

Open Letter to the Australian Parliament

Subject: Failure to handle concerns about financial crimes.

13 June 2023

Dear Committee,

The Victims of Financial Fraud (VOFF) claim that the harm caused by financial crimes is perpetuated when the Government and The Australian Securities and Investments Commission (ASIC) use deception to avoid revealing regulatory weaknesses or policy failures. The handling of the Trio Capital fraud is a classic example of deception such as misdirecting blame at financial advice rather than at dangerous products, the unlawful use of caveat emptor against victims of fraud, and the politicization of a crime.

Victims of financial crimes rely on accurate information and transparency to seek justice, recover their losses, and prevent future victimization. However, the regulatory failure in the Trio fraud was covered up. ASIC's opaque handling of the Trio fraud relied on deception that was biased towards helping the criminals but not the victims. From the ashes of that sacrifice rose ASIC's false narrative about the Trio fraud. No one dare contest the official false narrative. VOFF's concerns, despite being based on new information were (and continue to be) ignored. New information presented directly to ASIC was ignored. ASIC reminded VOFF the case is closed and further communication is also closed.

Australians can submit a submission to Government inquiries to express concern. Such an opportunity is the inquiry into *the capacity and capability of ASIC to undertake proportionate investigation and enforcement action arising from reports of alleged misconduct*. The inquiry gives Australians a voice so they can warn others about being let down and hurt by ASIC's failure to handle misconduct. However the Committee has refused to publish VOFF's submission. No explanation was given.

VOFF perceives that regulatory weaknesses and legal loopholes are being protected from further scrutiny so that confidence in the financial sector is not impacted. Indication of ASIC's weaknesses and being behind the 8-ball in regards to handling misconduct can be seen in statements by the former ASIC's Chair Greg Medcraft.

- *disclosure doesn't work, in many cases", that auditing often does more to hide corruption than expose it, and that "we can't have cops on every street corner.* (2013)

- *Australia is a paradise for white-collar crime.* (2014)

- *Australia is due for an Enron style corporate collapse if the accounting firms Deloitte, KPMG, PWC and Ernst and Young don't improve their auditing standards.* (2017)

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, found evidence of ASIC's failures to identify the culprits, recover stolen assets, and implement preventive measures. ASIC's failures are an example of the misallocation of resources and delays in addressing the root causes of financial crimes. It is crucial to promote open and honest conversations about financial crime to ensure the best possible outcomes for victims and society as a whole.

Kenneth Hayne recognized that ASIC's failure to enforce the law has left thousands of Australians harmed by wrongdoing and the victims were left with no recourse. He recommended the Compensation Scheme of Last Resort. Was it deception that scrapped the CSLR?

Did the rolling cameras capture deception in the May 2023 7NEWS Spotlight story about scammers? ¹ In front of the cameras the Minister for Financial Services, Stephen Jones MP gave the impression he cared (and potentially could help) two of the scam victims. They had come to the Perth studio to meet the Minister and broadcaster Liam Bartlett to tell their stories. The Minister after hearing the scam victims' stories asked for more information and viewers might have got the impression he was going to help. VOFF cringed because Mr Jones didn't help the Trio victims that were in an ASIC licensed and prudentially reviewed (Australian Prudential Regulation Authority) fund. The Trio victims correctly followed all the existing rules and regulations in running a superannuation fund and with making personal investments. Knowing how the Minister failed to respect the Trio victims, VOFF wondered, did the Minister deceive the scam victims for deceptive benefit?

Dis 7NEWS Spotlight or the scam victims know that the Minister supported another type of scam, one that benefits the unions? In early 2023, he supported the non-disclosure legislation to ensure information about the money that's siphoned from superannuation to the unions remains secret. On this issue Senator Andrew Bragg claims, [*"This is an illegal scheme designed to syphon retirement savings from super funds to the unions. The lack of enforcement action has become a joke."*](#)

Yours sincerely,
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¹ Busting the Scammers Part 2: Scam victims confront Government | 7NEWS Spotlight 21 May 2023
<https://www.youtube.com/watch?v=ey2zn3y0004&t=302s>