



STORM FOUNDERS LAUNCH WEBSITE

The founders of Storm Financial have taken their fight online, launching a website to defend claims against their failed business and communicate with stakeholders.

Through the site, Emmanuel and Julie Cassimatis are giving people the opportunity to ask questions via an online form.

Earlier in the month the Supreme Court of Queensland froze a \$2 million dividend paid by the Cassimatises to themselves shortly before the company went into voluntary administration.

The Australian Securities and Investments Commission (ASIC) obtained court orders freezing the payment, which was made to a bank account held by the company's founder, Emmanuel Cassimatis, on December 15 last year.

The court made the orders on January 30, 2009 and extended the orders on February 3. The orders restrain Cassimatis, his wife Julie and Emmanuel Cassimatis & Associates from paying, transferring or otherwise dealing in any way with the money.

*See cover story on page 12 for more on Storm

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ATTITUDES DIVIDED ON MARGIN LENDING

Investor attitudes towards gearing are becoming increasingly polarised, according to research firm Investment Trends.

However, Mark Johnston, principal of the firm, does not believe recent high-profile blowups in the margin lending area will shape consumer attitudes towards planners or advice.

"The more sophisticated investors will tend to just brush it aside, so it won't really affect their view of their adviser or advice in general," he says.

"The more actively engaged investors have really polarised in terms of their views on gearing as a rule. You have a group who say: 'I'm very wary of using borrowing strategies to invest' and that group is larger than it was before. At the other end you have quite a few people who say the fall in the value of all of these assets at some point will



create an opportunity and borrowing will be a good strategy to reap the rewards of that. What we've seen though is that most of the people who hold that view don't hold it very strongly; they're not necessarily ready to borrow just yet."

Investment Trends' October 2008 *Planner Business Model Report* shows 76 per cent of planners advise on margin lending or gearing.

NEW CEO AT RETIREINVEST

Paul Campbell has been appointed the new chief executive officer of RetireInvest following Greg Dunger's departure in February.

Dunger left the ING-owned dealer group along with chief operating officer Michael Scutts after spending nearly three years at the helm.

He told *Professional Planner* he was taking a work break, and was not yet sure what the future held.

"I'm taking a little bit of time to relax and enjoy life for a little while," he says.

"I haven't got any future plans at this point in time."

Campbell joins RetireInvest from the South Australian-based Poynter Hargraves Financial Consultants where he was CEO. He has spent 10 years in financial services and was chief operations officer of Genesys Wealth Advisers until April 2007.

Dunger and Scutts oversaw the roll-out and integration of X-plan within every financial planning practice within the network.

SCRAP INEFFICIENCY, NOT JOBS

More than half of the financial planning industry is losing money on the back of the financial meltdown.

Andrew Moylan, consultant at The Encore Group, says before the global crisis, the average earnings before interest and tax (EBIT) for the industry was 18 per cent. In the past five months, revenues have fallen across the board by 20 to 25 per cent.

"When you put those two figures together, then more than half the industry is losing money," he says.

"You can start to see the evidence of that in the practices retrenching staff."

New figures from the financial planning division of eJobs Recruitment Specialists show industry job ads nationally fell 4.5 per cent in January and 62 per cent over the past 12 months.

"Some boutiques are still looking for staff but we are also interviewing more and more candidates who have been retrenched," says Trevor Punnett, managing director of eJobs Recruitment Specialists.

However, Moylan says cutting labour costs is not necessarily the solution.

"When revenue keeps going up you never look at delivering the most efficient costs to your business," he says.

"You end up with inefficient business practice – you bring on labour." ■