

SUPPLEMENTARY SUBMISSION FOR THE PARLIAMENTARY INQUIRY

Ruth Fontaine

I have already put in a submission and a supplementary submission but there is one more thing that I would like to ask.

Our financial advisers in Mackay were John Schluter and Yvette Daniel. When we went to them and John told us that we could safely borrow 60% of our valuation. This was a lot of money, \$584,000, but John explained that this money would be put into a dam and the money would flow in and out of the dam. That is - they would buy the shares when they dipped and they would sell the shares when they peaked. Thus growing our investment. This strategy was what sold us on this investment. We were worried about the debt but liked this sell high / buy low strategy to 'grow' our share portfolio.

The margin loan was not explained to us adequately and we did not know that we had a second / margin loan. When we received the first 'next step' we didn't know what to do and decided not to sign it. Yvette Daniel rang me a couple of weeks later and said 'did you receive the next step from us' and I said 'yes' and she said 'you **have** to sign it straight away and bring it in.' I asked her 'has there been a dip in the market' and she said 'yes.' She said 'you have to sign them and get them back to us as quickly as you can.' So I assumed wrongly that she would take the money out of the dam which was with the Macquarie bank. When Storm borrowed money on the margin loan did they do it only when there was a dip in the market?

When we went to Steven Lowry of Alman's financial planning after Storm's collapse we asked him about the dam and he said 'there was no dam every time you signed a next step you were borrowing more money from the Macquarie bank' We were shocked to discover we now had two loans worth 120% of our valuation ie \$1,164,000. Why didn't either of our Storm advisers make sure that we understood that we had a margin loan? Was there a dam? If so I would like our Storm Advisers to explain where it was. If not, why not?

I said 'there was supposed to be a buffer to prevent this happening' and Mr Lowry said 'the buffer is your property' Is this true and did our Storm financial advisers know this? Why did they advise us to put our property at risk when we are on the verge of retirement?

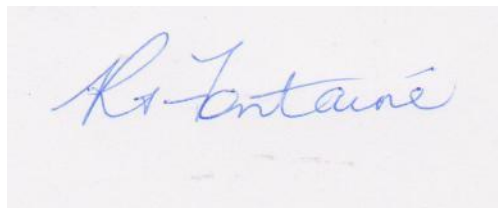
I don't know how to work out if they have used this sell high / buy low strategy from our paperwork. I would be very interested if a financial person could look at our Storm paperwork and tell us when and if our financial planners did as they said they would and sold high and bought low.

If they didn't do as they said they would do, I would like an answer. Why not?

Have we been lied to?

This is the first time that we have taken the advice of a financial planner.

I acknowledge that the above information is true to the best of my belief

A handwritten signature in blue ink, reading "Ruth Fontaine". The signature is written in a cursive style with a large, stylized "R" and "F".

Ruth Fontaine

Date: 24 June 2009