while I lost the person that meant the most to me, 20 years of funds is impossible to regain at this age!

To add further salt to the wound, I have since obtained the loan documents from the Bank of Queensland for the last \$140k drawn in July 08 where my income was stated as \$7,000 per month, which I now understand included salary and

dividends income whilst omitting the margin loan commitment. This provided an inaccurate picture. The figures were not done by me, as I was told to just sign and Storm would “fix-up” the figure work. I trusted this company.

Mine is a grass roots submission, but I urge you to read it and try to understand that my future looks bleak, because of bad advice from both Storm Financial & the Macquarie Bank & Bank of Queensland to once it was.