



**ASIC**  
Australian Securities &  
Investments Commission

**Australian Securities  
and Investments Commission**

Level 7, 120 Collins Street,  
MELBOURNE VIC 3001

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SYDNEY NSW 2001

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[www.asic.gov.au](http://www.asic.gov.au)

22 February 2023

Mr Alan Raine  
Committee Secretary  
Senate Economics Legislation Committee  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

**JOSEPH LONGO  
CHAIR**

By email to: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

## **FURTHER INFORMATION REGARDING EVIDENCE PROVIDED AT SUPPLEMENTARY BUDGET ESTIMATES HEARING**

Dear Mr Raine,

I refer to the appearance of ASIC officials before the Senate Economics Legislation Committee (**the Committee**) at the Supplementary Budget Estimates hearing on Thursday 16 February 2023.

The purpose of this letter is to seek to clarify and supplement the evidence I provided at the hearing, and to provide an answer to the question taken on notice requesting a copy of the letter from the Secretary to the Treasury to me about the conduct of Deputy Chair Chester.

At the hearing, I informed the Committee that I received correspondence from the Secretary to the Treasury in respect of allegations about the conduct of Deputy Chair Chester which were referred to Treasury for investigation.

Shortly following the hearing, and upon refreshing my memory regarding the matter by reviewing the letter from the Secretary to the Treasury, I identified a need to provide the Committee with additional clarifying information.

ASIC considers that as with all inquiries into matters concerning the conduct of ASIC officials, it is important that such inquiries are treated with sensitivity and confidentiality to protect the privacy of all individuals involved (including those that make disclosures and witnesses), and do not disclose sensitive information that unreasonably reflects adversely on individuals.

Having said that, in the interests of transparency and to clarify the information I provided to the Committee, I enclose the following letters which provide additional information about the outcome of the investigation into the conduct of Deputy Chair Chester:

- a) A letter from the Secretary to the Treasury to me dated 1 February 2022;
- b) A letter from me to the Secretary to the Treasury dated 28 February 2022;
- c) A letter from me to Deputy Chair Chester dated 28 February 2022; and
- d) A letter from the Secretary to the Treasury to Deputy Chair Chester dated 1 February 2022.

I am informed by Deputy Chair Chester that her evidence to the Committee is based on the information provided to her on the outcomes of the Treasury investigation, letters (c) and (d) above. Ms Chester has not had access to letters (a) and (b) and informed me that she has not had access to the report from the investigation.

Yours sincerely

The logo for ONGO, featuring the word "ONGO" in a bold, sans-serif font with a stylized graphic element to the right.

CHAIR

*Encl.*



**Australian Government**

**The Treasury**

**Secretary  
Dr Steven Kennedy PSM**

Mr Joe Longo  
Chairperson  
Australian Securities and Investments Commission

**BY EMAIL**

**PRIVATE & CONFIDENTIAL**

Dear Mr Longo

**Outcome of investigation into allegations made about the conduct of a Deputy Chairperson of the Australian Securities and Investments Commission**

I refer to my letter to you dated 1 June 2021.

I have received a confidential and legally privileged report of an investigation into allegations that have been made about the conduct of Ms Karen Chester as the Deputy Chairperson of ASIC for the purpose of the Commonwealth obtaining legal advice.

The investigation found that many of the instances of alleged conduct could be wholly or partially substantiated as to the fact that specific things occurred, although in many cases recollections differed about the specific conduct and its substance and significance.

I have concluded, having had regard to the report and advice I have received, that there is an insufficient basis on which to advise the Treasurer to take any further formal steps in this matter relating to potential actions that may be taken under section 111 of the ASIC Act.

I consider that the investigation has revealed instances of conduct regarding the standards set out in the ASIC Code of Conduct.

On this basis I refer the matter to you for your consideration of next steps.

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We can arrange a briefing for you with the investigator if this would be of assistance to you.

Please contact me if you need further information about the investigation process. The contact officer on this matter is

Yours sincerely

Steven Kennedy

/ February 2022,



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28 February 2022

Dr Steven Kennedy PSM  
Secretary  
The Treasury,  
Langton Crescent,  
PARKES ACT 2600

*By Email:*

**JOSEPH LONGO  
CHAIR**

Dear Dr Kennedy,

**Outcome of investigation into allegations made about the conduct of a Deputy Chair  
of the Australian Securities and Investments Commission**

I refer to your letter of 1 February 2022.

I have considered the outcome of the investigation in light of ASIC's Code of Conduct.

I confirm that I do not propose to take the matter any further, and consider that it is concluded.

I have written today to Ms Chester to inform her of this decision.

Yours sincerely,

**JOSEPH LONGO**  
CHAIR



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28 February 2022

Ms Karen Chester  
Deputy Chair  
Australian Securities and Investments Commission

c/ - Janet Whiting  
Partner  
Gilbert & Tobin  
Level 25, 101 Collins Street  
MELBOURNE VIC 3000

*By Email:*

**JOSEPH LONGO  
CHAIR**

Dear Karen,

**Outcome of investigation into allegations made about the conduct of a Deputy Chair  
of the Australian Securities and Investments Commission**

I understand that Dr Kennedy has written to you on 1 February 2022 referring the outcome of the above matter for my consideration of next steps.

I have considered the outcome of the investigation in light of ASIC's Code of Conduct.

I confirm that I do not propose to take the matter any further, and consider that it is concluded.

Yours sincerely,

**JOSEPH LONGO**  
CHAIR



**Australian Government**  
**The Treasury**

**Secretary**  
**Dr Steven Kennedy PSM**

Ms Karen Chester  
Deputy Chairperson  
Australian Securities and Investments Commission

**BY EMAIL**

**PRIVATE & CONFIDENTIAL**

Dear Ms Chester

**Outcome of investigation into allegations made about your conduct as Deputy Chairperson of the Australian Securities and Investments Commission**

I refer to my letter to you dated 1 June 2021.

I have received a confidential and legally privileged report of an investigation into allegations that have been made about your conduct for the purpose of the Commonwealth obtaining legal advice.

I have concluded that there is an insufficient basis on which to advise the Treasurer to take any further formal steps in this matter relating to potential actions that may be taken under section 111 of the ASIC Act.

I consider that the investigation has revealed instances of conduct regarding the standards set out in the ASIC Code of Conduct.

I have referred the matter to Mr Joe Longo, Chairperson of ASIC, for his consideration of next steps.

Thank you for your engagement with this process.

Yours sincerely

Steven Kennedy,

| February 2022