

NEWS RELEASE

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ASIC TOUGH STANCE MIGHT FORCE MUCH NEEDED CHANGE

Australian Assured Income Management Limited Managing Director, Martin Venier, applauds ASIC's moves on AMP. "It's outrageous how a trusted Australian organisation can treat its customer's interests with such disregard. ASIC ought to be applauded for its actions", Venier said.

In July 2006, AMP faced embarrassing revelations as the Australian Securities and Investments Commission (ASIC) found that AMP's network of financial planners lured people into switching super funds, so the company could make profits, and the planners could make abnormally high commissions.

After entering a court-enforceable undertaking with ASIC, AMP has been forced to restate advice to up to 7,000 customers. ASIC spent six months investigating its network of 1,300 financial planners. It found a series of problems. Among them, that AMP planners failed to disclose any reasonable basis for their advice, when encouraging people to switch super funds. They also failed to make proper disclosures about the cost of switching to the new products they recommended, including entry and exit fees, and the commissions that customers would have to pay.

Australian Assured Income Management is highly critical of standards in the industry, and it says today's undertaking is important.

Not all financial services organisations take the AMP approach. Managing Director, Martin Venier, says "We eliminate the potential for abuse by removing fees for money transfers between funds. Plus, we subordinate our income to the investors. They get paid first". Venier believes the AusAssured approach is representative of the new breed of boutique fund managers who focus on investing alongside their clients. They align their interests and stake their reputation on the quality of their performance rather than excessive perks to advisers. "The big guys are lazy, they have expensive offices, fabulous harbor views, flashy promotional campaigns but mostly at the expense of their clients. They simply are not nimble or caring" said Venier.

It will be interesting to see how far ASIC takes its actions!

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