

Press Release

Victims of Financial Fraud (VOFF Inc)

June 1st 2017

Closing the book on Australia's largest financial fraud sees unresolved issues rise up elsewhere.

VOFF's last press release¹ contrasted the difference between a fraud-investigation by the Australian Federal Police (AFP) versus The Australian Securities and Investments Commission (ASIC). The government said one year ago concerning the Trio Capital Limited (Trio) fraud, *"After careful and extensive consideration, the Minister for Small Business and Assistant Treasurer, Kelly O'Dwyer MP, has advised two groups of investors in the now collapsed Trio Capital, that the Government will not provide further compensation."*²

The government closed the book on the Trio fraud.

VOFF say the book cannot remain closed with unresolved issues.

The victims allege the Trio fraud cannot be closed without disclosing just what the government relied on to reach its decision that VOFF and the ARP Growth group are not compensable. Also it has not been disclosed what the government reviewed that enabled it to reach the decision that ASIC and The Australian Prudential Regulatory Authority (APRA), *"carried out their roles and responsibilities appropriately, in accordance with the law and the regulatory framework"*.³

VOFF do not accept the government's April 1st media release.⁴

VOFF has concerns whether ASIC, in contrast the AFP, had the appropriate skills and resources in criminal investigation and forensic accountancy to be in charge of the criminal investigation. How many examples of ASIC failings do VOFF need to provide before the government concedes that they got it wrong regarding the financial regulators carrying out their roles and responsibilities appropriately?

For example, some failings by ASIC in regards to the Trio fraud are:

- a) Details of company where ASIC subpoena 100,000 documents from Hong Kong that assist in the tax fraud case against the commonwealth were already on ASIC's database but ASIC failed to notice - mentioned in VOFF Press Release 21.05.2017.⁵
- b) Uncertainties over Paul Richard Bell and his aliases, Dr King and Frank Richard Bell.
- c) 2001 warnings about the unlicensed Millennium fund, naming Mr Richard, who in 2003 became the main operator of the Trio Capital Limited scheme.
- d) ASIC selectively provided evidence to the Parliamentary Joint Committee Inquiry into the collapse of Trio Capital Limited omitting vital information.
- e) Failed to question the directors of funds where \$70m disappeared.

¹ <http://www.mysuperrights.info/media-release-p3.php> dated May 21st 2017.

² Media Release Government decision on financial assistance relating to the collapse of Trio Capital 1 April 2016
<http://kmo.ministers.treasury.gov.au/media-release/032-2016/>

³ Ibid.

⁴ Ibid.

⁵ <http://www.mysuperrights.info/media-release-p3.php>

The Trio book is hardly closed while repercussions of unresolved issues rise elsewhere.

When Minister O'Dwyer closed the book on Trio she could not have known that ASIC's decision not to question Carl Meerveld, director of the Trio underlying Exploration Fund, is now causing problems for the residents of Guernsey. Guernsey is one of the Channel Islands and is a self-governing British Crown dependency. In early 2016 Mr Meerveld stood as a candidate for Deputy position for Saint Sampson, which is one of the parishes of Guernsey. The local residents became alarmed when they discovered via Google that Mr Meerveld had been a director of a fund connected with the Trio Capital fraud.

In Mr Meerveld's defence he obtained a letter from ASIC saying ASIC has no interest to question him. Mr Meerveld relied on ASIC's letter to continue running for Deputy. He is now a Deputy. The Guernsey Law Enforcement Chief Officer and the Guernsey Financial Services Commission became aware of the situation but they are powerless to act without evidence. Guernsey's predicament is the result of a political decision made in Australia, not to carry out a proper investigation of the fraudulent Trio Capital scheme.

In April 2016 the Liberal government provided a \$127.2m⁶ bolster to ASIC to better protect Australian consumers. Australians expect integrity and transparency of ASIC's role to protect Australian investments, including superannuation. ASIC need to make publicly available, what it did or did not do in licensing, regulating and governing Trio and its entities evidencing its actions to unresolved questions surrounding:

- Mr Meerveld's role in the Trio scheme where \$70m disappeared?
- Mr Meerveld's relationship with Jack Flader, past and present?
- Reason for decision not to question Mr Meerveld?
- the money trail?
- where did the \$194.5m of ordinary Australians hard-earned savings disappear to?

Because ASIC took no interest in supporting a thorough investigation or to question Mr Meerveld, the repercussions are now being felt on the other side of the world. The government's decision on the Trio fraud, vital information covered up by ASIC and misleading narrative about the fraud, is now potentially exposing the citizens of Guernsey to the risk of financial fraud.

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⁶ K. O'Dwyer MP Turnbull Government bolsters ASIC to protect Australian consumers 20 April 2016
<http://sjm.ministers.treasury.gov.au/media-release/042-2016/>