



**ASIC**  
Australian Securities &  
Investments Commission

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12 November 2021

**To: Tenant-investors of the Sterling Group**

**JOSEPH LONGO  
CHAIR**

Dear Tenant-investors,

### **SENATE COMMITTEE INQUIRY RELATING TO THE STERLING INCOME TRUST**

I write to update you in relation to ASIC's participation in the current inquiry by the Senate Economics References Committee in relation to the Sterling Income Trust. In preparing our submission to the Committee I formed the view that I should write to you to address several matters. Many of those issues have also been raised by a number of victims of the collapse who have written to me.

I appreciate the letters I have received and acknowledge the devastating financial and emotional impact that the collapse of the Sterling Group has had on you.

#### **Senate Committee's inquiry**

On 20 October 2021, the Senate passed a motion which referred matters relating to the Sterling Income Trust to the Senate Economics References Committee for inquiry and report by 1 December 2021. The terms of reference of the Committee's inquiry include consideration of:

- (a) ASIC's oversight of the Sterling Income Trust;
- (b) the need for legislative and regulatory reform to prevent such losses in the future;
- (c) access to justice and redress for victims of the Sterling Income Trust Collapse;
- (d) the novelty of the products of the Sterling Income Trust;
- (e) why the scheme collapsed and where the money went; and
- (f) any related matters.

ASIC will be actively participating in the Committee's inquiry and will do so in an open and transparent manner. For these purposes, ASIC has provided a submission to the Senate Committee. A copy of our submission is enclosed or available here: [link](#).

I encourage you also to follow the Committee's inquiry.

### **“Investors” and “tenants” of Sterling Group**

ASIC acknowledges that the victims of the Sterling collapse who entered into a Sterling New Life Lease (**SNLL**) were both tenants and investors. People were sold a 'lease for life' where the long-term tenancy was linked to the performance of an investment. ASIC understands that some tenants may not have been aware that they were entering into an investment at the time they entered into a SNLL.

ASIC referring to victims as investors partly reflects the fact that ASIC, as the financial services regulator, is only empowered under the laws that it administers to deal with the victims as investors, not as tenants. We have worked alongside and liaised with the Western Australian Department of Mines Industry Regulation and Safety (Consumer Protection Division) (**DMIRS**), which does have oversight of tenancy issues in WA, to respond to the Sterling collapse.

### **ASIC's ongoing inquiries**

A number of people have queried whether ASIC has closed its file on the Sterling Group. Please be assured that ASIC's investigation is ongoing with a view to possible criminal prosecution. Further information about ASIC's ongoing inquiries is set out in its submission to the Senate Committee.

### **Request for a copy of KPMG reports**

A number of people have requested access to the KPMG reports that ASIC funded.

ASIC's role is to enforce the law and to hold those who contravene the law to account. ASIC funded the liquidators of the Sterling Group (who now work with KPMG following the merger of KPMG and Ferrier Hodgson) to assist ASIC with its investigation and possible future enforcement action. Those reports were provided to ASIC as part of its ongoing investigation and are likely to form part of the evidence in any future criminal prosecution).

In light of the above it is critical that ASIC maintain confidentiality over these reports and we are therefore not able to provide a copy of the reports to you. This is to ensure that public disclosure of information contained in the reports does not interfere with or otherwise prejudice any future criminal prosecution in relation to the Sterling matter (for example by giving rise to claims that the disclosure of the KPMG reports has adversely affected the fair conduct of any future criminal trial).

KPMG as liquidators have issued a number of public reports: see [link](#).

## **Request to meet**

Thank you to those who have written to me requesting to meet in Western Australia to discuss your concerns. I hope to be in Western Australia in the coming months to meet with representatives of those affected by the collapse of the Sterling Group.

Yours sincerely



**JOSEPH LONGO**

CHAIR

*Encl.*