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IOOF faces class action over APRA fallout

Misa Han *Reporter*

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Embattled wealth company IOOF is facing a shareholder class action over its alleged failure to inform shareholders about its fallout with the regulator over the alleged breach of superannuation laws.

The shareholder class action, led by former [Maurice Blackburn partner Damian Scattini](#), now with Quinn Emanuel, and backed by US-based litigation funder Regency Group, is expected to be filed within weeks.

Among those who have expressed interest in the class action include sophisticated investors and retail investors, although it will be run as an open class action meaning shareholders who bought the IOOF shares between May 2015 and December 2018 will be part of the action unless they opt out.



IOOF chief executive Chris Kelaher is on leave while he is defending the prudential regulator's action against him. **AAP**

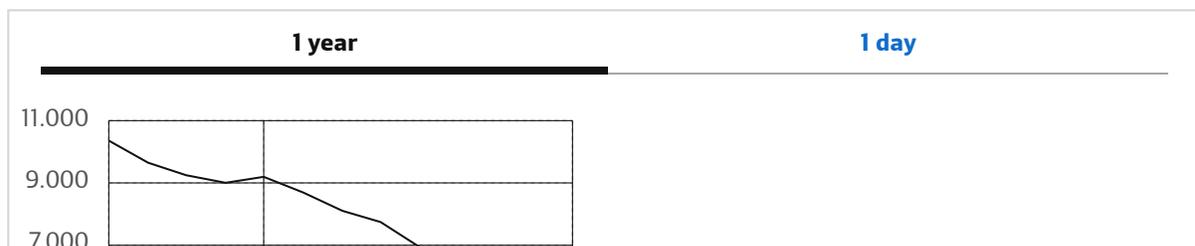
The class action is based on the Hayne royal commission's finding of possible contravention of trustee duties under the ASIC Act.

The action will allege IOOF was aware its conduct would have significant legal and regulatory risks, and between May 2015 and December 2018 it breached its continuous disclosure obligations to shareholders and engaged in misleading or deceptive conduct.

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Mr Scattini said the banking royal commission had revealed a number of issues with IOOF's management of super funds.

"When ordered to compensate their superannuation customers, IOOF did so with their superannuation customers' own money," he said.

"They should have known that was going to draw the ire of the regulator."

Mr Scattini said IOOF had failed to inform the market about its troubled relationship with the Australian Prudential Regulation Authority, and when the issue was exposed in the royal commission, it failed to address the regulator's concerns.

"They should have revealed to the market they were under investigation by APRA. It was dragged out in the royal commission and even then they refused to do the right thing and APRA came down hard on it," he said. "No wonder the market reacted with shock."

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