

The Australian

Storm staff face job loss, penalties

- by: Andrew Fraser
- From: The Australian
- December 23, 2011 12:00AM

A FORMER financial adviser for North Queensland-based Storm Financial has been banned from the industry for two years.

A further two will have their work closely supervised by the corporate regulator, after an examination of their role in the failed finance company's operations.

The Australian Securities & Investments Commission yesterday said it had accepted enforceable undertakings from former Storm salespeople Carey Fraser of Townsville and Trevor Benson of Brisbane, as well as former manager David McCullough of Townsville.

Ms Fraser cannot work in the financial services industry for two years and has to inform ASIC if she starts work in the industry any time in the two years after that.

Mr Benson and Mr McCullough will have to undertake "specified professional education" in six months and then "submit to a regime of supervision, review and audit of their financial services provided to retail clients by an independent senior financial planner approved by ASIC for a period of two years".

A statement from ASIC said that when they were working for Storm, the three "only advised clients to invest in accordance with the Storm model of investment and without considering whether any other strategy would meet their needs".

"ASIC was also concerned that their advice involved the implementation of a gearing strategy and they failed to advise clients that the advice provided to them was not necessarily appropriate or tailored to meet their financial goals and objectives."

Storm Financial was based in Townsville and had most of its business in North Queensland but it operated across Australia until it was put into administration three years ago with debts of \$3 billion.

Since then there have been several political investigations as well as the ASIC investigation, and the company's former principals, Emmanuel and Julie Cassimatis, have had to put their Townsville mansion on the market as well as face an ASIC-initiated court trial.

ASIC's ruling yesterday is the first time that Storm management and employees other than the Cassimatis have suffered a penalty.
