



# Australian Citizens Party

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## MEDIA RELEASE

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### Sterling victims demand Senate inquiry

*This release was first published as an article by Citizens Party researcher Melissa Harrison in the 30 June 2021 Australian Alert Service.*

Elderly Australians ripped off in the Sterling First scandal are demanding a Senate Inquiry into the scheme which fleeced more than 140 of them of millions in life savings, and has left them facing homelessness. The victims, predominantly based in Mandurah, Western Australia, have been abandoned by the Morrison government and ignored by their local federal Member of Parliament, who, shockingly, is sending *them* letters asking for money!

In 2015, the Sterling First Group began raising funds from retirees who wanted to downsize their home, convincing them to pay a lump sum of \$250,000-\$300,000 as up-front rent for the rest of their lives. Sterling brokered forty-year rental contracts between the retirees and their landlords, but did not disclose the risks of what was actually a convoluted managed investment scheme. By the time Sterling collapsed into administration in 2019, over 140 elderly tenants discovered they were "investors" and had lost millions in life savings. After a controversial 1 June 2021 Western Australian Supreme Court ruling which found in favour of their landlords, they now face imminent eviction.

The Sterling disaster highlighted the abject failure of the corporate regulator, the Australian Securities and Investments Commission (ASIC), to stop serial financial predators from preying on vulnerable Australians. Sterling's ringleaders were involved in numerous financial scandals and Ponzi schemes dating back to the 1990s, costing mum and dad investors hundreds of millions of dollars through exploitative and deceptive financial practises, yet ASIC overlooked Sterling's obvious red flags, and ignored complaints which were made as early as 2015. ([AAS, 2 June 2021](#).)

As reported in the [9 June 2021 AAS](#), ASIC's failings were entirely by design. Decades of deliberate government policies based on a neoliberal, pro-deregulation agenda are directly responsible for the Sterling disaster and others like it. These policies left the door wide open for serial white-collar criminals to scam Australians out of hundreds of millions of dollars and walk away, on to their next predatory scheme.

The extreme pressure of the 2018 Financial Services Royal Commission forced the Turnbull government to legislate new penalties and powers for ASIC, which came into force in March 2019. [As the Citizens Party has documented](#), there is evidence that former ASIC Chair James Shipton and Deputy Chair Daniel Crennan, who came to ASIC during the period of the royal commission, intended to use the full extent of these powers to step up enforcement actions through the courts. However, in a compelling parallel to the removal of Australia Post CEO Christine Holgate, Shipton and Crennan were forced out of office by Treasurer Josh Frydenberg in October 2020 on a contrived "expenses scandal". Frydenberg replaced Shipton and Crennan with former Deutsche Bank lawyer Joe Longo, who the 3 June 2021 *AFR* noted "will be the 'business-friendly' regulator" Frydenberg "craved". Frydenberg publicly criticised ASIC for its failings while simultaneously making structural changes to once again knee-cap the regulator—evidence of the government's ongoing protection of white-collar crime.

Founder of the Banking and Finance Consumers Support Association and head of the Sterling Disaster Support Group, Denise Brailey, has collected documentary evidence proving ASIC's negligence in the Sterling debacle, and is demanding the government urgently pay \$18 million to cover the elderly tenants' losses. Brailey and the Sterling victims are calling for a Senate Inquiry into the Sterling affair and a Royal Commission into ASIC. This would be a terrifying prospect for Frydenberg and the neoliberals in the Morrison government!

#### **Sterling victims failed by MPs**

The Sterling victims have taken their case to a number of Morrison government Ministers, two of whom are their local MPs, but to no avail. Ben Morton, the Assistant Minister to the Prime Minister and Cabinet and the local Member for Tangney, met with Sterling victims and reported back that he has written to Treasurer Josh Frydenberg on their behalf. However, the authenticity of Morton's advocacy is dubious. He is ideologically opposed to regulation which could have stopped the Sterling debacle, and, as head of the Morrison government's Deregulation Agenda, is in charge of axing regulation which could prevent a similar disaster in future! In a 2 October 2020 press release, Morton announced his "long-held view" is that the government's "starting position *should always be not to regulate*."

(Emphasis added.)

Sterling victims have repeatedly contacted Treasurer Josh Frydenberg, and handed 110 letters to him in person during his 22 April 2021 visit to WA, but without response. Given Frydenberg was evidently willing to oust the heads of ASIC for intending to litigate financial crime, it's no surprise that he has ignored the desperate plight of elderly Australians who are victims of predatory financiers.

As the majority of Sterling First victims are in the Mandurah-centred electorate of Canning, their local federal MP is Assistant Defence Minister Andrew Hastie, who is too busy whipping up hysteria about China to advocate for his own constituents. Hastie made an early speech in Parliament on 16 September 2019 about the "heartbreaking" Sterling disaster, revealing he was well aware that the Sterling Group's "fraudulent behaviour" had stripped vulnerable senior Australians of their life savings, and that they were in danger of homelessness. Yet, despite his office being directly briefed on the particulars of the Sterling disaster, and his public expressions of concern, Hastie has refused to get involved in any meaningful way. Instead, he has been sending letters to the Sterling victims in his electorate asking *them* for money for his Quixotic crusade against China!

In a 14 June 2021 letter received by Sterling victims, replete with militaristic language, Hastie asked for funds to support his next election campaign, hyping the threat from "authoritarian states". Due to his relentless obsession with China, Hastie is ignoring the suffering in his own backyard and is even prepared to sabotage the iron ore trade with China that underpins WA's entire economy! When WA Premier Mark McGowan criticised PM Scott Morrison for "needlessly jeopardising" jobs with "alarmist rhetoric about China", instead of standing up for his state's economy, Hastie snarled that McGowan had "exceeded his brief and level of competence". Meanwhile, Hastie's desperate elderly constituents have had to turn to McGowan to intercede with Frydenberg on their behalf, Denise Brailey reports, because Hastie has failed his own "brief" to represent the interests of his constituents.

Given ASIC's blatant failings, the government is morally liable for the \$18 million of Sterling losses, and should pay up to ensure they aren't forced out of their homes. All Australians should back the Sterling victims' demands for a Senate inquiry and a Royal Commission into ASIC, to keep exposing the failings and criminality until we clean up the financial system properly.

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