



Date 12 September 2024

Statement on outcome of referral of former ASIC Deputy Chair Ms Karen Chester

Introduction

This statement relates to a referral received by the National Anti-Corruption Commission (the Commission) about former Australian Securities and Investment Commission (ASIC) Deputy Chair, Ms Karen Chester.

The Commission is conscious of the desirability of clearing the air and protecting against unfair damage to reputations when the fact that a referral has been made about a person has been publicised, and the Commission decides not to investigate it. In that situation, the views of the person affected need to be considered. Where the person affected supports the Commission making a public statement that it has decided not to investigate a publicised referral, the Commission will be inclined to do so.

Background

On 2 August 2023, the Commission received a voluntary referral from a member of the public under section 32 of the *National Anti-Corruption Commission Act 2022* (Cth) (NACC Act).

The alleged conduct reported to the Commission was that the then-Deputy Chair of ASIC, Ms Karen Chester, shared market-sensitive information with Mr John Hempton via an encrypted messaging application. It was claimed this conduct resulted in unfair market advantages and undue financial benefits to some companies and individuals, while also resulting in losses for others. The referral also alleged that Ms Chester acted improperly by deleting the messages.

Media reporting

The Commission is aware of media reporting in early February 2024 of the above referral with reference to documents released by the Commission as a result of an FOI application by the original referrer. This included suggestion or speculation that Ms Chester was being investigated by the Commission.

At that time Ms Chester was not being investigated by the Commission. Ms Chester has never been the subject of a corruption investigation by the Commission.

Preliminary investigation

Under section 42 of the NACC Act, the Commission has the power to conduct preliminary investigations to confirm the existence – or not – of a corruption issue capable of being investigated by the Commission.

The Commission commenced a preliminary investigation regarding the above referral. The Commission, exercising its preliminary investigative powers, requested and received extensive information from various sources relating to the conduct alleged in the referral.

The Commission's review of this material, which included the available records of phone and email communications and messages between Mr Hempton and Ms Chester during the relevant period, did not uncover any evidence that Ms Chester shared market-sensitive information, or any other official or sensitive information, with Mr Hempton. In addition, there was no evidence that Ms Chester has improperly deleted messages or other official records.

Decision

The Commission decided that the evidence reviewed did not confirm the existence of a corruption issue and that no further action would be taken in relation to the above referral.

No findings have been made by the Commission in relation to Ms Chester or Mr Hempton.

The Commission will not be making any further comment following this statement.