

Open Follow-Up Letter

28 October 2021

Hon. Senator Jane Hume
Minister for Superannuation,
Financial Services and the Digital Economy
The Australian Securities and Investments
Commission Chairperson Joseph Longo

Reg. Seek response to VOFF's letter mailed 14 October 2021

Dear Senator Hume and Mr Longo,

Victims of Financial Fraud (VOFF) inquire whether you have received the open letter dated 14th October 2021?

VOFF respectfully request your answers as to why [prior to the discovery of the Trio fraud] the Trio consumers were not informed that the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) did not actively look for fraudulent conduct and money laundering, or carry out background checks of companies. Why weren't consumers informed about the loopholes in legislation that fraudsters can easily exploit?

In early October 2021, The International Consortium of Investigative Journalists (ICIJ) wrote that an enabler allowed *corporate tax dodging and acted for notorious tycoons, arms makers and authoritarian regimes operating in the shadow economy ... has helped multinationals and the wealthy avoid taxes and scrutiny through the use of shell companies, trusts and complex structures in tax havens. These vehicles, shrouded in secrecy, hold vast riches – homes, yachts, stock and money that is sometimes of murky origin.*

What a surprise – the enabler is America's biggest law firm Baker McKenzie – the same law firm that produced the Product Disclosure Statement for the Astarra Strategic Fund (ASF) helped by Shawn Richard. With Baker McKenzie behind the ASF PDS added great kudos to support the products Mr Richard was offering. The ASF had the National Australian Bank and The Australia and New Zealand Banking Group Limited (ANZ) as custodians. The Professional Audit, Tax, Advisory firm KPMG and the Accountancy and Finance Experts, WHK carried out ASF's auditing. The highly respected Morningstar and VanMac research firms, listed ASF as low risk, and awarded 4 and 5 stars (respectively) out of 5. Adding to the above security was the comfort that the ASF was an APRA regulated fund [prudentially reviewed by APRA] and licensed by ASIC. But consumer due diligence, and the quantitative and qualitative analysis conducted over a 4-year period by financial advisers, proved ineffective against an insidious fraud that deceived the entire financial system.

Did Baker McKenzie help Mr Richard write a deceptive PDS to move millions of mum's and dad's savings in ASF to a shadow economy and into accounts that were not disclosed to consumers? Why did ASIC accept the deceptive PDS and then after the fraud was discovered made no attempt to investigate Baker McKenzie?

Baker McKenzie is just another one of the many issues that were not mentioned in the Parliamentary Joint Committee on Corporations and Financial Services Inquiry into the collapse of Trio Capital. The omissions in the PJC Report occurred because of ASIC's stranglehold on information. The Paradigm Global / Hunter Biden issue was mentioned in last open letter, but there are other omissions such as Mr Meerveld and the transfer of AU\$57m, and the Global Consultant Services Limited company owned and operated by American lawyer Mr Jack Flader. How can the official Trio fraud narrative not be severely compromised by the sheer quantity of omissions?

On the 21 October 2021, Senator Pratt tabled a request in parliament for *the internal review of ASIC's handling of the Sterling Group produced by a litigation counsel in the chief legal office which contains a factual analysis of the work undertaken by the relevant ASIC business units in relation to Sterling Group.*

VOFF is concerned that ASIC allowed people behind Sterling that had previous involvement in financial crimes and known to ASIC to operate in the financial system. This also occurred in the Trio Capital fraud.

The Australian Citizens Party recognise that to facilitate financial theft in banking, insurance, superannuation and the financial services industry it's best to keep both regulators dysfunctional. Its September 2021 Media Release, writes, '*... there are still tens of thousands of ruined victims who remain uncompensated for the myriad financial abuses that led to the 2018 banking royal commission ... and ... caveat emptor - let the buyer beware - sends a clear message to the banks etc., if you rip off unsuspecting grandmothers, ASIC's default assumption will be that it is the victim's fault.*

Will the government provide remedy for consumers harmed by financial crime where it can be shown that the dysfunctional ASIC was a major contributing factor in the crimes' success?

Mr Longo and Ms Hume, VOFF look forward to your reply, which for the sake of your reputation and standing in the community, I hope will be forthcoming.

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