



Australian Citizens Party

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MEDIA RELEASE

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ASIC charges Sterling directors, but only compensation can save the victims from homelessness

Under pressure from not one but two Senate inquiries into the Australian Securities and Investments Commission (ASIC), the corporate regulator has finally taken action against the directors of the Sterling First rent-for-life scam.

Sterling First directors Ray Jones, Ryan Jones, and Simon Bell appeared in a Perth court on Friday; Ray Jones and Simon Bell were charged with 11 counts of “aiding and abetting Sterling Corporate Services to engage in dishonest conduct in relation to a financial product or service”, while Ryan Jones was charged with 10 counts.

According to a 3 November ASIC release, each man faces a maximum penalty of 10 years imprisonment and/or a \$945,000 fine.

There are more than 100 victims of the Sterling First scheme, who are very happy to see the directors of the scheme finally face justice.

On the Facebook group Sterling First Lobby Group, Beryl Lines wrote: “At last. Let’s see if justice is done. They ALL need to be held accountable and to learn that what they did MORE than once should never have been repeated. *I hope ASIC, who allowed them to repeat their crimes will be held accountable as well.*” (Emphasis added.)

Serial Ponzi schemers

The directors of Sterling First should never have been allowed to contrive their fraudulent rent-for-life scheme, had ASIC been properly regulating the financial system.

Both Ray Jones and Simon Bell are serial offenders, responsible for losing millions of dollars of investors’ funds in previous failed schemes they were involved in.

Ray Jones had been involved in the Geneva Finance scandal in the early 1990s, in which investors lost \$30 million, and he was only released from bankruptcy in 2015, the year he started Sterling First.

Simon Bell was a key figure in the disastrous property development Ponzi scheme Westpoint, which collapsed into receivership in 2006 with total losses of \$388 million, of which less than half was recovered for investors.

If any of the elderly Sterling First tenants had known of the corporate history of these two directors, they would never have signed up; however, ASIC, which should have known of their history, didn’t warn them.

In a 19 August 2021 [interview](#) with the Australian Citizens Party’s *Citizens Insight* YouTube program, Sterling tenant Beryl Taylor revealed that ASIC didn’t even warn her when she called the regulator prior to signing up to ask if there were any red flags over the scheme.

Barrister Niall Coburn, a former ASIC investigator, testified to the 16 November 2021 hearing of the Senate inquiry into the collapse of Sterling Income Trust that because the tenants were all elderly and vulnerable, they should have gone to the top of ASIC’s list of priorities: “That is within ASIC; that is most regulators internationally now. There’s an emphasis to protect the elderly, and this scheme is really an elderly abuse scheme, if you look at it.”

Yet ASIC failed to protect the Sterling tenants, not because it wasn’t aware the scheme was dodgy—ASIC fielded numerous complaints from the get-go—but because it doesn’t believe its job is to protect consumers.

Rather, ASIC operates under the doctrine of *caveat emptor*—let the buyer beware. In other words, if you get ripped off, *it’s your own fault*.

WA government also complicit

ASIC is not the only failed regulator, however; WA’s Consumer Protection agency, under the state’s

Department of Mines, Industry Regulation, and Safety (DMIRS), is also directly complicit in the Sterling First disaster.

When the Sterling directors first started their scheme in 2015, the tenancy leases they offered to the tenants were not legal under WA law; but instead of doing their due diligence to see what sort of scheme couldn't even get the leases right, and questioning whether they were appropriate to offer to vulnerable elderly consumers whom DMIRS is charged to protect, DMIRS simply assisted the directors to bring their leases into line with WA law.

That assistance from DMIRS allowed the Sterling directors to go out and prey on more than 100 elderly retirees, mostly around Mandurah in WA, who are now financially ruined. Some have died in poverty and with the shame of having been scammed, others have been evicted, and the rest all face eviction and homelessness.

The ASIC charges read out in court last Friday mean that DMIRS actually assisted serial Ponzi offenders who are officially accused of operating dishonestly—so what responsibility does DMIRS and the WA government now have to the victims?

Compensate the victims!

The total losses suffered by the Sterling tenants is around \$18.5 million, which, with interest, is enough to keep them in their homes.

The victims will not get that money back from the Sterling directors—it is gone. The only way they can hope to recoup their losses is through compensation from the Commonwealth or WA government, or both—as both are responsible for the agencies ASIC and DMIRS which failed them so badly.

The sum of \$18.5 million plus interest is a drop in the bucket for the Commonwealth and WA governments, but so far both governments have been more interested in covering up for the failings of their agencies than saving elderly Australians from homelessness.

The Commonwealth Labor government has actually betrayed the victims—prior to the 2022 election, now-Assistant Treasurer Stephen Jones met the victims in Mandurah and led them to believe they would be included in the government's Compensation Scheme of Last Resort (CSLR), but when he introduced the legislation in government, they were not included.

Australia's failed system of regulation, and betrayal of the Sterling victims, is a national shame—all Australians should demand their governments overhaul these regulators so they actually function properly, and compensate the Sterling First tenants now!

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