

10 Reasons why Trio Capital victims want redress and compensation

- 1) Trio's unique circumstances - fraudsters exploited weaknesses in the financial system to steal superannuation and investment savings.
- 2) APRA saw the Trio Directors as a "bunch of incompetents" yet they did nothing.
- 3) APRA and ASIC, were aware of structural weaknesses that could result in a systemic failure of the financial system, again they did nothing to fix the situation.
- 4) The Trio fraudsters chose Australia for their theft as they knew the crime would be undetected as it was out of the jurisdictional reach of APRA and ASIC. Why was a licence granted when it was known that off-shore fraudsters had a free reign, could not be touched and stolen money would never be found?
- 5) APRA's mandate requires it *to promote financial system stability in Australia by balancing financial safety and efficiency, competition, contestability and competitive neutrality*, meaning it can use its discretionary power to recognize stolen money as a "fraud" or not. APRA has refused to acknowledge fraud on the basis that "it would open the floodgates" for other investor losses.
- 6) Details of "gaps and loopholes" in the financial system would prejudice APRA's effectiveness as a regulator, if the information became known.
- 7) The disclosure obligations regime that dominates financial regulation has failed to protect consumers.
- 8) After the Trio consumers were harmed by the Trio fraud: both regulators distorted facts; interfered with the evidence of a crime; kept all the above points secret; then "dumped" unjustifiable blame on the victims.
- 9) Why do the Trio victims not deserve compensation under the circumstances?
- 10) Trio consumers were mandated and encouraged to invest for their retirement and they followed all the rules and regulations, invested in a fund that was prudentially supervised by APRA and licenced by ASIC.

In May 2013 Senator Mathias Cormann said there was a comprehensive failure by ASIC and APRA and the Trio victims should be compensated.¹ When making this statement, Trio was regarded as a "collapse". Now with the confirmation that Trio was indeed a fraud, perpetrated by faceless men who took advantage of the loopholes in the Australian Financial System, Senator Cormann should be shouting from the rooftops and demanding Trio victims be compensated. This disaster was totally out of the victim's hands and indeed the fault of those agencies and government bodies who approved the Licence in the first place. It is paramount that this wrong be righted!

VOFF recognize that the Member for Bradfield, Mr Paul Fletcher MP wanted the same redress and compensation for his constituents in the ARP Growth Fund, as they too were robbed by this "bunch of fraudsters", who were allowed to reign supreme over the Australian financial system knowing full well no one could touch them. Mr Fletcher was part of the Parliamentary Joint Committee that was assigned to investigate the Trio fraud,

¹ Speech And Q&A Ceda Superannuation Update Forum (Committee For Economic Development Of Australia) 7 May 2013

and although the PJC recommended assistance for the ARP Growth victims² the recommendation was not adopted. The decision not to grant compensation needs to be revisited considering that ASIC withheld vital evidence from the PJC and the NSW Supreme Court, which undoubtedly, compromised the investigation and compromised the PJC's decision making process to formulate their recommendations.

The VOICCE Group, who are the Ualan fund Trio victims, were told by APRA that their losses cannot be confirmed as the result of "fraud" because to do so would open the "floodgates".³ The distinction made between "fraud" or "collapse" of the different Trio funds is nonsense considering the perpetrator who was jailed for "fraud" was part of the overall operation where money disappeared. The muddling of "fraud" and "collapse" reflects the politicization of a crime. VOFF media statements have detailed how Mr Shorten is connected to events where one group benefits at another groups' expense. In regards to the Trio fraud, the victims in Retail and Industry funds were compensated and their competitors in the market, the SMSFs and direct investors were not.

ARP Growth, VOICCE and VOFF are victims of a serious fraud. Both regulators have kept information confidential, hid weaknesses and regulatory failures and orchestrated events to avoid the opening of the "floodgates". Without information it's impossible to contest the claims that money was lost in a "collapse" which off course we now know, Trio was a "fraud".⁴

Weaknesses in the financial regulatory governance and licensing process continue to undergo legislation tinkering to fix problems that were highlighted by the Trio fraud. Trio is an example where a criminal event was downplayed to cover up the failings of both regulators; to hide the weaknesses in the financial system; to distract from the systemic failure of the financial system; and to uphold confidence in the Australian financial market. Vested interest in the \$32 billion per year financial services industry also played a role in helping to discredit the self-managed superannuation fund (SMSF) sector.

The Trio fraud is an example where ASIC orchestrates events for the outcomes it wants and APRA avoids evidence of a crime for fear of the proverbial "opening of the floodgates". Both regulators' actions/inactions are indicative of a massive cover up. Until integrity is restored, every piece of information by ASIC and APRA has the potential to be misleading unless evidence can prove otherwise.

VOFF appreciate the support from parliamentarians but it is now time for Senator Cormann and the rest of parliament to stand up and offer redress to the Trio victims for their loss due to the systemic failure of the financial system. The victims should be compensated their loss without discrimination, after all it was with the full support of Government agencies that this Licence "to cheat" was granted in the first place.

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² The Parliamentary Joint Committee on Corporations and Financial Services Inquiry into the collapse of Trio Capital May 2012 Page 63 (PJC Report)

³ APRA stated in 2014 to members of VOICCE (investors who lost money in Ualan)

⁴ PJC Report Page 24.