

**Senator Conroy asked a series of questions in relation to the Fares case (E45 — 46). The following provides additional information in response.**

Michael Fares did not work in the company secretariat division of the NAB at the time of the purchase of the contracts for difference. He worked as an accountant in the NAB's Employment and Indirect taxation unit. He was employed by NAB for 6 years in this role.

His role was principally as a taxation specialist in the indirect tax team. Primarily, he dealt with matters that related to indirect taxes and employment taxes such as, payroll tax, GST and FID.

The Corporate Strategies and Investments Division (CSI) of the NAB, rather than the Corporate and Institutional Banking Division, was responsible for managing the AMP project, code-named "Project Power".

It was not apparent from ASIC's investigations that Michael Fares had relevant contacts in the Corporate and Institutional Banking Division, the CSI Division or any other NAB division involved in the project.

As part of the agency's investigation, ASIC obtained information about which divisions and persons within NAB had knowledge of NAB's decision to acquire a strategic ownership stake in AMP Ltd prior to that information being generally available on the afternoon of 27 August 2003.

Among other things, ASIC discussed with NAB what "Chinese walls" were in place and found no evidence of a breach of these walls by Michael Fares. There was no evidence that details of Project Power had leaked to other NAB staff, including Michael Fares.

Both the Head of the Group Taxation and the Manager, Group Tax were consulted to provide strategic tax advice in relation to the proposed acquisition. ASIC's investigations found that neither Michael Fares nor any person in his team was involved in giving that advice.

There was no evidence from ASIC's investigation that Michael Fares ever came into contact with anyone who was working on the deal or had access to relevant documents.

In addition to accessing computers, workstations and interviewing NAB staff, ASIC asked the NAB to examine Michael Fares entry and exit times into the NAB building and access to the entrance door on the 24th floor during the relevant period. No irregularities were found.

The Fares brothers transferred \$2.135 million from a joint NAB account to the CMC Group. ASIC is aware that NAB conducted an internal investigation. However, the results of that investigation did not take the issues raised by ASIC's investigation any further.

The funds used by the Fares brothers to support their trading in AMP shares and the positions they took with CMC were sourced principally from realisations of and borrowings secured by their extensive investments and interests in real property and real property developments and by profitable share trading and dividends from shares.