

AFCA REVIEW 25/3/21

A FCA was established following the Royal Commission into Banking and Financial services . This was an important development as the R.C had confirmed the failure of ASIC and APRA to identify serious misconduct within these services .

VOICCE represents approx.. 500 retirees who had invested in TRIO funds from 2004 Following suspicions of fraudulent conduct and 2009 ASIC and APRA investigated the manager and this led to APRA appointing an acting TRUSTEE . One of the investment managers was jailed for several years and all of the Directors of the TRUSTEE were given suspended sentences , including the auditor

The acting Trustee also investigated the Residential Property fund and presented a 200 page report to Apra outlining misconduct that qualified for part 23 compensation . Apra rejected the claim as just bad investing by the manager .Apra was given further evidence outlining the first investment in 2004 of \$3 million that was very successful .

The manager converted the investment to fixed interest and credited 10% to members only and pocketed \$ 6.0 million for themselves . (200% profit)

The investment manager achieved this outcome by establishing a new company and eliminated the previous owners of the business ,. He achieved this outcome as he had the support of his joint managing partner of the responsible Entity .

This additional information did not alter APRA'S decision to reject the claim .

Asic was asked to review this matter but stated it was Apra's responsibility .

Apra later advised Voicce that if they supported this claim it would open the flood gates for investors to claim compensation when ever losses occurred .

APRA has totally failed the members investing in this fund.

Apra has also stated they rely on the audit statements each year and this again reveals serious flaws in financial reporting .

AFCA has advised me that they cannot review this claim unless TRIO is reregistered and Asic issues the necessary licencing . Asic has advised this will not happen .

The AFCA service is an important step forward (assuming they have the experience) to investigate misconduct and protect superannuation members when APRA rejects potential claims .

In 2010 ASIC advised me that they do not investigate the Directors of Financial services companies when business's are sold and the reason for this that they promote free enterprise. This invites dishonest behaviour as we experienced with TRIO .

Fortunately dishonesty in our Superannuation fund industry has been minimal but it confirms why the CSLR must be put in place to protect victims (including SMSF)

The VOICCE members on average had \$300000 invested in Trio 15 years ago and were seeking security and consistent returns. Together with part age pension and some part capital drawdown provided a quality life style in retirement .

Unfortunately with the flaws in our current regulatory system the Trio experience is likely to be repeated .

The Government has been advised of the flaws in financial reporting for over 20 years and the Royal Commission has revealed these problems

Had the whistle blower not come forward in 2009 how many billions would now have been stolen ??

Major frauds mainly occur because of collaboration between Senior management , Financial reporting , auditing and conflicts of interest .

The majority of our Superannuation fund are managed by honest people but because

We don't have a system that provides credibility in financial reporting the Government must provide a CSLR for all superannuation investors .

Approx. 6 months ago a senior manager of ASIC advised me that solving dishonest behaviour was beyond Asic's capability and this confirms why we need an organisation like AFCA and the CSLR in place to protect members including SMSF .

ON behalf of VOICCE

Col. Warne chairman