

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2015 - 2016

Department/Agency: Australian Securities and Investment Commission

Question: AET 79

Topic: Enforcement action in the financial advice industry

Reference: Hansard page no. 20 - 11 February 2016

Senator: Bushby, David

Question:

Senator BUSHBY: I have a few questions on financial services; some of which may touch on a little bit of the stuff that Senator Williams was asking about earlier. I apologise for that, but they are slightly different so I still want to ask them. What enforcement action has ASIC recently undertaken in the financial advice industry?

Mr Kell: We might have to take some of that on notice but as—

Mr Tanzer: Perhaps I can give you a couple of figures from the last seven months. These are statistics from 1 July 2015 to 31 January 2016. ASIC has a total book of 168 enforcement outcomes across the whole of ASIC that have been achieved over that time. Out of those 168 outcomes, 101 relate to financial services and products. Of which, 28 are credits—set aside credit. I do not have the specific number that goes to financial advice per se, but a large number of that total are bannings. And, out of that, seven Australian financial services licensees had their licences cancelled; a further six individuals or companies had conditions imposed on their licences, and many of those were in the financial advice space. Specifically, 13 individuals were permanently banned from providing financial advice, and a further 16 individuals were banned for shorter periods of time over that period of time. In addition, over \$150 million in compensation and remediation was recovered for investors and financial consumers. Seven individuals were sentenced to jail. I am not sure how many of those related specifically to financial advice, but we can come back to you on that.

Senator BUSHBY: If you could, that would be appreciated.

Answer:

One financial adviser, a Mr Tu, was sentenced to jail during the period 1 July 2015 and 31 January 2016. Mr Tu was jailed for offences relating to fraud and fraudulent falsification of records. He was jailed for nine and half years.

In addition to the jailing of Mr Tu the following table sets out the other outcomes ASIC has achieved in relation to Financial Advisers since 1 July 2015:

Type of outcome	Number
Enforceable Undertakings	6
Banning	19
Infringement Notice	2
Criminal action	1
Other outcomes	negotiated changes to misleading SMSF Advertising negotiated changes to misuse of term 'independent'
Licence conditions imposed	6
Licence cancelled	5
Licence cancelled (voluntary)	3
Civil action	3
Licence suspended	2

