

The Secretary
Parliamentary Joint Committee on Corporations and Financial Services

We note your enquiry and feel we should pass onto to you the circumstances of our particular experience with a Financial Adviser in making our Investment decision where Margin Loans and Margin Calls were involved.

In doing so we hope that it may cause your Committee to consider recommending:

- * The creation of strong standard procedures to be followed by all parties (i.e. Financial Advisers and other Firms associated with an Investment) where Margin Calls on Loans are tied to an Investments.
- * Putting in place rules as to responsibility and provisions regarding recoupment of losses by genuinely injured parties against those responsible in not following the required processes.
- * Putting in place measures to ensure that those in the Investment industry involved have suitable insurance to cover errors or omissions by Financial Advisers and associated Investment placers in such circumstances and ensure that those parties must confirm to a complainants or claiming persons that the matter has been referred to the insurers and make available details of those insurers to the complainants or claiming persons with a right for those parties to independently confirm same.

Our Experience

- * We dealt with a Financial Adviser called Wealth Vision at Tweed Heads ("WV") whom we originally thought was the "key" Firm but we subsequently found they were was one of over 300 "Authorised Representatives" of WealthSure Pty Ltd ACN. 097 405 108 ("WS").
- * We invested via Wealth Vision with Colonial Geared Investments and they then invested with Asgard.
- * This involved not insurmountable Margin Loans of which we were aware.
- * We were advised that we would be consulted if any Margin Call on our Loan Accounts were to occur and thus we would have the opportunity to top those Loan Accounts up and thus maintain our Investments.
- * Margin Calls were made in October 2008 and our Financial Adviser was advised of same via Colonial Geared Investments who of course had been advised by Asgard that the required ratio of the Loans to Investments had fallen below the accepted levels due to the movement down in the Market.
- * **We were never advised of these Margin Calls and thus those Investments associated with those Loans were sold up without our knowledge causing us to lose some \$35,000 in actual dollars - a small amount for some but not for us as a family with a one year old child looking to buy a home.**
- * We have made a claim on our Financial Adviser WV who have passed the matter to WS and have received an offer for \$4366.78 and they have not denied that they failed to contact us on the Margin Call.
- * Our Accountant has been unable to establish whether their Insurer has fully considered the matter – it may well be that it has not been even referred to their Insurers.
- * The matter has been referred to ASIC and the Financial Ombudsman to consider.