

Open Letter

14 October 2021

Hon. Senator Jane Hume
Minister for Superannuation,
Financial Services and the Digital Economy
The Australian Securities and Investments Commission
Chair Joseph Longo

Unresolved issues surrounding the Trio Capital crime

Dear Senator Hume and Mr Longo,

The Victims of Financial Fraud (VOFF) write to contest the industry centric control of the Australian financial system. Not only was the Banking Royal Commission's well-intended Compensation Scheme of Last Resort quashed but the overused term of the 'buyer beware' has regained popularity. Both devices deny financial crimes and avoid accountability, responsibility or the need for redress.

The Trio Capital fraud is an example that highlights how the government's withholding of knowledge about risks undermines the consumer's due diligence in making an informed decision. The Trio consumers [prior to the discovery of the Trio fraud] were not informed about:

- weaknesses in legislation governing the financial system.
- regulators not actively looking for fraudulent conduct or money laundering.
- ASIC and APRA do not carry out background checks of company holders.
- regulators don't check whether compliance is met - they rely on self-reporting by the industry.

The industry centric governance of the financial system does not recognise regulatory failure by the Australian Prudential Regulation Authority (APRA) and The Australian Securities and Investments Commission (ASIC) or systemic issues, or failed policy and regulation. The system is designed to make it easier to blame consumers with 'buyer beware'.

Consumers in the Astarra Strategic Fund (ASF), licensed by ASIC and prudentially reviewed by APRA, followed the laws and regulations but fraudsters exploited weaknesses in the system. The first indication that there might be a problem with Trio was because of its link to the United States Paradigm Global firm based in New York. It was Mr John Hempton [Chief Investment Officer of Bronte Capital] who in 2010, due to his knowledge of the Paradigm firm's history and association with scams led him to inform ASIC of his suspicions.¹

Paradigm was owned and operated by James Biden [Joe Biden's younger brother], and Hunter Biden [Joe Biden's son]. Its connection with Trio was through Absolute Alpha [the investment manager of the Astarra Strategic Fund]. After Mr Hempton presented his concerns, there is no evidence that ASIC followed up the connection between Trio and Paradigm or informed the NSW Police Force of potential money laundering by the family of the then Vice President of the United States.

The history of Paradigm and Hunter Biden's alleged money laundering has similarities to the history of the Trio Capital scheme. Canadian citizen Shawn Richard, while on a tourist visa in Australia, managed the ASIC licensed and

¹ John Hempton Bronte Capital January 2, 2010
<http://brontecapital.blogspot.com/search?q=trio>

APRA regulated Astarra Strategic Fund. He met with Hunter Biden a couple of times in New York and according to Trio staff, when back in Australia, he and Hunter phoned and emailed each other often.

Why the very lead that sparked Mr Hempton's suspicions was not investigated remains an unresolved issue. Why Paradigm was of no interest to the regulators was not revealed. The lack of transparency around Trio, has left many secrets hidden from public view.

A short history of Hunter Biden and Paradigm Global:

2006 - James Biden and Hunter Biden purchased the Paradigm firm.

2007 - Paradigm invested \$500 million of its clients' money in hedge funds.²

2007 - Supreme Court of the State of New York County of New York lawsuit between Anthony Lotito v Hunter and James Biden and Paradigm. Lotito was James's former business partner. The lawsuit accused Hunter and James of irregularities in their deal to buy Paradigm.³

2002 - 2008 - Supreme Court of the State of New York County of New York lawsuit between Siephane Farouze and Paradigm v James and Hunter Biden. Farouze was global head of fund derivatives for the Deutsche Bank. He sued James and Hunter after agreeing to buy his membership interests in Paradigm then they allegedly defrauded him.⁴

2007 - 2008 - Paradigm shared its office with Ponta Negra, a firm that was found to have presented false data to achieve disgorgement of ill-gotten gains.⁵ & ⁶ No one is suggesting guilt by association. Paradigm had also operated with Stanford Capital Management, a firm owned by Allen Stanford.

2009 - Hunter founded and was Managing Director of the investment fund Rosemont Capital. It was linked to:

- Rosemont Seneca Technology Partners (RSTP) [an investment firm];
- Metabiota [to build resilience to epidemics and protect global public];
- EcoHealth Alliance [solutions that promote conservation and prevents pandemics] and
- Wuhan Institute of Virology [gain of function research into COVID-19].⁷ & Ref.

Whether the link was through Paradigm or Hunter independently is unconfirmed because *In 2010 James and Hunter liquidated Paradigm and returned money to the investors.*⁸ The Trio victims were not notified or did they receive money or an accurate account of Astarra / Paradigm's transactions.

2012 - Stanford was convicted of an \$8 billion Ponzi scheme - one of the largest in US history. One of the most notorious men in the history of financial fraud - named along with the hedge fund belonging at the time to members of the then Vice President's family.⁹ & ¹⁰

2014 - Hunter and his business partner Devon Archer while in Ukraine joined the board of Burisma. Burisma is a holding company for a group of energy exploration and production companies, owned by politician and a Ukrainian

² Jenny Strasburg and Jesse Westbrook, Hunter Biden, Senator's Son, Leaves Hedge Fund Job Jan 18, 2007

<https://cmkxunitedforum.proboards.com/thread/7845/hunter-biden-senators-leaves-hedge>

³ Reuters Staff, Fund manager sues son and brother of U.S. Senator Biden 7 Aug 2008

<https://www.reuters.com/article/us-deutschebank-bidenidUSN0644245920080806>

⁴ Ibid.

⁵ Stewart Washington - Astarra, rogue broker shared address Jan 5 2010

<http://www.smh.com.au/business/astarra-rogue-broker-shared-address-20100104-lq72.html#ixzz3h4HcS2Gv>

⁶ US SEC Litigation Release, dated 27 April 2009

⁷ Natalie Winters Hunter Biden Invested In A Pandemic Firm Collaborating With Daszak's EcoHealth and The Wuhan Lab June 28, 2021

<https://thenationalpulse.com/exclusive/hunter-biden-invested-in-ecohealth-wuhan-partner/>

Ref. June 2015 Marlin & Associates Hit Market Update (An example in 2015, Metabiota raised \$30 million in 'Series A' funding led by RSTP) p4

⁸ Sharri Markson Fauci was 'up to his neck' funding coronavirus research in Wuhan 19 Sept 2021

<https://www.skynews.com.au/opinion/sharri-markson/fauci-was-up-to-his-neck-funding-coronavirus-research-in-wuhan/video/e6cd6ab64aa984a2142ee04c58427744>

⁹ Biden Inc. By Jewish December 11, 2020

<https://thejewishlink.com/biden-inc/>

¹⁰ Ben Schreckinger Biden Inc. August 02, 2019

<https://www.politico.com/magazine/story/2019/08/02/joe-biden-investigation-hunter-brother-hedge-fund-money-2020-campaign-227407/>

oligarch Mykola Zlochevsky. Over the course of the next several years, Hunter Biden and Devon Archer were paid millions of dollars from a corrupt Ukrainian oligarch for their participation on the board.¹¹

2016 - Devon Archer, and five others were arrested and criminally charged for running a scheme to defraud investors and a tribal entity of millions of dollars.¹²

2019 - The US District Court for the Eastern District of Tennessee lawsuit between Diverse Medical Management v James Biden (one of the defendants).

2020 - James and Hunter are currently under investigation by FBI over tax affairs, business dealings in China and Ukraine and alleged money laundering.¹³

2020 - Hunter's laptop has a record of international business ventures and financial records. The large number of wire transfers, some with traceable addresses, *appear to be mostly anonymous shell companies run out of lawyers' offices, with no employees and fuzzy public paper trails. There is no way to tell if the money was legal consulting fees or illegal money laundering and tax fraud. But it all smells bad: multi-million dollar transfers to LLCs without employees, residences used as multiple business addresses, legal tricks from Cyprus and the British Virgin Islands ...*¹⁴

2020 - *'The United States Department of the Treasury records ... show potential criminal activity relating to transactions among and between Hunter Biden, his family, and his associates with Ukrainian, Russian, Kazakh and Chinese nationals. In particular, these documents show that Hunter Biden received millions of dollars from foreign sources as a result of business relationships that he built during the period when his father was vice president of the United States and after.' ... '... the documents acquired by the Committees also shed light on a much broader array of questionable financial transactions involving Hunter Biden, other members of the Biden family, and their associations with foreign nationals. These foreign nationals have questionable backgrounds that have been identified as being consistent with a range of criminal activities, including but not limited to organized prostitution and/or human trafficking, money laundering, fraud, and embezzlement.'*¹⁵

2020 - the Hunter Biden laptop material was regarded as fake and dismissed as Russian disinformation, now in 2021 it's acknowledged as genuine. POLITICO correspondent Ben Schreckinger (based in Virginia) confirms the material in an interview with Andrew Bolt on 23 September 2021.

Bolt - *The emails found on Hunter Biden's laptop threaten to kill the Joe Biden election campaign. Because they showed Hunter Biden not just using drugs but using allegedly his father's position as Vice-President to land contracts with Chinese companies. Allegedly hitching a ride with his father and cutting him in on the deal. ... More than 50 intelligent officers including the head of the CIA wrote a joint letter falsely claiming that this laptop was Russian disinformation and the media swallowed it. ...*

In one of the presidential debates, a moderator tried to stop Donald Trump from talking about this issue while Biden simply laughed.

¹¹ Hunter Biden, Burisma, and Corruption: The Impact on U.S. Government Policy and Related Concerns, U.S. Senate Committee on Homeland Security and Governmental Affairs, U.S. Senate Committee on Finance Majority Staff Report [18 Sept 2020] Page 3

¹² Ibid Page 68 Ref. Press Release, U.S. Dep't of Just., Seven Defendants Charged In Manhattan Federal Court With Defrauding A Native American Tribe And Investors Of Over \$60 Million (May 11, 2016),

<https://www.justice.gov/usao-sdny/pr/seven-defendants-charged-manhattan-federal-court-defrauding-native-american-tribe-and>.

¹³ Fionnuala O'Leary, JOE'S WOE Joe Biden's brother James 'caught up in FBI investigation into hospital business' 10 Dec 2020

<https://www.the-sun.com/news/1949645/joe-biden-brother-fbi-investigation-hospital-business-hunter/>

¹⁴ PETER VAN BUREN Hunter Biden's Guilty Laptop 31 DEC 2020

<https://www.theamericanconservative.com/articles/hunter-bidens-guilty-laptop/>

¹⁵ Hunter Biden, Burisma, and Corruption: The Impact on U.S. Government Policy and Related Concerns, U.S. Senate Committee on Homeland Security and Governmental Affairs, U.S. Senate Committee on Finance Majority Staff Report [18 Sept 2020] Page 65 Ref. There is extensive public reporting concerning Hunter Biden's alleged involvement with prostitution services. Records on file with the Committees do not directly confirm or refute these individual reports. However, they do confirm that Hunter Biden sent thousands of dollars to individuals who have either: 1) been involved in transactions consistent with possible human trafficking; 2) an association with the adult entertainment industry; or 3) potential association with prostitution. Some recipients of those funds are Ukrainian and Russian citizens. The records note that it is a documented fact that Hunter Biden has sent funds to non- resident alien women in the United States who are citizens of Russia and Ukraine and who have subsequently wired funds they have received from Hunter Biden to individuals located in Russia and Ukraine. The records also note that some of these transactions are linked to what "appears to be an Eastern European prostitution or human trafficking ring."

Bolt - *whether the ditching of the story at a time when it could have made a difference to the election?*

Schreckinger - *I can't speculate on counterfactual, it was a hot topic, Donald Trump wanted people to pay attention to it, Joe Biden did not want people paying attention to it and Joe Biden ended up winning that election.*

Bolt - *it was Politico last year that reported the laptop story was Russian disinformation Don't you find it rather frightening that Politico and others contributed to fake news to what is a genuine story?*

Schreckinger - *Politico relayed the analysis of intelligent officials, I think they are ultimately responsible, for the conclusion that they reached. We don't know for sure how this information leaked out. What I can say is that some of these files are genuine, I found corroboration including a couple of the emails that were at the centre of last years controversy.¹⁶*

The emails allegedly show that Hunter sold access to the Vice President, to countries that the United States don't consider friendly including Hunter's demand in 2015 for \$2 million annually in fees to help unfreeze £30 billion in Libyan government assets. The Obama presidency, when Joe Biden was Vice President had initially blocked the assets.¹⁷

The White House had to Act on account of Hunter business affairs.

2014 the White House said when Burisma announced that Hunter had joined its board, "*Hunter Biden and other members of the Biden family are obviously private citizens, and where they work does not reflect an endorsement by the administration or by the vice-president or president.*"¹⁸

2021 (early) President Joe Biden banned investment in nearly 60 firms due to close ties to the Chinese Communist Party military operations and human rights abuses. Among the companies included in the ban are entities that have enjoyed millions of dollars in investment from Hunter Biden and Bill Gates.¹⁹

2021 (Sept) the White House had to issue an Ethics Agreement to the gallery where an exhibition of Hunter Biden's artwork was held. The agreement is meant to prevent influence peddling - the idea that buyers will purchase the art to curry favour with the president, by paying exorbitant prices for Hunter Biden's art and thus creating an ethics minefield for the White House. His works cost \$75,000 for works on paper and \$500,000 for a painting. The art market is largely unregulated where dirty money is used to purchase art and sold for laundered legitimate assets.²⁰

The handling of the crime that siphoned nearly \$200 million from ordinary Australians, blamed consumers with buyer beware, didn't disclose systemic issues, and covered up evidence of the crime to preserve the industry's image. Despite blaming consumers, numerous legislations changes were made. The handling the Trio Capital crime reeks of inaccuracy and dishonesty, a disregard for the rule of law and to dismiss fair and just redress.

As far as VOFF is concerned, the elephant in the room of this sorry saga is why Industry and Retail funds were given Compensation and Self Managed Super Funds were not.

According to the decision to compensate, the SIS Act states that if a fraud has been perpetrated in an APRA-regulated fund, as was Astarra Strategic, then compensation is paid, which it was to Retail and Industry funds so, why were SMSF's deemed to have followed bad advice, same fraud different outcome?

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¹⁶ The Bolt Report, Ben Schreckinger - Politico National Political Correspondent confirms Biden laptop material Sep 23, 2021
<https://www.youtube.com/watch?v=5eENnCqCyiU>

¹⁷ The New Arab Staff, Biden's son reportedly requested \$2m to free Libya assets 25 September 2021
<https://english.alaraby.co.uk/news/bidens-son-reportedly-requested-2m-free-libya-assets>

¹⁸ Lloyd Green Liberal Privilege review: Donald Trump Jr, Maga porn – and the future of the Republican party 1 Nov 2020
<https://www.theguardian.com/us-news/2020/nov/01/liberal-privilege-review-donald-trump-jr-maga-republican-party>

¹⁹ Natalie Winters, Joe Biden Just Banned Investment In CCP Military Firms His Son Hunter Profited From. June 5, 2021
<https://thenationalpulse.com/exclusive/biden-bans-investment-in-hunter-gates-business-partners/>

²⁰ Casey Michel, The Emerging Artistry of Hunter Biden 22 Sept 2021
<https://www.theatlantic.com/ideas/archive/2021/09/hunter-bidens-art-show-is-a-window-into-a-very-murky-world/620154/>