

Dear Mr Ripoll,

My name is Lynette Murray and I am 62 years of age and a widow. I have been a widow for the last 18 years.

My introduction to Storm Financial was via the back door. As everyone knows Storm was buying up small Financial Planning Businesses along the East Coast of Australia and Precise Solutions based in North Sydney was just one of the lucky ones.

My relationship with Precise Solutions commenced in **2003**

I had been really overworking and pushing myself for quite a few years and early 2003 I knew that it would be my last year working as I had reached a point of exhaustion. I decided that I would sell up in Sydney retire to country NSW and try to get my health back.

I realised that I needed some financial advice; my late husband was a great believer in getting expert help from the professionals, so off to an expert I went.

My first appointment with Anne O'Neill from Precise Solutions was on the **20th November 2003**, I met with her at Suite 201/781 Pacific Highway, Chatswood.

As an aside Anne O'Neill was recommended by two friends who had been seeing Anne for several years

Anne's letterhead at that time was Apogee FP, Anne O'Neill, T/A Precise Solutions Financial Services

I now know that "Apogee" is relevant because they held the license for Anne to practice under.

I wish to enforce here that I read every thing that Anne handed me that day which included – An Advisory Services Guide (can be supplied if requested)

And a Precise Solutions small folder with her business card and various details regarding **their** ethics etc. (can be supplied if requested)

One small sheet in their folder is very relevant - they mention "*spending time to know your needs, doubts, expectations*".

Further down same brochure –

"Some Financial Advisors are tied to specific companies and are obliged to push their investment products no matter how inappropriate."

That particular quote is relevant when we you get to the year 2006.

I am using the word "they", the principals appear to be Anne O'Neill & Dean Macan I visited her at that address three times I believe

The second meeting took place shortly after I had received her letter dated **20th November 2003**.

The letter was confirmation of our discussion, an overview of my current position, a future plan and *my risk profile (very important in the light of Storm in 2006)*
That letter is attached – scribbled on, but also (can be supplied if requested)

The third meeting on the **12th January 2004** was to go through a few more administrative procedures of where the sale proceeds of the Sydney house were to go and my work separation certificates etc.

So late January 2004 I moved into my house in Country NSW – mortgage free, 12 months of long service leave and accrued holiday pay and on Anne's advice a Superannuation Policy with Navigator / Nulis Nominees.

I was renovating my new house in country NSW (mortgage free) – it is an old 1930's house that had been neglected for many years and I desperately needed to get it water tight and there was an awful lot of water damaged timbers etc to replace and a new kitchen to be installed so I required extra money, actually a lot, from time to time.

I would not see Anne face to face that often, maybe twice during 2005, I only remember that because I would also use that time to visit friends and relations while I was in Sydney. We always contacted each other by phone.

I have no idea when the actual change of address took place – from Chatswood to St. Leonards. Let me explain, there was no formal notification of the move taking place. What I do have is the new address and new telephone number scribbled over the 20th November 2003 Apogee letterhead – The new address was now Level 3, 454/456 Pacific Highway, St. Leonards.

After the move to St. Leonards the Apogee letter head had gone, replaced with Precise Solutions letterhead, the licensee at this time was Professional Investment Services.

My Centrelink Widows Allowance commenced on **11th February 2005** (letter can be supplied if requested)

Then in **December 2005** Anne O'Neill contacted me and said, Darling I am so excited about this new wonderful idea – so many investments come across my desk but this is revolutionary and I would like you to come along to an education night. You know when you are on a pension, you get that real pension mentality, and I really need to get you off that pension. There was a lot more sweeties mentioned like wonderful holidays and nice cars to which I replied that I would only be interested if I could help educate my grandchildren.

I attended an evening lecture on the **11th January 2006** with my son; a brochure is attached (can be supplied if requested)

The education seminar was held at the Storm Office at Level 20/201 Miller Street North Sydney and was memorable in the sense that the computer link to Townsville kept breaking down and it made for a very long evening so late that there was no lift and I had

to walk down 20 flights of stairs in high heels and there was a lot of conversation about chickens and eggs.

But all jokes aside I must say what appealed was the diversification of the portfolio, real estate - my own home, mortgaged but real estate, a diversified portfolio of shares spread over industrials, resources, technology and a reasonable amount of cash in the bank to take advantage of the purchase of more shares when applicable.

The lecture was followed up by a face to face meeting which was called a Confidential Financial Profile I attended on the **4th April 2006**.

A list of the document required for the meeting was mailed with the appointment confirmation (this letter can be supplied if requested)

I would like to point out that there had been a change of letter head for Precise Solutions. The confirmation letter of my 4th April appointment had the St.Leonards address but a shared letterhead.

Storm Financial and their logo and Precise Solutions and their logo.

It is understandable when one is assuming that it is a joint effort in that Precise Solutions is introducing us to Storm Financial.

The truth is a little more sinister because from approx November / December 2005 Storm is actually the licensee for Precise Solutions; again, I received no direct communication of that change.

There is also on that letterhead an introduction of a Company called **North to West Life** which at the time did not even register in my consciousness.

This is only important when one gets to the Statement of Advice when they are divvying the upfront fees, that is where North to West Life becomes relevant.

Before I kept my appointment I received a phone call to advise me that there had been yet another change of address to Suite 302, Level 3, 194 Miller Street North Sydney, Anne said it was important to be closer to the Storm North Sydney Office.

I took to the meeting all the documents required for the information gathering exercise plus to be accurate a current printout from my accounting software, knowing that would provide accurate information as to my income and expenses.

The information provided from that meeting, resulted in a document called Confidential Financial Profile. This document, in its *entirety*, I had never seen before, until I received from Korda Mentha, the administrators of Storm, my own Storm file on a disk.

A printout of that document the Confidential Financial Profile (is attached as a private document).

I would like to say at this stage:

1. There are several errors in the document.
2. The hand writing is not all my hand writing.
3. One of the signatures is not mine – “The Prescriptive Approach” section has yes/no boxes provided,
The initials L.M. are not mine I never use full stops after the L when I initial.

The end result of that whole exercise was to see just what I could survive on per annum. (In the end my annual income from Storm was \$37,000 per annum.)

I wish to digress here for a moment –

If this exercise was also about providing accurate information to the banks for a home loan application for example ANZ refers to it as a Statement of Financial Position (assets and liabilities)

I have by contacting the ANZ bank received the actual form that was produced by Storm/ANZ Bank - I am not sure who actually produced it.

There is no resemblance to the details that were gathered in the Confidential Financial Profile.

This document currently in my possession was photocopied from my own ANZ Bank file. (I had asked for the whole file to be sent to my local branch).

I was told by that branch of the ANZ that it was an original document.

A copy of that document is (attached as a private document).

The next stage with Anne was a 109 page document called a Statement of Advice; it was posted to my home in **May 2006** and was dated **15th May 2006**. The advice had an expiry date of the 15th August 2006.

It was a monumental task to read and it was also necessary to sign each page.

There were a lot of pages that I did not sign until I had met with Anne face to face.

I had colour coded the document with sticky notes eg yellow for procedural questions, pink for fees, green etc. Also there were crosses, asterisks and question marks over the document

I also sent an email with a variety of questions on the **6th July, 2006** to Ann, mostly questions relating to fees, who actually gets what? (email available if required).

At this stage I only knew Anne as Precise Solutions and I referred to her as Precise Solutions in my emailed questions regarding fees.

Previous discussions with Anne back in 2003 about her fees were that her fee was of a trailing nature where she received a trailing percentage.

Previously with Nullis / Navigator Superannuation Anne's fees actually had an expiry date of 4 years.

There was a reply to my email from Anne's assistant dated the **18th July 2006** again; the assistant is using the name Precise Solutions, no mention that Precise Solutions is the trading name of **North to West Life** (can provide a copy of that email).

No where in the statement of advice are the words Precise Solutions mentioned.

On reading the Statement of Advice, not in anyway, or at any level, did I put the two together (Anne O'Neill & North to West Life).

Bernardine Frawley's name was included in that paragraph and she was a Storm Director so I assumed North to West Life was yet another subsidiary of Storm.

Storm's offices were in north Australia, Northern Qld, blah! Blah!

Another point is that North to West Life sounds like an insurance Company. There was also a mention of Ignite receiving a percentage and a small percentage was contributed to an overseas holiday for Anne.

I assumed Anne fee was an enduring trailing commission, just like the arrangement we had previously, in our first initial consultation back in 2003.

(I have attached the 2 relevant pages from my statement of advice).

I have since spoken to two other people, who were introduced to Storm via Anne O'Neill, One is an accountant and the other is a book keeper and they did not pick up the association either.

I would never ever have gone ahead if I had known that Anne would receive \$20,000 (the first initial step), there are Six steps in total and on top of that she received an enduring trailing commission of 85.71% of the ongoing commission paid to the Licensee for Storm Australian Indexed Trusts and 100% of the Macquarie products.

With hindsight - the details are

Storm is now Anne's licensee.

She has received a very generous money inducement.

In my opinion there can be no way that her advice is unbiased.

My next major point is

No where in that statement of advice does it state that Anne was entitled to millions of dollars in shares when Storm was floated as a public company.

Actually after the share float failed to get an underwriter -

Anne then had two options take the cash and run or wait for a later date for another Storm float.

The float did not proceed Anne received a payout of \$3,000,000 (3 million) in cash in June, 2008 (if she had waited for another attempt at a Public float it would have been a lot more).

This sale figure has been verbally confirmed by a former Senior Storm staffer.

Like everything in life I do not know personally the arrangement of that deal, but I assume it would be like a lawn mowing business the more lawns you cut the more business you have to sell.

Anne's name is currently not appearing as an outstanding creditor in the Worrels list of creditors.

(Worrels have a website where one can check the list of names).

There are other former financial planning principal's names on the list,

I am assuming, obviously, they are the ones who didn't take the cash at that time.

I will be totally honest I don't know anything about financial planning but what I did learn at university was that if some one offers you a higher than normal interest rate there is a correlation to the risk rate - I was promised by Storm I thought a realistic annual return. If I had known exactly the size of the pot that Anne received, I would like to think that I would have been quite wary of her motives.

I now refer back to **page one** of this document where Precise Solutions advertising material of 2003 states

Some Financial Planners are tied to specific companies and are obliged to push their investment products, however inappropriate.

Some Financial Planners charge their clients unnecessary fees.

Some Financial Planners use “off the shelf” recommendations and cover their tracks in baffling jargon.

At Precise Solutions you’ll find we’re refreshingly different.

WHAT HAPPENED? Look at the difference between what was the mantra of 2003 and what took place in 2006

On the **26th July, 2006** I met with Anne and her assistant at the North Sydney Office, Suite 302, Level 3 194 Miller Street, North Sydney, taking with me the 193 page statement of advice that had been in my possession since May.

We went through all of my questions face to face regarding my problems with the statement of advice. At all times when my concerns about losing my home were raised I was told

‘that all the top 200 shares on the Australian share market would have to go broke and therefore the banks would have crashed and no one would have any money to buy my house anyway’.

It was at that point that I signed the Macquarie Margin Loan Application forms and the application for the additional Macquarie Cash Management Account, plus any pages from the statement of advice that I had not signed because there were questions that needed to be answered face to face.

On the **18th August, 2006** the ANZ bank did a valuation on my home.

End of August all the ANZ Bank documents arrived for signing they were **mailed** to my home via an express paid envelope I then returned them in an express paid envelope – The Storm staff thought that it would save me another trip to Sydney. The ANZ documents did not include the computer generated ANZ Financial Profile, (in other words my assets and liabilities). I am certain of that because until that day when my ANZ file arrived at my local branch I had never seen that document before in my life.

In fact when I took a photocopy home to examine it I actually thought they have given me the wrong file as I know there is in existence another person with exactly the same name and exactly the same birthday. Administratively our paths have crossed via an insurance company and Westpac Bank accounts.

To this day no one from the ANZ Bank has ever spoken to me to confirm my income, my age, even if I actually exist.

I now know and I really need to point out here that it was essential that the home loan was to go through, at any cost; this was the building block of the whole plan. The home loan enabled the initial share portfolio purchase and the shares were then the security for the margin loan.

As the shares increased in value, then more could be borrowed against the shares which in turn bought more shares and of course more debt for me and more commission for Anne.

I have entered in my diary that I saw Anne on the **14th September, 2006**, the reason being that both the home valuation and the super fund had come in under the expected value and another statement of advice needed to be signed. I do remember that I also needed to sign another set of Macquarie documents because the first bundle were of old stock and were superseded. The second signing probably took place on that day.

When I look at those copies, (I actually have taken copies from two different sources), Macquarie's copy and Storm's copy; not one of the pages has a date.

From that date on it all started to happen. I have attached a sheet with my original contribution and the subsequent investment and all the steps that followed. As you will see by the table every 3 months another step was taken. The April 2007 step was to top up my dam account only but every other step at least included buying more shares.

Now we come to **January 2008**

The market had been falling since November 2007

So when in January Storm wrote to me and said now is a good time to invest more money I had remembered from the statement of advice that a falling market was a signal to invest, so I did what was requested. This was **Step 6**

At the time I was quite uncomfortable about it as I knew I was sailing close to the wind with the equity in my Macquarie margin loan account.

Remember the market is falling at this time.

I was following the market very closely I had a variety of excel sheets that I had set up. I would simply plug in the figures from either Macquarie Gear Up or Challenger website and it would tell me where I was sitting financially.

I even downloaded from the internet from the BT Financial Group website an article how to manage Margin Calls, that's how concerned I was. (can be supplied if requested)

I would regularly go onto the Storm Financial website and read what was called the Weekly Commentary

By the **19th April 2008** I was becoming so concerned I downloaded from the Storm website the attached report. (can be supplied if requested)

It was basically explaining the difference between other investments that had folded and the Storm model. It used an example the Opes Prime model.

My interpretation of the article

we are different as we actually have all our assets in our own name and if Storm was to go under then we still have ownership and we can move on to another Financial Advisor".

So basically don't worry!!!!!!!!!!

To quote the website update article: I am only quoting the most poignantly ridiculous here

One of Storms greatest strengths is the effective acquisition, utilization and ongoing management of the debt instruments.

The only risk that is difficult to manage is the emergence of fear in poor market conditions and greed in strong market conditions.

These are two human traits that can hinder long term safety and growth and are traits that while ever present must be controlled.

Here they quote from the famous Warren Buffett.

“The capital markets are income relocation centres – they relocate capital from the impatient to the patient.”

“Look at market fluctuations as your friend rather than your enemy; profit from folly rather than participate in it.”

Reading the above article made me think that I really didn't have a clue what was going on. I must be over reacting. Again I had this overwhelming lack of confidence of my ability and my knowledge. They were the experts and they knew what they were doing. And I must **trust** them.

11th June 2008. The 30th June was looming and once again it was suggested that I borrow to pay the interest of my margin loan upfront. That was all finalised and again I was holding my breath thinking that I am cutting it so fine.

On the **7th July, 2008** I received an email, it suggested that I top up my dam as I was running short of cash;
The dam account is the account that pays the ANZ mortgage and my fortnightly living expenses. (can be supplied if requested)

I was following this procedure via the internet. It appeared to go through and then it never hit the dam account. It was eventually solved that there just wasn't enough equity in my Macquarie Margin Lending Account to draw out \$10,000.00.

So the nightmare was true they didn't know what they were doing. Even though every instinct was telling me that I was in trouble there was always this niggler that I wasn't right, even though your own figures don't usually lie.

This feeling of self doubt was always with me some how when you questioned Storm you were made to feel a bit of an idiot.

They were always talking about this sophisticated computer programme they had which kept an eye on everyone.

Well my final impression was that *it sure wasn't watching me.*

The above mentioned 7th July email in the P.S. section mentions that Storm 12 is now residing with Storm 3 @ 20/201 Miller Street, North Sydney. I had no idea that Storm 12 was even Storm 12.

8th August 2008

At last **part** of my share portfolio was cashed up, not a large part but a total of \$335,000; (\$317,000 as security and an extra \$18,000 enabled my dam to be topped up) the \$317,000 cash gave me \$1.00 cover for each \$1.00 on loan. The ratios were OK - not good but OK.

So I could relax for a short while. (can be supplied if requested)

September 2008

The market is still falling – still no rescue of reverting the **balance** of the shares to cash. I continued to call Anne about my fears of losing my home that was all I cared about at this stage of the market. I needed to come out of this with my house unencumbered. (I have a copy of my Telstra account with phone numbers and dates to prove those calls)

30th September 2008

I saw Anne we have lunch and again we discuss the market and she maintained face to face that I am still holding my own even though I say I am in margin call and have been for quite a while, her reply was that the Macquarie and Challenger web sites are never right there is always such a lag.

I didn't understand what she was saying to me but at that stage I still had **trust** and **respect** for Anne.

During the course of those few hours she said,

“I am now cashed up it was easy I can just pick up the phone, but I can't sell you up. I am not allowed to.”

When I asked why not I was told I would lose my margin loan and never be able to get it back again.

I was sitting there in her office thinking if I make a scene right now (because I really believed I was in dire straits), I will come out of all of this definitely losing my home because I will be on my own with no one to advise me what to do, I need these people to some how get me through thisI don't want to lose my home.

One week later

8th October 2008 – The **first** letter arrives from Storm via email it is talking about a figure of up to 50% out of equities into cash. My first reaction was thank god at last I will be out of my misery. (can be supplied if requested).

9th October 2008 – The **second** letter dated the 8th arrived from Storm, again via email, it is talking about a figure of up to 100% out of equities into cash. (can be supplied if requested).

Same date on both letters – really just a day apart.

I really felt ill; as once again I am convinced they have absolutely no idea what they are doing.

21st October 2008 – another letter nearly 2 weeks later **“We are working around the clock to keep you as safe as possible and yes we have dodged this bullet etc. etc”**. (can be supplied if requested).

22nd October 2008 – Challenger letter advising that it has suspended withdrawals. Effective from the 17th October 2008 (can be supplied if requested)

27th October, 2008 – Challenger reinstates withdrawals effective from 23rd October 2008. (can be supplied if requested).

28th October, 2008 – At last all my equities reverted to cash, but at what Cost to ME

30th October, 2008 – Challenger suspends withdrawals again effective from 28th October, 2008 - (can be supplied if requested) I am not sure when they reinstated I don't seem to have the paper work

19th November 2008 – The travelling road show is what I call it, basically just about ***There was nothing they could have done - it was a black swan event?*** (letter can be supplied if requested).

Somewhere in between these dates (I am really hysterical no idea what I am doing or going to do and I didn't think of writing the date down in my diary)
I had a conversation with Anne regarding Storm going under and she said

'it doesn't matter if they go under every thing is in your name they have insurance and you will always have me'.

I have never heard from, nor spoken to Anne since.
And I think that is simply disgusting.
Needless to say both the respect and trust has finally gone.

18th December 2008 – The reconciliation of my position arrived. Everything is sold completely by this time I have a \$30,000 credit that's the difference between what is in my Dam account and what I owe Macquarie and I am left with a \$462,000 ANZ home loan with approx \$3,000 a month interest due each month (can be supplied if requested)

July 2009 - 62 years of age and broke.
Now my observations with hindsight
To use the good old chicken and egg example that Storm loved to use
I have a good one - we had foxes guarding the chicken yard.

From what I have lived through personally and what I have read lately we appear to have some financial advisors who have no idea about fiduciary duty and quite frankly the Financial Industry has or has had Government bodies governing these people that are simply paper tigers - no teeth.

And what I would like to know how could all of this happened so blatantly, just scratch the surface and its all there they didn't even really try to hide it. Some how these people believed that they were above the regulations that bind and govern the way most people normally behave and some how these like minded people found each other.
What are the odds of that happening again? I would say pretty high.
The penalties have to be severe enough to over ride the greed factor.

I am afraid I can only address what I have experienced which is apparently a financial advisor who sold me out for a pot of gold and who obviously did not even know that fiduciary duty existed. Why, I ask you, did she think she could get away with it?

A bank manager who looked at an asset and liability document and didn't question the fact that someone supposedly has \$800,000 home \$100,000 per annum salary, \$500,000 in bonds or savings, \$200,000 in another bank's account and yet spends \$12,000.00 per annum, \$250 a week on utilities, food, entertainment, insurances when you have that income. There is no calculation at all of the interest earnings from all the cash & bonds & bank accounts. Wouldn't you think that bells would ring, alarms would sound? Yet I have never ever heard from the ANZ Bank not one phone call. No one ever picked up the phone or wrote a letter asking for even a confirming bank statement of all that money. Why didn't they?

It is their duty to ask me that question. It is their duty of care to me and also their employer to ask that question. You would think that they would ring and say Hi, what interest rate are you earning at the moment would you like to talk about moving it over to our bank, we can arrange a nice little package for you. That would have been an interesting conversation.

Didn't the admin staff at Storm start to wonder, about all these \$100,000.00 salaries when people are in their late 60's 70's from all reports it was a pretty common amount. Didn't they get suspicious?

Someone at Storm took my correct MYOB accounting software information and plugged it into some computer somewhere and what spat out was a fairy tale picture of \$100,000.00 salary and \$500,000.00 savings. Why didn't they start asking questions? Get suspicious? Why didn't they wonder, 'what is going on here'?

While I was asking Anne to sell me up I was told the same stories that others were being told. Log onto Aussie Stock Forums and read some of the stories there, the similarities between my story and others trying to exit it's uncanny. There had to be script that the advisors were following. My question is how could they do this? Why would they tell such blatant lies? Why did they think they could get away with it?

And for my finale I am a 62 year old woman who has been a wife, a mother, a grandmother, who has lived a good life, responsible jobs, honest and I think reliable. Now because of my association with Storm Financial there is a piece of paper in existence that says I earned \$100,000.00 per annum and had savings to the value of \$500,000.00 when in fact I was on the Centrelink Widows Pension. That could implicate me to fraud accusations and wouldn't the ATO be interested in all this income and interest that I supposedly earn.

Did they stop and think of the consequences when they weaved their web of deceit and I ask once again why they didn't think that there was the possibility of repercussions in the existence of that piece of paper, particularly on me.

In my opinion no one who I have mentioned above really believed that they would be held accountable. And Why Didn't They? And that's the question I would really like answered by the enquiry.

With respect and many thanks

Lyn Murray

I do apologise for my style of writing I don't have the brain that can address the terms of reference.

Money involved and its source

		Challenger	Macquarie Margin Loan	Storm Fees	Date
My contribution Super	\$169,238				
First initial borrowing ANZ loan	\$462,000				
ANZ home loan proceedings <i>Step 1</i>		\$450,000.00			19/09/06& 26/09/06
Macquarie borrowing Margin Lending <i>Step 1</i>		\$400,000.00	\$400,000.00	\$67,619.00	19/09/06& 26/09/06
Macquarie borrowing Margin Lending <i>Step 2</i>		\$75,000.00	\$150,000.00 \$75,000.shares \$75,000.dam	\$5702.00	08/01/07
Macquarie borrowings Margin Lending <i>Step 3</i>		\$75,000.00	\$75,000.shares	\$5578.00	18/04/07
Macquarie borrowings Margin Lending <i>Step 4</i>			\$30,000.dam	Nil	16/7/07
Macquarie borrowings Margin Lending <i>Step 5</i>		\$50,000.00	\$100,000.00 \$50,000.shares \$50,000.dam	Nil	12/10/07
Macquarie borrowings Margin Lending <i>Step 6</i>		\$39,000.00	\$39,000.shares	\$2896.00	15/1/08
Totals borrowings for shares		\$1,089,000.00		\$81,795	
Macquarie borrowings for Prepaid Margin Loan Interest			\$53,313.30		25/6/07
Macquarie borrowings for Prepaid Margin Loan Interest			\$77,196.00		25/6/08
Total Borrowings ANZ	\$462,000				

By the 30/10/08 My debt to Macquarie was \$858,685.10			\$858,685.10		
When cashed up So I was left with \$31,000.00			\$890,000.00		