

Australian Securities and Investments Commission

Answers to Questions On Notice

Public hearing: Parliamentary Joint Committee on Corporations and Financial Services

19 March 2021

Division/Agency: Australian Securities and Investment Commission

Question No: 014

Committee Member: Mr van Manen

Question:

Mr GEORGANAS: How do they target them? I heard you mention social media, Facebook or something.

Ms Chester: Imagine a retired farmer in Mildura typing in 'cash-like returns' or 'better than bank term deposit rates'. It would take them to the Mayfair website or to other websites. That is how we found it. We covered the remit of about \$40 billion of the funds management space. We found about 80 REs that we were concerned about, with about \$40 billion worth of exposure across consumers. We told those we thought were misleading. But not all of them were doing this through the algorithms of how they go into the search engine. This is where, going forward, we have to work out what is the most effective way for us to stem that. In the case of one or two, we have gone to Google and said, 'Can you stop it being redirected to that website until we can act, please?' And they did it, so full credit to them.

Mr VAN MANEN: Would that include things like Melissa Caddick or Castle Rock as well?

Ms Chester: I'm not sure whether that was applicable in that case and the matter is subject to enforcement action.

Ms Press: I think that Melissa Caddick action is a little different because she was fraudulently using someone else's licence. I'm not sure that anyone was searching 'Melissa Caddick'.

Ms Chester: But that has become a very effective way for—

Mr VAN MANEN: But were her targets wholesale or retail clients?

Ms Press: Her targets were wholesale clients, for sure.

Mr VAN MANEN: **And the same for Castle Rock?**

Ms Chester: **I believe so, yes. I would need to take that one on notice.**

Answer:

The target investors for Castle Rock Global Capital Pty Ltd were wholesale clients.

Castle Rock Global Capital Pty Ltd obtained an Australian financial services licence on 11 September 2012 which authorised it to provide general financial product advice to wholesale clients on foreign exchange contracts (forex), and deal in forex and managed discretionary account (MDA) services to wholesale clients.