

SUBMISSION from Leonie Crennan

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SUMMARY OF SUBMISSION

My submission relates to the following issues:

1. The role of financial advisers/planners:

In my case two Financial Advisers (father and daughter who worked as team) who in 2007-08 were employed at Ord Minnett Head Office in George Sydney, and their ‘management’ of my life savings.

2. The internal and external regulatory environment for financial services and products including the potential for conflicts of interest

In this case relating to the Ord Minnett products that were assigned to me by my Advisers, the need for appropriate disclosure and discussion about such products/ practices (and not just being given lengthy incomprehensible Product Disclosure Statements), and the remuneration models for financial advisers eg trailing commissions for other purchased products/shares etc (not initially disclosed or after requested disclosure) and bonuses/commissions they received for ensuring that I purchased Ord Minnett products.

3. The adequacy of licensing arrangements for those who sold the products and services and appropriateness of advice and information provided to consumers:

While Ord Minnett is promoted as a reputable long standing firm with all the required licences etc, the so called Financial Advisers appeared, in retrospect, to be primarily brokers who were not sufficiently capable/skilled/professional to know their client and give appropriate advice and ensure my prior and ongoing comprehension and agreement regarding investments. And their slack practices were not adequately supervised, or were condoned/encouraged by Ord Minnett.

4. The adequacy of professional indemnity insurance arrangements for those who sold the products and services and the impact on consumers:

After numerous unsuccessful attempts to get satisfactory responses/actions from my Advisers I transferred my investments to E-trade and made a written complaint to Ord Minnett Legal and Compliance department in March 2008 which their Compliance Officer completely rejected by letter in May 2008. In August 2008 I submitted a complaint to FIDS and after ongoing delays and obstacles from Ord Minnett they refused to allow FIDS to hear the complaint but offered me a ‘goodwill’ payment in November 2008 amounting to 10% of my loss if I agreed to drop the claim. Ord Minnett said the problems had occurred because of “investing in a difficult market”, not to do with any act or omission on their part. In the delays between the complaint to Ord Minnett March 2008 and their response in November 2008, my losses had doubled because of further falls in the markets.

Ord Minnett responded to my requests to increase the compensation payment by saying that this small amount was all that was possible under their insurance arrangements. FIDS then advised me that my only other option was to take the case to court as they couldn’t deal with it. But this was financially (and by that time emotionally) impossible for me, so I accepted the

payment. A company like Ord Minnett should ensure they have adequate professional indemnity insurance. They make huge profits in boom times from ‘managing’ their clients’ money. Some of this income should be put aside to provide adequate insurance for when their personnel do not act in the best interest of clients.

5. The need for legislative or regulatory change.

The Global Financial Crisis which is causing so much hardship for people worldwide was due in part to a systemic failure of professional practice in the financial services industry. This appears to have happened throughout the industry not just within the organisations that spectacularly collapsed.

Due to the shocking ongoing public exposure of this malpractice the industry will probably be careful to follow legislative and regulatory requirements for now, but if and when there is a recovery, and another generation starts to invest what is in place to stop the negligence and/or fraud from happening again? There always seems to be a way of getting around the rules including not properly filling out or providing the required documentation.

In addition FIDS should be more transparent about who they are really supporting and how, when dealing with the consumer and the financial services industry member. When I received the complaint correspondence back from FIDS after the claim was dropped in December 2008 it was apparent all my communications to FIDS had been sent to Ord Minnett (with supportive FIDS commentary), but I had not been sent Ord Minnett’s communication to FIDS or FIDS to Ord Minnett. This put me at a disadvantage. FIDS guidelines for complaint procedure etc should also be simplified, made clearer and attempt to avoid delayed response.

DETAILS OF BACKGROUND TO SUBMISSION

A history of my experience and observations is provided below. I have prepared Attachments A-K to verify my description of events. I have referred to the Attachments in the Submission but am not attaching all of them at this stage because it would make the submission too lengthy, but they will be provided if requested by the Committee. (For example a more comprehensive Chronology/Timeline of key events was included at pages 1-10 in our complaint letter to Ord Minnett, dated March 24, 2008 which is ATTACHMENT A).

Four main issues regarding poor professional practice etc

i) That the advice that was given to me and the management of my money did not properly consider my objectives, situation and needs, in particular:

- that I was 58 years old when I first met the Advisers in mid 2007 (now 60) and was planning to soon retire on my savings.
- that I am a very conservative person in regard to the spending or management of money and made this clear to the Advisers from the first day we met on June 18, 2007 when I approached them for financial advice. I told the Advisers I had always kept my savings in fixed interest deposits and that I had no prior experience of share markets. I told them that I worked occasional part time as an environmental consultant, my income was low and therefore I did not pay much tax, and that I was wary of tying up all my savings into Super. When I did not get work I lived on the interest from my Fixed Interest deposits etc.

At the meeting on June 18, 2007 the Advisers focused entirely on the tax advantages of investing in Super at this time and the necessity to act quickly to set up an SMSF before the end of the financial year. No other financial plan or option was considered. I was reassured that it was not a long term commitment because I could take all the money out again when I turned 60 if I wanted.

- that when the market began to slump in July 2007 I became extremely nervous and requested that more of my money go into Fixed Interest.
- that \$70,000 transferred into the SMSF on 3 August 07 and \$110,000 on 31 October 07 was transferred on my understanding that it would be invested into Fixed Interest.
- that these requests were dismissed, patronised, ignored, or agreed to but forgotten and neglected by my Advisers from August 2007 until March 2008, and subsequently denied by the Legal and Compliance Manager in their letter of 28 May 2008. (The Ord Minnett response to our complaint letter is ATTACHMENT B).

.....

ii) That the management of funds did not provide the protection that I repeatedly requested, in particular:

- Our requests that our money be protected by being invested in less risky products, and especially to be secured in Fixed Interest deposits.

From July 24, 2007 onwards, in communications with the Advisers we expressed our concern about the falling share market, querying the wisdom of investment in shares in this ominous environment, (even the mainstream press was predicting trouble), and attempting to understand the nature of the so called “floating fixed interest” products we were given especially the Ord Minnett Premium Yield Fund where more than half my Fixed Interest allocation was invested.

Whatever we signed during the rush of setting up the SMSF at the end of June 2007, it was obvious from my reaction to the market slump in July 2007 that I could not tolerate the risk attached to this level of exposure to the market, and I wanted to change the way my money was being invested. I expressed this need at each meeting (all requested by me for this purpose) and in many of the email and telephone contacts from the end of July 2007 onwards. (An overall history is provided in our letter to Ord Minnett, March 24 2008, **ATTACHMENT A**)

As early as August 24, 2007 the Adviser acknowledged these many communications regarding my aversion to risk, in her email:

“YOU HAVE BEEN NERVY AND APPEAR TO PREFER A LOWER RETURN WITH LOWER RISK THAN WANTING TO INVEST IN ASSETS WITH GREATER GROWTH PROFILES, THOUGH WITH GREATER VOLATILITY (AND RISK)”

And yet the Ord Minnett Legal and Compliance Manager states in their letter of 28 May 2008, at page 3, paragraph 1:

“If you were unclear about the above investment allocation or you felt the investment profile was inconsistent with your risk appetite, you were entitled to discuss this with the advisers at any time/and or update your asset allocation. There is no evidence that you did this.”

Over the 9 months that Ord Minnett managed my money, my Advisers responses to my requests for more Fixed Interest ranged from a flat ‘No’ to ‘Yes we will do it today’ but no action was taken. The responses included the following quotes:

- * No, we only recommend “floating fixed interest” **3 July 2007**
- * “Send the money in (\$70,000) We can increase in fixed interest style investments (target >8% yield) if you like” **30 July 2007**

- * “No, not fixed interest in the bank... this is like putting money under the bed” **13 August 2007 & 19 November 2007**
- * A reminder that the Advisers had unfettered right to trade as they thought fit **13 August 2007**
- * You already have more fixed interest than other clients **24 August 2007**
- * You shouldn’t be watching the ups and downs of the market **13 August 2007**
- * Yes, ”we will spread it among some other interest bearing deposits today” **24 August 2007**
- * Oh now you know so much, you will be able to come and work for us **11 September 2007**

And when the market began to slide again in December 2007

- * You have over 30% in fixed interest too which is a good place to be in volatile times **20 December 2007**

And after the market really collapsed in early 2008

- * You will get an income of \$28,000 this year which is much better than putting the whole amount into Fixed Interest at 7.50%. **29 January 2008**
- * ‘No, we recommend floating fixed interest otherwise your capital goes down... in hindsight you can say that it would have been better (*to put the money in fixed interest in a bank*), but none of us knew this was going to happen... you could be better off now if you had done that but over time you will be better off that you invested’ **19 February 2008**
- * You should not worry and in 2 years time you will be much better off than putting the money in Fixed Term deposits... that is like putting money under the bed **27 February 2008**
- * I am sorry...if the market does not come back you can shoot me, or I will take you out to dinner **27 February 2008**
- * “you have been a good sport about it” **5 March 2008**

.....

iii) That the advice that I was given was at times, confusing, incorrect, incomplete or contradictory, for example:

- **CONFUSING and CONTRADICTIONARY ADVICE:**

Statements of Advice and Investment Proposals which were received from Ord Minnett on 2 July 2007 and on 19 November 2007 remind the client of our right to be well informed and ask questions, and an implication that it is our responsibility to undertake **prior** review before accepting any investment proposals.

However we are not provided with PDS, independent analysis, explanation, or prospectus for most products, and when I did request an alternative strategy such as more Fixed Interest, I am told by the Adviser that he has unfettered right to trade as he sees fit.

The Legal and Compliance Manager continues in the same contradictory vein in the Ord Minnett letter dated 28 May, at page 5, paragraph 2 (which is **ATTACHMENT B**). She blames us for “not reviewing your portfolio” denies that we have attempted to do so, but then points out that the:

“Discretionary Management Agreement provides that we shall have full authority at our discretion, without prior reference to yourself, to enter into transactions for your account”.

This attitude is reiterated by the Legal and Compliance Manager in reference to the new Portfolio Proposal received at a meeting with the Advisers on November 19, 2007. At this meeting (which I requested) I had asked again that all available cash -\$180K- be put into Fixed Interest. This request was refused. (Page 9 of our letter to Ord Minnett provides detail).

At the end of the meeting I was given the ‘New Detailed Portfolio Proposal-SOA’ Statement of Advice which the Advisers had prepared in advance – (ATTACHMENT K) I did not sign this Investment Proposal or agree to any further investment in shares, and I was so frustrated that I asked the Adviser: “**can I operate through anyone other than you?**”

She replied ‘you would not want to –we are giving you a cheap deal’

The Ord Minnett Legal and Compliance Manager points out (last paragraph on page 5 of their letter) that it is irrelevant that I did not accept this Proposal:

“ It appears there may be a misunderstanding on your part. The act of signing the Investment Program and Discretionary Management Agreement on July 1 2007 provided authority for the Advisers to make trading decisions on your behalf using their discretion and without your prior reference or approval”

If that is the case, I wonder why the Advisers bothered to give me SOAs and Investment Proposals at all, and why I wasted my time meeting with the Advisers to discuss anything. There is indeed a misunderstanding here.

- **INCOMPLETE ADVICE:**

At the first meeting on June 18, 2007 I agreed with Adviser’s suggestion that I give him the right to make decisions without consulting me when I was working out of Australia.

However, it was not explained to me that this authority meant that he could ignore my requests for a less risky approach, or buy shares I didn’t want, or sell at loss (AGL-one of the few shares I understood and accepted) without consulting me even though I was in Australia and in regular face-to-face and phone contact with him.

- **CONFUSING AND INCORRECT ADVICE**

In a meeting on August 13, 2007 I explained to the Advisers that due to my fears about the state of the market I am reluctant to rollover my superannuation from my Industry superfund to their management in the SMSF, and wanted to see that the \$70,000 went into Fixed Interest first.

The Adviser replied that if I was not going to roll it over there was “no point going on the pension”. He provided no explanation. This was very alarming and caused me weeks of anxiety, as the pension was one of the main reasons the Advisers had given for setting up the SMSF. And how else would I access the money when I needed it.

After consulting with the family and my Industry superfund I sent an email to the Advisers on September 9, 2007 saying I would rollover the super to the SMSF. This was so I could move onto the pension.

On September 11, 2007 The Adviser rings me to say he has never advised me to rollover the money from the industry superfund. And yet this was their advice ever since our first meeting on June 18, 2007 and they included it in the Asset Detail and Investment Proposal prepared on July 2, 2007 and on August 13, 2007 (See ATTACHMENT F and J)

- **CONTRADICTORY and INCORRECT ADVICE:**

On July 31, 2007 and February 19, 2008 the Adviser told me that “we know what is in the Ord Minnett Premium Yield Fund and you are earning good money”

On March 4, 2008 the Adviser tells me the Ord Minnett Premium Yield Fund “is not transparent...they only tell you the top few companies”

The Ord Minnett Fund was falling rapidly and was subsequently closed, and in November 2008 the Legal and Compliance Officer told me Ord Minnett was not responsible for the Fund.

iv). That despite an encouraging start, my relationship with the Advisers became demoralising and time consuming because: they did not listen to what I wanted; were impatient when I requested more information about investments; and did not respond to critical queries/requests when they said they would. **Some examples:**

- **DID NOT LISTEN:**
to our fears about being invested in shares and the slumping market and our requests for increased Fixed Interest deposits.

- **IMPATIENCE and/or NO RESPONSE to REQUESTS/QUERIES:**

* On **2 October 2007** I asked the Adviser about RAMS in an email. I was following up on previous enquiries whether the Advisers were going to sell before the shares fell any further. The Adviser emailed back:

“RAMS - V DISAPPOINTING - WILL GET BACK TO YOU WHEN HEAR FROM CEO THIS WEEK”.

No advice came. At the meeting with Advisers on **19 November 2007** she told me ‘We can’t talk to everyone about RAMS’

* When I phoned the Advisers I was often treated as though I was taking up their precious time. However it was also taking up my time to check repeatedly to find out if promised actions had been taken. The usual response would be:

‘**I will get back to you today**’

(or tomorrow etc) so I would wait for the call/email which did not come. It would have been better if the Advisers had just said: ‘I am not going to deal with it’. But how much time and stress it would have avoided for everyone if they had just done what I asked.

- **DELAYED or NO RESPONSE to REQUESTS/QUERIES:**

* After several requests/agreements the Adviser finally confirmed by email that she would put more money into Fixed Interest on **24 August 2007**

“WE WILL SPREAD AMONGST SOME OTHER INTEREST BEARING PRODUCTS TODAY”

No money was put into any kind of interest bearing products for another **4 months** until mid **December 2007**, and no contact was initiated by the Advisers to explain why.

And in March 2008, when I asked for our CHESS statements I found out that **even these purchases were converting preferential shares not real Fixed Interest**. So they too had lost capital value. In addition, the Adviser said they did not have any CHESS statements!

* Getting the necessary information and documentation from the Advisers to take to the accountant and set up the pension took **four months** of repeated requests from **August to November 2007** despite ongoing promises.

* Correction of an excess fee charge took **five months** of repeated requests.

* Corrections to critical errors in ongoing documentation such as *Asset Details and Investment Proposal* were not made. See **ATTACHMENTS J, J(ii) and L**

* The Advisers often did not pass on information/decisions between each other which added to delays and confusion. Agreements were forgotten, ignored, or not recorded on my file. They appeared to be very disorganised. I raised this problem at the Nov 2007 meeting.

- **LOSS OF CONFIDENCE:**

Ord Minnett is a very large and long established institution. One of my Advisers has been in the financial business for more than 20 years. The other, his daughter, is young but a Chartered Accountant. They had many clients.

In contrast, I was almost 60 years old with no prior experience of share markets or financial advisers, and a lifetime of investment in Fixed Interest. At all times I attempted to treat my Advisers politely as the professionals they claimed to be, and give them the benefit of the doubt even though what they were doing, or not doing, was really worrying me. In the beginning I assumed they were right and I must be wrong, and their negative responses to my requests reinforced this view. I felt embarrassed that I continued to question their advice, despite their re-assurances. But I really did not want to take any risks and I made this clear.

When the market first slumped in late July 2007 I was so alarmed I decided to leave the rest of our money in Fixed Interest in the local Building Society and not put anymore into the SMSF with Ord Minnett. I talked to the Adviser about this decision on July 31, 2007 and she reassured me that all this money could go into Fixed Interest in the SMSF. I was relieved by this, but explained that I did not want to see my assets go down even if this was just a “correction” in the market as she had said. **(All emails are available on request):**

In these first weeks of our relationship many emails and phone calls were exchanged regarding transfer of my money to Ord Minnett, setting up the SMSF, attempting to understand the tax issues, and trying to access my Portfolio on their website to see what the Advisers were doing with my money. The Advisers were helpful at this early stage. But from August 2007 onwards when I tried to change their investment approach communications became increasingly repetitious and frustrating.

By March 2008, I realised that the only way to get the protection I had been requesting for my assets was to take what was left away from the control of Ord Minnett:

- * in order to prevent the Advisers from trading without consulting me I transferred the shares to E-trade, with assistance from friends;

- * I withdrew the remaining cash, and deposited it into genuine Fixed Interest in our local Building Society at 8.2% for 7 months. No entry and exit fees, no worrying about income or the capital going down. **This is what I had been asking the Advisers to do since 3/7/07.**

It had taken 9 stressful months before I had the courage to suspend the relationship. I began wanting to get out since the November 2007 Adviser Meeting but mistakenly thought that it would require changing the SMSF and incurring even more costs and tax complexities.

I am relatively well educated and pro-active and yet I was intimidated and confused. While investors must take some responsibility for the situation they find themselves in, there would be many people who would not have the confidence to begin to resist or question their Advisers in these circumstances.

.....
iv). That the documentation supporting the agreement between Ord Minnett and us was not completed properly.

On June 18, 2007 at my first meeting with our Advisers I was advised to transfer all my savings and rollover my industry superfund into a Self Managed Super Fund (SMSF) which needed to be quickly created. I was given a bunch of tagged documents to be signed by me and the other Trustee. There was a big rush for the Advisers to receive the documents so they could set up the SMSF in time for all my savings to be transferred to them before the end of the financial year. I returned home to Newcastle that night and spent the next couple of days finding out whether my money could be redeemed and transferred in time. We posted back the documents and cheques on June 22, 2007 so the SMSF could be set up in time. I was unsure about this big decision for a number of reasons but decided to go ahead, especially once my money had been withdrawn from Term Deposits etc.

From:
To:
Sent: Monday, 25 June 2007 7:36 AM
Subject: Re: change of plan?

Sent the docs on Friday addressed to Andrew in Express Post bag, signed in all the designated spots

In the envelope there are 3 cheques: for \$xx,xxx, \$xxx,xxx and \$xx,xxx.. I was penalised about \$2300 interest for breaking out of the term deposits before maturity, so will be good to get the money working again as soon as possible.

Re costs of SMSF, I dont question your costs per se.. you are entitled to be paid for your services, and you are highly recommended (and very helpful/empathetic to date) .. once i had accepted that super was prob a good way to go, and SMSF potentially more productive, my next bunch of doubts was whether I should be managing the fund myself as various friends do..rather than paying someone else to do it... I am generally into DIY, fix my own car, built our house etc.

the other main doubt was having to rush and make decisions and do it before end of this financial year, and added costs associated with that eg reduced interest for breaking the term deposits, additional audit, and redeeming investments that are producing well etc,etc. when i dont earn enough to pay much tax anyway...

anyway i know you say all this will be worth it in the end, and now i have made the decision i look forward to working with you and andrew.

i wonder how many other clients you have in a mad state of panic this week.

hope the docs have arrived this morning?

Leonie

At the time we expected to receive copies back from Ord Minnett signed by the Advisers, but this did not happen. In February 2008 I asked for copies of these documents on a number of occasions. There was no response to this request so I went to their offices to collect them.

In their letter of May 28, 2007, the Ord Minnett Legal and Compliance Manager refers to these documents as a justification for the type of investments we were put in, and why we did not have any right to complain or seek compensation for any losses.

However these documents which established our agreement with Ord Minnett were not properly prepared. Nor did the Advisers go through each of these documents with us at any time and explain the contents and the consequences of signing them.

The copies I received on 5 March, 2008 (**ATTACHMENTS C to I**) are as follows.

ATTACHMENT C: *Portfolio Services. Client Information. Detailed Financial Statements..*

This is not filled out but is signed by us, the SMSF Trustees on page 13.

It is dated 1/7/07 by someone else.

It could not have been signed by us on Sunday July 1st as we did not have the document at that time (or any of the following documents which are dated 1/7/07. All documents were posted to Ord Minnett on

June 22, 2007. We did not write the answers in this document before we sent it back to Ord Minnett on June 22, as the Adviser said it wasn't necessary at that stage. See emails below 20 June 2007.

From:
To:
Cc:
Sent: Wednesday, June 20, 2007 9:06 AM
Subject: Re: Re: advice re retirement etc

4. Do I need to answer the Client Information questionnaire or is all that something we would discuss once the fund is set up.

From:
To:
Sent: Wednesday, June 20, 2007 11:12 AM
Subject: Re: Re: advice re retirement etc

4. Do I need to answer the Client Information questionnaire or is all that something we would discuss once the fund is set up **NO NEED TO ANSWER AT THIS STAGE**

ATTACHMENT D. *Part 13 Personal Financial Information and Risk Profile* was not filled out by us. **We do not know who filled this out or when. This is not signed or dated. This was not one of the documents we were given on June 18 2007. Many of the supposed facts in this document are wrong and most of the answers do not describe my position. Some examples:**

I had \$110,000 in superannuation not \$183,000

I have no experience of options, international shares, margin lending, and have only owned 2 shares since 1990s: QANTAS and Telstra which I got through a public offer. The document says I had experience in all these products

I have no interest in 'Exchange Traded Options' or 'derivatives' and don't know what they are. At Question 3. I would have ticked a) *I want a reasonable return without losing any capital, not c)*

Question 4. I would have ticked d) *not familiar with investment markets*, not b)

Question 6) I would have ticked b) *2-3 years before accessing my savings*, not e) *longer than 7 years*.

Question 9) I would have ticked e) *very unstable* not b) *stable*

My income is very unstable. Consultancies are very erratic. Sometimes I get work for only one month a year, sometimes 5 months a year.

ATTACHMENT E: *Portfolio Services. Discretionary Management Agreement. Part One* which is signed on Page 8 by us as Trustees. It is not dated by us, but is dated 1/07/07 by someone else.

No copy of *Part Two- Power of Attorney* was provided on March 5, 2008 when I requested all documents. We did not receive evidence that a Power of Attorney was signed by us or Ord Minnett.

ATTACHMENT E (ii): *Part 3 Investment Program for Discretionary Management Agreement* is **not signed by the Trustees or the Advisers.**

At page 9 there are unsigned Acknowledgments:

1. by the Adviser that he "has explained the effect and appropriateness of the Investment Program set out in Part 3". **This is not signed or dated.**

2. by the Client, that we have read and understood Part 1, 2 and 3 of the Agreement and authorise Ord Minnett and its above named Representative to proceed in the implementation of the Investment Program"

This acknowledgement is also **not signed or dated.**

Paragraph 1 of *Part 3 Investment Program for Discretionary Management Agreement* states "The Client Information booklet and your Asset Details and Allocation form the basis of the strategy employed by us in exercising our discretions under the Agreement"

However the Client Information booklet was not filled out

The copy of *Part 3 of Investment Program for Discretionary Management Agreement* that we were given on 5/03/08 was disturbing, for example:

1. We thought we were being given a copy of a document prepared in June 2007, but on page 6 there is a Portfolio Valuation as at 4/03/08 amounting to \$XXX,XXX.

Why was a copy of the June 2007 version not provided as requested? Does it exist?

2. On Page 1, paragraph 7 the document states that ‘*at this stage you have not imposed any restrictions*’ even though I had sent two recent emails instructing the Advisers to consult with me before any trades (see emails 19 and 25 February 2008 on **ATTACHMENT E**, and in our letter to Ord Minnett at page 13.)

I realised when I saw this document that the Advisers were continuing to take no notice of my requests and instructions, verbal or written, and the only way to protect what was left of my assets was to take them out of the hands of Ord Minnett.

ATTACHMENT F: Appendix 1. Crennan Family Superfund – Asset Details and Investment Proposal. This document is dated 2 July 07, and signed and dated on July 3 by us as Trustees. We had an unsigned copy of this document prior to 5/3/2008 as it had been emailed to us on July 2, 2007, with a list of suggested investments. I emailed corrections re income:

From:

To:

Subject: Re: Investment Proposal

Date: Monday, 2 July 2007 10:00 PM

Thanks for this Amelia. What time are you suggesting we talk on Tuesday?

re my guesstimate about income on our first meeting, I was including interest on my investments which is now not applicable.

and I would say \$30 -35,000 is my work income (in a good year). eg some years i have earned nothing from work and just lived on interest from investments.

leonie

On July 3, 2007 evening I spoke briefly to the Adviser by phone before signing and posting back *Appendix One*. We didn't understand or recognise most of the suggested shares. I asked to have Bonds, and more Fixed Interest (25% was too little).

Adviser: “No, this is not a good idea as interest rates are going to go up and it is better to have floating fixed interest”, which I did not understand,

I said: the flat in Sydney is where I work, not an “investment property”.

Adviser: “we call that an investment property”.

Adviser: ‘you will be more comfortable as time goes by’ and suggests we meet in early August to discuss everything.

We didn't understand much of *Appendix One* including buy-backs and how they decided that I was a ‘Balanced’ investor. I was leaving to work overseas for two weeks early next morning, on July 4. We signed so that our money could start earning interest straight away as all the money had been in transit to Ord Minnett for more than a week earning nothing, and the Building Society had deducted interest when I broke the term for Fixed Interest deposits etc.

ATTACHMENT F (i) Investment Strategy of the Crennan Family Superfund

ATTACHMENT F (ii) Portfolio Proposal July 2, 2007

ATTACHMENT G: Private Investment Management Fees. Portfolio Guardian. This document was signed by us as Trustees, but was dated 1/07/07 by someone else

ATTACHMENT H: Blank **unsigned** application form for *Ord Minnett Cash Management Trust*.

ATTACHMENT I: Blank **unsigned** application form for *Individual/Joint account*.

When the Adviser gave me these two unfilled in documents on March 5, 2008 she indicated a blue cross where she said ‘you would have signed’.

Critical errors/omissions also occurred in ongoing documentation which supported my relationship with Ord Minnett. For example: in updated versions of *Appendix One. Asset Details and Investment Proposal* which I was given by Advisers at meetings with them on 13 August 2007, 19 November 2007 and 5 March 2008. See ATTACHMENTS J, J(ii) and L.

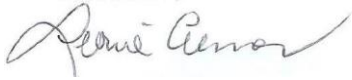
ATTACHMENT J *Appendix One. Aug 13, 2007* See *Current Circumstances*

ATTACHMENT J (ii) *Appendix One. Nov 19, 2007* See *Current Circumstances*.

ATTACHMENT K *New Detailed Portfolio Proposal Nov 19, 2007.*

ATTACHMENT L: *Appendix One. March 4, 2008* . See *Current Circumstances*.

Submission signed by the author

A handwritten signature in cursive script, appearing to read 'Leonie Crennan', written in black ink on a white background.

Leonie Crennan