

***In relation to financial planners Stuart Jamieson, Sharnie Kent and Rebecca Locksley:***

- a) What were the circumstances that led to Stuart Jamieson, Sharnie Kent and Rebecca Locksley becoming known to ASIC?***
- b) Have you contacted all of the clients of these planners to advise them of the banning? If not, why not?***
- c) Have you reviewed all of the client files associated with these planners?***
  - i. If not, why not?***
  - ii. If so, what did these reviews find?***
- d) Have you paid compensation to any of the clients of these planners?***
- e) Who within your bank is responsible for reviewing and remedying the harm caused by these former staff?***
- f) Was your board briefed about their banning by ASIC?***

It is not our normal practice to discuss details around former employees or specific customer details in a non-confidential manner, but we note that all three advisers have been named and banned by ASIC with the circumstances of the bans already disclosed publicly.

The response below provides answers to these questions for Mr Jamieson, Ms Kent and Ms Locksley separately.

### **Stuart Jamieson**

- (a) What were the circumstances that led to Stuart Jamieson becoming known to ASIC?**

Commonwealth Financial Planning Limited (CFPL) notified ASIC of a breach of the Corporations Act in relation to the conduct of Mr Jamieson on 6 September 2013 relating to:

- late provision of Statements of Advice to customers;
- failure to collect appropriate customer information; and
- potential discrepancies with customer signatures on documents in customer files.

This issue was identified through CFPL's enhanced supervision and monitoring frameworks and processes that had been implemented.

CFPL had previously, in 2006, notified ASIC of other conduct in relation to Mr Jamieson's advice process.

CFPL also reported concerns it had regarding Mr Jamieson's conduct (specifically in relation to signature discrepancies) to the Western Australia police in around August 2014.

- (b) Have you contacted all of the clients of Mr Jamieson to advise them of the banning? If not, why not?**

In February 2014, CFPL wrote to all customers it considered could potentially have been impacted by Mr Jamieson's conduct to advise of specific concerns related to his conduct.

Customers were offered a complimentary review of the advice that Mr Jamieson had provided to them.

By the time Mr Jamieson was banned by ASIC in October 2015, CFPL had already contacted potentially impacted customers regarding concerns relating to his conduct. Those customers were not contacted again to inform them of Mr Jamieson's banning by ASIC.

**(c) Have you reviewed all of the client files associated with Mr Jamieson?**

**i. If not, why not?**

**ii. If so, what did these reviews find?**

In February 2014 CFPL wrote to all customers it considered could potentially have been impacted by Mr Jamieson's conduct advising of its specific concerns and offering those customers a complimentary review of the advice that they had been provided by Mr Jamieson.

CFPL has completed the review of all files of those customers who accepted the offer of a complimentary review. Issues raised as a result of those letters have now been remediated. The findings of the review included inappropriate advice.

In addition to the review undertaken by CFPL, all of Mr Jamieson's customers were eligible for, and a number of his customers did register for, the Open Advice Review Program.

As a result of reviews in the Open Advice Review Program, offers of compensation have been made to customers of Mr Jamieson including relating to inappropriate advice and fees.

The reviews of those customers of Mr Jamieson in the Open Advice Review Program is scheduled to be completed by the end of December 2016.

**(d) Have you paid compensation to any of the clients of Mr Jamieson?**

An amount of \$31,469.80 has been offered in compensation to customers of Mr Jamieson through the Open Advice Review Program.

An additional amount, currently totalling approximately \$220,000, has been paid to customers of Mr Jamieson as a result of CFPL's review and in response to complaints raised. The Commonwealth Bank has previously advised the Committee that approximately \$170,000 has been paid to customers. Since advising the Committee of this amount, we have identified from source documents and historical records other compensation that was paid to an additional three customers of Mr Jamieson.

**(e) Who within your bank is responsible for reviewing and remedying the harm caused by these former staff?**

The Commonwealth Financial Planning business, together with the Advice Review program described below, are responsible for ensuring appropriate review and remediation. CFPL, as noted above, wrote to all potentially affected customers offering a complimentary review and conducted those reviews.

Customers who have expressed concerns or lodged a complaint about any of these former staff will have had their files reviewed and remediation addressed by the Group Customer Relations function in the Commonwealth Bank.

The Commonwealth Bank has established a dedicated area (the Advice Review program) to assist in proactively remediating customers of advisers in respect of whom it had identified compliance or service delivery concerns. Customers of these advisers will have their files proactively reviewed and will be remediated where appropriate.

All customers of CFPL (including customers of these former advisers) have also had the opportunity to have any advice they received between 1 September 2003 and 1 July 2012 reviewed under the Open Advice Review Program (which is part of the Advice Review program) at no cost. The Open Advice Review Program provides access to an independent customer advocate and independent review panel if the customer is not satisfied with the outcome of the review.

**(f) Was your board briefed about Mr Jamieson's banning by ASIC?**

Yes.

**Sharnie Kent**

**(a) What were the circumstances that led to Sharnie Kent becoming known to ASIC?**

CFPL notified ASIC about concerns in relation to Ms Kent's conduct on 14 July 2014 (supplemented on 24 December 2014) relating to:

- lack of advice documentation to support the provision of advice;
- advice not implemented without explanation;
- concerns relating to the implementation of insurance advice, specifically concerns relating to the accurate disclosure of personal health information in insurance applications;
- concerns around false and misleading information provided to the customer;
- potential falsification of a customer's signature by the adviser; and
- a customer complaint alleging fraudulent conduct by the adviser.

This issue was identified through CFPL's enhanced supervision and monitoring frameworks and processes that had been implemented.

CFPL also reported concerns it had regarding Ms Kent's conduct (specifically in relation to signature discrepancies) to the New South Wales police around October 2014.

**(b) Have you contacted all of the clients of Ms Kent to advise them of the banning? If not, why not?**

CFPL wrote to all customers (approximately 375 customers in total) identified as potentially having been advised by Ms Kent advising that CFPL was reviewing advice provided by Ms Kent, and inviting those customers to provide CFPL with any advice documentation that may assist with CFPL's review.

That correspondence, which also notified those customers of Ms Kent's banning, was sent within the months following Ms Kent's banning by ASIC.

**(c) Have you reviewed all of the client files associated with Ms Kent?**

**i. If not, why not?**

**ii. If so, what did these reviews find?**

CFPL has completed its investigation into Ms Kent's conduct.

CFPL has reviewed all available files, electronic and hard copy, in relation to the provision of advice by Ms Kent. This includes all information received after CFPL contacted all potentially impacted customers, as noted at (b) above.

Ms Kent is suspected of having removed her customer files from CFPL and notwithstanding best endeavours to retrieve customer files, it was not possible to definitively identify all customers who received advice from Ms Kent. Accordingly, CFPL communicated with a much broader potential customer group to ensure it contacted all customers who actually received advice.

As a result of the review process, 11 customers were remediated, including for issues relating to the charging of excess fees and inappropriate insurance recommendations.

CFPL's review and remediation of Ms Kent's customers is now complete, with the exception of a small number of remediation offers which have yet to be accepted by customers.

In addition to the review undertaken by CFPL, one customer of Ms Kent has registered for the Open Advice Review Program. That review is in progress.

**(d) Have you paid compensation to any of the clients of Ms Kent?**

A total amount of \$251,051.85 has been paid in compensation to customers of Ms Kent as a result of the reviews or related to complaints.

**(e) Who within your bank is responsible for reviewing and remedying the harm caused by these former staff?**

The Commonwealth Financial Planning business, together with the Advice Review program described below, are responsible for ensuring appropriate review and remediation.

Customers who have expressed concerns or lodged a complaint about any of these former staff will have had their files reviewed and remediation addressed by the Group Customer Relations function in the Commonwealth Bank.

The Commonwealth Bank has established a dedicated area (the Advice Review program) to assist in proactively remediating customers of advisers in respect of whom it had identified compliance or service delivery concerns. Customers of these advisers will have their files proactively reviewed and will be remediated.

All customers of CFPL (including customers of these former advisers) have also had the opportunity to have any advice they received between 1 September 2003 and 1 July 2012 reviewed under the Open Advice Review Program (which is part of the Advice Review program) at no cost. The Open Advice Review Program provides access to an independent customer advocate and independent review panel if the customer is not satisfied with the outcome of the review.

**(f) Was your board briefed about Ms Kent's banning by ASIC?**

Yes.

**Rebecca Locksley**

**(a) What were the circumstances that led to Rebecca Locksley becoming known to ASIC?**

CFPL notified ASIC of a breach of the Corporations Act relating to the conduct of Mr Jade Zaicew, a former CFPL Representative, on 1 March 2013.

During the course of its engagement with ASIC concerning the investigation of Mr Zaicew, CFPL provided, amongst other things, material relating to conduct in which Ms Locksley engaged in her capacity as the Servicing Planner who supported Mr Zaicew.

CFPL subsequently reported to ASIC a breach in respect of Ms Locksley's conduct (by way of an addendum to the breach notice submitted on 1 March 2013 concerning Mr Zaicew). That notification, made on 30 September 2013, was with respect to Ms Locksley's falsification of customer documents, including Records of Advice and file notes, on behalf of Mr Zaicew and at his behest.

Despite the serious nature of Ms Locksley's conduct, her employment was continued at that time due to significant mitigating circumstances, including:

- Ms Locksley was a young Servicing Planner who supported Mr Zaicew, a Senior Planner. Her role was solely to support Mr Zaicew and in this role she did not provide advice to customers;
- Ms Locksley was subjected to manipulation and coercion by Mr Zaicew. After he was stood down, Mr Zaicew contacted Ms Locksley and directed her to add documentation to customer files on his behalf;
- Ms Locksley escalated the issue and provided a full account of the demands she had received from Mr Zaicew in this context; and
- subsequent to Ms Locksley escalating the matter, she provided valuable assistance with remediating customers who had been affected by Mr Zaicew's conduct generally.

**(b) Have you contacted all of the clients of Ms Locksley to advise them of the banning? If not, why not?**

Ms Locksley's banning by ASIC related to conduct during her time as a Servicing Planner of Mr Zaicew, at which time she did not provide advice to customers.

Mr Zaicew's customers have been separately reviewed and remediated.

Ms Locksley was a financial planner with CFPL between April 2013 and April 2014 and advised only a small number of customers during that time.

CFPL has not contacted customers of Ms Locksley to advise them of her banning as her conduct of concern was limited to her time and circumstances as a Servicing Planner of Mr Zaicew. Further, CFPL's monitoring and supervision of advice Ms Locksley provided as a financial planner did not indicate any potential adverse customer impact.

**(c) Have you reviewed all of the client files associated with Ms Locksley?**

**i. If not, why not?**

**ii. If so, what did these reviews find?**

As discussed above, at the time that Ms Locksley engaged in the conduct that led to her banning she was a young Servicing Planner of Mr Zaicew with no customers of her own.

Mr Zaicew's customers have been separately reviewed and remediated.

In the period following her misconduct, having regard to the mitigating factors (including those discussed at (a) above), Ms Locksley continued her employment with CFPL and subsequently became a financial planner.

CFPL's monitoring and supervision of advice Ms Locksley provided as a financial planner did not indicate any potential adverse customer impact.

A small number of customers of Ms Locksley have registered for the Open Advice Review Program. As a result of the review of those customers' files in the Open Advice Review Program, compensation has been paid relating to one instance of inappropriate advice.

The review of the remaining two customers of Ms Locksley in the Open Advice Review Program is scheduled to be completed by the end of December 2016.

**(d) Have you paid compensation to any of the clients of Ms Locksley?**

A payment of \$3,400.35 has been made as a result of a review conducted through the Open Advice Review Program.

A payment of \$1,560.19 has also been made to a customer in respect of an implementation error.

**(e) Who within your bank is responsible for reviewing and remedying the harm caused by these former staff?**

The Commonwealth Financial Planning business, together with the Advice Review program described below, are responsible for ensuring appropriate review and remediation.

Customers who have expressed concerns or lodged a complaint about any of these former staff will have had their files reviewed and remediation addressed by the Group Customer Relations function in the Commonwealth Bank.

The Commonwealth Bank has established a dedicated area (the Advice Review program) to assist in proactively remediating customers of advisers in respect of whom it had identified compliance or service delivery concerns. Customers of these advisers will have their files proactively reviewed and will be remediated.

All customers of CFPL (including customers of these former advisers) have also had the opportunity to have any advice they received between 1 September 2003 and 1 July 2012 reviewed under the Open Advice Review Program (which is part of the Advice Review program) at no cost. The Open Advice Review Program provides access to an independent customer advocate and independent review panel if the customer is not satisfied with the outcome of the review.

**(f) Was your board briefed about Ms Locksley's banning by ASIC?**

Yes.