



# Australian Citizens Party

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## MEDIA RELEASE

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### Call Senators to demand inquiry into ASIC and Sterling First

This week is an opportunity to push the Senate to establish an inquiry that can lay bare the scandalous failings of the corporate regulator, the Australian Securities and Investments Commission (ASIC). One of the worst of ASIC's scandals is the collapse of Sterling First, which has left 140 elderly pensioners and retirees facing eviction onto the streets.

To see how badly ASIC failed, take five minutes right now to watch this shocking video report: "[The Sterling First scam: another example of Australia's widespread financial corruption](#)".

All concerned Australians should call and email the 12 Senators in their state (details below) to demand an inquiry into Sterling First and ASIC. Email them a link to this video and insist they watch it, and demand they not allow the government and ASIC to sweep this under the carpet.

#### No tough cop on the beat

ASIC has been a failed regulator for its entire existence. It's been all talk and no action. In 2014 then-ASIC chair Greg Medcraft described Australia as a "paradise" for white-collar criminals, but what did ASIC do about it? Effectively nothing. In 2016 ASIC received extra resources to boost its operational capacity to be the "tough cop on the beat", but how did that go? The 2018 banking royal commission revealed how it went—ASIC was shamed practically every day for its repeated failures which led to thousands and thousands of Australians falling victim to the banks and predatory financial scams.

The Hayne royal commission should have been the turning point for ASIC. Commissioner Hayne was scathing of its failing to be the tough cop on the beat, and ended his inquiry with a rhetorical question to ASIC that he hoped would guide its future operations: "Why not litigate?" In other words, ASIC should prosecute the legion of financial crimes it sees, instead of just negotiating legal slaps on the wrist, called "enforceable undertakings", as it was inclined to do.

What happened next inside ASIC should also be the subject of the Senate inquiry.

ASIC's now former chair, James Shipton, was appointed in November 2017. He spent his first 12 months in the job watching his agency slammed every single day at the royal commission. When Commissioner Hayne asked "why not litigate?", Shipton appeared to take him seriously, and embarked on a direction that put him on a collision course with the Morrison-Frydenberg government:

- He contradicted the government on the need to water down responsible lending laws;
- He recruited a deputy, Daniel Crennan QC, to ramp up legal enforcement, with Crennan saying the banks "should fear" ASIC;
- He dropped wrist-slap enforceable undertakings, which went from 45 in the two years before the royal commission, to just three in the two years afterwards, including zero in the financial year ending June 2020;
- He appealed the "Wagyu and Shiraz" decision that let Westpac off the hook for its poor lending standards, despite being heaved by the government, Treasury and Reserve Bank to drop it;
- He stopped London banks from operating in Australia without an Australian Financial Services Licence, causing consternation in both Canberra and London.

For his efforts, Shipton and his deputy Daniel Crennan were hit with a fake expenses scandal for which they were later cleared, and Frydenberg forced them out. Frydenberg replaced Shipton with Joe Longo, a former lawyer from Deutsche Bank, one of the most scandal-plagued banks in the world; the 3 June 2021 *Australian Financial Review* described Longo as the "'business-friendly' regulator craved by Treasurer Josh Frydenberg". In other words, just two and a half years after the banking royal commission, the government that voted 26 times against it has snuffed out any prospect of the royal commission leading to real change.

#### Nightclub bouncers

Frydenberg isn't content with ousting a potentially tough regulator, however. Last week he gutted financial regulation entirely, by turning what should be the cops of the financial system into bouncers at the bankers' night club. Frydenberg issued a Statement of Expectations for ASIC, which effectively

orders ASIC not to do anything that may hinder the banks in their mad pursuit of short-term profits, which the Treasurer equates to economic recovery.

The Statement reads: “The Government expects ASIC to identify and pursue opportunities to contribute to the Government’s economic goals, including supporting Australia’s economic recovery from the COVID pandemic”; and that it should “minimise the costs and burdens of regulatory requirements for regulated entities and consumers”.

That is not the regulator’s job! It’s the government’s job to grow the economy; it’s the regulator’s job to enforce the law. By this Statement of Expectations, Frydenberg is inviting the banks to return to the culture of unbridled misconduct and abuses that led to the royal commission in the first place. He is consciously, callously and corruptly betraying the thousands and thousands of people whose lives have been ruined by banks and financial predators, and who have received no justice from a system that favours the perpetrators over the victims. Because government policy keeps ASIC deliberately weak in order to protect the banks, ASIC is too weak to protect anybody, including 140 elderly Australians ripped off by Sterling First, and who are unable to pick themselves up and start again.

### **Demand inquiry**

To force an inquiry into Sterling First and ASIC and the government’s agenda to strip Australians of regulatory financial protection, call all 12 Senators from your state this week, while Parliament is in session, to demand one.

All you need to say is: “I’m calling to tell the Senator they must conduct an inquiry into Sterling First and ASIC.” Follow it up with an email sharing the link to the Sterling First video above. Don’t just send an email—making calls is more effective, because yours will be one of a flood of calls.

This is citizens taking responsibility to make sure the government works as it should—get involved today!

[Click here to find the numbers and emails of the Senators from your state or territory.](#)