

Press Release
Victims of Financial Fraud (VOFF Inc)
November 5th 2017

Medcraft – “I want Australia to be a hellhole for white-collar criminals”

The Australian Security and Investments Commission Chairman Mr Greg Medcraft warned in the media¹ about Australia facing a possible Enron-style corporate collapse if the accounting firms Deloitte, KPMG, PWC and Ernst and Young don't improve their auditing standards. He also urged for criminal rather than civil penalties for fraudulent crime and wants Australia to be a hellhole for white-collar criminals.

Australia's Enron-style corporate collapse was the Trio Capital fraud. Victims of Financial Fraud (VOFF), since early 2012, released press statements stating the systemic failure of the Australian financial system enabled the Trio Capital Limited fraud to succeed. The failure extends to bank custodians, auditors, research houses and star rating firms, including the setting up by the international brokers (some had breached security laws in the United States) of a legitimate business - licensed, regulated and governed by the Australian financial regulators.

The business exploited weaknesses in the financial regulatory system, enabling superannuation and investment monies to disappear. ASIC and the Minister for Superannuation, Mr Shorten, politicize the crime rather than acknowledge the systemic failure. Of the 6,090 people affected by the Trio fraud, ASIC and Mr Shorten went after 10% of the victims for placing their savings into a troubled fund and 2.5% of the 155 financial advisors for providing poor financial advice. ASIC and Mr Shorten turned a serious financial crime into a witch-hunt. Serious financial crimes need not only attract criminal rather than civil penalties but also should be in the hands of the police and not used as a political instrument.

VOFF's persistent campaigning is partly vindicated by Mr Medcraft's acknowledgement of the weaknesses in the financial system and the need to deter would-be criminals from the theft of superannuation savings. In respect to the Trio fraud, ASIC found that the auditor failed to *perform adequately and properly the duties of an auditor and failed to ensure each audit was planned and performed with an attitude of professional scepticism*. VOFF regard one of the main contributing factors that led to the theft of mum and dad superannuation savings from the Trio Capital scheme was due to the non-evidence based auditing system. Another factor is ASIC's abysmal regulatory failures throughout the operation of the Trio Capital scheme, Mr Medcraft can issue a warning as he departs but he leaves behind a massive cover-up.

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¹ Edmund Tadros Poor work risks new Enron: Medcraft The Australian Financial Review 01.11.2017 p14;
Peter Ryan on AM - Poor auditing risks Enron-style collapses: ASIC boss 03.11.2017
<http://www.abc.net.au/radio/programs/am/poor-auditing-risks-enron-style-collapses-asic-boss/9114592>; and
<http://www.abc.net.au/news/2017-11-03/asic-boss-concerned-over-poor-auditing/9114490>