

Stephen Gay,
AIFA,
Austin Friars House,
2-6 Austin Friars,
London,
EC2N 2HD.

10th March, 2011.

Dear Mr. Gay,

TSC submission

I am writing to acknowledge your recent undated letter. This response is in a personal capacity because it relates to an issue between AIFA and me which need not involve Creative Benefit Solutions Ltd.

I must at the outset refute the substance of your complaint. I have not breached confidentiality either with my letter to Andrew Tyrie nor at any time in the past. I have also ensured I adhered to ethical business protocols and was very careful in the way I handled this matter not to abuse my position on the Working Group.

I wrote my letter after the Working Group had finished its work (to the limited extent it was allowed to by the way AIFA handled the matter) and your submission had been issued and therefore in the public domain. There is nothing in it which relates directly to the Working Groups discussions and if you disagree I must ask you to be more specific.

My letter to Andrew Tyrie contained information which I considered to be in the interests of the wider AIFA membership generally and a public interest matter. To the extent that I believed certain elements of your submission did not reflect the views of wider AIFA membership it would have been irresponsible for me to do nothing.

I also think I should place on record that from the outset I made a great deal of effort to speak to you personally about these matters. At the turn of the year I telephoned on four occasions and asked you to return my calls and even emailed you to this effect on the 31st December 2010 repeating my telephone number. You failed to do so and I do not think that in a long business life I have ever met such discourtesy. I wonder whether if we had been able to establish a better rapport we would find ourselves in this position today.

I agree that part of my letter relates to matters covered by emails with you but they were not confidential and I made my position and intentions quite clear.

My email of 18th January 2011 re-emphasised my view that the RDR or the commission ban did not have the support of the vast majority of your membership as your submission suggested. I asked you for evidence to the contrary and said I would take no further action if you were able to supply it.

In your email of the 19th January, 2011 you specifically refused to provide that evidence nor did you make any effort to speak to me to provide me with any reassurances to support your position.

In your email of the 19th January 2011 you also said “.....but the process in this organisation is if members are unhappy with AIFA’s policy they can elect different members to council”.

This is much like the arguments put forward by the old fashioned trade union barons in support of their actions but surely a responsible trade association has a duty to be certain it is properly representing the views of its’ wider membership. Without any evidence to the contrary, I believe you have failed to do that.

Since I did not write to Andrew Tyrie until after the deadline for submitting written evidence I had no reason to expect that it would be published as a TSC submission. If I had I would have marked it “for the TSC only and not for publication”. I copied nobody in but yourself and that was out of courtesy so that you were not caught unaware by it and able to prepare any response that you considered appropriate. You acknowledged receipt of that letter to Sally Webber on 20th January 2011 but did not indicate any issues with it at this time.

I think it is worthwhile looking at the background on how we have reached this unfortunate situation.

The TSC review of the RDR was announced on the 25th November 2010 with a final submission date for evidence of the 17th January 2011 – almost two months later. Notwithstanding that no attempt was made to convene a meeting of the RDR Working Group even though there was plenty of time. If the Working Group is to be ignored in this way, what is the point of having it?

The first draft report was circulated on the 23rd December 2010 and I immediately responded making it clear that I considered it to be very poor and potentially damaging. I pointed out there was still plenty of time to organise a meeting and received a wide level of support from within the Working Group for my views.

No attempt was made to arrange such a meeting and it was only as a result of continued pressure that AIFA finally agreed to a telephone conference which took place on the 10th January 2011 in a limited time frame. It was carefully managed by the Chairman so there was a very little time at the end to deal with the issue of remuneration. This is one of the major areas of concern and where I understand there is a strong divergence of views within the AIFA council, between the Working Group and wider AIFA membership.

It is interesting that following the conference call you said in your email to me of 11 January “The discussion yesterday was more productive than I had expected.....” This seems to be a strong indication of your view and attitude towards the working group.

The Working Group then received a copy of the final report without the opportunity to comment on a further draft. Had AIFA managed the time more properly from the date the TSC review was announced there should have been plenty of opportunity for greater involvement of the Group. This all leads me to believe that the AIFA management had its own agenda.

The final report varied very substantially from the original draft and was a significant improvement. I still felt it did not reflect the wider view of AIFA membership on the issues of remuneration on the RDR generally which lead to my intervention.

In my email to you of the 10th January, 2011 I specifically requested you avoided making statements that indicated support within the wider AIFA membership for the RDR. In your email to me of the 19th January, 2011 you said you had removed such references but that was certainly not the case. **Had you done so this dispute would not have occurred.**

I do not accept that to publicly disagree with AIFA’s position brings the association into disrespect. You have every opportunity to present your own case and I certainly did not “go “behind your back”. I believe your statement that I have behaved dishonourable is libellous and I certainly refuse to write to Barry Kayes in the way you suggest because I have not failed to adhere to ethical standards – in fact the opposite is the case.

Creative Benefits Solutions are immediately resigning from AIFA because they have lost all confidence in AIFA’s ability to reflect the views of its wider membership. I am also going to organise press publicity about the matter so that the entire AIFA membership can be made aware of the situation.

I have copied this letter to members of the Council as shown in AIFA’s last published accounts. I wish to place on record that I asked you to provide me with an updated schedule but you refused so I hold you responsible for any errors in the distribution..

Yours sincerely,

D.W.Johnstone.

c.c. Barry Kayes.

