

Some people lost most of their life savings.

Investment history is littered with examples like Estate Mortgage. The message here is that in investments, as in life, the following rule holds true:

If it sounds too good to be true, it probably is.

However it is generally appropriate to have some level of exposure to growth orientated investments (ie shares, bonds and real estate).

By investing in growth assets, over time your clients will:

- increase their real rate of return;
- reduce/eliminate the erosion of their capital by inflation;
- help them to save tax; and
- extend the life of their money.

The more a client's capital grows by itself, the more income will be produced leading ultimately to an increase in the amount available to spend.

When clients know that their investment strategy is on track, they feel more comfortable in spending on "lifestyle

enhancements" eg new car, new house or holiday.

By 'managing risk' (applying conservative investment practices) clients can obtain higher returns with less risk over time, but must be prepared to accept that in the short term there still will be 'ups and downs' in the performance of investments. These short-term ups and downs should be largely ignored because as clients invest for the long term, it is the long-term behaviour of the chosen assets that is important.

Finally, not every client will feel inclined to take advice on what to do with their lump sum. Some clients just can't resist the spending frenzy that sudden and unaccustomed wealth can induce. The majority, though, will need and want professional help.

It is important to be aware that whilst a lawyer may give financial advice as incidental to their legal advice, a lawyer must hold an appropriate securities licence or 'proper authority' to give securities advice. ■



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No Pokies MP plays legal card for change

ROY ECCLESTON

POKER machines could require substantial redesign, and gambling addicts could sue to have their losses repaid, if a national coalition of lawyers succeeds in convincing the nation's consumer watchdog that pokies breach

crucial sections of the trade practices law.

The lawyers, co-ordinated by South Australian No Pokies MP Nick Xenophon, will submit to the Australian Competition and Consumer Commission that the poker machine industry engages in "unconscionable" as well as "misleading and deceptive" conduct.

Four South Australian barristers as well as lawyers in Queensland, Victoria and NSW were working on the submission and believed there was "a real prospect of success", Mr Xenophon said.

"The unconscionability is more than simply the disadvantage of pitting yourself against the rules of probability, but pitting yourself against an industry which preys on human vulnerability and does so in a systematic way.

"For instance, if you go to the races, you know what the odds are and it's not a repetitive, mechanistic thing.

"The races don't rely on lights and sounds and the jingle. That's one of the things the addicts talk about — the sound of the machine they find incredibly alluring."

Serving of alcohol could also be a factor. Mr Xenophon said a NSW study by psychologists found that alcohol played a major role in gambling, with just three standard drinks doubling the duration of play when losing and causing more players to lose all their original stake.

A High Court decision in 1956, still quoted today, sets out conditions that lend themselves to unconscionable conduct. These

include, on the victims' part, poverty, sickness, infirmity of body or mind, drunkenness and illiteracy or lack of education; and, on the perpetrators' part, lack of necessary assistance or explanation.

"The common characteristic seems to be that they have the effect of placing one party at a serious disadvantage vis-a-vis the other," the judgment said.

Mr Xenophon claimed many of these points went to the case against the way machines were operated and designed.

"We want the ACCC to take a test case to the Federal Court, and seek injunctions and declarations to change the design of the machines. That would go to such things as showing the odds, looking at the speed, sound and method of payout, and the design and ambience of the gaming room," he said.

"If it is found to be unconscionable, the obvious remedy is for the person to get their money back."

There is no agreement on how many problem gamblers there are in Australia, but one of the more conservative estimates is 200,000.

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