SUBMISSION TO THE PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

Submission by Ann and Mark Weir with reference to our involvement with events surrounding Storm Financial

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FINANCIAL SERVICES 2009

INTRODUCTION

The following is an attempt to describe our involvement in an episode in our lives, the magnitude of which is unprecedented in the history of Australia in respect of the Financial destruction and human emotional toll it has inflicted on us and other members of the Queensland community and beyond.
We attempt to portray a litany of behavior that probably defies description in its callous indifference to the well being, the fundamental rights and all of the reasonable expectations that decent human beings might be entitled to in their dealings with others to whom they have entrusted - and who they rewarded handsomely- their Financial welfare. Just in case there is any confusion as to who we are referring to here, our comments are directed toward the Financial Services Industry and in particular the Banking Industry.
It is our belief that this Inquiry will reveal through submissions and public hearings evidence of dishonesty, negligence, criminality, lack of duty of care, unconscionable conduct, un-prudential lending practices driven by greed, defective product and deception.
It will also reveal a distortion in Social Justice in respect of privileges and protection accorded to the Banking Industry to alleviate their risk, by the Government on behalf the Tax payers. We then witness those concessions not being passed on to others in community who have become victims of the same events about which the Banks were provided protection.

OUR STORY

JOINING STORM FINANCIAL

We had been using Margin Loans for investing in the equities market through Ron Jelich Professional Planners at Redcliffe for some 7 years prior to deciding to retire in 2004. With this decision came the question as to how we might best fund our retirement and accordingly we went through a thorough analysis of the various options that were available to us. We had

identified strict criteria, (which are not described here) that any retirement funding strategy decided upon would have to satisfy and it was on this basis that each possibility was subjected to a process of elimination. Finally it was on the advice of Mr. Jelich that we were introduced to Storm Financial or as it was known at the time, Ozdaq. We then went through the mandatory educational processes connected with fully understanding the investment Strategy and subsequently agreed to engage with Ozdaq. As indicated, we had previous experience with investing through Margin Loans but were impressed by the apparent greater level of professionalism offered by the Ozdaq model.

The process involved us contributing a quantity of unencumbered liquid funds augmented by further funds derived by tapping into the equity in our family home through an investment property loan from ANZ Bank. Further leverage of these funds was achieved through a Margin Loan obtained through Colonial Geared Investments. The funds were invested in Managed Trusts- Index Based Funds- developed by Ozdaq in conjunction with Colonial First State, and although badged with an Ozdaq (now Storm) brand, were actually owned and managed by Colonial. We were impressed by the structure of the Indexes underpinning these Funds, their diversity and the ability to switch readily from one to another according to relative performance and the software that enabled this. We felt secure in the knowledge that we were investing with a Funds Manager- Colonial First State- who had a proven record of outstanding performance over many years.

RETAIL BANKING FACILITY

Late in 2007 we were advised by Storm that they were going to call tenders for a Mortgage facility with CBA, BOQ or Westpac. This came about because the term of out loan with ANZ was due to expire and the Bank did not wish to continue our association. I suspected this was because some years before they were proven to be negligent in their Mortgage collections cell in Melbourne but had persisted with the allegation that it was our fault. Through the efforts of staff at our local Branch it was proven that the Bank was at fault and the dispute was settled when we accepted a sum of compensation from ANZ.

Westpac tendered successfully for our business through their Townsville Branch, Storm's Head Office location, despite our regular day to day

banking facility being local on the Sunshine Coast. This could reasonably be interpreted that a particular relationship existed between Westpac and Storm. We were offered 90% of our property valuation, but in conjunction with our Storm Adviser we declined this for a lesser amount. No mention was made in the offer document of Mortgage Insurance being required on the 90% offer. Our only income stream to enable us to service this loan was a draw down from the investment portfolio attached to the Margin Loan. In establishing the Interest Rate that was to be offered, a notation was made- 'Special rate for Storm'. The offer also stipulated a requirement that an interview be completed prior to formal approval but this did not take place. Based on the draw down figure stated on the loan documents as our projected income, it would have been near impossible to meet our day to day living commitments in addition to servicing the loan. No reference was made to any additional funds being available from the Investment Portfolio attached to our Margin Loan with which the proposed facility might be serviced.

QUESTION 1
Did Westpac strictly adhere to the CODE OF BANKING PRACTISE in regard to the following provisions:

25. Provision of Credit

25.1 Before we offer or give you a credit facility (or increase an existing credit facility) we will exercise the care and skill of a diligent and prudent banker in selecting and applying our credit assessment methods and in forming our opinion about your ability to repay it

PROGRESS OF THE STRATEGY

Owing to the continued 'BULL' period which Equities Markets experienced globally over the years 2004 to 2007 we enjoyed strong growth in our portfolio. We were always mindful of the volatility of equities markets but pitched our risk exposure to a low to moderate level based on the statistical probability of eventualities which might impact on markets over time. According to the level of risk exposure and the 'stop loss' and 'safety net' provisions attached thereto, we were of the fundamental belief that should

the market be subject to a level of volatility which might exceed that level of risk probability, we had options available to us to take corrective action to limit our losses. (We need to make the comment at this point that the Bank persists with the assertion that the Margin Call triggers are designed to protect them, the lender. This may well be so but it simply serves to prove that the risk is skewed unconscionably in their favor. Despite what they say however, although it may represent crystallizing losses for the investor, at the end of the day a Margin Call enables the investor 'to survive and fight another day'.

We do not believe that our level of investment sophistication was so naïve as to think that the market would continue its bullish run forever. Having said that, the Storm strategy was no different to other equities based models in that it was foolhardy to think that one could pick the top or bottom of the market and that one needed to take a long term investment view. We admit to a strong belief in the merit of Index based Funds as a vehicle for Equities investing in that they are designed to track the performance of the shares of listed 'blue chip' companies across the full spectrum of the Australian Capitalist Market Economy. This belief was also linked to another tried and tested Investment prerequisite with which the Storm model complied, being that one should invest in 'blue chip' equities or trusts and stick with them. From our experience the Storm badged Trusts, owned and operated by Colonial First State, satisfied that criteria. It is appropriate at this point to draw attention to the Rules of Investment articulated on the Colonial First State Website www.colonialfirststate.com.au/marketawareness wherein much of what is alluded to here is substantiated by their expressed philosophy.

Value was added to the Portfolio over time through capitalizing on the growth of the market. In essence this mechanism was based on the reality that as the market rose, so the LVR or risk level fell. By borrowing more funds we could recalibrate our LVR to the chosen risk level. To some extent this process accomplished another of the recommended principles of share market investing- that of 'dollar cost averaging'. (Some might consider this a moot point, given that the additional investment was accomplished through borrowed funds).

We would digress for a moment and point out that for over half of the period of the time we were connected with Storm Financial, we were living out of the Country and we have to say that in respect of being able to be remote

from the investment model, without being required to have frequent 'hands on' involvement, it worked well and suited our circumstances in that regard. Notwithstanding, communication with our Client adviser was regular through email and by phone call and we did undertake adjustments in our portfolio as outlined above during this time as easily as if we had been in the Country. We cannot say the same for CGI as despite registering our email address for 'Online Reporting' they persisted in forwarding our advices to an email address that had not been used for some three years.

FEES

It is in this context that we would refer to Fees paid to Storm Financial. Much has been written and said about the magnitude of the up front fees associated with the Storm investment model. On the face of it, the magnitude of fees undoubtedly appears expensive. While there were some trailing commissions associated with the model in addition to the upfront fees, a portion of these was rebated over time. In our own case we did receive the benefit of a not inconsiderable monthly rebate of these commissions from our Adviser. We would contend that it is not sufficient to simply point to the 7% + up front fees and declare them exorbitant, as many have. It also must be considered that any Storm client had unfettered access to their adviser as many times as they felt it necessary without incurring any additional fees. We availed ourselves of this arrangement freely in the knowledge that the 'timer' was not switched on the moment we walked through the door. In this regard we can testify to a different story told by those who have experiences to the contrary through other Financial Planning Groups from who ex Storm clients sought guidance following Storms destruction.

It may also be necessary to drill down a bit deeper to reveal the extent to which these upfront fees may have been offset over time by concessions accorded to Storm by the Banks, such as in lower rates on interest

It is worth noting here that The Financial Services Association has recently ordered its 140 Members who manage $1 trillion in super, to scrap commissions, in favour of an upfront fee.

DIVERSIFICATION OF THE STRATEGY

On a number of occasions we expressed our concern that our investment strategy was not sufficiently diversified but the answer was always that 'we have our house'. The reality was that we didn't have our house, it was geared into the Investment- in effect double geared – as the funds borrowed

against the house were used to support further margin loan borrowings. This scenario created a situation of 'double jeopardy'. Accordingly there should have been some recognition of this in setting our LVR risk level. This compels the following question to be asked:

QUESTION 2

Was the financial advice given in this regard defective and therefore negligent in not having taken this into consideration? Similarly, what prudential lending guideline were ignored by the Bank in not factoring in this 'double jeopardy' exposure when providing our margin loan facility and setting the LVR?
Furthermore it is an indictment of the Regulators and the Legislators that Lenders were able to shovel out loans without regard to this double jeopardy scenario and the Recent reform of this product to prohibit is clearly too little too late.

WHAT WENT WRONG ?

As just about every human being on the planet is only too painfully aware, the Capitalist Market system has, in the last 2 Years, been subject to one of the worst collapses in recorded history. While this in itself was sufficient to cause our Investment Portfolio to suffer losses, the total destruction of our whole asset cannot be attributed to these events alone. It is the failure of our Investment adviser IE Storm Financial and our Margin Lender, Colonial Geared Investments combined, who despite their agreement to work together in managing our Investment, to correct our Margin Call position, that has caused these events to become as personally calamitous as they have. According to the conditions of an agreement established between Colonial and Storm in 2007, regular meetings were to be held between the two to monitor Market volatility as it might impact on the Investment Model's methodology. This agreement also required that in the 'unlikely' event of a margin Call, CGI and Storm would work in partnership to clear the Margin call. However in this regard CGI included a disclaimer for themselves by reserving its rights under its Terms and Conditions. It is our understanding that an internal communication circulated to Storm Advisers at a very crucial time late in 2008, advised that this scenario was to be implemented. We are

informed that the circumstances of each client was to be reviewed and a solution worked out but this did not occur.
This willingness by CGI to hide behind such draconian protection when the going got a bit tough makes one wonder why anyone went anywhere near their product.

It is our strongly held contention that the stop loss mechanisms referred to above, or more specifically the LSR or LVR ratios which were to serve as the trigger points for a Margin Call as prescribed by the strategy and at which point we should have been notified, enabling us to take whatever remedial action was necessary, were not actioned for whatever reason. In tandem with a falling Market and without intervention by Storm or Colonial, our portfolios were allowed to devalue causing our LVR to rise and eventually enter negative equity.

As a result of this failure by either Colonial or Storm to contact us at the appropriate trigger point in accordance with the provisions of the Investment Model to meet a Margin Call or convert our Portfolio to cash, we have suffered the loss of a lifetime's accumulation of wealth. The total magnitude of losses is of academic interest only for the purpose of this exercise, rendered insignificant by the degree of victimization resulting from the strategy process failing us. This violation of the conditions of the process, further compounded our victimization when allowed to fall into negative equity (IE value of securities became less than our margin loan) of 102.44% representing an amount of $170,000. These events were brought to our attention in a phone call from Colonial on Dec 8 wherein a demand was made that we provide them within 48 Hours a suitable arrangement to pay this debt. There was no option to make adjustments to our Portfolio LVR and continue in the market, as Colonial had sold down the Storm Funds. Colonial had, without instruction from us, refunded $160,000 Interest paid in advance on the Margin Loan, had taken $70,000 of that amount as a break penalty and the remaining $90,000 was deducted from the negative equity debt to leave a net figure of $80,000 owing.
Our initial reaction to this set of circumstances was that this debt had been imposed on us through no fault of our own- rather it had come about through the most pernicious and unconscionable act of callous disregard perpetrated by one human being on another, that it was not deserved and that accordingly it should not be paid. Regrettably an inherent and ingrained sense of obligation that is characterized by an impeccable record of paying our debts established over fifty years of borrowing money for residential

property, investment property and business ventures, subjugated our sense of outrage and in fear of prejudicing an unblemished credit rating, we reluctantly paid it. We are compelled to say that we will regret that action until the day that we die!!!

It needs to be made clear at this stage that we had access to sufficient funds that would have enable us to meet a margin call at the appropriate time and remain in the Market pending its recovery.

The question of who was responsible for notifying of Margin Calls is one which we hope ASIC can pay particular attention to in their investigation. It was a matter deliberated on in the Federal Court on 24 December and on which Justice Greenwood determined should go to trial. All product disclosure literature provided to us on our initial investment simply indicates that if our LVR reached the predetermined point-'we will get a margin call'. The more recent Terms and Conditions of Colonial Geared Investments is very obtuse and is clearly designed to obfuscate the matter or even not require any obligation by Colonial at all. In one section the document says they will contact the client and the client adviser and in another says they do not necessarily have to do so. That such a document so devoid of any accountability, clarity, simplicity of interpretation or duty of care could pass scrutiny by any Government instrumentality is scandalous.
We emphasize this by pointing out that recent Legislation in Federal Parliament pays particular attention to this component of the Margin Loan Product. Under this reform Margin Lenders will be responsible for notifying the borrower of Margin Calls even where the primary contact is only with an adviser.
Although we are mindful that this Legislation is not retrospective, the need for this reform would bring into question the Banks credibility in their persistence that the Storm affair was all the fault of Storm and their clients and in that context their argument is unsustainable.
We have referred to the buoyant Equities Market conditions that prevailed for the years approximately 2003 to 2007. These conditions have meant that the necessity for Margin Lenders to make margin Calls was non existent, with the last episode of downward volatility occurring in 2003. It is therefore necessary that we go back to that time to ascertain the standard practice engaged in by Margin Lenders to make Margin Calls on that occasion. The committee will be aware that CGI has been asserting that in the events under current investigation, they provided Margin Call advice to Storm and from

there it was Storm's responsibility to have their clients correct their margin position.
The Committee needs to be aware that many Storm Clients can testify that at the time they received a Margin Call on previous occasions they received that call personally and directly from the Margin Lender.
We suggest that this evidence would bring into question the veracity of CGI's assertion.

WHAT WAS HAPPENING BETWEEN STORM AND THE BANKS ?

There is an enormous amount of conjecture over what was taking place between Storm Financial and Colonial and Macquarie Banks behind the scenes that caused us not to have a Margin call. It was revealed once again in the Federal Court hearing referred to above that the principals of Storm had been and continued to for some time (with apparent success given the time frame) encourage the Banks to 'ride out the market volatility' until it recovered. It is a matter of public knowledge that they offered to pay margin calls and indemnify the Banks against further losses of Storm Clients by giving the Bank equity in the Storm business or borrowing sufficient funds to do so. It was up to and during the course of these behind the scenes events that our portfolios were allowed to reach and pass through the Margin Call trigger points and as indicated above, cause many Storm investors to fall into negative equity. The Bank then shut down the Storm securities without any consideration to their customers ability to redress their position and stay in the market.
We find it unconscionable that Clients of any company could be treated with callous indifference to their welfare. It is a fundamental principle of business that every customer is integral to the success of the business and in turn must be considered 'valued'. But to be told every month through monthly rebate advices that you are a 'valued investor' and then be turned upon so ruthlessly with absolutely no apparent obligation to a Duty of Care is reprehensible and behavior we should hope falls within the charter of ASIC to address. In the circumstances, for a handful of key Bank staff to sit on their hands and do nothing while the financial well being and the lives of their clients are completely devastated and justify their action by referring to a 'Commercial Agreement' and asserting that the Terms and Conditions of their product simply 'says they can', will be judged by any standard of unconscionable conduct as unsustainable, despite what legislative prescripts

they might try to hide behind. That law of the people- Common Law- would not under any circumstances sanction such behavior.
Furthermore the need for Legislative reform referred to above would substantiate this.
The rhetoric emanating from Colonial surrounding any obligation or responsibility they may have for managing our Margin Call is one of complete denial. They persist with the assertion that if Storm were not keeping us informed then we should have been doing so ourselves. For reasons beyond our control we were not able to access the Colonial Website but in any event there is an overwhelming body of evidence to indicate that data contained on the website was flawed through being not up to date. Expert analysis also reveals that after a certain point the Website simply could not do what it was supposed to do. In any event, what provisions existed and what effort did Colonial make to ensure that clients had the wherewithal and facilities to ensure that online monitoring was able to occur. It is our understanding that the Margin Loan product does not fall within the Jurisdiction of the Corporations Act or Trade Practices Act in respect of prosecution of breaches in connection with the product. However we believe that ASIC, under the Act that prescribes its own charter is able to investigate suspected breaches of corporate behavior and make recommendations and determinations accordingly.

We would implore ASIC to pursue rigorously all matters pertaining to the events surrounding the dispute between Colonial and Storm financial which has resulted in the most appalling human suffering and despair.

There are questions that need to be answered in regard to the above but first we refer the Committee to the following:

We quote from a letter dated 13 may 2009 from a CBA Executive, received in response to a letter to him by Mr Weir in his capacity as co Chairman of the Storm Investors consumer action Group

"-- The Bank has previously stated that CGI acted in accordance with its COMMERCIAL AGREEMENT (bold print and underlining added) with Storm, and that Storm's apparent failure to meet its agreed obligations (re margin calls) resulted in losses on investments of its clients for who it advised and managed . Based on SICAG's position, we are unsure that there is an appreciation within SICAG that Storm, as a professional and licensed

financial planner advised, implemented and managed the investment strategy of its clients."

The following is an extract from Mr.Weir's reply to this letter.

'----You will appreciate that having now revealed it (the commercial agreement) as such a significant instrument , as evidenced by your own words-'Storms apparent failure to meet its agreed obligation (re margin calls) resulted in losses to investments of its clients' ---- a number of Questions need to be answered. They are as follows:

> The investment strategy was not simply about CGI and Storm Financial. Just in case you have lost sight of the arrangement, I would remind you that there was another fundamentally important stakeholder whose best interests should have been paramount- us - the clients of both CGI and Storm. By any measure, I doubt if you could morally deny this fact, (despite a widespread belief in the community regarding the conduct of Banks in contemporary society) and therefore, does it not unreasonably follow, that you had an obligation to inform clients of this agreement and its consequences? It is not sufficient that you would respond by saying that it was Storm's responsibility.

> Given the potential for the system to fail, resulting in a disaster of the magnitude of that which in fact occurred, did the Bank see no obligation to its clients to assure them that in relinquishing this responsibility to Storm, they had demanded that Storm meet the strictest of 'due diligence' tests to ensure they could meet their 'responsible entity' requirements?

> In the event of Storm's system failing or other unforeseen event, would it not have been reasonable for the bank to ensure Storm had adequate and appropriate Indemnity Insurance in place or other protection mechanism in place, to protect your client's interests and make them aware of this safeguard?

> What was the date of this agreement, when was it signed off by both parties and when did it come into force?

> Would it not be a correct assumption that prior to this alleged agreement coming into force, CGI was the responsible entity in performing all of the functions that the agreement then enabled CGI to abdicate, relinquish or

hand over responsibility and control for, to Storm? Is it a fact that as a result, Storm was then simply acting as 'agents' of the Bank. If this were the case does it not follow that ultimate responsibility could not be entirely abrogated by the bank? '

The Bank to date has not responded to the above questions.

We contend that an explanation of the COMMERCIAL AGREEMENT referred to, through answers to these questions, is critical in clarifying the responsibility for Managing our Margin Calls and explaining why the interests of Storm / Colonial clients were handled in such a cavalier and shabby manner.

It needs to be determined if Storm Financial required a Banking License to enable them in Law to discharge its obligation under such a Commercial Agreement.

90% LVR, VOLATILITY Vs RISK

We would also comment in regard to the 90%+ LVR that was negotiated between Storm and CGI as the trigger point for margin calls - and about which clients had no consultation.

We believe that this was an initiative that, while on the face of it, might have appeared attractive, rather in circumstances of volatility the like of which equities markets had not experienced for almost a century, severely compromised the integrity of the Storm Investment model. This was particularly so for independent retirees who depended on the investment model to sustain their retirement and meet their loan commitments. Also it brings into the equation the matter of ***VOLATILITY*** as distinct from ***RISK.*** Once Portfolios deteriorated to this degree the integrity surrounding the serviceability stress testing that had underpinned the model, were rendered obsolete. That is, there simply was insufficient equity in the portfolio to sustain its demands. Without strict observance of the requirement to maintain an adequate 'dam' of liquid funds and in the absence of other income, the model was doomed for self funded retirees.

There is some element of incongruity pertaining to this decision. Quite clearly if the capitalist markets have deteriorated to a point where equity of the portfolio is reduced to only 10 % then it is fair to say that at that point the investor is all but completely destroyed.

A decision to allow such a scenario strikes at the heart of prudential lending practices, not to mention prudential lending advice.

It is in this context that the question of ***Volatility Vs Manageable Risk*** needs to be considered. If a lender is prepared to allow a client's portfolio to fall to such an LVR level before implementing Margin Call, then surely it is doing so in recognition of the reality of ***Volatility*** and ***Manageable Risk*** IE the lender is mindful that Index Funds track the performance of selected equities across the full spectrum of the Capitalist Market and in the knowledge that recorded history dictates that these Markets are characterized by ***volatility-*** that is- as surely as they go down, they also recover.

It would seem however, in the circumstances as they existed with Storm Financial, those responsible within CGI completely lost sight of the ***volatility*** factor as a feature of the market landscape and completely lost their nerve. Quite clearly they became overwhelmed with a perception of ***real risk*** and allowed that to take precedence over the welfare of their clients- Storm clients- who became the sacrificial lambs on the alter of their own self preservation.

To emphasize this we again refer to the Investment 'Rules' enunciated on the Colonial First State Website.

ASIC

An episode that occurred back in December when the Storm Financial events began to unfold, surrounds the attempt by ASIC to have the principals of Storm agree to an Enforceable Undertaking. In general terms, this Enforceable Undertaking sought to obtain Storms agreement for its Client Advisers and Agents to refrain from engaging with their Clients for the period approximately 23 December 2008 through to 31 December 2009.

In summary, this extreme demand surrounded concerns held by ASIC in regard to the advice Storm Financial was continuing to provide to clients who were in negative equity. ASIC contended that this advice being given was to the effect that clients did not need to meet their margin calls or repay their indebtedness because the Banks were at fault. ASIC was concerned that this advice was influenced by the collapse of the Storm Investment model and that clients' interests would be better served by obtaining financial advice from an alternative source regarding their affairs. Further 'the 'corporate watchdog' was concerned that Storm's advice was conflicting and not correct for clients in their position of negative equity.

It is our understanding that it was during the course of negotiating this Enforceable Undertaking that the principals of Storm agreed to not engage with clients for the time leading up to and over the Xmas period.

The outcome of whether this Enforceable Undertaking was proceeded with, (although it was never signed by the principals of Storm), was rendered

academic on 8 January 2009 at which time CBA foreclosed on Storm and they were subsequently forced into voluntary administration.
This chain of events had the effect of causing immeasurable emotional despair and bewilderment to Storm clients at a time of critical need for information surrounding their affairs. Furthermore, the personal trauma and anger caused by these events persists to this day and accordingly may well be identified as a regrettable, if not scandalous attempted imposition of bureaucratic authority to the further emotional detriment of the victims involved.

THE DESTRUCTIVE CONSEQUENCES

As indicated in our opening statement the, events surrounding the dispute between Storm Financial and the CGI/Macquarie have resulted in destruction of a magnitude not experienced in this country before.
These events lend themselves to some comparison with a 'War' and there exist some very relevant analogies in this regard.
Firstly there is an adage surrounding War that dictates that 'the first casualty of War is generally the truth'.
In respect of the task presented to the esteemed members of the Inquiry Committee, we trust that through the evidence presented, you will 'exhume the truth' surrounding this corporate 'battle', do whatever is necessary to ensure that similar events do not occur again and hopefully restore a profound loss of faith in our Financial Services and Banking System.
The second recognized legacy of 'war' it that there is a generally held and well founded belief that 'those who suffer most in any war are the innocent civilians'.
We would suggest that there is no more poignant reality surrounding these event under you consideration, than that. Although it is not your charter to redress directly the human toll these events have inflicted, we trust that the weight of evidence presented will prove so telling that it will be appropriated and used accordingly in another forum to ameliorate the human destruction caused by this dispute.
Regrettably it will probably not be possible to measure the magnitude of human destruction these events have caused. Despite whatever financial redress those involved may receive, they will never be compensated fully for the pain and suffering and will carry the scars to their grave.
It can and will be possible however to enumerate the Financial destruction that these events have wrought, not only on those who were involved, but the wider community.

In this regard we have referred to the ill considered actions of those responsible for taking the precipitous action that we believe caused these calamitous events.
We refer Members of the Committee to the interim report released by ASIC on the 25 February 2009.
This report states on Page 6 – '…..In all, we think the total negative equity will be less than $20 million….'
Now some months on from that we are better able to view that figure in the context of the destruction we know was caused by the actions these people. Twenty Million Dollars is all that these custodians of the Bank's welfare, no doubt also in conjunction with the Credit and Risk managers of the Bank, were trying to protect by there actions.
We say to you again esteemed Members of the Committee- TWENTY MILLION DOLLARS- is all the Bank had to lose.
We ask the question- What was going through the minds of these people? Surely there must have been some deliberation surrounding the enormity of the consequences of their actions. Or was it that there is such systemic arrogance infecting their industry that caused them to 'shoot from the hip' and say 'now let them sue us'!!!
We feel sure The Inquiry Committee will be mindful of the full extent of those consequences and the cost to the Community.
Quite apart from the crystallized losses of their clients and the destruction of their portfolios, these people would have been aware of the demographic representation of their clients. They would have been aware that a majority were funding their retirement through their investment and that their actions would destroy a lifetimes sacrifice and effort.
They would surely have known that their actions would destroy all of the options these folk had for a wholesome existence- attaching honor and self esteem through not being reliant on the state for support. The destruction of what they had strived for most of their life- to ensure that they were financially comfortable in their advancing years. Instead their worst fears have been realized, now destitute and cast adrift on the scrap heap of the social welfare system. This burden on the Community will extend out into the future for many years.
They would have known that the consequences of their action would not fade into obscurity and that those they had victimized would mobilize and fight for justice.
They would have been aware that those charged with the responsibility to protect the community from this behavior would also react accordingly. In this regard we now have this Committee doing just that. We have the

Government Corporate Regulator conducting their investigation. We also have the Liquidator conducting its investigation into the destruction of Storm Financial. We have any number of Legal practitioners devoting countless hours in determining a Legal remedy in these events.
As we have indicated someone will take the time and make the effort to count the cost of these actions.
But most important in all of this is that someone must be held accountable for inflicting this destruction on the Community.
Those identified should not be allowed to participate in the Banking Industry at any level ever again.
It may also be that the Board of Directors of some Banks will need to be purged.
Finally, it may well be that a separate Inquiry into the Banking Industry is needed to lift the lid on contemporary Banking culture and their position and role in our society. In this regard we would contend that there is something wrong with a society that enables Banks to aspire to be the most prosperous institutions in our capitalist economy. We feel sure that it was never intended to be that way.
We would also contend that there was a time when Banks would rigorously 'stress test' a product and if it was found that it potentially meant that it would cause them to turn on their customers with such callous indifference, they would have nothing to do with it.

We thank the Committee for the opportunity to describe our involvement in the events involving Storm Financial and Colonial Geared Investment.

Mark and Ann Weir
30 July 2009