

## CAUGHT IN THE EYE OF THE STORM.

In 1965 when Sandra & I were married we had about \$850 to our name, and then I was called up for National service and Sandra was able to Come and live with me in an Army House in Melbourne. We could not afford to buy much furniture so we had a second hand fridge a cheap table and four chairs, 2 cane chairs for the lounge and a bed, cot and chest of drawers, The rest of our belongings fitted into the back of our EH Holden ute, and this was our lot until we shifted back to Cleve at the end of 1967.

We lived with Mum and Dad for the first 12 months before getting a loan of \$10,000.00 from the bank plus a \$2000,00 second mortgage to build a new house.

We scrimped and saved and made money by doing odd work as well as working at the Family business, to buy the things we needed for our home. This took about six years before we had carpet TV and the other things that make life a little easier. I am not complaining about this as most of our Generation went thru exactly the same problems that we did. After some twenty two years in the family business working some 60 hours a week doing deliveries, driving school buses, painting as well as other jobs we decided to sell out and move to Cairns.

The move to Cairns was to prove a good one for us as we all found work fairly quickly and settled into a new house that we had built and paid cash for and we thought that we would be able to look forward to a comfortable retirement after our working days were over. As we were earning good money and owned our house, we had some money to invest and thru the ANZ bank we invested in a suggested portfolio, this was just before the Stock Market crashed and our investment was deleted by about a third. We were not unduly worried by this as we realized that the Market would return to its previous level and possibly better so we sat on this. After a year or two I began investing with MLC thru our neighbor Mr. Rule and we were able to build up a reasonable portfolio with this company., although the returns didn't seem to be very great . When I joined Toyota and was promoted to sales manager I was able to Salary sacrifice a considerable amount each week and it was about this time that Mr Rule was bought out by Gus Dalle- Cort. Gus seemed a lot more switched on than Rule and he suggested that we could get better returns with little risk if we invested a portion of our MLC funds in Masterkey Unit Trusts. After some serious consideration we decided to take his advice, after all he was our financial advisor, and we transferred these funds over. This was to prove quite beneficial at the time and we were happy with the extra benefits provided. In about 2005 Gus decided to join with the Storm Financial Group, and meetings were held with all the MLC customers telling us of this union and the benefits it would consequently bring to all those investors that joined them in this merger.

At first Sandra & I were extremely reluctant to do anything as we were reasonably happy with the way things were going along, and we had no debt, but we were hit with quite large tax bills and needed some form of relief from this to maximize our savings.

After considerable discussion and soul searching we decided that we would invest with Storm, and things seemed to go very well as the market continued to rise, and we continued to invest, Suddenly we were millionaires and it felt good after struggling for most of our lives. This extra wealth did not change our lives as we continued to buy only the things that we needed and didn't buy expensive or unnecessary items as this was against our up bringing an ethics. We did enjoy a trip to Italy with the storm group of investors and I must say had we done the trip by ourselves we would not have had the fun or seen the places that Storm had on the itinerary and we would not have been able to afford it had we done the same things that we did with the group.

Things started to go egg shaped in April 2008 when the market started to fall, This is where we made a mistake by taking advice from our Advisor and bought more shares as he

advised that it was an opportunity to buy shares as the Market would soon rise and we would pick up this loss. Once again we pondered for some time over this and because all the other advise had seemed to come out Ok we invested some more. On the Advice of the advisor we increased the mortgage on our home and invested this. We did however have a back up as we still at this time had \$358000.00 invested with MLC.

We believed that if the Market crashed we had a safeguard in that the bank would withdraw our shares when we reached the 80% margin, leaving us slightly battered but not busted to the degree that we could not ride out the Storm and return to the market when it improved, How wrong we were proved to be.

By November 2008 we were battered broken and Busted, and there are a number of reasons for this which I have listed in there order of importance.

1. Some eighteen months before all this happened and un be known to the Storm investors a complaint had been made to ASIC regarding the Storm model of investing, this was tabled and left in the too hard basket until it was too late for the 14000 people who had lost most of their money. I suggest if ASIC were doing their job as they should have been, a lot of heart break would have been avoided, certainly the investors would have been able to salvage something of their investments. It seems to me that we have too many of the Toothless Government Departments who do nothing and collect huge pay packets for doing it
2. Colonial Margin lending who the bulk of the margin loans were with, were supposed to monitor the loans and advise when the margin was reached. If Storm were advised ?, The clients That's we investors were not advised until it was too late, and the first that most of us knew was when we got a statement from the Commonwealth bank advising that our investments had been sold down and that they were holding the money in a savings account to cover their loan. Most of these people were sold out at over !00% rather than the 80% margin as in the agreement with Storm. Had we been sold down at the 80% margin we would have survived as we at that time had MLC policies plus savings that would have saved our house. Even at 90% we would have been able to scrape thru and rebuild. But as we were left till over 100% we are dead in the water ,We possibly should have sought advise in May 2008 in regards the extra investment, but this is easy in hindsight and at that stage we were happy with the advise we had received prior to this.
3. Storm & The Banks must have had some sort of sweetheart deal and this may be proven if we ever get to court with the Class action which we have mounted against all the Banks involved. It seemed that the Banks could do anything that Storm asked without even contacting the Customer. Our Mortgage was first taken out on our block of land then Storm increased it twice without the Bank of Queensland even meeting us to confirm that we could repay the loans if they went crash. The bank didn't even interview us with the original loan of \$80000.00 even though they had never met us or had we ever had dealings with this Bank previously. How they ever expected a couple on no income other than from our share dividends to repay a \$380000.00 loan is beyond belief
4. We had an amount of 24000.00 transferred to the Commonwealth bank out of a Macquarie account without our permission or knowledge These are some of the things that the Banking industry must be made accountable for. Then to add to this we received an account from the commonwealth Bank for an amount of some \$16000.00 which was not even in our name , I belonged to another customer!!!
5. Here it is May 2009 and at this stage we don't know where the hell we will be in twelve months. The worry has been such that Suicide has crossed my mind several

times, but I love my family too much to put them thru that type of trauma. I don't know what I have done in my lifetime to deserve this luck and I will be glad when this year is over. The last two years have been a bit traumatic with Sandra's Heart bypass then the Storm Crisis and now we look like getting a huge Tax bill for the money we were refunded when we paid out our loan ,from the prepaid interest.

6. It is inevitable that we will loose our beautiful home at the end of the year unless we get an injection of money from some unknown source. I will have to sell my pride and Joy My Harley which has given me an outlet and so much fun over the last 14 years. Our Caravan may prove to be a bonus as at least we will have somewhere to sleep.
7. But what of our personal belongings and photos and stuff we have saved & treasured over the last 45 years, what becomes of all this, some which can never be replaced, and where too from here?? Cairns is not the place to be living in a caravan park as it would take a large percentage of our limited income to pay the rent. We are reluctant to move away because our family are here and you miss the Kids growing up, Every thing that we have worked for so long gone and I cannot see this changing at our time of life. It makes one wonder if its all been worth while. Never at anytime of my life has my self esteem been so low, The feeling of helplessness has left me gutted, and the thought of not being able to provide something for my family hurts me deeply. I may recover in time, but the memories will never die .I can only hope that the Banks and Storm are taken to task, And I can only hope that justice is done in the courts.
8. The ironical twist to all this is that if the Bank had left us in the market we would quite possibly survived as the market is now on the way up. At least we would have had some dividend payments and some tax relief on our loans, instead of being kicked while we were down.
9. We had enough to pay out our Margin Loan and leave us a little to live on for a few months. Had the bank left us in the market we would not have had to switch loan from fixed to variable and would not have had to pay the \$30,000.00 odd in break fees, also we would not have been hit with the huge Tax bill that will ultimately mean we will have to sell our home, So we would have been some \$60,000.00 better off than we are now plus still have a place to live.

Quentin & Sandra Bates