



The Committee Secretary  
Parliamentary Joint Committee on Corporate & Financial Services  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
8 April 2009

Committee of Inquiry into Storm Financial Services.

In essence Storm recommended we borrow \$690,000 from the CBA and \$1 124 000 as a Margin Loan from St George Margin Lending. We mortgaged our family home and three investment properties to the CBA and contributed \$823,000 in Superannuation and \$60,000 in personal shares.

In all our discussions with Storm advisors there was never a reference to our ability to service the repayments of these massive borrowings but rather discussion centered on interest rates and a new special relationship with SGML over CML and the expectation that the 'market' would provide. The loan application to CBA was not discussed with bank officers and although it shows that my wife and I as unemployed with no annual income, elsewhere in the document we are shown with an income of almost \$10 000/month over and above rental from investment properties. Paradoxically, a loan application to purchase an investment property in 2007 was refused by the Yeppoon branch of the CBA because I was not working. The amount in question was \$260 000

Prudent practice when retirees were involved was not a concern it seemed. My wife and I put forward our feelings that our own family residence (debt free) should not be mortgaged and also an investment property which was to all intents and purposes intended for our son. Our fears were allayed and we were encouraged to maximize the investment. In addition as recent retirees with no income our entire combined super of \$823,000 was taken out of a super fund and put into the investment and has now been lost.

We were told such patronizing comments as "Women and their houses" "Teachers and Pilots are the hardest to convince". We now know the absolute folly of taking all the funds from the benefits of a superannuation environment and trusting the market.

We paid Storm \$180,000 in fees in June 2008. We had a ten year investment time frame and paid up front. We were out in 6 months. Our precarious position as a result of investing in a falling market was not explained by our advisor. It was "put everything in" leaving no property, super or shares unencumbered. The amounts involved are now to us 'mind boggling'. Unfortunately it was also left to us to monitor our investment and we watched it diminish during those months – three of which (August to November) we were overseas. We were given a 'set and forget' mentality by the advisor and so there was absolutely no advice at any stage to sell out, despite huge market losses. Our LVR reached nearly 75% out of an allowable 79%

which we now know was an unbelievably high and unrealistic level of debt for a couple in our position.

We believe we asked all the right questions to the extent that in order to overcome our reticence to 'put everything in', a video link up was arranged with Emmanuel Cassimatis. He used a consistent average market return of 13% to project our ongoing investment with an annual income of \$100 to \$110 thousand. Mr Cassimatis was very confident and most convincing in his presentation and that we would reap the benefits of his investment model.

Independent financial advisors we have subsequently consulted insist that we have been given very questionable advice for our situation. We have lodged a complaint against the advisors of Storm Financial with the FPA. We have in our possession all documentation and Storm records relating to our investment portfolio. Could you please advise of any specific documentation you would require?