

SUBMISSION ON POLICY ISSUES RAISED IN ROUND 5

Submitted By: Eddie OZOLS

Email: [REDACTED]

Phone Number: [REDACTED]

Submission for: My Self

Name of other person, business or organisation:

Do you agree to your submission being published: Yes

Do you agree to your full name being published: Yes

Your submission:

I am writing in relation to my [REDACTED] of Cronulla NSW which is a financial planning company licensed by the dealer group MyPlanner. I am also submitting that ASIC policy requires change following action by them against financial planners being taken. My wife had superannuation with another planner which sold the business to [REDACTED] in 2016. The adviser previously employed transferred with the business. No issues in this submission are complaints about the adviser. On being advised of the sale, information was sought from [REDACTED] and after assurances received that the adviser would come with the transferred business, my wife agreed to retain her super with [REDACTED]. No statement of advice from [REDACTED] on transfer was ever provided to my wife. It was business as usual. No discussion occurred about [REDACTED] fee structure. A PDS was emailed. Following dissatisfaction with aspects of [REDACTED] service and poor returns, my wife transferred her superannuation from [REDACTED]. As this was being finalised, I prepared a letter of complaint to [REDACTED]. Not being able to locate the complaint mechanism I Googled [REDACTED] to ascertain if they had a complaints policy on their website. On undertaking a search of [REDACTED] I was surprised to learn from an ASIC Press Release on [REDACTED] that [REDACTED] had additional conditions imposed on it by ASIC. Some days later when I was concluding the letter of complaint, another ASIC Press Release dated [REDACTED] announced an enforceable undertaking against [REDACTED] the owner and principal of [REDACTED] had been imposed for two years. The Enforceable Undertaking can be accessed at [REDACTED]. The two press releases are available on the ASIC website. As someone who attended each meeting with her adviser my wife required my support in dealing with all her financial planners since having her superannuation managed by Financial Planners. It was apparent in meetings with the same adviser she had since 2014, that since the sale to [REDACTED] the relationship had changed and meetings also focussed on my super and seeking to have it managed through [REDACTED]. This submission acknowledges ASIC's work in bringing [REDACTED] to account and recognises that the Enforceable Undertaking has resulted in restrictions on his ability to act as a financial adviser. I submit that when enforceable undertakings and indeed any action by ASIC is undertaken against financial planners individually or dealer groups such as [REDACTED] that all individual clients of the dealer group and the company against whom any action is taken must be informed of the regulator's actions. Had I been informed of the actions against [REDACTED] my wife would have undertaken steps to transfer her superannuation from [REDACTED] and [REDACTED] much sooner. As the principal of the company, whilst stopped from providing financial advice, it does not hinder [REDACTED] from overseeing the company and influencing the staff employed by him. ASIC should have included in the undertaking that he be disqualified as a director of the company and that he have no involvement in it during the two year period. While ASIC can take action against planners and dealer groups, individual clients of these planning entities are left at the mercy of company and the dealer group. Requiring notice to all clients in the company and dealer group to be notified of ASIC actions would also provide a deterrence for owners of individual companies such as [REDACTED] and dealer groups such as [REDACTED] to ensure that it employs individuals of the highest ethical standards (in the case of companies) and that the dealer groups ensure that those it allows to act under its licence are thoroughly vetted to protect clients entrusting their life savings for management. In relation to [REDACTED] a further issue which should be considered is that there appeared to be clear conflicts of interest. At a review meeting with my wife (I attended all review meetings at her request), I was advised that [REDACTED] was undertaking a land development at Cronulla. Despite me, not being a client of [REDACTED] (managing my own super through an SMSF) I was asked to consider investing in this development. This appears to be a conflict of interest for a financial planning company. The [REDACTED] PDS states, "Your adviser's primary duty is to you, the client." As the husband attending a meeting at the request of his wife, who lacks the confidence in dealing with her financial circumstances, this would appear prima facie a conflict of interest in managing her portfolio. As a financial planning company, again this appears a conflict of interest when advising clients. I did receive the information about the property development and it was clear that [REDACTED] were the principals behind this. It appears to be in breach of the PDS which does not mention land development at all. As a public policy issue, I would submit that any financial planning company, dealer group or individual advisers must be separated from any other financial interest. Prohibiting financial planners from being directors of companies or peddling investments in which they have a pecuniary interest goes against the interests of individual clients seeking advice. On the sale of financial planning businesses, I submit that each client be advised prior to the completion of any sale to allow clients to make informed decisions about the management of their funds. Obviously if clients depart, this affects the sale price. This is of no interest

to clients. On sale of any business, all clients transferred should have a statement of advice provided within three months of any sale being concluded. In the absence of any SOA, any fees should be cancelled until an SOA is concluded. This will provide incentives for the purchasing company to ensure clients' interests prevail. In 2013, commissions were prohibited based on the value of portfolios. While this may have been honoured in the breach, in practice clients generally pay fees based on the value of their portfolio. While [REDACTED] PDS discloses other payment options, these are not detailed and were discouraged by my wife's adviser when I asked about alternate fee arrangements. It was not until we advised her super was to be transferred that alterante fee structures were proposed. I submit that fees based on the value of the portfolio be banned and that a structure be transparent, based on the actual owk undertaken for an individual client. Thank you for the opportunity to make this submission. Please advise should you require further information.