My name is Tracey Richards and I was an investor with Storm Financial. When I invested with Storm Financial my aim was to provide myself with an income stream and a nest egg for my retirement.

I'm 46 this year. I was hoping to semi-retire in a motorhome, and travel and work around Australia. Instead, I have lost my entire share portfolio and am saddled with $300,000 of debt. Rather than travelling from caravan park to caravan park, I live in one permanently and won't be going around Australia anytime soon thanks to Storm Financial's advice and Macquarie Bank's actions.

In June 2001 I was referred to Nancy Seymour at OZDAQ Securities. Nancy recommended that I purchase shares using the $250,000 I had in savings and another $250,000 borrowed as a margin loan. I was to set aside another $70,000 to service the interest on the loan and to pay myself a small income before the investment started making a return. (I was not working at the time and my sole source of income for me and my three children was child support from my ex-husband.)

I was nervous about accepting Nancy's recommendations. I knew nothing about the share market, and the $40,000 fee Nancy charged to set everything up seemed excessive and was going to use up the last of my cash reserves. But Nancy told me time after time that it was a one-off fee, that there were no ongoing costs, and that it covered a lifetime of investment. She said that if anything ever went wrong, it was covered by insurance, and that there was no risk. She also said that I could claim the $40,000 fee back on my tax the following year.

However, when the time came around, I could not claim the fee on my tax. Nancy said that it wasn't her fault; the laws had changed. And it wasn't until years later, after Nancy had handed me over to Storm Financial, that I discovered she'd lied about it being a one-off fee: there were more fees. Many more fees.

Unfortunately, I'd accepted Nancy's recommendation days before the 11 September 2001 share market crash. Over the next few years I watched my $70,000 cash reserve dwindle to nothing, while the share portfolio—which was supposed to provide an income—was still valued at less than the original purchase price. After Nancy sold the business to Storm Financial, (I'm uncertain of the date) Steven Halsell, Nancy's former employee, began monitoring my portfolio.

By that time, the whole exercise had caused me nothing but anxiety and grief. Each time I spoke to Steven to voice my concerns, I felt I was being treated like an idiot. I rang Storm and made an appointment, determined to sell my portfolio. (I've since learnt from my interview with ASIC's investigative team that I did not need Storm's permission to do this, but I was never at any time told this by any of the Financial Advisors I dealt with) When I arrived at Storm's new offices, I was introduced to Stuart Drummond.

Stuart agreed with me that my portfolio was going nowhere and said that Nancy hadn't looked after it properly by leaving it sit there without any 'Steps' along the way. He told me that he would personally take over the management of my account, and he showed me graphs demonstrating how my account could perform and provide me an income. I told him I didn't want that, that I'd sold my apartment and needed the money to buy a larger home, now that my children were getting older. He gave me the spiel about the "chickens and the eggs", just as Nancy had. I found it very persuasive, and by the time I left his office I'd agreed to invest the $400,000 I'd received from the sale of my home and increase my margin loan. By 18 July 2006 my margin loan was $784,705 and I was leveraged at approximately 50%. I was a full-time university student at the time and was not employed.

I was always aware that I had all of my eggs in one basket, and I did worry about it, but each time I voiced my anxiety Stuart had a ready-made answer to allay my concerns. When the market began to fall in November 2007, I began to worry in earnest.

"What if the market starts to fall like it has in America?" I'd ask Stuart.
"Australia has decoupled from America. China and India are driving the engine of the world now," he'd say. "Storm Financial," he told me, "has never lost a customer."

They had strategies to deal with every eventuality, even in the case of margin call. He explained these all to me, and told me there was nothing to worry about—there was no risk. I believed him because I trusted him implicitly.

At the end of February 2008, I went to Stuart and told him I had put a deposit on a motorhome which would be delivered in September and that I would need to set some money aside to pay the balance. Stuart insisted that I leave the money where it was, and recommended that I borrow another $200,000. "The market is about to rise," he said, "and you should take advantage of it".

In hindsight, the only thing taken advantage of was me. I firmly believe this advice was solely motivated by Stuart's desire to earn both him and Storm a $13,420 up-front fee at a time when their income had fallen drastically. Had this additional leverage not been applied to my account, perhaps I would not be in the financially devastated position that I am in now.

However, Storm Financial was not the only company that I believe did the wrong thing. Macquarie Bank was extremely generous with their loans, allowing me to borrow the extra $200,000 in February 2008 (which took my margin loan to $1,450,000) despite the fact I was only earning $45,000 a year. In fact they were so comfortable dealing with Storm they were happy to accept instructions from them without ever once contacting me or in fact requiring me to verify a Statement of Financial Position.

It would seem that they did not feel compelled to contact me, and indeed were quite happy with the arrangement with Storm Financial, and why not. My records show that at 30 June 2008 my margin loan had escalated to $1,482,349.41 and Macquarie Bank had earned $105,348.47 in interest for the year to date. When Storm Financial instructed Macquarie Bank to leverage my account to 100% Macquarie Bank had no qualms and quite happily obliged. I was eventually contacted by Macquarie Bank in October 2008 when my account had gone into margin call at something like 137% and they asked me what I was going to do about it.

I immediately called Stuart at Storm Financial to ask what I should do, and how I should respond to them; some of Macquarie's calls were quite threatening. Stuart replied that I should tell them to contact him, as he was my financial advisor. He told me that he was handling it and that there was nothing to worry about. And so that's what I did. Each time Macquarie called, and they called many times, I'd tell them exactly what Stuart had told me.

On 12 December 2008 I went to see Stuart so that I could speak to him about my account, which was showing $24,000 of negative equity. To be honest, even then I wasn't overly concerned; Stuart had always told me that there was no risk, that Storm Financial had ways of working things out. He told me that Storm would pay the $24,000 as long as I signed a form stating that I would repay them at a later date. He also said my loan had been converted to cash and was sitting in an account that they were monitoring, and that when the time was right they would get me back into the market.

"There was a journalist, down south," he said, "that was trying to stir up trouble and you shouldn't believe anything you read in the paper about Storm". He was going to Fraser Island with his kids for Christmas to relax, and said that I should forget about things and relax as well.

There were no Christmas presents at my place in 2008. Instead I had to explain to my children that I had no money, but that things would be different in the New Year. I can't describe how awful I felt when my children gave me Christmas gifts and I was not able to give them anything.

When I returned to work on 5 January 2009 I was alarmed to see that Storm hadn't fixed up the negative equity in my account. I rang and emailed Storm repeatedly, trying to contact Stuart. His assistant, Jesse, finally sent me an email on 12 January 2009, the day Storm went into voluntary liquidation. The email stated that "unfortunately we cannot act on your behalf anymore and you will need to deal with Macquarie directly".

Like many others, I was in a state of shock about the liquidation. The door had been irrevocably slammed shut on my future plans and I was suicidal. I blamed myself for being naïve, for believing there was no risk. I lay awake for hours chasing scenarios in my head, wondering how I could have done things differently, been more assertive and asked more questions, only to wake up to the same horror story each day.

A large part of my anguish can also be attributed to the guilt I feel at having to have my partner, who was debt free, financially rescue me when we were unable to pay the final payment for the purchase of the motorhome and had to take out a lease. Whilst we are fortunate to at least have a roof over our head, it's unlikely we'll be able to afford it for much longer.

There are a lot of questions both Storm and the Banks need to answer, but I'm going to leave them to be asked by the more financially astute who will no doubt also be placing submissions before the Parliamentary Inquiry and who will hopefully get some answers.

I'd like to think we will all have a better Christmas this year.

Tracey Richards