

**FLADER – LAUGHING ALL THE WAY TO THE BAHAMAS**  
**VOFF SLAMS ASIC AS INEFFECTUAL AND CALLS FOR A**  
**COMPLETE RESTRUCTURE OF ASIC**  
**MEDCRAFT MUST RESIGN**

The decision of ASIC to terminate its “investigation” into the role of Jack W Flader Jnr. into the Trio Capital fraud marks the end of an abysmal performance by the regulator in prosecuting its regulatory duties to protect the Australian financial system.

Flader was the Chairman of the Global Consultants and Services Group of Companies Limited, (GCSL) which he established in 2007 based in the weakly regulated jurisdiction of Hong Kong.

Flader and GCSL were critical links in the network of international hedge funds and investments that stole \$120 million dollars from the Astarra Strategic Fund.

- In November 2009 the US District Court in South Carolina. found that a stock-loan program involving the Jeeves Group and Flader had been a \$1US billion Ponzi scheme that ripped off investors and paid \$US100 million to its promoters. Bryan Jeeves and his son, Alexander, were named alongside Flader as "Racketeer influenced and corrupt organisations" defendants. The Jeeveses were ordered to pay \$157 million each after the court accepted evidence they had breached multiple laws by committing mail fraud, wire fraud, securities fraud and money laundering. In April last year the court finalised default judgments against the Jeeveses and companies they own, after they failed to file a defence.
- Astarra Strategic Fund and Australian hedge fund under the regulation of ASIC with funds managed by Flader and GCSL and on the advice of Charles Provini, the then CEO of the US based Paradigm Hedge Fund, owned at the time by Hunter Biden the son of Joe Biden, Vice-President of the United States, invested Australian's superannuation and investments in a stock-loan program in the United States in what appear to have been worthless stock.
- In 2011 in the NSW Supreme Court Justice Peter Garling described Flader as *“the architect and ultimate controller of the scheme”*

- In 2011 GCSL was sold to the Jeeves Group which appointed Flader as a “consultant”. GCSL continues to operate out of Liechtenstein.
- ASIC which has responsibility to regulate the shadow banking system failed completely to establish an effective intelligence strategy against GCSL, Flader and Provini in the period of 2007 to 2010. Only after approximately 123 million dollars of superannuant’s and investor’s money had been defrauded did ASIC move.
- ASIC then failed utterly to prosecute an effective investigation against GCSL, Flader, Provini, Paradigm and Biden.

The Executive of Victims of Financial Fraud meeting yesterday 30<sup>th</sup> October 2013 expressed its outrage at the complete failure of ASIC to investigate and prosecute the perpetrators of Australia’s worst superannuation fraud.

VOFF spokesperson Paul Matters said:

*“ASIC has been exposed by a sophisticated transnational financial fraud to have been completely incapable of protecting Australian superannuants and investors. ASIC simply couldn’t cope with a fraud that was structured across three jurisdictions. Extremely serious issues arise in regard to ASIC’s strategy against transnational fraud. ASIC appears to rely entirely on second and third party “gatekeepers” to maintain a protective structure around Australian off-shore investing. In an era of internationalised financing this strategy is completely ineffective and as the tragedy of the Astarra fraud shows an inadequate defence of Australian’s savings and investments.*

*The former Minister Bill Shorten bears primary responsibility for this disaster. He politicised the desperate plight of defrauded superannuant’s by discriminating against Self-Managed Funds for Industry Fund vested interests. Shorten failed to exercise any effective ministerial direction in regard to the investigation and prosecution of the perpetrators of the fraud. Bill Shorten was out of his depth in regard to complexities of the Australian superannuation system and failed in his duty to protect all Australian investors. ASIC under Greg Medcraft has acted a politicised arm of the Labor Party, pursued a financial advisor who at no time was involved in the fraud whilst letting the perpetrators off the hook. Greg Medcraft should resign. We call on new minister for superannuation Arthur Sinodinos to urgently establish a Ministerial Inquiry into the Astarra fraud. This is a now a scandal of ASIC’s inability to protect the Australian financial system.”*

Contact: Paul Matters (02) 42764441 m: 0450 089 628