

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2014 - 2015

Department/Agency: ASIC

Question: BET 102-103

Topic: Financial Planning

Reference: written - 10 June 2015

Senator: Williams, John

Question:

102. Is ASIC investigating any actions of NAB financial planner Graeme Cowper?
103. Since the initial developments have there been any further whistle blower reports to ASIC about NAB or any other financial institution in relation to financial advice concerns?

Answer:

102. Is ASIC investigating any actions of NAB financial planner Graeme Cowper?

ASIC has an open surveillance in respect of Graeme Cowper, and our inquiries are continuing.

The scope of the surveillance extends beyond Mr Cowper's employment at NAB.

As the surveillance is an ongoing operational matter we are unable to comment further at this time or pre-empt what the outcome may be.

103. Since the initial developments have there been any further whistle blower reports to ASIC about NAB or any other financial institution in relation to financial advice concerns?

In 2014–15, ASIC assessed around 230 reports of alleged misconduct from people potentially falling within the statutory whistleblower definition or identifying themselves as whistleblowers. During the same period, ASIC assessed around 9,600 reports of alleged misconduct in total.

In the first instance, ASIC's Misconduct and Breach Reporting team assesses the reports of alleged misconduct that we receive from potential whistleblowers and communicates with these people in accordance with ASIC's whistleblower handling process. Where ASIC identifies regulatory concerns in these whistleblower reports, we escalate these matters to the relevant stakeholder team or enforcement team for closer consideration, further inquiries, or investigation. ASIC's Office of the Whistleblower oversees our handling of whistleblowers and reports to the ASIC Commissioners on matters within ASIC sourced from whistleblowers.

We interpret 'since the initial developments' to mean when the NAB concerns were first made public. This was in late February 2015.

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It is worth noting that during this time (since Feb 2015), ASIC dealt with approximately 3200 reports of alleged misconduct from the general public (not involving whistleblowers) of which 1260 related to financial services issues.

However, out of the 230 reports of alleged misconduct from people potentially falling within the statutory whistleblower definition or identifying themselves as whistleblowers, our inquiries have identified that only a further 4 reports of misconduct by potential whistleblowers were received by ASIC since that time regarding financial advice concerns.

Broadly speaking, the concerns relate to conduct at one large vertically integrated financial institution and two smaller financial advice licensees.¹ The allegations raised broadly relate to:

- advisers failing to disclose matters, including commissions and allocation of investment funds;
- advisers unilaterally altering executed client documents in order to appear compliant;
- advisers misappropriating investment funds; and
- advisers providing advice that is not in the best interest of clients due, in part, to high-sales expectations.

ASIC escalated these matters to the appropriate stakeholder team to make further inquiries into the concerns raised. These inquiries are continuing.

¹ There were two reports of misconduct regarding the one entity.