



Australian Citizens Party

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MEDIA RELEASE

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Abandoned Sterling First tenants forced into Court to save their home

The Sterling First fiasco proves the importance of the current Senate inquiry into ASIC, which is a once-in-a-decade opportunity to fix the pathetic regulator so it actually polices financial crime.

Sterling First tenants Beryl and Ray Taylor will be in WA's Supreme Court in Perth today and tomorrow fighting to stay in their home for which they have pre-paid many years of rent.

Like the more than 100 other elderly Sterling First tenants who have lost everything and face eviction and homelessness, the Taylors are forced to legally fend for themselves because they have been abandoned by the two government agencies most responsible for their plight.

The report of the 2021-22 Senate inquiry into Sterling Income Trust slammed the failures of both the Australian Securities and Investments Commission (ASIC) and WA's Department of Mines, Industry Regulation and Safety (DMIRS) Consumer Protection, which share responsibility for the Sterling First disaster.

Soon after the Sterling New Life rent-for-life scheme started in 2015, ASIC began receiving complaints about the scheme but took no action, not even to inform the existing customers that it knew the Sterling First directors had misrepresented the scheme. ASIC also knew the directors were serial Ponzi offenders associated with previous collapsed schemes and hundreds of millions of dollars of investor losses.

DMIRS Consumer Protection actually helped Sterling First design the scheme's leases to conform with WA law, but ignored several other components of the leases that contravene WA's *Residential Tenancies Act*, which should have stopped the scheme from proceeding.

Due diligence

Beryl and Ray Taylor first inquired into Sterling First in 2016, interested in its rent-for-life model that would allow them to downsize, but paused before signing in order to fully assess the scheme.

Beryl made many inquiries about Sterling First, including one phone call to ASIC to ask if there were any red flags about Sterling First.

ASIC assured her there were none, even though the regulator had already ignored numerous complaints about Sterling First that it had marked NFA—No Further Action.

It's important to stress that when Ray and Beryl signed up in 2017 they weren't making an investment, as they had no wish to be investors—Beryl was so uninterested in being an investor that she had even rejected an offer of shares from her longtime employer when she worked.

The couple did not enter into the Sterling First scheme to strike it rich; they simply wanted to pay their rent in advance so they could downsize for retirement.

They did their due diligence, but now that they and the other tenants have lost everything, the government's response is *caveat emptor*—let the buyer beware, i.e. consumers are responsible for informing themselves to protect themselves from scams.

Robert Barwick, Research Director of the Australian Citizens Party which helped to fight for the Sterling First tenants, said today:

"The government's *caveat emptor* doctrine is callous, dishonest, and a legal form of victim-blaming.

"Beryl and Ray did all that anyone could do under the circumstances, but they weren't to know that the relevant government regulators weren't doing their job.

"The elderly Sterling First victims are languishing, many are sick and dying, and more than 20 have died, waiting for a resolution of this mess.

"Beryl is battling cancer, and has hurt her arm, and is desperate to keep her home: 'I can't couch

surf', she pleads.

"The only just resolution is for the two responsible government agencies—ASIC and DMIRS—to own up and arrange immediate compensation to keep the tenants in their homes."

ASIC MIA

Barwick added that the Sterling First fiasco proved the importance of the current Senate inquiry into ASIC, which he said has enormous potential, but must lift its game.

Inquiry Chair Senator Andrew Bragg and the other Senators on the Senate Economics References Committee have made tough statements about ASIC, including accusing ASIC of obfuscation, but at the hearing on 23 June the Senators asked some tough questions but too often did not challenge ASIC's answers.

That said, Bragg made the strongest statement in the hearing, which shows he has some understanding of the stakes. In response to ASIC's excuse that they are providing as much information to this inquiry as they have provided to previous ASIC-related inquiries, Bragg declared: "We want to do things differently. We don't think that prior processes used by inquiries has necessarily worked. We're living in a period where *we've lived through this enormous volume of white-collar crime, including this recent one which I think has shocked the community in relation to PricewaterhouseCoopers*, so that's why we are probing you for more information which you can provide in due course, in accordance with the Senate's orders." (Emphasis added.)

Barwick called for the Senators to seize on this inquiry as the opportunity to finally deliver the reform that everyone knew after the 2018 banking royal commission was desperately needed to stop financial predators victimising everyday Australians, but was ultimately squashed.

"The Sterling First victims are just a fraction of the hundreds of thousands of financial victims in Australia in the last few decades", he said. "Since 2008, more than 200,000 Australians have lost \$40 billion in managed investment schemes alone.

"The Senators on this inquiry must step up and bring the heat in the hearings", Barwick urged. "Financial victims need to see they are serious about fixing this dysfunctional regulator."

What you can do

The ACP urges all financial victims to contact the Senators on the Committee by phone or email to tell them you are relying on them, you expect real results from this inquiry, and they shouldn't hold back in the hearings, but should demand ASIC fully explain its actions to the Australian people.

[Click here for the contact details of the Members of the Senate Economics References Committee.](#)