

2.4 QW: To aid in the Committee's consideration of matters pertaining to the banning of former National Australia Bank financial planners Hardik Bhimani, Gerald McCormack, Shane Thompson, Mark Tidbury and Alfie Choong, the Committee requests that you present the following documents:

- a) internal reports and correspondence relating to the banning of Hardik Bhimani, Gerald McCormack, Shane Thompson, Mark Tidbury and Alfie Choong, including emails, file notes, board reports and any other relevant internal documents;**
- b) correspondence with ASIC and other regulatory agencies regarding the banning of Mr Bhimani, Mr McCormack, Mr Thompson, Mr Tidbury and Mr Choong, including initial breach reports;**
- c) internal reports and correspondence regarding reviews or scrutiny of client files managed by Mr Bhimani, Mr McCormack, Mr Thompson, Mr Tidbury and Mr Choong;**
- d) d. correspondence with clients of Mr Bhimani, Mr McCormack, Mr Thompson, Mr Tidbury and Mr Choong regarding the banning of these advisers and subsequent review of their files;**
- e) any documents recording training provided to, and attended or undertaken by Mr Bhimani, Mr McCormack, Mr Thompson, Mr Tidbury and Mr Choong and copies of the training materials; and**
- f) other documents pertaining to the employment of Mr Bhimani, Mr McCormack, Mr Thompson, Mr Tidbury and Mr Choong, including performance reviews or assessments, bonus payments, internal complaints or compliance reports.**

Answer

Answers a), c)

With regards to the Committee's request for internal reports and correspondence and correspondence with customers including emails, file notes, board reports and any other relevant internal documents, the documents responding to those requests would broadly fall into the following three categories: documents arising from complaints regarding those five planners; documents arising from regular compliance reviews of those five planners; and documents created as part of a targeted review of the five planners' files.

The volume of documents falling within these three broad categories would be substantial. There are tens of thousands of documents including emails and file notes relating to these five planners. The documents falling within this request will contain private and confidential information about NAB customers, employees, contractors and agents, as well as commercially sensitive information. To protect the interests of our customers, employees, contractors and agents NAB would, prior to providing that private and confidential information, seek the consent of the relevant customers and employees. In the circumstances, NAB is not in a position to produce the internal reports and correspondence relating to the banning of the five planners or the internal reports and correspondence regarding reviews or scrutiny of client files managed by the five planners.

In the time provided, NAB has conducted a review of the reports that have been provided to the Advice and Licences Board (ALB) regarding the approach taken by NAB in identifying and managing issues concerning the five named planners. The primary purpose of the ALB is to oversee compliance with licence conditions applicable to the Australian Financial Services Licences and Australian Credit Licences held by GWM Adviser Services Limited, Apogee Financial Planning Limited, Meritum Financial Group Pty Limited (Meritum), and Godfrey Pembroke Limited (the Companies). The Companies are wholly owned subsidiaries of the NAB Group. NAB has authorised the ALB to have oversight of its responsibilities for the financial planning businesses of NAB Financial Planning and MLC Direct. .

The reports provided to the ALB also contain information that is beyond the scope of the Committee's question. **Annexure DDD** contains confidential extracts from the reports with redactions made for relevance. NAB requests the Committee keep this information confidential.

Answer b)

ASIC is the regulator with the legislative authority to ban or disqualify individuals from practising in the Australian Financial Services industry. The decisions to ban these individuals were made by ASIC and NAB was not involved in the decision making process. As such, NAB did not have any correspondence with regards to ASIC's determination to ban those planners.

Whilst NAB corresponded with ASIC in relation to ASIC's investigation of the planners, the correspondence relates to the ASIC investigations into the planner's conduct in the period prior to ASIC's decision to ban them. During the course of ASIC's investigation process, NAB was required to produce (pursuant to statutory notices) information relating to the planners and their clients. That correspondence contains private and confidential information relating to clients of these planners including, in most instances, entire customer client files containing the personal and financial information of our customers. To protect the interests of our customers, employees, contractors and agents NAB would, prior to providing that private and confidential information, seek the consent of the relevant parties.

It is also relevant to note that some of the documentation provided to ASIC may form part of ongoing investigations by ASIC. Disclosure of this information may prejudice those investigations and any potential actions by ASIC that may flow from these investigations.

Answer d)

As advised in NAB's response to the Committee's Questions on Notice dated 19 October 2016, the following actions were taken:

- For Mr Chong, NAB wrote to every one of his clients informing them of our concerns.

- With regards to Mr Tidbury, Meritum Financial Group Pty Ltd advised all of his clients that he had left the licensee and wrote to a subset of those clients identified as likely to have been affected by inappropriate advice informing them of our concerns and offering compensation for their loss.
- For Mr Bhimani, NAB has written to the clients affected by his misconduct and offered to pay compensation.
- For Mr McCormack, one client was affected. His loss was fully rectified.
- With regards to Mr Thompson, there were no financial consequences for his clients and therefore no contact with his clients needed to be made.

The documents falling within this request contains private and confidential information about NAB customers, employees, contractors and agents as well as commercially sensitive information. To protect the interests of NAB's customers, employees, contractors and agents NAB would, prior to providing that private and confidential information, seek the consent of the relevant parties.

Answer e)

Details of the professional development training undertaken by each of the five named planners from 1 January 2009 until the termination of their employment, or alignment, with NAB is contained in a Summary of Training log (**Annexure EEE**). As NAB Financial Planning (NABFP) employees, Messrs Bhimani, McCormack and Thompson also undertook internal NAB compliance training which is recorded in a Completed Learning History log (**Annexure FFF**).

As recorded in the Summary of Training logs, the training was provided by both internal and external providers. The training undertaken by the five named planners comprises online training, video training, professional development days, seminars, courses, workshops and conferences.

The training provided to NAB's planners is assessed by an appropriate qualified and authorised person who is responsible for assigning the number of CPD points and the specific 'knowledge area(s)' to which the training relates, for example, life insurance and superannuation. NAB is provided with a 'certificate of attendance' for each session together with the approved CPD point allocation which is then reflected in the Summary of Training log.

The request also seeks copies of the training materials for the training undertaken by the five named planners. The training material is provided internally by NAB and by external training providers, for example through Kaplan Professional, with the latter being retained by the individual planner.

NAB is in the process of collating the internal training materials provided to the five named planners and will provide same by 16 November 2016.

To produce external training materials, NAB would need to make a request to those providers of the training listed in the Summary of Training logs. A large proportion of this material is the property of Kaplan Professional. It has indicated that training materials will only be provided to NAB for production to the Committee on the basis that they are commercial-in-confidence. Subject to written confirmation from the Committee, NAB will arrange for the provision of the Kaplan material to the Committee.

Answer f)

The other documents pertaining to the employment of the five named planners, including performance reviews or assessments, bonus payments, internal complaints or compliance reports will contain private and confidential information relating to the planners which is commercially sensitive information. Accordingly, prior to providing such private and confidential information, NAB would seek the consent of these former employees. NAB has not obtained that consent and in the circumstances, NAB is not presently in a position to produce the other documents pertaining to the employment of the five named planners as requested by the Committee.