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Greed blamed for damage to Storm Financial

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A LAWYER for more than 350 clients of collapsed investment adviser Storm Financial says the greed of the company and the banks caused hundreds to lose the fruits of their life's work.

The lawyer's comments came as a senator called for an inquiry into the role of banks in the current financial crisis.

Many investors face losing their homes after Townsville-based Storm Financial went into administration earlier this month. Investors were encouraged to take out high-risk margin loans to buy shares, which have now fallen in value.

Damian Scattini, of the law firm Slater and Gordon, took aim at finance industry players, accusing them of being "drunk at the wheel" as the crisis grew.

Mr Scattini spoke at a meeting of hundreds of investors on Tuesday night at a restaurant at Margate, near Brisbane.

"It was very sad to see so many mums and dads sitting in the audience, all of whom have lost, or are about to lose, everything they worked for for their whole lives," he said. "There were 300 or 400 in the room, all with a diabolical problem."

Mr Scattini said the collapse was brought about by "the greed of Storm and the banks".

He said Storm Financial investors were given bad advice by banks that should have known better.

Mr Scattini backed a call from NSW National Party senator John Williams for a Senate inquiry into the banking system.

Senator Williams said such a probe could determine whether banks had acted appropriately, and identify any need for legislative change.

"The whole world economy has been brought to its knees because of greed and stupid banking," Senator Williams said.

Mr Scattini said the financial crisis was "an absolute catastrophe, as was the foreign loans situation 20 years ago". Unless there was legal reform, another crisis was on the cards.

"The financial industry, or large parts of it, for the last five years or so have been drunk at the wheel," Mr Scattini said.

He said Storm Financial investors, the company's insurers and the banks all shared responsibility.

"Hopefully we can sit down and work through those problems without having to all head off to the Supreme Court, but if that's where we have to go to have the independent umpire work it out, that's where we'll go," Mr Scattini said.

Senator Williams said he would raise at a National Party meeting next week the issue of an inquiry into the banking system.

The Commonwealth Bank lodged a \$27 million debt claim at a meeting of Storm Financial creditors on Tuesday.

Administrators Worrells Solvency & Forensic Accountants could not comment on the amount of money that could be recovered through asset sales.

The Australian Securities and Investments Commission last year launched its own investigation into Storm Financial.

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