

“Victims of Financial Fraud”
PRESS RELEASE 24th May 2012 (2)
Regarding: PJC Findings

The Victims of Financial Fraud" (VOFF) condemns Member of Parliament Ms Deb O'Neill's address to Parliament on Wednesday 16th May 2012 regarding the release of the Trio Capital PJC Report.

While VOFF welcomes recommendations to address the shortcomings of the regulatory framework that oversees Australian financial services and investments, the failure to be fair and balanced regarding full restitution to all affected investors is both disingenuous and grossly offensive.

The simple fact that the beneficiaries of the fraud were able to do so with apparent ease despite supposed oversight from APRA and ASIC, NAB and ANZ as trustees, Trio Directors, fund auditors and a number of fund research houses.

The Minister responsible, Bill Shorten has repeatedly made public claims that self managed and direct investors 'are swimming outside the flags' and are 'not in APRA regulated funds'. These comments were made continually despite the fact the PJC were still investigating this matter and were yet to publish their findings.

VOFF reaffirm it's stance that the Minister had already made up his mind and this has prejudiced the recommendations of the PJC Report.

VOFF also point out the inconsistent and contradictory comments by Minister Shorten on the ABC 7.30 program on Wednesday 16th May 2012, that has so far gone unchallenged in the media. Mr Shorten says that industry and retail funds are 'highly regulated', but 'self managed superannuation is not'. In the very next sentence he is highly critical of both APRA and ASIC for poor oversight of their responsibilities.

Mr Shorten - you can't have it both ways.

VOFF state the following comments that challenge the misleading statements by Mr Shorten and Ms O'Neill:

- APRA and ASIC provide licences and various approvals for funds such as Trio Capital to operate within the Australian financial and investment system. This should include thorough and regular checks that the fund set up and ongoing operation is strictly in accordance with APRA and ASIC regulatory requirements.
- Once these approvals are issued, industry, retail and self managed super funds and direct investors would consider it quite reasonable that APRA and ASIC have diligently, professionally and thoroughly carried out their fiduciary responsibilities. All of the above investor types were represented in investing in Trio Capital.
- There is no APRA or ASIC regulation or directive that states self managed super or direct investors were not able to invest in so called "APRA regulated funds".

- The ATO regulates self managed super funds to ensure compliance with taxation rules and obligations.

Mr Shorten - please inform us where the ATO carries out parallel licensing and approvals directly equivalent to APRA and ASIC that will then allow self managed super investors to invest in the likes of Trio Capital?

Further, we draw the Minister and the Federal Labor Government to the following statement of facts:

- Upon application and election to operate as a self managed super fund, APRA issues notification stating that the "self managed superannuation fund is now a regulated superannuation fund under the Superannuation Industry Act 1993."
 - APRA supposedly carried out five prudential checks between 2004 and 2009, and uncovered no trace of fraud.
 - When APRA eventually found irregularities with asset valuations, it saw fit to raise the risk rating of Trio Capitals various related funds, but failed to inform ASIC for several months.
 - Investors were not aware of problems until John Hampton raised concerns to ASIC and the funds were then frozen. However by then, the horse had bolted, along with our money.

This Government is hiding behind Section 23 of Superannuation Industry Act 1993 in failing to compensate self managed and direct investors.

The various Trio Capital funds were rated as defensive type investments, and thus considered by professional advisors to retail, industry and self managed investors as appropriate at that time.

Any well intentioned investor, given that advice, it was at that time not unreasonable to assume that APRA, ASIC, NAB, ANZ, KPMG, WHK, the board of directors, and four research houses had done their job properly and thoroughly.

Why would there be a need for additional insurance in the event of fraud if these so called reputable institutions and organisations coupled with a so called effective financial and investment regulatory framework had each done their job properly and thoroughly.

The Rudd / Gillard Governments, and especially the responsible Minister Bill Shorten have problems distinguishing between right and wrong.

You are therefore thoroughly and roundly condemned for your cowardice and failure to act and govern for all Australian investors. Instead it is clear and apparent this is by stealth a grubby means for the Labor Government to build membership in union backed industry superannuation funds.

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