



# Australian Citizens Party

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## MEDIA RELEASE

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### Sack ASIC Chairman Joe Longo!

It is past time for the Albanese Labor government to deliver on its years of promises in Opposition to clean up the regulatory culture that has allowed financial predators to flourish in Australia, the Australian Citizens Party (ACP) said today, calling for it to start by sacking Australian Securities and Investments Commission (ASIC) Chairman Joe Longo.

An ASIC chair can only be removed for serious reasons; the ACP accuses Longo of being culpable in ASIC's decades of weak and ineffective regulation which has allowed white collar crime to flourish in Australia, and of actively working to block necessary reform of the corporate regulator.

Joe Longo is currently trying to undermine the recommendations of the Senate Economics References Committee's 20-month inquiry into ASIC's investigation and enforcement, instead of engaging with the recommendations in good faith.

The inquiry, chaired by Liberal Senator Andrew Bragg, is the fourth major inquiry into ASIC in a decade, all of which severely criticised ASIC's abysmal failings as a regulator, but never led to any changes.

Bragg's inquiry recommended ASIC be abolished and replaced with two bodies—a dedicated financial services conduct authority to police the complex challenges in the financial sector, and a non-financial companies' regulator.

The recommendation has the support of Australia's leading experts on financial regulation, including University of Sydney Professor Jason Harris, the country's top expert on the *Corporations Act* which ASIC is supposed to enforce, and University of Wollongong Associate Professor Andy Schmulow.

But Longo is using the media to agitate against Bragg's recommendation, dismissively telling the 24 July *Australian Financial Review*, "I think the case for splitting up the agency has yet to be made."

In a snide 27 July *AFR* Weekend article by Ronald Mizen that tried to marginalise critics of ASIC—including Schmulow, former Liberal Party leader John Hewson, and independent economist John Adams—as a "motley crew" operating in "niche echo chambers on social media", Longo made excuses for ASIC's pathetic enforcement statistics which John Adams exposed in a 2022 report that triggered the Bragg inquiry, showing ASIC investigates fewer than 1 per cent of complaints it receives.

Longo said: "There's a bit of a misconception that because we get up to 10,000 reports of misconduct a year, we're not doing our job because only a few of them might lead to action. But that's a total misunderstanding of what we're about. We can resource between 150 and 200 investigations a year. So, our job is to really be smart about what we take on."

Except Longo omitted to mention that the inquiry had exposed examples where ASIC's AI-powered assessment system has marked complaints "NFA—No Further Action" within 45 seconds of receiving them!

"This evidence proved ASIC's bias is to mass-reject complaints of misconduct", ACP Research Director Robert Barwick said. "ASIC's failings are not the result of a regulator not having enough resources; they are the actions of a regulator that doesn't want to regulate!"

He suggested this is reflected in a stunning survey of 1,056 ASIC staff who ranked ASIC's organisational quality at just ... 2 per cent!

#### Failure by design

Barwick accused ASIC of failing by design, not incompetence, pointing to the testimony former Australian Competition and Consumer Commission (ACCC) chair Professor Allan Fels gave to the Senate inquiry on 1 November.

Fels revealed that the 1998 Wallis Inquiry, which established ASIC, had recommended financial services regulation enforcement should be given to the more effective ACCC, not to the ineffective ASIC; however, Treasury blocked the recommendation after lobbying from the financial services industry, "which it's always been a bit soft on", Fels said.

Joe Longo was ASIC's head of enforcement at the time.

Fels observed that the Treasury officials he spoke with who insisted law enforcement should stay with ASIC and Longo "later became involved at high levels of banks", i.e. they took the revolving door from Treasury to highly paid jobs at the banks for which they had delivered a weak regulator.

"The banks designed ASIC to be weak and ineffective", Barwick said, "and it's the Australian people who have paid the price, becoming easy pickings for financial predators not deterred by weak law enforcement.

Barwick said Longo personifies ASIC's culture of softness on white collar crime:

- In 1992, while a lawyer for Alan Bond, Longo wrote a paper published by the Australian Institute of Criminology complaining that regulators had "over-reacted" to the corporate crimes of the 1980s perpetrated by cowboys like Bond, Christopher Skase etc., which he whined had "led to an erosion of the civil liberty rights" of accused white collar criminals.
- In 1995, Longo switched from poacher to gamekeeper and joined ASIC's predecessor ASC, where in 1996 he became National Director of Enforcement, keeping that position under the new ASIC. His tenure coincided with the damning media headlines like "Corporate watchdog: more bark than bite" (1996); "ASC verdict: this watchdog lacks bite" (1998); and Adele Ferguson's blistering assessment in the 1 September 2000 *Australian Financial Review* "The watchdog no one fears".
- From 2002 to 2019, Longo worked as a corporate lawyer for Deutsche Bank, one of the most corrupt banks in the world (Morrison government ministers Josh Frydenberg and Jane Hume also worked for Deutsche).
- In 2021, Longo returned to chair ASIC at Frydenberg's request, the 3 June 2021 *AFR* describing him as "the 'business-friendly' regulator craved by ... Frydenberg". His appointment ended the brief period following the 2018 banking royal commission when ASIC—under chair James Shipton and his head of enforcement Daniel Crennan, who said "the banks should fear us"—sought to implement Commissioner Hayne's directive to beef up law enforcement against the banks. Longo's first act was to scrap Hayne's directive.

"It's time for Labor to deliver on the promises they made in Opposition to thousands of financial victims", Barwick said. "Dismiss Joe Longo and finally implement desperately needed regulatory reforms that have been a decade in the making."