Westpac Board Guilty Of Fees For No Service

Summary:
It was a very angry group of shareholders that pointed out the Westpac boards gross shortcomings at the 2019 AGM. Nothing like this has been seen since the Foreign Currency Loan / Westpac letters scandal in the early '90s. The bank's lawyers were up to their necks in crooked and unethical conduct then and as far as we can see bank lawyers feel they can get away with anything even now.

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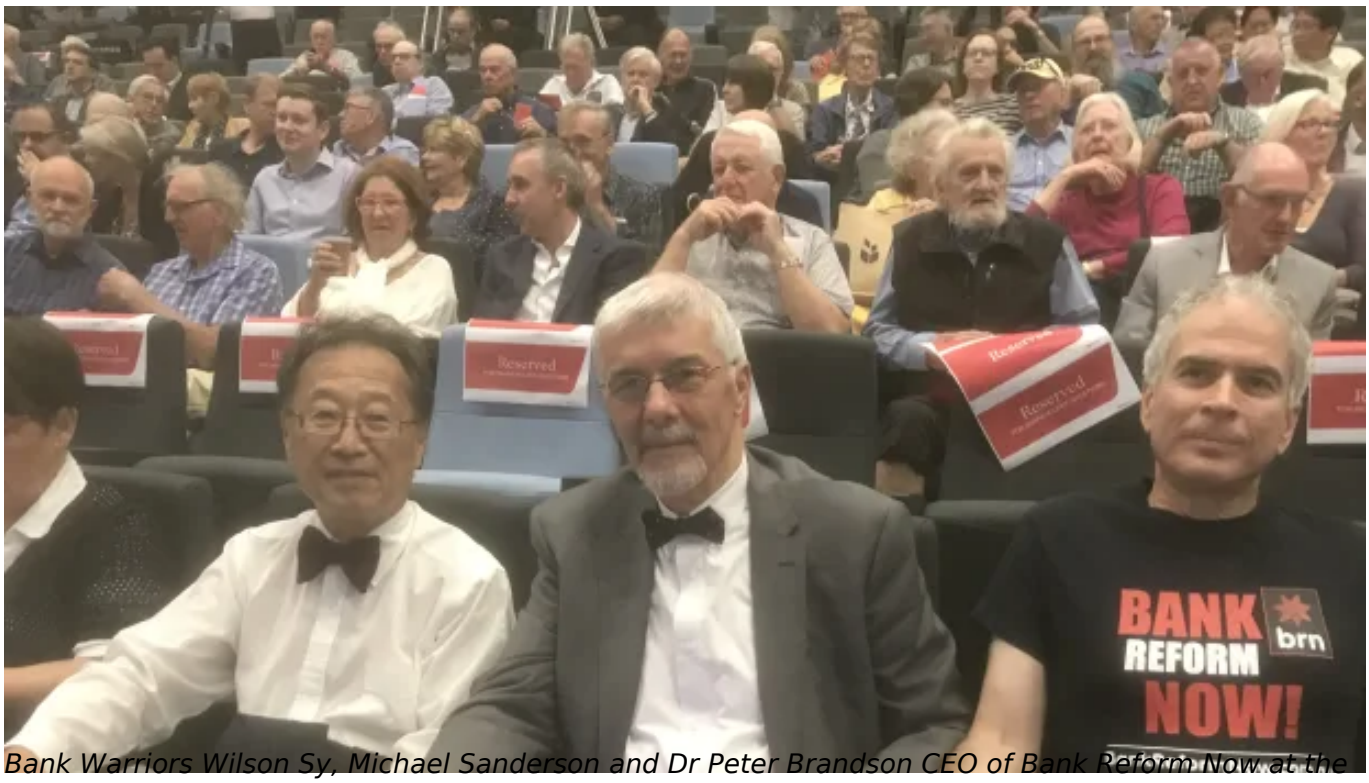
Westpac AGM – 12.12.19 – from AFR Live Coverage



Bank Warriors Wilson Sy, Michael Sanderson and Dr Peter Brandson CEO of Bank Reform Now at the Westpac AGM – 12.12.19.

am Live update 3

Big Four consultancies under the microscope

Peter Brandson, founder Bank Reform Now, is on his feet.

He's in his trademark black T-Shirt. Dr Brandson is a regular attendee at the bank CEO hearings at Parliament House.

He is targeting KPMG, saying Westpac has a close relationship with the firm (Maxsted used to work there; Westpac's auditor is PwC). He points out KPMG was an auditor of HSBC and Standard Chartered which also had money laundering issues. He then declares Westpac's "board does not deserve to continue in its current form. At best those serving are incompetent or negligent. At worst complicit and culpable" over the AUSTRAC matter. Again there is applause.

"Microphone 3," says Maxsted, backpedalling.

am Live update 2

Bank Warriors' claim the mic in AUSTRAC Q&A

The audit report and financial report are pushed through without questions or contention from the floor.

Maxsted is back and he opens a special Q&A session to the audience, while again stressing he "doesn't have all the answers."

Activist investor Craig Caulfield begins. He is a founder of the bowtie-wearing whistleblower and victims support group Bank Warriors that emerged during the Hayne royal commission.

Bank Warriors were seen in the stands during the royal commission and there are some here today.

He asks about the appointment of Promontory Group and whether the referee is "unimpeachable."

"Promontory have been chosen because they are global experts on financial crime," Maxsted explains.

He said the board hopes to get a "statement of facts" out of the Promontory review, and that it may show accountability for the issues raised by AUSTRAC at the management and executive level.

9.44am – Live update 1

No sign of protesters yet

It's 20 minutes before kick-off at the Westpac AGM, and a long line of shareholders are registering at a 20 person-long desk at the ground floor of the International Convention Centre In Sydney.

Shareholders are arriving amid a big graduation ceremony for the Holmes Institute; dress code, academic gowns and Oxford caps.

The retirees are looking relatively dour.

There are no signs of protesters yet, although commercial television crews stand ready.

However, several groups of retirees are discussing their questions from the floor. The bank's lending to major gas projects appears to be a popular topic.

Members of the Citizens Party (the new name for the Citizens Electoral Council) are handing out flyers to shareholders arriving pointing to Westpac's anti-money laundering case and chairman Lindsay Maxsted's ties to KPMG, where he was a long-time partner.

There are at least five airport-style security scanners ready to check entrants.

Out the front of the ICC, there is a large Christmas ball installation in which you can walk through and see yourself reflected in dozens of broken pieces.

It might be advisable that the board not walk through this piece of art on their way into the venue.

James Eyers (AFR) - Note from BRN – minor typos and omissions corrected

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Complete list of questions and comments put to the board by BRN CEO Dr Brandson

1. Given the board has three ex-KPMG people in senior positions, and given KPMG's unfortunate connection to the HSBC and Standard Chartered money laundering scandals - being the auditor of those banks that should have detected the crimes being committed. It really seems strange – maybe even inexplicable - that this Westpac board was not alert to money laundering issues in its own operations.

Is the board aware that Bob Katter introduced a Bill in Parliament last week to direct the Auditor-General to audit Westpac and the other major banks, in place of PwC and the other Big Four global accounting firms?

The bill requires the audit to investigate derivatives, internal risk models, the market value of mortgage collateral, and provisions for bad debts – would Westpac be comfortable with a thorough government audit of these areas?

2. Was the failure of Westpac to report 23 million International Funds Transfer Instructions, suspicious matters and threshold transactions, going back to 2009 –

a) compliance oversight? Or

b) was it a flaw in the regulatory system which is over-dependent on self-reporting without sufficient urgency or prompting by the regulators?

The board is supposed to be skilled and professional

The board has duties and responsibilities

The board has overseen a massive loss of shareholder value

This board does not deserve to continue in its current form. At best those serving are incompetent or negligent. At worst complicit and culpable.

3. Does Westpac sell hybrid securities known as bail-in bonds to retail investors?

If so, do you promote their risks as prominently as you promote their rewards?

Their rewards are that they are high interest, but do you reveal as prominently that they will convert into far less valuable shares if the bank gets into trouble similar to that which it experienced in 2008?

4. If there is evidence a Bank licensee was involved in practices whereby it obtained a profit unlawfully or caused a customer to lose money dishonestly will it report the conduct to federal police including the provision of documents the police would need to prosecute that person?

Westpac cops second strike on pay but shareholders decline to spill 'incompetent' board

By ABC - business reporter David Chau - 12.12.19



Photo: Westpac chairman Lindsay Maxsted answers questions from angry shareholders. (ABC News: John Gunn)

Westpac's shareholders have delivered a second strike to the bank at its annual general meeting, forcing a board spill motion, but the directors survived with that spill rejected by more than 90 per cent of votes cast.

Westpac's board is fronting shareholders for the first time since it was charged with breaching anti-money laundering laws 23 million times and inadvertently facilitating payments for child sex abuse.

One particularly angry shareholder, former Labor senator Chris Schacht, stole the show by berating Westpac's board in front of all the attendees.

"I cannot think of anything on human rights, except for murder, that is worse," he said.

"How the hell did this go on for five years? AUSTRAC warned you last year, and the year before."

Other investors in the room were also outspoken in their anger.

"This board does not deserve to continue in its current form," said Dr Peter Brandson, the head of activist group Bank Reform Now.

“At best, those serving are incompetent or negligent ... at worst complicit and culpable."

All directors up for re-election at the meeting have survived individual votes on their positions, although Peter Marriott recorded only a 58 per cent vote in favour, which is extremely low when most directors of ASX 200 companies generally get votes in favour of 90 per cent or more.

However, Westpac failed to avoid a "second strike" on its executive remuneration report, with 35 per cent of shareholders voting against, above the 25 per cent quota for a "strike".

Shareholders voted overwhelmingly for a "first strike" at last year's AGM, with around two-thirds voting against how much Westpac executives were getting paid in light of the "fee for no service" scandal uncovered at the banking royal commission.

The second strike meant a motion was moved to spill the board although a spill was averted as Westpac managed to secure the backing of major investors, like the Australian Council of Superannuation Investors (ACSI), with 91 per cent of votes cast against sacking the entire board.

'We are deeply sorry'

Chairman Lindsay Maxsted — who was pressured to bring forward his retirement — kicked off the AGM with an apologetic tone.

"The board is deeply distressed ... we are devastated that anyone may have been exposed to harm," he said.

VIDEO - https://www.abc.net.au/news/2019-12-12/westpac-shareholder-shreds-leader...

"We are deeply sorry ... you believe in this company and we let you down."

The chairman said the board has taken a 20 per cent pay cut, and reduced "some" short-term bonuses to zero.

He also promised "more will be done" to make sure a crisis like this does not happen again.

However, Mr Maxsted did not provide substantial updates about the financial crime regulator's

(AUSTRAC) lawsuit against Westpac.

"As legal proceedings are ongoing, we don't yet have all the answers."

One shareholder called out: "You are proving your incompetence every time you open your mouth!"

This was one of several instances where Westpac's board was heckled — to the rapturous applause of other audience members.

The allegations that Westpac may have facilitated money laundering to such a scale also led to the forced resignation of its chief executive Brian Hartzer — with a $2.7 million payout, but no bonus.

His replacement, acting CEO Peter King, also addressed shareholders and said he was "personally devastated" by the allegations.

Mr King pledged to work with child welfare experts to help avoid the "terrible impact of child exploitation".

By 12:25pm (AEDT), Westpac's share price was down 0.9 per cent to $24.17 — and has plummeted by almost 20 per cent since late-September.

David Chau (ABC)

Video Highlights of Bank Warriors Questioning the Board

1. Craig Caulfield #BankWarriors - Promontory concerns re AUSTRAC
https://youtu.be/sGOTeVUbWTI

2. Dr Peter Brandson #BankWarriors - 3 Directors ex KPMG
https://youtu.be/xL9Blp431Rk

3. Phillip Sweeney #BankWarriors - Accountability
https://youtu.be/CZUbvQj97xg

4. Rita Mazalevskis #BankWarriors - Westpac/APRA meeting
https://youtu.be/ODNRM-_Tm7I

5. Michael Sanderson #BankWarriors - Shareholder Expenses
https://youtu.be/U-07vkxqsTI

6. Rita Mazalevskis #BankWarriors - Board Skills & Experience
https://youtu.be/ePiDN43ibvM

7. Phillip Sweeney #BankWarriors - Westpac NY Stock Exchange
https://youtu.be/n48odOlgr10

8. Rita Mazalevskis #BankWarriors - Westpac Assigned Loans & Victims
https://youtu.be/VH7DrYJIyLc

9. Dr Peter Brandson #BankWarriors - Westpac Hybrid Securities & Risks
https://youtu.be/gq8fTaWs30Y

10. Phillip Sweeney #BankWarriors - Westpac Super Funds
https://youtu.be/nVoe2nD35-s

11. Craig Caulfield #BankWarriors - Overview & Sandwiches anyone?

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https://youtu.be/9yYif-rarOk

More 2019 Westpac AGM Commentary at links below. Featuring journalists - Joyce Moullakis and Richard Gluyas from the Australian

Related Links: Westpac Didn't Learn From CBA Scandal
Sorry - Talk Is Cheap

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