

**Additional information provided by Mr Peter Johnston, Executive Director,
Association of Independently Owned Financial Planners.**

To be read in conjunction with the Hansard record of the public hearing on
22 September 2011.

Astarra is a clear case of fraud that should have been detected by the regulators, custodian, Trustee, research houses and/or auditors. How can an adviser sitting in his office and reading the favourable reports produced by these different entities can be expected to detect the fraud when all these entities in far better vantage points cannot? It then raises a fundamental issue of why this product was on the market in the first place. I believe the answer to this question will provide the information your committee is looking for to protect consumers going forward.

Astarra had 39 different practices supporting it of which only 7 were AIOFP members and all 7 were also members of the FPA and/or AFA. Due to my falling out with a section of the press over their initial inaccurate reporting of the losses, they have tried to damage the AIOFP and myself with creating a vexatious perception that only AIOFP members recommended Astarra. Nothing could be further from the truth.