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Investors hit IOOF with class action

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Embattled wealth manager IOOF has been slapped with a class action alleging it failed to tell shareholders about the Australian Prudential Regulation Authority's concerns over possible breaches of superannuation laws.

Sydney law firm Quinn Emanuel, backed by litigation funder Regency Group, yesterday filed a suit in the Supreme Court of NSW, on behalf of shareholders who had acquired an interest in IOOF's shares between May 27, 2015 and August 9, 2018.

It cited evidence heard during the financial services royal commission that IOOF subsidiaries allegedly breached their trustee duties, and that directors and officers knew about it. The group was heavily criticised at the royal commission, including for keeping handwritten board minutes and charging fees where no services were provided or for charging dead people's accounts.

On December 7 last year, APRA moved to disqualify IOOF's top brass and impose new

licence conditions for the group, saying it had concerns dating back to 2015 and IOOF had consistently failed to address them.

IOOF shares lost more than 35 per cent on the day the APRA action was made public, plunging from \$7.17 to \$4.60. They have since failed to regain their prior highs, closing yesterday at \$6.59.

The class action will claim the company engaged in misleading and deceptive conduct, causing shareholders to overpay for the group's shares.

Managing director Christopher Kelaher and chairman George Venardos went on leave in December following the APRA allegations.

In a brief statement to the sharemarket yesterday, IOOF acknowledged the class action and said it would defend the allegations. "This class action claim against IOOF is speculative and without foundation," the group said. "IOOF takes its continuous disclosure obligations seriously. It does not engage in misleading or deceptive conduct."

The APRA proceedings are also being defended by IOOF.