

# ASIC bars second Commonwealth Financial adviser

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THE corporate regulator has claimed another scalp from its investigation into adviser behaviour in the Commonwealth Bank-owned business Commonwealth Financial Planning Ltd, raising the question of the bank's liability for more compensation payments to aggrieved customers.

The Australian Securities and Investments Commission yesterday issued a statement that former CFPL adviser Simon Langton, of Minda Australia, had failed to meet obligations as a financial adviser, and said former clients who believed they may be entitled to claim compensation should contact CFPL.

Mr Langton has an enforceable undertaking with ASIC not to provide financial services for two years, to undertake professional education and return to the industry, to be supervised for 12 months.

He is the second Commonwealth Financial Planning adviser to be named, following the high profile banning for seven years of a star adviser Nguyen, who worked at the bank's Chatswood branch.

The bank agreed to a major client compensation program for Mr Nguyen's clients, and also settled a multimillion dollar class action brought by many of them retirees who had requested conservative investments, and instead ended up with high-risk portfolios.

CFPL itself entered into an enforceable undertaking with ASIC in October, as a result of regulatory and systems concerns identified in the investigation. It is required to review and address any deficiencies in its risk management framework, and also consider and "remediate" the interests of clients who have been adversely affected.

ASIC said yesterday its "investigations into the conduct of several other CFPL advisers are ongoing".

While ASIC has defended its use of enforceable undertakings, as an alternative to court action or administrative proceedings, the consumer watchdog Choice has pointed out these settlements mean important details such as the losses of those affected are kept away from the public eye.

When BusinessDay asked the bank yesterday whether it had paid any compensation to Mr Langton's clients, a spokeswoman said: "Any compensation is confidential."

According to ASIC, Mr Langton, 36, primarily provided insurance and superannuation rollover advice until he was "terminated" from CFPL in 2010. ASIC began investigating his advice in April 2011. It said between April 7, 2008, and June 23, 2010, he failed to complete financial needs analysis documentation, allowed clients to sign blank financial needs analysis documentation and failed to make reasonable inquiries about clients' circumstances before implementing advice. He also failed to provide clients with statements of advice, or provide them within a reasonable time, and also failed to disclose fees in a statement of advice to one client.

In a statement, the bank said CFPL would follow the program agreed with ASIC in October 2011. "We are committed to implementing changes that will benefit our clients and have already enhanced our focus on training and education as part of our voluntary program," it said. "We take the quality of advice provided by our financial advisers and will continue to work through any issues ... Compensation is determined on a case-by-case basis."