

# STERLING FIRST VICTIMS DEMAND SENATE INQUIRY

Victims of the Sterling First scandal are urging parliamentarians to **support a Senate Inquiry into the Sterling First scandal** to expose the failings of ASIC. Two years after the Banking Royal Commission, it seems nothing has changed. 140 elderly pensioners face imminent eviction from their homes because ASIC failed to protect them from, or even warn them of, serial Ponzi schemers with multitudes of victims from previous scams in their wake.

**ASIC has been dishonest with the parliament, falsely claiming Sterling First victims were “investors” to avoid responsibility for its own failings.**

## MYTH

## FACT

Sterling First victims were investors

Sterling First victims were TENANTS. Elderly victims paid their life savings as up-front rent for the rest of their lives. Retirees signed a forty year tenancy agreement, which was a valid REIWA lease.

“Buyer beware” policies apply because victims were sophisticated investors

Elderly victims had never bought investment products before, and had no idea they were deemed to be “investors” until after the company’s collapse. Sterling’s salespeople were not licensed to give financial advice.

Sterling First victims knew they were buying an investment product

Sterling directors deliberately concealed the Product Disclosure Statement (PDS) from victims. Retirees were told their life savings were held in a (fake) Trust, but their money was stolen and used for another Ponzi scheme.

ASIC believed the Sterling matter was a property issue, and therefore out of its jurisdiction

ASIC knew Sterling First was an investment product. In 2014 Sterling directors met with ASIC to discuss a proposed listing on the ASX. During 2014-16, ASIC’s lawyers helped Sterling directors to re-write their PDS.

ASIC first became concerned about Sterling in March 2017

Sterling directors were serial Ponzi schemers and well-known to ASIC. In 2013, ASIC received complaints about a company called “Heritage” (\$15m losses), but allowed the company to simply change its name to Sterling First and target elderly retirees.

ASIC acted appropriately to protect the public

Retirees called ASIC to ask if there were red flags about Sterling, but were assured there weren’t any. After \$7 million was stolen, ASIC finally applied a Stop Order in September 2017, but Sterling directors ignored it. ASIC did not act until another \$11 million was stolen.

Despite requests from victims, WA Police cannot investigate Sterling because ASIC is ‘still investigating’

The WA Police Fraud Squad say they can’t act on a criminologist’s report which found that Sterling First was a major financial crime, because ASIC says it is still investigating the matter. However, after two years with no charges laid, ASIC has admitted the case is closed.