

Mr B Ripoll
Joint Committee on Corporations and Financial Services
Parliament House
Canberra ACT 2600

17th August 2011

Dear Sir

Re: Trio-Astarra compensation

My wife and I are requesting that you reconsider the decision to have self managed superannuation funds and directly held investments excluded from the recent Trio Capital rescue package.

We chose to take financial advice to assist with funding our retirement and set some investments in place to minimise reliance on government funded pensions.

We were clients of a local financial services company and I had been a tax client of the principal for in excess of 15 years dealing with him personally until he expanded his business and moved his operations to the CBD of Wollongong. After that move I dealt with other staff employed by him for my taxation.

I have checked some of my documentation and have set out below as best I can recall, details of what has become of my superannuation and other investment retirement funds.

In approximately 2006 we were approached by our taxation advisors (and then becoming also financial advisors) to see if we wanted some financial advice, and subsequently made an appointment to see what was available. We had not had financial advice previously. It was some months later, early 2007, that we took that advice and rolled over my superannuation into a Strategy Retirement Fund.

We didn't seek any additional advice over the next couple of years, however in early 2009 again were approached by the same financial services company regarding more financial advice. We had a number of meetings and received numerous advice statements at this time. One lot of advice was to borrow additional funds through our current mortgage lender to be used to purchase shares, and was also advised that they could arrange a margin loan for the same amount to double up our option of funds to invest. We didn't understand the finer detail however we took this advice, based on my years of dealing with the principal and his staff and believing that he knew the financial investment business. The way the options were presented it seemed that they understood what was best for us under our particular circumstances.

This advice resulted in the setting up of a self managed super fund with an amount of approximately \$40,000, included was also an additional loan of around \$15,000 and this amount was invested with Astarra. We have since been advised that we should not have been advised to set up a SMSF for anything less than \$250,000.

The advice also included investing in Australian shares, both from the SMSF and a separate investment portfolio using the investment loan we obtained, and \$80,000 in Astarra with funds from the margin loan. We have therefore lost approximately \$95,000 through the Astarra investment, and have paid out close to \$30,000 in fees and set-up charges to our advisor since taking this advice.

Although we have some issues regarding aspects of our financial advice, we are very concerned about the reports of organisations such as ASIC and APRA that are put in place to protect us as investors or with super fund investments. It has been reported in the press that APRA was advised in August, 2008 of problems with Trio and no action was taken by APRA for more than 12 Months. If some action had been taken we would not be in the position we are in now. Both of us being in our early sixties and having lost most of our retirement funds, we are looking at a very bleak, uncertain and insecure future.

Mr Shorten was reported in recent media congratulating ASIC and APRA through their efforts in the trial and sentencing of Shawn Richard. However their efforts leading up to the collapse of our invested funds and their failure to carry out any due diligence with regard to this whole affair is highly questionable, in fact we feel they were irresponsible and negligent.

We look forward to you offering to compensate the balance of those who have lost substantial investments through either fraud and/or negligence. It has cost us considerably through the SMSF and other investments which was part of our plan to accumulate retirement funds. We attempted to secure some form of retirement strategy and reduce the burden on government for a subsidised retirement through a pension, however we now have less than \$30,000 in superannuation and loans outstanding well in excess of \$300,000.

Yours sincerely

Des & Carmelle Scott