

Senate Select Committee on Superannuation and Financial Services

Main Inquiry Reference (a)

Submission No. 143

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Senate Select Committee on Superannuation
and Financial Services
Parliament House
CANBERRA ACT 2600

Dear Sirs

Re: Commercial Nominees of Australia Ltd (CNA)

We are very concerned that both APRA and ASIC as regulatory authorities have failed to ensure that Commercial Nominees of Australia Ltd (CNA) was a competent Trustee of our DIY Superannuation Fund. A lifetime of contributions has gone into this super scheme.

We believe that because of the supervisory failures of APRA and ASIC that the Superannuation Legislation must provide reimbursement of our losses as it is in the "public interest" to do so.

The background of the situation is as follows:

In May 2000 CNA commenced acting as Trustees for our Superannuation Fund. Amounts from a rollover, termination payment, cash, employer contributions and salary sacrifice, were for investment in various managed funds as set out in an investment plan prepared by our Financial Advisors.

During the period from June to November 2000, our dealings with CNA were frustrating as it was almost impossible to find out exactly what was happening to the CNA Enhanced Cash Management Trust (ECMT), our monthly contributions and the investment plan.

Due to the poor handling of the fund we decided on 9 November 2000 to advise CNA verbally to redeem **all** of our investments and all cash was to be rolled over into Bankers Trust. This verbal request was followed up by a fax on 10 November 2000.

On 17 November 2000 we received a letter from CNA (dated 15 November 2000) stating that all funds in the ECMT had been frozen as at 7 November 2000. CNA did

not advise us of this when we requested redemption of the fund on 9 & 10 November 2000. Also the letter from CNA only indicated a temporary problem with the ECMT.

On 15 December 2000 we received a further letter from CNA with details of the audit on the ECMT. We were horrified to see the fund had been written down to 20% of its value simply due to the incompetent and negligent management of CNA investment in high risk mushroom farm ventures. Had we known that CNA was using the ECMT for such a purpose we would never have agreed to them being the Trustees of our super fund.

As already stated, we believe this situation has occurred due to the supervisory failures of APRA and ASIC.

Can you please ensure that we receive full recovery of the amount which was in the ECMT as at 7 November 2000.

As you would be aware, APRA have appointed Oakbreeze as Trustees for the super fund. What we find disgusting is that Oakbreeze have the temerity to insist on a minimum cash balance in each fund of \$10,000 to meet the costs of administering the fund, and if the funds are not there then additional cash is required. Given that Oakbreeze's appointment covers some 450 superannuation funds this amounts to potentially \$4,500,000 in fees. How can this be justified when it is APRA's and ASIC's incompetence that has led to this ridiculous situation.

This reinforces our belief that APRA and ASIC should be reimbursing us in full together with all lost interest and costs incurred in sorting out this mess.

We trust that the Committee will redress this injustice and provide a positive outcome to this problem.

Yours faithfully