

Note: Fully redacted pages
have been deleted

FOI 4106
Document 1



Australian Government
The Treasury



Ministerial Submission
MS25-001473

FOR ACTION - Managed investment scheme failures

TO: Assistant Treasurer and Minister for Financial Services - The Hon Dr Daniel Mulino MP
CC: Treasurer - The Hon Jim Chalmers MP

TIMING

At your discretion.

Recommendation

s 47E(d)

Signature	Date: / /2025
-----------	---------------------

KEY POINTS

s 47E(d)

- ASIC's investigation indicates that both the Shield and First Guardian cases involve a business model in which potential investors are contacted by lead generators and referred to financial advisers for personal advice. Those financial advisers are alleged to have provided 'cookie cutter' advice recommending individuals roll their superannuation into an SMSF or superannuation wrap platform, and then make undiversified investments in related MISs, which have subsequently failed.
- ASIC has initiated enforcement action against various parties involved in the Shield and First Guardian cases and has taken a range of court actions to protect investor funds while its investigations were underway. However, notwithstanding these actions investors are likely to incur significant losses.
 - Approximately 5,800 consumers invested \$480 million in Shield. The current value of assets is estimated by liquidators to be around half that amount (between \$207-\$241 million in assets).
 - Approximately 6,000 consumers invested \$570 million in First Guardian. The statutory report to creditors by liquidators for First Guardian, released publicly on Wednesday 9 July 2025, indicates that only minimal assets remain.

s 22

- The publication of the liquidator's report for First Guardian, shows investor losses could potentially be as high as \$446m but they reiterate that their investigations are in their early stages and ongoing. s 22

- The Government will likely face calls to strengthen regulation to reduce investor risk and deter misconduct.

s 22

- s 47C

s 47E(d)

- Should you wish to take further action in the near term, we recommend examining all of the drivers that appear to have led to retail investor losses in these cases, with a view to focusing on identifying the most effective policy responses.
 - This approach would allow you and the Government to develop a comprehensive response to the issues raised by this business model and related factors.

s 22

s 47E(d)

Clearance Officer

Andre Moore
Assistant Secretary
Advice and Investment Branch
9 July 2025

Contact Officer

s 22

Financial Advice and Investment Regulation

s 22

CONSULTATION

RISD

ATTACHMENTS

A: Background on MIS, previous reviews s 22

Existing SMSF regulatory issues

- There are currently few barriers preventing people from quickly establishing an SMSF and little-to-no restrictions on the class of assets a trustee can invest in. This includes the products offered by the entities referred to in this brief.

s 22

- The same ease-of-establishment used to sign people up to high-risk, illiquid, and/or poorly diversified investments is also exploited by scammers to steal retirement savings from SMSFs, or in schemes where a promoter induces a person to illegally access their super before retirement (where the person will generally face significant penalties after the fact).
 - This is in contrast to APRA-regulated funds (i.e. industry and retail superannuation funds), which have stricter controls on the release of savings.

- A typical SMSF scam involves convincing a person to “roll-over” their superannuation balance from an APRA-regulated fund into a newly established SMSF. The funds land in the SMSF’s bank account – often one controlled by the scammer – where they are stolen in a manner similar to other scams (e.g. sent offshore where there is little chance of the funds being reclaimed).

s 47C, s 47E(d)

s 22



Australian Government
The Treasury



Ministerial Submission
MS25-002218

FOR ACTION - Managed Investment Scheme Failures - Further advice

TO: Assistant Treasurer and Minister for Financial Services - The Hon Dr Daniel Mulino MP
CC: Treasurer - The Hon Jim Chalmers MP

TIMING

At your discretion.

Recommendation

s 47C, s 47E(d)

s 22

Signature	Date: / /2025
-----------	---------------------

KEY POINTS

- As indicated in previous advice, Treasury has been exploring options to address the types of conduct that have contributed to investor losses arising from high risk superannuation switching schemes seen in the Shield and First Guardian cases (S/FG) (**MS25-001473**).
 - This ministerial submission sets out a suggested approach to responding to the issues raised by these cases that can be undertaken concurrently with ASIC enforcement and related processes such as scheme liquidation.

s 47C, s 47E(d)

s 22

s 47C, s 47E(d)

s 47E(d)

s 22

s 47C, s 47E(d)

s 22

Clearance Officer
Andre Moore
Assistant Secretary
Financial System Division
8/09/2025

Contact Officer
s 22

CONSULTATION

RISD, DPCD, ASIC

s 47C, s 47E(d)