

## Submission to the Inquiry into Finance Systems

We are victims of the LM ponzi scheme fraud. There are, quite rightly, public calls for a **Royal Commission** into financial planners licensed by the ASIC, financial products registered with ASIC, fund raising companies and subsidiaries registered with ASIC, auditors, law firms, and LIQ's registered with ASIC and banks making toxic loans to unsafe development projects, all under the regime of ASIC and APRA.

The sale of unsound products was licensed by the ASIC and the conclusion has to be that there is no enforcement of the laws about companies, planners, lenders and the advice industry as overseen by ASIC. The disclosure only policy is admitted by ASIC Chairman Medcraft not to work and risks were not made known to investors. Thus, we were not warned we were 'sitting ducks' to the crooks in the banking and financial sector. Had there been warnings we would never have invested with LM.

As expats we were under the impression that Australia was an advanced country with very tough financial rules and regulations to protect us the consumers. This is how it was sold to us: however it appears we were misled. The lack of enforced regulation has led to our impoverishment and a destruction of our faith in Australia as an advanced country. We will certainly never invest there again.

The LM investments scam was designed in Queensland and was registered with ASIC. Its licensed advisers exported it by visiting eight countries - Spain, UK, Thailand, Hong Kong and Canada, without notifying the authorities of what they were doing. In those countries, pensioners were cheated of their retirement savings and pensions and their lives destroyed.

Regulatory neglect has caused an ever increasing ripple of consequences across the world and the only way to stop this continuing is for the entire wealth creating industry and those operating in this industry to be examined in detail in a **Royal Commission**. That industry and those people were making money at the cost of devastating the lives of ordinary people by stealing their savings and pensions.

LM was a ponzi scheme which should have been easily spotted by ASIC and immediate action taken to shut LM down and so protect consumers. In addition we understand that Ms. Brierley warned ASIC of ponzi operations as far back as 2001 and again later. Why was nothing done?

The effect on my family and myself has been worry, ill health, a decline in living standards and fear for our future as we get older. Our reserves are gone. What happens now if we need to have care as we age? Who will pay for a carer or for living in a home? Who will pay for our funerals? We saved for our old age but have been robbed of those savings. This would not have happened if ASIC had done its job.

A **Royal Commission** is necessary to make sure that this tragedy never, ever happens again, especially to some of the most vulnerable people in society - the elderly.

John Milborrow