

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates, 2 - 3 November 2005

Question: SBT 7

Topic: ASIC – Press Release (Superannuation Retrieval Services)

Hansard Page: E110

Senator Sherry asked:

Senator SHERRY—Whilst we are on these types of cases, you obviously put up press releases from time to time. There was a press release on Monday, 19 September—I do read your press releases, almost daily reading, I have to say. You obtained orders in the Federal Court in respect of Superannuation Retrieval Services to repay 10 clients a total of \$79,594.00. In this case were all the clients compensated all of their money that was apparently incorrectly taken out?

Mr Cooper—I am familiar with that case but I must admit I do not know the answer to that specific question. I know that we were very swift. We picked that up and swiftly moved to protect the clients' funds, but I am not sure whether we got a 100 per cent strike rate.

Senator SHERRY—Okay, if you could take that on notice. I notice also in this press release that in this case this company was establishing self-managed superannuation funds and charging in one case a fee of \$1,500 for an \$8,000 contribution—that is just absolutely outrageous.

Answer:

The figures set out in the media release dated 19 September 2005 (\$76,594.06) to repay 10 clients was a full repayment for those 10 clients.

ASIC's Melbourne Office acted quickly in this matter and did an early surveillance and obtained 32 client files. No new clients were signed up after that day. Of those 32 clients not all proceeded to pay SRS to set up a SMSF. In the end we only needed to recover for 10 clients.

The Federal Court ordered Preston to pay the proceeds of the sale of house in Perth in satisfaction of this amount. That property recently settled.

ASIC recently received \$34,741.83 from the proceeds of the settlement and a further \$20,000. Some further small amounts have been paid direct to a couple of clients. ASIC is still waiting for the sum of \$22,916.57.

Following discussions with Preston' solicitors in January 2006, ASIC expects to receive payment in full shortly.