

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (THIRD REPORT)

Westpac Banking Corporation

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Mr THISTLETHWAITE: In the two years between highlighting these issues, the bank beginning an investigation and the reporting to ASIC, did he continue to advise customers?

Mr Hartzler: He stayed on the books for a while. From memory, the issue with Mr St Pierre was he was fraudulently creating documents and things like that that made it difficult to get to the bottom of what was going on. Do you remember the detail a bit more?

Mr King: No.

Mr Hartzler: I'm sorry. I thought this one was gone, otherwise I would have prepared more detail on this. I am very happy to come back and give you more comprehensive detail on this. I would reiterate: we are absolutely clear that this should not have happened. The guy deserves to be fired and banned from the industry, and our process of finding him and dealing with him was inadequate. We have made changes to make sure it doesn't happen again.

Mr THISTLETHWAITE: They are quite serious allegations. This was someone who was subsequently prosecuted and sentenced in February this year. You are saying that he continued to advise customers over that two-year period. That is alarming because they had doubts about him. You began an investigation. You are saying that he was involved in forging documents for two years. That continued to occur. That is quite serious.

Mr Hartzler: Again, I would rather come back to you in detail on this than try to search my memory from six months ago. I can tell you that all the customers that he affected were reviewed, and where we found any issues we would have remediated them.

Answer: Mr St Pierre first came to our attention in October 2010 following the detection of certain loan irregularities. However, the central allegations about his alleged misconduct did not become fully apparent until a

complaint was made to our CEO on 21 April 2011. This complaint stated that a number of people, many of whom borrowed to invest, faced losing their homes following the collapse of Capital Growth International Club Pty Ltd and All About Property Pty Ltd ('CGIC') and Mr St Pierre was at fault.

Mr St Pierre resigned shortly after this issue came to light and he did not continue to write loans for us leading up to the notification of ASIC In August 2012.

Prior to notifying ASIC in August 2012, Westpac was assisting Gold Coast Police with their investigation (from at least June 2011) following a number of complaints made to their office by investors who lost money in CGIC.