

Press Release
Victims of Financial Fraud (VOFF Inc)
7th June 2018

Trio, CBA, Unions and the missing millions

Whether crime gangs are deporting ill-gotten gains through our banks or whether they are taking them out via offshore hedge funds, as with the Trio fraud, two things remain the same - ASIC is nowhere to be seen and the disparity in how justice is handed out.

VOFF perceive a disparity in the way justice was handed out against the financial advisor who advised his clients to invest in the conservative Managed Investment Scheme, the Astarra Strategic Fund. After the Trio fraud occurred he came under attack by ASIC over the fact that his staff inadvertently failed to inform 5 of his clients about a marketing allowance of approximately \$1m. The allowance was perfectly legal at the time. For this, he was banned for 7 years from operating in the financial services industry. ASIC and Mr Shorten orchestrated events around the Trio matter and made a scapegoat of this particular financial advisor, virtually destroying a family business.

The Commonwealth Bank of Australia, after admitting to breaching anti-money laundering and counter-terrorism laws, pay a \$700 million fine with no banning. AUSTRAC chief executive Nicole Rose said the bank is not the target – it's the criminals who are the targets. Tell that to the lone advisor who has lost his professional life!

Recently it came to the public attention that Industry Funds had made payments to the union bosses of approximately \$60m over the past 10 years. What an enormous amount of undisclosed money. How can these payments be in the members' best interest? More importantly, what is ASIC going to do about the non-disclosure of these monies?

VOFF predict – nothing.

VOFF members who are invested in union superannuation funds report that they were never informed of these payments to unions, or were they even asked for their approval.

VOFF member JD a Senior Officer, who had worked in the ATO's Project Wickenby, informed VOFF that many in the ATO regarded the Trio fraud as a grotesque failure by various government agencies, including the ATO, the AFP, ASIC, APRA & AUSTRAC. Whether there had ever been any AUSTRAC Suspect Transaction Reports relating to Trio which might/should have alerted authorities to the danger and if so, what actions were taken, this remains unknown to VOFF and all Australians?

JD said it is of particular relevance in the light of the CBA's failure to lodge transaction reports with AUSTRAC, given the possible failure by AUSTRAC and/or other government oversight and enforcement agencies to effectively use the transaction reports (they presumably DID receive), to prevent, or at least curtail, the \$175m in Aussie super funds from being sent to offshore tax havens – never to be seen again.

JD asks, Why should the banks go to expensive lengths to monitor, identify & report millions of offshore and/or cash transactions if relevant agencies apparently don't follow up - like Trio's \$175m of superannuation money, bound for tax havens? Oh, that's right - the banks can be fined if they don't report, whereas government agencies can just cover up their failures and rely on "secrecy provisions" to ensure silence.

1) ASIC and Mr Shorten offered advice to the Trio fraud victims about how they can seek remedies for their losses. What ASIC and Mr Shorten achieved was to turn community against community and plant the seeds of bitterness. Affected investors who took up this advice and joined a class action did not know that ASIC and Mr Shorten were wrong to suggest a claim can be made against a financial advisor over an International fraud.

The victims needed to bring a negligence charge against the financial advisor. A class action started through a small legal firm, then handed onto Slater & Gordon.

In January 2014, while the case against the advisor was still active, Mr Shorten's wife, Chloe was given a Business Class travel ticket for Melbourne - Paris - London - Melbourne by Slater & Gordon.

2) ASIC's case against the financial advisor relied on the Trio perpetrator who was ASIC's key witness. He was brought from jail, where he was serving a 33 month sentence for misleading and deceptive conduct. His testimony and word was believed and upheld by ASIC above many other honest witnesses. The man who had breached the Corporations Act to steal Mum's and Dad's superannuation and investment savings was treated like Royalty.

Between the perpetrator and ASIC, the Trio fraud was spun to appear not as a crime but about "poor financial advice". ASIC distorted the narrative to achieve the outcome it wanted. The "bringing down" of the financial advisor, a "directive" from Mr Shorten's office had all the hallmarks of revenge against the financial advisor who had recommended Trio products to the Australian Workers Union. So with all guns blazing ASIC set out to bring down this 1, only 1 out of 155 advisors who recommended Trio to their clients. Why has it not been questioned and investigated into the banning of this one advisor, it is obvious to an onlooker why?

Maybe Mr Shorten can give an update on that!

3) Mr Shorten's and ASIC's narrative made an example of the uncompensated Trio victims, illustrating what not to do. Although Superannuation is meant to be free from political interference, Trio is a good example of how Mr Shorten made Self-managed superannuation funds look dangerous and the APRA-regulated Retail and Industry funds as the safe option. Mr Shorten portrayed the SMSF Trio fraud victims, who were robbed by the same fraud, under exactly the same circumstances as investors taking extreme risks, by suggesting APRA-regulated funds had their savings stolen through no fault of their own, but SMSFs lost their money because they placed their savings into troubled funds. Mr Shorten also added that the victims had followed "poor financial advice" and were "swimming outside the flags".

4) The Banking Royal Commission has uncovered some preposterous evidence linking the Australian financial industry to all sorts of criminal and collusive behavior. The breaching of anti-money laundering and counter terrorism laws, can be added to the list. It all sounds like a plot from a John Grisham novel, but no, this is the Australian Financial System at its best.

5) The distraction ASIC created in "bringing down" a financial advisor took any attention away from its own failures to detect the International fraudsters, or close their fraudulent operation. Completely outsmarted by fraudsters who ensured they were beyond ASIC's jurisdictional reach, meant ASIC did what it could, went after the small fish.

Mums and Dads who suffered because of the loopholes and weaknesses in the financial system are not happy that ASIC and Mr Shorten tried to make out the fraud was all about "poor financial advice" and went as far as destroying a family business to make the point.

Australians are cynical over the remoteness of politicians to fathom the suffering caused by the financial plundering and the disparity in justice from one end of town to the other.

Why did ASIC orchestrate events to meet Mr Shorten's politicizing of a crime? VOFF would like an explanation from ASIC in its handling of Trio.

Will the Federal Government hold ASIC to account and work hard to award Compensation to the Trio fraud victims forthwith?

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