



## **SUBMISSION to SENATE STANDING COMMITTEE on ECONOMICS**

# **Inquiry into Implications of Financial Advice Reforms**

### **Summary**

I am an aggrieved overseas expat investor in Australia's broken financial system. I, and thousands of others have lost our pensions and life savings in LM Investment Management Limited (LMIML), another recently failed Australian managed investment fund. I had been misled by an overseas financial advisor, who was targeting expatriates of many nationalities, mostly using the same misrepresentations that Australia is a safe place to invest and is well regulated.

I have since found the claims to be totally untrue. Australia is in fact a center for financial fraud, which is not well regulated either for the financial advisors and planners who are the bottom link in the chain, or the finance houses and banks who are the top levels of a wholesale Control Fraud. The performance standards throughout the Australian finance industry are totally unacceptable. This is applicable to the sale of financial products; the performance of those manufacturing faulty financial products; and those responsible for regulating the finance industry.

What is also unacceptable is that Australia permits financial services to be sold overseas without any regulation whatsoever usually through unlicensed and unregulated local advisors. The practice of promoting unregulated funds, not available to Australian investors, must be outlawed. I find it highly unethical that funds in Australia only available to Johnny Foreigner are not subject to the same regulation and compensation provisions as would be available to Australian national. This is just not fair dinkum mate.

### **Responses to the TOR**

a. the current level of consumer protections;

The current level of consumer protections is wholly inadequate. This is the case from the quality of financial advice given and from anybody who is permitted to give it; the lack of protection offered by the manufacturers for their financial products; through the failure of the regulator (ASIC) to effectively protect consumers from faulty financial products; and to the ombudsman and EDR schemes; who do not extend the same protection to all investors in Australian financial products.



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- b. the role of, and oversight by, regulatory agencies in preventing the provision of unethical and misleading financial advice:

Regulatory agencies, particularly ASIC, have been shown to be particularly inept in preventing unethical and misleading financial advice. ASIC's own disclaimer *"..If you as an investor received advice from an adviser in another jurisdiction and have a complaint in relation to the advice provided, you may wish contact the regulator in the relevant jurisdiction.."* is a total insult to any investor who has been a victim of misleading advice to invest in Australia.

- c. whether existing mechanisms are appropriate in any compensation process relating to unethical or misleading financial advice and instances where these mechanisms may have failed

There is no compensation scheme available, nor apparently any recourse to legal action in Australia, for us victims of misleading advice to invest in failed Australian financial products. The lack of such mechanisms for overseas and foreign investors to seek redress in Australia is scandalous.

- d. mechanisms, including a centralised register, that would ensure financial planners found to have breached any law or professional standards in their employment are transparent, for both the sector and consumers

There should be mechanisms put in place for such a register and more. They must also extend to all financial planners selling Australian financial products, including known breaches of law and professional standards in other jurisdictions.

- e. how financial services providers and companies have responded to misconduct in the industry

The lack of interest and obfuscation shown in our cases has been appalling. From condescending commiserations, to total denial of any responsibility, to absconding of advisors; none have admitted any responsibility. The Australian nationals within these advisory firms plus the other nationals should all be subject to Australian penalties.

- f. other regulatory or legislative reforms that would prevent misconduct;

A new efficient and effective regulatory body must be created, which replaces the useless ASIC. The body must have the powers to regulate and enforce a honest financial system in Australia. The financial industry must be made responsible for a proper compensation scheme which protects investors and product buyers from the sharks of the broken Australian financial industry.

**I want Parliament to acknowledge and agree to a  
ROYAL COMMISSION INTO THE BANKING SYSTEM**

Yours faithfully,  
Anthony Burke