

Deputy PM in hot water with Storm clients

Written by: *Kate Kachor*

The legal team behind a Storm financial class action has questioned federal government's relationship with the Commonwealth Bank of Australia (CBA) after the Deputy Prime Minister was seen wearing a t-shirt carrying the banking group's logo.

In an open letter to Wayne Swan, Matt Robinson Solicitors principal advisor Stewart Levitt said the appearance of Swan along the Cairns waterfront with the CBA logo across his t-shirt was "an affront to many hundreds of your own constituents". The appearance of you, Deputy Prime Minister, openly 'waving the CBA flag' on your t-shirt, has engendered scepticism among my clients concerning the true intentions of the government and ASIC towards me with regard to the Storm financial class action, which both the government and the opposition have so far failed to address by bringing the class actions to account," the letter said.

"It is] both demoralising and deflating – given the pendency of significant litigation both by ASIC and my clients against the CBA." Levitt claims the photograph of Swan published twice, once in 2008, and again last month in the Brisbane *Tribune Mail* wearing a CBA branded t-shirt was a concern to the 3000 margin loan borrowers who lost more than \$3 billion in the collapse of Storm.

In the letter, Levitt informed Swan that the claims the group's clients brought against the CBA include allegations the banking group engaged in unconscionable conduct towards margin-referred customers under both the Competition and Trade Practices legislation" as well as allegedly engaging in conduct which was misleading and deceptive.

Storm Financial collapsed in January 2009. «

AustralianSuper's initiative a positive

Written by: *Kate Kachor*

Australia's financial advisory industry should not view AustralianSuper's decision to work closely with retail advice groups as direct competition but about providing greater access to advice to more Australians, a number of advice chiefs have said.

Association of Financial Advisers chief executive Richard Klipin said with two in 10 Australians currently seeking financial advice the move by AustralianSuper to close the advice gap is welcomed.

"With two in 10 Australians getting advice, as a profession we haven't touched the sides. More advisers are better [as] it will lift competition and it will ensure that good and valuable propositions are delivered to end consumers. We encourage that kind of competition," Klipin said.

Financial Planning Association (FPA) chief executive Mark

Rantall also supported the industry superannuation giant's move, noting the importance of industry unity. "I think it's fabulous where superannuation funds can actually come together with advice firms to provide an advice and financial planning service to their members.

Late last week, AustralianSuper revealed it has been working with six retail advice groups for the past 12 months trialling and building a new service for its members.

"For the past 12 months or so we have been working with advice industry leaders trialling and building a new service that will enable us to work together more effectively and in the best interest of members," AustralianSuper chief executive Ian Silk said.

"This includes addressing the vexed question of fees and other issues that have presented stumbling blocks in the past. Thus far in the trial we have worked through a number of these



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issues and will continue to do so as the trial continues over the next nine months or so."

Silk said AustralianSuper has always been a major supporter of good, sound advice, though does not support the commission structure of so many super products that leads to conflicted advice.

Matrix Financial Planning managing director Rick Di Cristoforo said the company became involved in the trial after being contacted by AustralianSuper.

"The company has always had the capability to do limited advice which is now about to be defined as scaled advice. We have had strong ability with strategic advice but particularly in the last three years it has been my strategy to pursue that with Matrix," Cristoforo said.

Other firms in the trial include Godfrey Pembroke, Dixon Advisory, Woods & Partners, Paul Moran and Switzer Financial Planning. «

Greg Medcraft to head up ASIC

Written by: *Vishal Teckchandani*

The federal government has appointed Greg Medcraft as the new ASIC chairman.

Medcraft joined as ASIC commissioner in February 2009, responsible for oversight of financial planners, superannuation funds, fund managers and investment banking.

"Mr Medcraft is widely respected among financial markets, regulators and governments around the world after nearly 30 years experience at global investment bank Société Générale in Australia, Asia, Europe and the Americas, including key leadership roles in securitisation and structured finance," Deputy Prime Minister and Treasurer Wayne Swan said.

"He is also highly regarded for his leadership as chief executive officer of

the Australian Securitisation Forum, after co-founding the American Securitisation Forum in 2002."

Medcraft will take over from Tony D'Aloisio, who became ASIC chair on 13 May 2007 for a four-year term.

D'Aloisio's background included extensive public and private sector experience and involvement in business policy and regulation for over 30 years.

He was Australian Securities Exchange's chief executive and managing director from 2004 to 2006, and law firm Mallesons Stephen Jaques chief executive partner between 1992 and 2004.

If approved by the Governor-General, Medcraft's appointment will last five years.

Additionally, the government

nominated Rod Sims to become the next Australian Competition and Consumer Commission (ACCC) chairman.

"Mr Sims is an eminent Australian economist, with deep knowledge and experience in advising on the competitive dynamics of industries across our economy. Mr Sims is highly regarded for the breadth of his work and leadership in both the private and public sector," Swan said.

Sims will replace Graeme Samuel, who became ACCC chairman in July 2003.

Until the early 1990s, Samuel pursued a professional career in law and investment banking, from which he retired to assume a number of roles in public service and company directorships. «