

Australian Securities and Investments Commission

Answers to Questions On Notice

Public hearing: Parliamentary Joint Committee on Corporations and Financial Services

19 March 2021

Division/Agency: Australian Securities and Investment Commission

Question No: 012

Member: Senator Louise Pratt

Question:

Senator PRATT: In the context of the report by KPMG, which investigated the Sterling company but I think is also, in some cases, a liquidator, what value did the government receive for its \$440,000 paid to them to investigate Sterling?

Ms Armour: I'd have to take that one on notice. I don't have that sort of detail in front of me, so I'll take that on notice if that's okay.

Answer:

ASIC repeats its answer to a similar Question on Notice 016 which was asked during the Parliamentary Joint Committee on Corporations and Financial Services public hearing on 15 July 2020, as follows:

"The Assetless Administration Fund (AA Fund) was established by the Australian Government and is administered by ASIC. It funds preliminary investigations and reports by liquidators into the failure of companies with few or no assets, where it appears to us that enforcement action may result from the investigation and report.

The AA Fund enables a liquidator to carry out a proper investigation and report, which then helps us decide whether to commence enforcement action. It also funds a liquidator to take action to recover assets when fraudulent or illegal activity is suspected.

In accordance with the Commonwealth Grants Rules & Guidelines 2017, allocated grants from the AA Fund are published on the Australian Government website [GrantConnect](#) from 31 December 2017.

The fact of the grant and to whom it is granted are all that is disclosed. No information is published to identify the company in liquidation or the specific terms of the funding.

If a liquidator wants to disclose details to the media, it is a matter for them and ASIC notes that in a Channel 7 News Report on 21 January 2020 it was in part reported that;

"ASIC has given corporate investigator KPMG \$440,000 to fund an inquiry into the role of directors of the failed Sterling First Property Group including Ray Jones, his son Ryan Jones and Simon Bell."

ASIC has recently been provided with an AA Fund report from the liquidators of the Sterling Group for the purpose of assisting with the ongoing investigation and will continue liaising with the liquidators of the Sterling Group."

By way of update to ASIC's original answer, the above-mentioned report has been of assistance to ASIC's ongoing investigation into the roles and conduct of several parties during the operation of the Sterling Group of Companies, including in relation to the promotion of Silverlink Preference Shares. ASIC is currently working with the liquidators of the Sterling Group to convert contents of the above-mentioned report into admissible evidence of relevance to ASIC's investigation.