

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates – 25–26 February 2009

**Question: aet 71**

**Topic: Storm**

**Hansard Page: E133 (25 February 2009)**

**Senator WILLIAMS asked:**

**Senator WILLIAMS**—When did ASIC first receive any complaint about Storm? From whom did that complaint come—a client, the FPA or a bank?

**Senator Sherry**—That was touched on in the opening remarks in a couple of places. My assumption is that was the totality of the contact.

**Mr D'Aloisio**—Prior to 2006 there were communications between us and Storm in relation to routine surveillances on financial planners on issues of disclosure that we went through with them. Between 2006 and 2007 there were four complaints about Storm which did not come from clients of Storm. Those issues concerned disclosure of fees and the level of fees, which Storm addressed. As I said, we also looked at the prospectus which outlined the model that Storm lodged when it wanted to do a public listing. In early 2008 we had a call to our call centre. At the end of October 2008 there were a number of calls from investors of Storm, and that precipitated our further involvement, which led to the full investigation. Again, I am happy to take it on notice. As I said at the start of those comments, we did the work on looking at those complaints so that I could give you an update. We will look even more carefully through our records. If there is other material there, we are happy to disclose it. My point is that those were routine and we feel that they were not a smoking gun issue.

**Answer:**

ASIC first received a formal complaint on 5 September 2006 from another licensee. The complainant forwarded a copy of a Storm Statement of Advice to ASIC. No specific issues were identified. The matter was referred internally to our Financial Services Compliance team for surveillance.

However, after further review of our databases, we can advise that we received an Internet query a few weeks prior to this date, on 17 August 2006, from a member of the public who enquired whether Storm was registered and if it had a license. We advised that the company was licensed and registered. The enquiry also made general statements about Storm's strategy of advising against investing in the property sector, and that Storm was inviting people to free seminars with promises of 'get rich quick schemes and luxurious overseas holidays'. We advised that the person should lodge a complaint if they had any specific information.

We continue to review our files and provide updates if we need to.