



Australian Citizens Party

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MEDIA RELEASE

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Morrison, McGowan challenged: take responsibility for agency failures—compensate Sterling victims NOW!

The advocate for the more than 100 elderly victims of the Sterling First scam has written to Prime Minister Scott Morrison and WA Premier Mark McGowan demanding they compensate the victims immediately.

In her 15 January letters, Mrs Denise Brailey, founder of the Banking and Finance Consumers Support Association and a tireless advocate for the Sterling victims, laid the blame for Sterling being able to snare its elderly victims at the foot of the agencies for which Morrison and McGowan are responsible: national corporate regulator the Australian Securities and Investments Commission (ASIC)—Morrison's responsibility; and the WA Department of Mines, Industry Regulation and Safety (DMIRS)—McGowan's responsibility.

Urging immediate compensation, Brailey expressed her “grave fears for the well-being” of the elderly victims, 20 of whom have already passed away while suffering the shock and shame of financial ruin from a scam they would never have been exposed to if the two agencies had done their job.

“The latest funeral for our darling and much loved ‘Freda Stevens’ occurred on Christmas Eve”, Brailey revealed. “Many victims are also worried how they will pay for their own funerals.”

ASIC

Brailey pointed out to Morrison that the “buyer beware” policies of ASIC, by which ASIC washes its hands of any responsibility to protect even vulnerable consumers, came from the office of the Prime Minister and Cabinet.

That office has been in receipt of hundreds of letters from Sterling victims since May 2019, but has ignored them. Even a letter to Treasurer Josh Frydenberg from Special Minister of State Ben Morton, who lives near many of the victims in Western Australia, has been met with silence.

Why?

ASIC chairman Joe Longo met with some of the victims on 18 December 2021, but his excuses for ASIC's failures and empty platitudes only provoked the angry victims to walk out. Yet, Mrs Brailey noted, Longo admitted to the current Senate inquiry he would not have permitted his mother to become involved in Sterling—this is actually an inadvertent admission that ASIC failed to do its job when the scheme started in 2015.

“Sterling First is perhaps the worst Ponzi collapse I have ever had to investigate”, Brailey stated. She listed two previous similar collapses that prove ASIC should have been on the lookout for real estate schemes targeting elderly people: the Primelife scheme by disgraced businessman Ted Sent; and Money for Living, promoted by sports star Dawn Fraser (using unsuspecting sports stars to promote these schemes is typical—Sterling used cricketer Mitchell Johnson), which talked elderly victims into selling their homes and renting for 12 months whilst mini homes were being built, but its 2005 collapse left them with “a bankrupt company and an empty cow paddock with faded billboards to advertise ‘the dream’”.

Brailey recounted: “ASIC's Director of Enforcement and I, during 2003-2007, had many meetings in Sydney compiling a list of over 100 such Ponzi companies. The same director names appeared time and again.” In the case of Sterling, ASIC did not bother to warn its elderly victims that it knew Sterling's directors were serial offenders of corporate failures.

DMIRS

In an equally pointed letter to WA Premier Mark McGowan, Brailey laid out the culpability of the WA government's DMIRS in the Sterling fiasco. The scheme had been developed around 99-year leases that were illegal, but instead of scrutinising Sterling properly, and paying attention to the fact that its directors were serial Ponzi offenders targeting vulnerable elderly people, DMIRS assisted Sterling in redesigning the leases in a way that removed them from the protections of WA's *Residential Tenancies Act*.

"[T]he State of Western Australia laid the foundations of the scam by re-writing the Tenancy Leases in early 2015", she wrote. "Consumer Protection in early 2015, discovered the issues re the illegal 99 Year Leases. The Lawyers for CP made a mess of personally assisting [Sterling mastermind Ray] Jones and Co in the early days of Sterling First.

"Consumer Protection [which operate under DMIRS] played their part in the tenancy deception in early 2015, assisting the risky operators, in setting up the Sterling First 'Rent for Life scheme'. ... Sterling directors bragged to sellers of the assistance given by Consumer Protection and ASIC.

"Both Regulators harboured evidence that could have immediately protected the victims of Sterling First in 2015", Brailey insisted.

The experienced advocate ended with a direct appeal to McGowan, echoing her appeal to Morrison: "Mr Premier, I am suggesting to you, a clear, no fuss pathway forward: \$18 million plus expenses, payable to the elderly victims of Sterling First as soon as possible. I am personally encouraging weeks not months. ... I am asking/begging you Mr Premier, will the State and Federal Governments now acknowledge at the highest level: 'warning signs were ignored, and things could have been handled so much better in 2015'?"

The current Senate inquiry into Sterling First is due to report by 1 February, but whatever it recommends, the federal and WA governments must take responsibility for the failings of ASIC and DMIRS, and compensate these victims immediately. They don't have time to endure any more bureaucratic bastardry. \$18 million is nothing to Morrison (and McGowan), but Morrison will resist, and happily condemn these victims to a miserable, impoverished early death, just because he won't want to set a precedent that holds ASIC to account for his government's "buyer beware" policy that allows the big banks and corporate predators who donate to the Liberal Party to profiteer from vulnerable, unsuspecting consumers.

Australians must not tolerate this disgusting attitude—support the fight to compensate the victims and overhaul ASIC into a proper regulator with real teeth.

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