

**Finance** IOOF scandal

# Greens in new push for royal commission

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A Greens push for a royal commission into misconduct in the finance sector looks set to fail after the Labor Party and Abbott government refused to support it.

Greens senator Peter Whish-Wilson gave notice on Monday that he would call on the Abbott government to launch a royal commission following a string of banking scandals and explosive revelations about wrongdoing inside IOOF.

The industry has been rocked by scandals inside CBA's financial planning division, NAB, Macquarie Private Wealth and now IOOF, which manages more than \$150 billion of customer money and has 650,000 clients.

The scandal engulfing IOOF deepened on Monday as it emerged the group's head of research Peter Hilton was sent on indefinite leave.

Senator Whish-Wilson's notice of motion said the Greens Party "notes the allegations that financial planners at the Commonwealth Bank of Australia, National Australia Bank, ANZ Bank, Macquarie Bank and, most recently, IOOF having engaged in unethical and/or unlawful activity".

In a statement on Tuesday, shadow treasurer Chris Bowen said

Labor would not be supporting the motion "at this time".

"Labor is concerned by continued reports of alleged misconduct by financial advisers that see Aus-

tralian investors lose out," he said.

Mr Bowen said Labor was "considering" the Senate economics references committee inquiry into the performance of ASIC and "noted" the ongoing work of a separate inquiry into financial advice.

"For the meantime, the current Senate inquiry is the appropriate place to continue to examine the roles of ASIC, financial planners, and to talk to victims, some of whom have lost their life's savings."

Representatives for Labor senator Sam Dastyari - who has been vocal in his calls for a royal commission - declined to comment, referring inquiries to Mr Bowen.

Assistant Treasurer Josh Frydenberg has long been an opponent to a royal commission into misconduct into the finance sector.

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## Jeff Morris

'Evil has triumphed for far too long.'

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Fairfax Media this week re-vealed allegations of misconduct by current and former members of IOOF senior staff including insider trading, front-running, misrepresentation of performance figures and cheating on exams for industry qualifications.

Hundreds of internal documents seen by Fairfax Media show much of the misconduct – including at least two instances of insider trading by former staff – was never reported to the Australian Securities and Investments Commission and instead, IOOF dealt with the matters in-house.

IOOF has said that it stands by its compliance record.

In a statement to the Australian Securities Exchange, IOOF said most of the claims are “historic in nature” but acknowledged some were more recent.

“To the best of our knowledge and based on reasonable inquiries none of the issues raised in the article will cause any loss to any IOOF client, past or present.”

National senator John Williams said he will support the vote.

Senator Williams has been calling for a royal commission into white-collar crime for six years and was instrumental in calling a Senate inquiry into the performance of ASIC and the CBA financial planning scandal in 2013.

That Senate inquiry recommended a royal commission into CBA and a wider investigation into the industry. Those recommendations were knocked back by the Abbott government.

Senator Williams said he would be making a speech on IOOF in Parliament on Wednesday night.

“The information that has come to my office, I am simply disgusted in,” he said. “The longer this goes on, the more comes out. A royal commission is essential.”

Independent senator Nick Xenophon said he would also support the motion. Senator Xenophon has also long railed against poor conduct within the sector.

Liberal Democratic Party senator David Leyonhjelm said he would not support the motion because royal commissions were expensive.

Family First senator Bob Day said he would not support it.

On Tuesday, Fairfax Media revealed Mr Hilton was “on leave until further notice”, an email sent to IOOF planners and staff shows.

The note, sent by IOOF boss Chris Kelaher on Monday, came in the wake of revelations by Fairfax Media that IOOF senior staff had engaged in a range of wrongdoings.

Mr Hilton was at the centre of allegations of getting staff to cheat on compliance and training modules on his behalf and an internal investigation into possible front-running on behalf of a relative.

The company now faces the prospect of a class action with sources saying litigation funders were circling the company. ASIC is investigating the company.