

Mr Tim Wilson MP – Parliament of Australia
Chair of the Standing Committee on Economics
Email: tim.wilson.mp@aph.gov.au
22 July 2021

Dear Mr Tim Wilson MP,

Victims of Financial Fraud exercise the Right of Reply to The Australian Securities and Investments Commission's (ASIC's) 12-page response to The Parliamentary Joint Committee on Corporations and Financial Services' questions on notice. ASIC's response document was published on PJC's webpage 9 July 2021. See item 186

https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/No1of46thParliament/Additional_Documents

Here is an example of how an ASIC statement could give a misleading impression. Financial journalist, Mike Taylor, in referring to ASIC's 12-page response document writes,

“At the height of the fall-out from the Trio/Astarra collapse the Australian Securities and Investments Commission (ASIC) told affected investors that among the reasons the regulator encouraged people to take financial advice is because they might later take action against the adviser.”

He adds,

“Investing through an APRA regulated fund is likely to be more appropriate for an investor who does not want to be actively involved in managing their fund or who do not have the skills or experience to do so.”

Source; Mike Taylor Why ASIC told burned SMSF investors to use a financial adviser July 13, 2021

<https://www.linkedin.com/pulse/why-asic-told-burned-smsf-investors-use-financial-adviser-mike-taylor/>

Is ASIC offering advice in the above statement?

ASIC miss important points, such as, professional indemnity insurance is not only an inadequate amount to protect superannuation savings but in the case of Trio, in the event of a “fraud”, [fraud in a managed investment scheme that's outside of the financial adviser's knowledge and control] indemnity insurance becomes null and void.

ASIC fail to mention that there are many concerns around APRA regulated funds such as:

- Industry super funds spend tens of millions of dollars of members' money on advertising and political lobbying without the member's knowledge.

- APRA push small funds to merge with funds over \$30b in assets to reduce member's fees. Source: Michael Read *APRA: 90pc of super funds are 'uncompetitive'* Australian Financial Review 20 May 2021 Page 7

- Contrary to APRA's push, small funds have outperformed larger funds. Source: Aleks Vickovich *'small super fund return a higher level of satisfaction for investors'* Australian Financial Review 17 May 2021 Page 17.

- The influence on the market [and economy] by the mega fund's choice where to place its money "*which could dampen incentives to compete and act as a drag on the economy*" Source: Michael Read and Aleks Vickovich *'Share ownership data pours fuel onto proxy fight'* Australian Financial Review 10 June 2021 Page 3

- The underperforming default MySuper products. Source: Michael Read *Dud superannuation funds exposed* Australian Financial Review 19-20 June 2021 Page 3

The above examples highlight the complexities of superannuation. ASIC's sweeping statements in its reply to the PJC's Questions of Notice do not adequately answer the important questions relating to the Trio fraud.

How can VOFF's concerns about Mr Meerveld be addressed by saying,

"Most of the information in Mr Telford's letter is material relating to Trio that is in the public domain and has already been considered by ASIC."

Which of the following points were covered by "most"?

- He and other overseas Trio operators were not questioned?
- ASIC declined Mr Meerveld's offer to assist?
- Guernsey residents - concerned about Mr Meerveld's connection with the Trio fraud in Australia?
- The missing \$57m?
- No one followed the money trail?
- ASIC made no attempt to claw back the proceeds of crime?

VOFF is not satisfied with evasive sweeping answers that are more inclined to misinform than inform, not only the victims and public but also the PJC as if the wool has been pulled over everyone's eyes. Hence VOFF's Right of Reply.

John Telford
Secretary
Victims of Financial Fraud (VOFF Inc)