

29 June 2011

The Hon Bill Shorten MP  
Minister for Financial Services and Superannuation  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

Dear Minister

**Re: Trio-Astarra compensation**

We request that you seriously reconsider your decision to have self managed superannuation funds and directly held non superannuation investments left out of your Trio rescue package.

My wife and I had \$226,000 stolen from us through the Trio Capital – Astarra fraud. This loss is made up of \$169,000 invested from our self managed super fund, and \$57,000 invested using a margin loan. These investments were made on the advice of Tarrant’s Financial Consultants, Wollongong in 2008.

Our investments were made based on financial advice from Tarrant’s, and also with the knowledge that ASIC and APRA licensed and regulated Trio Capital and the Astarra Strategic Fund. Positive reports from various research houses were used extensively and auditor reports indicated that the fund complied with all requirements. In fact, the Astarra Strategic Fund appeared to be such a safe investment that regulated retail super funds also placed investor’s money into it.

At every stage this investment was fully regulated. Now that it is clear that a fraud has been carried out there seems to be no repercussions for the trustee (NAB), custodian (ANZ), auditors (WHK & KPMG) or research houses (Aegis, Van Eyk, Van Mac, Morningstar). All of these parties, by their negligence, have contributed to the loss. However it is left to the investors to accept the loss of their life savings.

We find it offensive to be referred to as investors “swimming outside the flags”, as government agencies ASIC and APRA have clearly not carried out due diligence. How can SMSF’s and private investors be portrayed as reckless investors when the regulated super funds that invested their client’s money in Astarra were not? If a retail fund cannot determine that the fund was a fraud, then how could we?

It is very disappointing to hear you say that the government will compensate victims who are victims through no fault of their own, as by our exclusion from your Trio compensation scheme, it implies that it is our fault that our money was stolen. We didn’t invest in coins, cars, art, etc. We invested in a government regulated investment fund. It is such an injustice when you rely on your government (ASIC/APRA) to carry out its responsibilities, then when it fails in these responsibilities, the blame is passed back onto us.

ASIC and APRA have overseen and approved this investment at every stage in the advice chain. ASIC and APRA also require all parties to carry insurances, however as soon as it became clear that this was a fraud, the insurance companies refuse to pay any claims for losses.

We find it hard to believe that so much money has been stolen however there seems to be no help in retrieving the money or chasing the criminals that committed the fraud on thousands of Australians. This is a criminal matter, not a civil matter. With hundreds of millions of dollars stolen, why are the Australian Federal Police not involved?

The irony now is that our only option seems to be to take legal action to recover anything we can, however we are like most investors and will struggle to afford to be part of a class action that may not return anything. We are now forced to borrow more money to spend on the legal action. Why does the government not offer to fund the legal action?

We have been let down by our own government over and over through the Trio Capital mess. We urge you to consider the hundreds of hard working people suffering because of this criminal action.

Regards

Shayne and Tracey Bonnie