

**SUBMISSION TO THE PARLIAMENTARY JOINT COMMITTEE  
ON CORPORATIONS & FINANCIAL SERVICES**

**SUMMARY:**

We had been clients of Storm Financial for 10 years. As we had no knowledge of the share market, we placed our trust in them to manage our investment and take us into a comfortable retirement.

We were always assured that their strong research gave them “the edge” over other financial planning firms, therefore they were in the best position to manage our affairs. We were assured that all historical data had been taken into account when developing our cash flows and investment trigger points.

When discussing debt, they always showed examples of how much more could be achieved by using debt for investment. They would say, “you don’t think twice about borrowing \$300k for your family home, so why should you worry about borrowing for investment purposes. Trust us, you will never lose your home.

Storm established partnerships with banks, fund managers and margin lenders. This allowed their clients to obtain bank loans and margin loans with ease. Bank Loan Applications were completed by Storm Financial, with no, or very little verification by the bank concerned. Deals with margin lenders allowed client’s LVR’s to reach an unacceptable level. The Commonwealth Bank initiated a process whereby all Storm client’s properties were re-valued automatically using a computerized method. These new values were forwarded to Storm who then initiated further borrowings on the property for investment in the sharemarket.

We are all told we should be held accountable and responsible for our mistakes. Indeed these are the values our parents taught us and we in turn teach our children. If this is the case, why are we (the clients) being held totally responsible. We are the ones who have lost their retirement, have lost/are losing their family home and in many cases forced into bankruptcy. Why are Storm Financial, Colonial Geared Investments, Macquarie Margin Lending, Commonwealth Bank, Bank of Queensland not being held jointly responsible and therefore sharing in the losses that we have all incurred.

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