

‘Regulatory catastrophe’: ASIC cover-up unravels

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Lead Editorial

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The latest Sterling victims to be evicted, Leonie Yates and Alex Tufekcic, on the 30 Nov. episode of ABC 7.30. “We had two and a half years of hell”, Alex said. Photo: Screenshot

Like satellite footage of earth zooming in on a single detail, the Sterling First inquiry is now focused on the most important aspect of the case: ASIC’s failure to do its job. Exposing this failing has much bigger implications than justice for the Sterling victims; it lays bare the whole system of weak and ineffective regulation that ASIC has overseen for its entire existence, which has been the deliberate policy of successive neoliberal governments who serve the banks, not the people.

Witness testimony from the first two Senate hearings, and explosive new evidence ASIC was forced to table in the Senate last week, have revealed that ASIC ignored numerous complaints about Sterling entities for years. Despite knowing that Sterling entities had likely engaged in misleading and deceptive conduct, ASIC just looked on while the company targeted over 140 vulnerable elderly people and scammed them out of their life savings. Many of these elderly victims are sick and dying as they face eviction and poverty (p. 5), but ASIC is deliberately blocking compensation for them because that would mean admitting their liability, which they are determined to cover up.

Last night (30 November) ABC 7.30 aired an update on Sterling First which demonstrates how much progress this campaign has made. The episode was 7.30’s sharpest report yet, zeroing in on ASIC’s culpability and its cover-up. ASIC chair Joe Longo’s feeble excuses for ASIC’s inaction were contrasted with evidence from the new documents ASIC had been ordered to produce, showing the timeline of the many opportunities ASIC had had to intervene, but had instead marked the file NFA—no further action. This was a landmark report, because it shows ASIC is running out of places to hide—it’s cover-up is unravelling. Consider the following excerpts, where 7.30 played clips of Longo alongside rebuttals from former ASIC investigator Niall Coburn:

Longo: “I’m sort of reluctant to just blatantly apologise because I think that is something that I think is inappropriate.” Coburn: “I would say that ASIC is under an enormous amount of strain and pressure. This is a case of regulatory catastrophe.”

Coburn: “Honestly, it is actually incredible that ASIC would wait a year to commence an investigation.” Longo: “The evidence would not have supported going off to court, certainly not with the alacrity and

enthusiasm that the inquiry heard earlier in the week.”

Longo: “We could have asked more questions but in terms of our process, at the time there were several other collapses that the office was looking at in Western Australia.” Coburn: “It’s not slow off the mark, it’s a failure to act and they are two different things.”

Towards the end of the episode, Longo had his last word: “We discharged our duties and responsibilities in good faith, and regulation is all about making choices and decisions based on what we know at the time.” By that time, viewers were left with no doubt that it simply wasn’t the truth. And it’s about to get worse for ASIC: this week the Senate extended the report date of the Sterling inquiry to 1 February 2022, and the committee scheduled a third hearing for 15 December, to which they have invited Banking and Finance Consumers Support Association President Denise Brailey to testify—Denise is the most qualified person in Australia to expose ASIC’s cover-ups.

Postal bank solution

Don’t forget to make a submission by 18 December to the Regional Banking Taskforce, and use your submission to call for a postal “people’s bank”. The fight on campaigns like Sterling, bail-in, the Christine Holgate lies, the cash ban, etc. are necessary to expose financial corruption, but the solution lies in the policies we can implement to make the economy and financial system serve all Australians. A postal bank will do that, but it will also break the stranglehold of the private banks over Australia (see Almanac). This is the fight we must win.

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