

Superannuation Package Stakeholders List

Organisation	Name	Position	Areas of interest	Contacted?	Feedback/likely position	Phone	Email
s22							
IOOF	Mr George Venardos	Chairman	insurance changes	No			GPO Box 264 Melbourne VIC 3001
s22							



EXECUTIVE MINUTE 18/91

FOI 2474
Document 2

06 Dec 2018

The Hon Stuart Robert MP
Assistant Treasurercc: FSD – Treasury
RIPD – Treasury**Subject: APRA TO UNDERTAKE A PACKAGE OF ACTIONS AGAINST IOOF ENTITIES, DIRECTORS AND EXECUTIVES****Timing: FOR INFORMATION ONLY (06 DEC 2018)****Key points:**

- The Australian Prudential Regulation Authority (APRA) intends to announce a number of actions against IOOF entities, directors and executives for failing to act in the best interests of superannuation members. By 06 December 2018 APRA intends to:
 - commence proceedings in the Federal Court of Australia to seek the disqualification of five individuals who, at relevant times, were responsible persons of I.O.O.F. Investment Management Limited (**IIML**) and Questor Financial Services Limited (**Questor**). The proceedings also seek a court declaration that IIML and Questor (which at the material times were Registrable Superannuation Entity Licensees (RSELs) owned by IOOF Holdings Limited (**IOOF Holdings**)) breached the *Superannuation Industry (Supervision) Act 1993* (**SIS Act**); and
 - issue a show cause notice setting out APRA's intention to direct IIML to comply with its RSE Licence and impose additional conditions on the licenses of IIML, Australian Executor Trustees Limited (**AET**) and IOOF Limited (**IL**).

Background

- The proceedings seek disqualification orders and declarations in relation to breaches of sections 52 and 55 of the SIS Act and Prudential Standards, and associated conduct from 2015 to date. In particular, APRA identified that on three separate occasions, Questor and IIML contravened the SIS Act by deciding to differentially compensate superannuation beneficiaries and other non-superannuation investors for losses caused by Questor, IIML or their service providers, with superannuation beneficiaries being compensated from their own reserve funds rather than the trustees' own funds or third-party compensation.
- The disqualification proceedings represent APRA's first disqualification proceedings in relation to s52 (Trustee Covenants) and s52A (Director Covenants) of the SIS Act. If successful, the proceedings will prohibit the relevant individuals from being or acting as a responsible person of a superannuation trustee on the basis that they are not fit

and proper and failed to act in the best interest of superannuation members. The relevant individuals include:

- Mr George Venardos (Chair of IOOF Holdings, prior Chair of IIML and Questor);
 - Mr Christopher Kelaher (Managing Director of IOOF Holdings, prior Managing Director of IIML and Questor);
 - Mr David Coulter (Chief Financial Officer);
 - Mr Gary Riordan (General Counsel); and
 - Mr Paul Vine (Company Secretary).
- The show cause notice setting out APRA's intention to direct IIML to comply with its RSEL Licence seeks to achieve significant changes to the identification and management of conflicts of interest and facilitate APRA's ability to take further enforcement action should this not occur. The proposed directions relate to an independent report, the findings of which provide a reasonable basis to conclude that IIML has breached section 52 of the SIS Act, *Prudential Standard SPS 520: Fit and Proper* and *Prudential Standard SPS 521: Conflicts of Interest*.
 - The show cause notice setting out APRA's intention to impose additional conditions on the licences of IIML, AET and IL is based on issues and concerns raised by APRA relating to the entities organisational structure, governance and conflicts management frameworks, and requires the entities address these within specified timeframes.

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