

**Senate Select Committee on  
Superannuation and Financial Services**

**Main Inquiry  
Reference (a)**

**Submission No. 98**

**Submittor: Morton Family Superannuation  
Fund**  
Mr & Ms Kelvin & Patricia Morton  
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WORONA HEIGHTS NSW 2233

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Morton Family Superannuation Fund  
C/- 41 Shearwater Avenue  
Woronora Heights  
NSW 2233  
22/3/2001

## **Complaint to Senate Committee on Superannuation and Financial Services**

To Secretary  
Senate Committee on Superannuation and Financial Services  
Parliament House  
Canberra ACT

Attention Sue Morton

### **Concerns of the Morton Family Superannuation Fund**

I am writing to express my concern in regard to the events involving the probable loss of approximately 80% of cash that represented the majority of my life's work invested in superannuation.

The probable loss has occurred due to I belief lack of integrity and competence on behalf of my family superannuation fund APRA approved Trustee, possible poor financial advice from my financial advisor and just as importantly due to lack of timely and appropriate action by the Australian Government in the form of APRA and ASIC.

Following redundancy in Dec 1999, I placed the majority of my life's superannuation payout under the guidance of Saxby Bridge Financial Planning in Sydney.

Their advice was to forgo the government pension and invest cash in managed funds to fund an allocated pension out of a small APRA approved super fund. Saxby Bridge (SXB) advised me to use Commercial Nominees of Australia (CNA) who were approved by APRA. The cash was initially to be held in what we were lead to believe was as a cash asset "bank type" account where the money could be readily and freely accessed when required for investment. The CNA statements sent to us refer to the cash as " cash at bank" The intent was to be drip feed into investments (managed funds) under the guidance of SXB over a period of time.

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AT the time the ECMT was frozen, some \$ . . . . . was held in the cash account by us, and at no stage had any mention of possible risk been given nor any advice that cash liquidity problems had existed for quite some time with the ECMT.

If we had known that our cash was to be held in a high-risk environment we would have not gone down that path.

(Why would you hold cash in high-risk areas paying a lower return to then plan to drip feed into less high-risk managed fund investment paying greater returns?)

At no stage did SXB, CNA or any government body advise us that a problem existed with the ECMT.

We only discovered a problem existed in November 2000 when we attempted to withdraw cash funds to cover personal debt. Additionally an instruction to use 1000,000 cash to purchase managed funds issued to CNA in September 2000 was not followed thru, despite SXB telling us CNA had done the transactions.

Subsequently due to the events concerning the Enhanced Cash Management Trust (ECMT), my wife and I now have only about 20% of the cash held by our fund as an asset. (abient frozen) The remaining 80% is subject to possible recovery by the auditors appointed. All indications are, as you are well aware, that the full amount will not be recovered.

As you are also aware all cash is frozen in the ECMT fund with approx 80% write-down as of today, but I still have to pay approx \$ . . . . . tax bill owed on the rollover money that in all probability no longer exists. (Do I sell my house?)

A major concern to us is that if APRA/ASIC were aware of the problem early in 2000 and had they warned us and taken appropriate responsible action in regard to the matter, we could have taken steps at a far earlier stage to protect our super and this would have stopped us being destroyed in our retirement plans. What happened to APRA and ASIC's duty of care and due diligence processes?

The intent of our super had been that we would fund an allocated pension at no cost to the government in our retirement, but now with only the small amount remaining as a definite asset, what will the Australian Government do to recoup the losses when finally known?

Please confirm that the government will make good all cash assets lost, to assist us to cater for our retirement?

This is particularly pertinent if fraud is proven and insurance companies involved do not cover under professional indemnity insurance held by CNA or if the insurance company is insolvent and unable to pay out.

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Will the Government fund the costs of the appointment of the new super fund Trustees and the ECMT Trustee? - a decision made by government body without reference to the Super funds they appointed the Trustee to, and had APRA/ASIC taken action in a timely manner then perhaps this current situation would not be occurring.

Will the Government refund the legal costs paid out by us in an endeavour to recover any money?

What steps will the Government take to prevent the terrible situation we have been placed in at no fault of our own, re occurring to others?

Is APRA/ASIC investigating the matter of the internal and external audit processes that CNA should have under taken as an APRA approved Trustee? What monitoring was done by the Government agencies, and where does the responsibility lie if the annual audit process was found to be flawed? Will the liability lie with the audit firm or the government?

Please advise when answers can be provided the questions detailed in this document, and I request that any reference to cash dollars in this document be removed prior to public distribution.

Kelvin and Patricia Morton  
Morton Family Superannuation Fund