



# Australian Citizens Party

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## MEDIA RELEASE

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### ASIC unmasked in third Sterling hearing

On 16 December (yesterday), the day after the third hearing of the Senate inquiry into Sterling Income Trust and the Australian Securities and Investments Commission (ASIC), Sterling tenant Freda Stevens became the 19th victim to pass away since Sterling collapsed in 2019. She was one of around 140 vulnerable, elderly people who were left financially ruined by a managed investment scheme (MIS) they didn't know they had been sucked into. The Sterling victims only ever thought that they had pre-paid their rent for the rest of their lives in a lump sum. However, ASIC knew they were in an MIS; ASIC knew the Sterling directors were serial offenders at losing investors' money; ASIC knew the directors were promoting the scheme in a misleading way; and ASIC knew they were targeting vulnerable elderly people. Yet, despite receiving three complaints in the scheme's first year in 2015, ASIC did nothing and said nothing, so Sterling continued to lure in elderly investors until 140 of them collectively lost \$18.5 million when the scheme collapsed in 2019.

ASIC's performance in this Senate inquiry has been shameful. Even though these 140 elderly victims are destitute, many of them are chronically and terminally ill, 19 have died including Freda, and all face eviction and homelessness, ASIC is not genuinely assisting the inquiry to find out what went wrong. Rather, it is only interested in covering up its appalling negligence—ASIC chair Joe Longo's most common refrain has been, "I'm not trying to make excuses, but...". ASIC's only concern is to avoid any acknowledgement or finding of culpability, and therefore liability, so that its failings in relation to Sterling First don't become the catalyst to force the government to abandon its discredited "efficient markets" ideology and overhaul the system so that financial regulators return to properly policing the banks and financial schemers. Longo appears determined to stick to his excuses at all cost, even if that means these victims remain uncompensated, ruined and homeless for the rest of what time they have left.

#### Unmasked!

Of course, Joe Longo is a slick lawyer, going back to the days when he defended corporate cowboy Alan Bond in the 1990s, so he has chosen his words carefully and affected an air of oh-so-sincere sympathy in the Senate hearings. That was until he was questioned by One Nation Senator Malcolm Roberts in the third Senate hearing on 15 December, however. Longo had already shown signs of aggravation during this third hearing: he had visibly bristled at Labor Senator Louise Pratt's questioning; he had made the pointed observation that this was a big inquiry for a financial scandal that in his view had only affected a relatively small number of victims; and he had complained about how much of his time the Sterling case has taken up since Josh Frydenberg installed him as ASIC chair six months ago. But he had done so in a subtle, sophisticated way.

In response to Senator Roberts however, Longo's mask came off. Roberts first drew Longo out by asking whether for ASIC's principle of "buyer beware"—consumers are responsible for their own due diligence—to work, consumers need all available information. Longo agreed, but emphasised that it's the consumers' responsibility to ask for the information. This was a shameless attempt to deflect any blame from ASIC for having sat on information it knew the victims didn't have. Longo would be aware, however, that some Sterling tenants, like [Beryl Taylor](#), had called ASIC before signing up to ask if ASIC had any red flags on Sterling, and had been assured there weren't any.

Then Senator Roberts started to ask about the information revealed in the extra documents ASIC had been forced to hand over to the Senate, which catalogued the numerous complaints ASIC had received about Sterling in 2015, the year the scheme started, but had marked NFA—no further action. The documents had been released after the second hearing, and they were the subject of an explosive ABC 7.30 story on ASIC's failings, "[Left in Limbo](#)", and the Citizens Party's latest video ad, "[Sterling First—The Tip of the Iceberg](#)".

Senator Roberts was the first Senator to question Longo about these documents, and the ASIC chair was clearly agitated. No sooner had Roberts started than Longo arched up, pre-empting the line of questioning and resorting to courtroom-style disruption tactics. Senator Roberts remained unflappable throughout, but at one point reminded Longo that ASIC officials were servants of the people of Australia, as was Roberts, and then persisted with his line of questioning.

To see the exchange between Senator Roberts and ASIC, available on Malcolm Roberts' YouTube channel, click here to watch "[Interrogating ASIC about Sterling First](#)".

ASIC's performance in the Sterling inquiry has been that of a gatekeeper for maintaining the current financial system which has destroyed so many Australians. The 2018 banking royal commission swung the political pendulum towards reforming the system, but Prime Minister Scott Morrison and Treasurer Josh Frydenberg bided their time until the political heat dissipated; railroaded out the former ASIC chair James Shipton and his deputy Daniel Crennan, who had tried to step up law enforcement; and brought back Joe Longo, described by the *Australian Financial Review* as the "business-friendly regulator" Frydenberg craved, in order to swing back the pendulum the other way. However, the Sterling inquiry is in their way, because Australians who hear about it know that this is an unacceptable way to treat elderly pensioners. Longo has demonstrated he wants to wash ASIC's hands of the case and move on, even if that condemns the victims to total ruin, which makes him unfit to properly police financial crime in Australia. It's up to the Australian people to demand Sterling becomes the case that leads to the financial regulation reforms Australia desperately needs.