Filenote – meeting with Morgans Financial Limited - 17/6/2015

Attendees: Jennet Butler – Morgans Director, Market Compliance
Brian Sheehan – Morganss Managing Director
Hamish Dee – Morgans Director, Market Operations
Andrew Stecher – ASIC Senior Manager, MET
Tracy Brasell – ASIC Manager, Participant Compliance Team
David De Carli – ASIC Senior Specialist
Diego Caldarola – ASIC Analyst

David De Carli gave an introduction of the attendees and outlined the ongoing relationship between Morgans and ASIC throughout the years. The current surveillance in addition to the business as usual of supervision also had a strategic intent element to it. There are a number of antecedents of incidents in Morgans' history some of which will be discussed by Andrew Stecher. Morgans' regulatory footprint is large and its profile goes right to the commission level. Questions exist as to whether the compliance structure is in fact adequate. s 45 [redacted]. There is a desire to get on the front foot with these issues. We want to table our concerns with a delegate regarding fundamental compliance and supervision with 912A concerns. s 45 [redacted]
Morgans is a Participant offering financial advice and tax advice. s 45 [redacted]. For us it's indicative and says a lot about the culture and attitude at Morgans. This is not about the individual but about the whole. We are uncomfortable with the arrangements, bordering on very uncomfortable. Andrew will also discuss his specific concerns.

Andrew Stecher introduced his role and advised Morgans had featured in a lot of matters. The main concern has been with s 45 [redacted].

David discussed a visit to Morgans' Sydney office three years ago where it was clear s 45 [redacted]. The objective is to go to a delegate and achieve a formal outcome. We wish to work with Morgans to address the concerns. A further concern we have seen is s 45 [redacted].

s 45 [redacted].

s 45 [redacted]

s 45 [redacted].

David commented that our perspective as the regulator often sees the negative in a situation due to the nature of our work.

s 45 [redacted].

s 45 [redacted]

s 45 [redacted].

s 45 [redacted]

s 45 [redacted].

David in summation advised that our expectations weren't being met and we wish to receive a response from Morgans with an action plan on how to correct this. And further asked what time frame Morgans would require.

Brian responded that we would like this to be a collaborative project between Morgans and ASIC. Morgans are passionate about the industry and they deal with s 45 [redacted] clients. Brian asked where the balance was and what does ASIC expect.

David advised that formal oversight would form a part of it. The purpose of the meeting today was to continue the cooperative approach.

s 45 [redacted]

[redacted].

s 45 [redacted]

[redacted].

Andrew advised that for his team's perspective due to the ongoing investigation a two week response time would be preferred.

Further discussion about whether Morgans were getting any representatives from the industry that may be looking to start at a new licensee and their processes around background checks and monitoring.

s 45 [redacted].

Further discussion about what impact CIMBs exit from Australia had on Morgans and the background behind this.