

Parliament of Australia

Parliamentary Joint Committee on Corporations and Financial Services

Department of the Senate

P.O. Box 6100 Parliament House

Canberra ACT 2600

The following is Submission for consideration as part of the Inquiry into Financial Products and Services in Australia

Re, Storm Financial Limited ABN 11064804691

From,

Graham & Lesley Sealey

Parliament of Australia

Parliamentary Joint Committee on Corporations and Financial Services

Department of the Senate

P.O. Box 6100 Parliament House

Canberra ACT 2600

Inquiry into Financial Products and Services in Australia

Re; Storm Financial limited – ABN 11064804691

Submission for consideration into products and services provided to us as clients of Storm Financial Limited during the period 2006 – 2009 and those to date.

Personal Details = Single household income earner, male aged 59yrs, employed within a state emergency services department past 40 years, high stress position, health capacity reducing, Myocardial Infarct 2001, diagnosed arthritis 1996, medicated for hypertension, elevated cholesterol, blood thinners, chemotherapy to manage arthritis, elevated blood glucose monitoring, identified glaucoma risk.

Financial situation pre Storm Financial = Married for 40 years with single full time employment income Net \$60000-00 annually. \$75000-00 mortgage on estimated property value at 2007 of \$280000-00. Government employee with Superannuation available 2006 of \$600000-00, Storm Financial were waiting for me to cash in the Superannuation at age 60 to increase our share portfolio. Cash available \$25000-00

Financial situation post Storm Financial = Aged 60 years, still married with single income employment, returned to work May 2009 after pre retirement Long Service Leave, thankfully I didn't resign prior to LSL. Net income remains at \$60000-00 annually, not sure how long I can continue to work at current level. Now have \$337000-00 mortgage. Bank arranged physical valuation for the first time 27 July 2009. Government employee with Superannuation now reduced to \$360000-00. After sell down of Insurance Policies and closure of Macquarie Cash Management account, payout of Marginal Loan to Macquarie Bank available cash of \$50000-00.

Deed of Settlement negotiated and signed with CBA = Details at hand however bound by confidentiality as to the disclosure of the terms of the Deed.

SUMMARY OF EVENTS 2006 -2009

November 2006

Attended Storm Financial run seminars Townsville for prospective clients where promotion of wealth packages were delivered in a generic format promoted as suitable to accommodate and promote personal wealth supporting post employment income by investing in a growing share market dividend.

The sales pitch however generic was expertly delivered to suit our needs in providing,

Early retirement, non reliance on Government Pensions, Financial wealth and security for the future. We were the ideal target, trusting, honest, hard working and with a little equity to play with.

Basic methodology was to use available equity in available assets combined with available cash at hand to establish investment in the Share Market. The concept of Marginal Lending was not understood by us at this time if in fact it was never explained adequately. However we now have a far better understanding of marginal lending, an education too late and too costly.

Following is summary of subsequent investment funding arranged by Storm Financial with Commonwealth Bank Australia of Australia and Macquarie Bank Limited.

Between March 2007 and May 2008 entered into seven (7) separate investment adjustments arranged by Storm Financial with Commonwealth Bank and Macquarie Marginal Lending with considerable fees to Storm Financial. No personal contact with either Bank at any time.

March 2007, \$337000-00 equity established on home, Storm fee \$27050-00, Credit limit of \$5000000-00 established with Macquarie Bank on \$160000-00 client equity. Initial share investment \$35000-00.

July 2007, Storm arranged a further \$50000-00 increase in capital base from Macquarie Marginal Lending with \$3719-00 fee to Storm Financial

November 2007, Storm arranged a further \$41100-00 increase in capital base from Macquarie Marginal Lending with \$3052-00 fee to Storm Financial

January 2008, Storm arranged a further \$25000-00 increase in capital base from Macquarie Marginal Lending with \$1856-00 fee to Storm Financial

January 2008, storm arranged a further \$6000-00 increase in capital base from Macquarie Marginal Lending with \$1856-00 fee to Storm Financial.

May 2008, Storm Financial arranged further equity on our property of \$48210-00 with CBA (no property valuation that we are aware of) that was disbursed as, \$35000-00 paid to Macquarie Cash Management Fund (to fund the purchase a car) that we understood was funded from equity in share market, not our home. Increased our share investment by \$40000-00 and took \$ 3043-00 in fees with a residual to the Macquarie Cash Management Fund.

No property valuation undertaken that we are aware of.

October 2008, Received correspondence from Storm financial recommending we switch up to 100% of our portfolio to cash. Subsequently on 29 October 2008 \$328078-74 was cashed down into the Macquarie Bank Cash Management Fund crystallizing our investment.

January 2009, Received advice from Macquarie Bank of sale of their Marginal Lending portfolio, and that our loan was not included in the sale and that we were required to either re finance the loan or close out the loan by 25 June 2009.

April 2009, Paid out Macquarie Bank marginal loan of \$338078-74 from cash out of shares.

February 2009, Engaged new Financial advisor.

March 2009, Commenced negotiations with CBA to address outstanding loan management options.

3rd July 2009, Signed Deed of Settlement with CBA

27th July 2009, Property physically valued for first time by CBA

Between Storm Financial, Commonwealth Bank, and Macquarie Bank, we have lost our cash, the equity in what was nearly our home, the opportunity of retirement, and some quality of life. I am now back at work. Not sure how long I can last.

Guess we can be thankful, we now live in a Bank house for as long as we are able, one that we will never own or come close anywhere near paying for. Although there is no rent or additional charges, without any equity we wonder how we will buy our way into the nursing home when the time comes. Lucky we still have each other, kids are good and understand, a lesson for them here, God help them, we can't.

For your consideration

Graham & Lesley Sealey