I wish to make the following submission to the inquiry into the collapse of the Trio Capital Group. I am a 52 year old nurse working for South East Sydney Local Health District as a Facility Planner. I have been living and working full time in Australia since 1989 having emigrated from Ireland. Until 2007 I was in the Health Industry Plan Superannuation scheme saving a small amount extra every month to boost my superannuation.

In or about 2007, I sought financial advice about my superannuation, the management of tax and investment of a small amount of money ($40,000) I was expecting to receive from a marriage separation. I wanted to ensure that making the right decisions about these issues and sought professional financial advice. I was introduced to **Tarrant's Financial Consultants Pty Ltd** (**TFC**) by a friend who was a client of TFC at that time.

In or about September 2007, I attended a meeting at TFC (**first meeting**). I recall answering questions about my personal and financial circumstances and going through a risk assessment questionnaire contained in a document called "Financial Needs Analyser" (**FNA**) at the first meeting. I was working full-time but wanted to move to part-time work in about 2 years' time. I also had about $5,000 worth of shares in IAG and a superannuation balance of about $105,000. I was classified by Tarrant's as an assertive investor in the risk profile.

Soon after the first meeting, I attended a second meeting at TFC and was presented with a slideshow called an 'education'. The education was about hour long and contained information about investing, self-managed superfund(s) (**SMSF**) and borrowing money to increase the size of the investment portfolio. I found it difficult to understand the information contained in the education but as I was seeking and paying professional advice I took it that what they were suggesting was fair and reasonable. At this meeting, TFC advised me against buying a house because of lack of equity and advised me to buy shares instead. TFC presented to me a document called "Statement of advice for discussion purposes for the growth of the wealth portfolio of dated 22 October 2007 (**October 2007 In-Principle SOA**).

The October 2007 In-Principle SOA stated that the advice was prepared by Mr Ross Tarrant (**Mr Tarrant**). In addition, all of the advice documents, including In-Principle SOAs, Statement(s) of advice (**SOA**) and Statement(s) of Additional Advice (**SOAA**) I received from TFC stated that the advice was prepared by Mr Tarrant. Accordingly, despite never having met Mr Tarrant, I believed he was my adviser.

The October 2007 In-Principle SOA recommended that I establish an SMSF, transfer my existing super to the SMSF, use quantum portfolio warrant to borrow money and invest in Australian and International shares including the Platinum International Fund (**Platinum**).

Although I did not understand what quantum warrant was in detail, I knew I had to borrow money to accept Mr Tarrant's advice but I was told by TFC that there was nothing to worry about. TFC's staff told me words to the effect that,

> *You don't have to worry about borrowing money to invest. We will keep the leverage down to a certain percentage so that you would never run into trouble. There is no risk apart from market fluctuations. But we will keep the leverage down so that the returns from your investments will pay for the loan.*

From these statements, I understood that the amount TFC recommended me to borrow would not put me in jeopardy. I thought that the leverage was a safety gap which would ensure that I did not have to pay any extra money. I believed that the returns from my investments would be enough to pay for the loan.

I did not at any stage think that the advice I was getting would be putting my superannuation at risk. I did not have any assets apart from my superannuation. Accordingly, if I had known that there was any possibility of losing any portion of my superannuation money, I would not have gone ahead with Mr Tarrant's advice.

In or about late February 2008, after I told TFC that I had money to establish the investment portfolio, I received another SOA from TFC dated 26 February 2008 (**February 2008 SOA**). The February 2008 SOA, with some minor variation, repeated Mr Tarrant's recommendations set out in the October 2007 SOA. I signed to proceed with the February 2008 SOA and believe this SOA was implemented.

In or about early October 2008, I was contacted by TFC to come in to discuss my SMSF's investment portfolio. I went in to TFC's office and was presented with a statement of additional advice dated 8 October 2008 (**October 2008 SOAA**). The October 2008 SOAA recommended that I redeem some of my investments including an investment in Platinum and use the proceeds to invest in Alpha Strategic Fund (**ASF**).

During the course of the meeting to discuss the October 2008 SOAA, I was given a presentation about the ASF. Among other things, the presenter whose name I cannot now advised me that ASF is a very good investment. It was performing better than the than Platinum. We have reports from Morning Star and others research house advisors which state that the ASF is going very well. Ross Tarrant knew the people running the ASF personally. I was advised that ASF had been checked out and rated highly. I was also advised that many of Tarrant's staff and Ross Tarrant himself was investing in ASF themselves. I therefore took the professional advice I was given by Tarrant's' and agreed to invest in the ASF. Tarrant's were after all being payed very high feed by myself to look after and advice me on the portfolio they had set up for me.

In or about July 2009 I contacted TFC to get advice about buying an investment property as I had about $40,000 in a savings account proceeds from a marriage settlement. On or about 27 July 2009, TFC presented to me an In-Principle SOA prepared by Mr Tarrant dated 27 July 2009 (**July 2009 In-Principle SOA**). The July 2009 In-Principle SOA recommended that I set up an investment portfolio instead of purchasing a property. It further advised that I use $40,000 of cash in my savings account and my shares in IAG of $5,000 as security to get a margin loan to increase the total asset base to $67,500. I did not know what a margin loan was but knew that I had to borrow money to proceed with Mr Tarrant's advice. I was told by TFC words to the effect that, *"The returns you make from your investments will be used to pay for the loan."* From this statement, I understood that I would not have to make any extra payments on the margin loan. Among other things, the July 2009 In-Principle SOA recommended that I invest $21,000 in the ASF. I decided to proceed with this advice because I believed Mr Tarrant was a professional who knew what he was doing.

At the same meeting, TFC gave me a document called "General Education Booklet, Investment Research & Product Disclosure Statements for " dated 6 August 2009 (**General Education Booklet**). I note that page 5 of the General Education Booklet stated that *"TFC do not receive commissions from investment providers for placement of your monies*". This statement is consistent with the repeated representations made by TFC to me about Mr Tarrant not receiving any commission payments. The information presented to me by TFC all indicated to me that the fund was a good investment. As I was being advised by a professional group and I have no experience in these matters I did not consider that there was a risk to my superannuation funds.

In may 2010 I was going overseas and was told that the Astra shares were frozen and that I might get a margin call I was advised to sell some shares to put cash into the management account in case of a margin call. As you can imagine I was devastated to be put into this position through no fault of my own.

When I returned from overseas I stopped being a client of Mr Tarrant and TFC in or about August 2010 when TFC tried to transfer me to another financial planner called Wealth Sure. I did not want to go to Wealth sure and did not give TFC permission to change me to Wealth sure. I have not had any dealings with TFC or Mr Tarrant after this time.

As a result of proceeding with TFC and the advice I followed, my superannuation balance has been reduced from $105,000 (in September 2007) to about $52,000 in 2010. I have since had to redeem most of the investments to pay off the margin loan and quantum warrant. From my understanding I had about 53,000 in Astra Shares in the Self Managed Fund and another $28,000 in a growth portfolio. I am very concerned about the significant loss of my superannuation as I do not have any substantial assets apart from the superannuation. My earlier plan to move to part-time work from about 2009 could not be achieved because of the huge loss I have incurred. I am continuing to work full-time to restore my superannuation balance and finances.

So all in all I am concerned about a number of things. These include not only the loss in value of the Astra shares but also the flow on effect of the margin calls , the cash contributions I had to make and the sale of the shares from my portfolio to pay off the loans that had been set up.

I was advised that independent research houses gave the fund high ratings e.g.

- Morning star gave a 4 out of 5 rating
- Aegis gave the fund a recommended rating
- Van Mac's rating was highly recommended

So based on this information investors went with the recommendation. Were these research houses wrong or did they do proper research?

Reports now released confirm that ASIC and APRA had investigated Trio Capital in August and October 2008 and despite 'no available valuations' took any action. Reports say that the Trio Board of Directors had concerns as early as 2006 about the investments. APRA was also involved in 2005 and 2006 over a range of concerns and failed to discover the fraudulent behaviour and did not make their investigations known to the investors or the public. Had this been known advisors and financial planners may have been able to be more cautious about their advice?

I am also concerned with the fact that some investors APRA trustees have been compensated and those in SMSF are not compensated How is this fair? I was trying to do the right thing, build up my superannuation so I would not be a burden on the government and because of this I don't deserve compensation. All I am asking for is a fair go. Having now been badly burnt I am left wondering if I should just live for the day, not worry about how I will manage in my old age and leave it to the state to look after me, I have paid my taxes like everyone else, made an effort and where did it get me?

I have not alluded to the emotional stress that this whole affair has had on me, even writing this submission has got me all worked up again. I know that I am not as badly off as some people who have lost a lot more than I did, I can't begin to understands how traumatised they must be.

I am hoping that something positive will come out of the this inquiry for all investors, I don't know who is to blame, but there must be some way that investors can be given confidence that the government has watchdogs out there to ensure that ordinary hard working people are not taken advantage of in this manner. It's hard to know whom to trust these days.

7/7/11