

SECOND SENTINEL DIRECTOR GAOLED FOLLOWING ASIC/AFP INVESTIGATION



ASIC

Australian Securities &
Investments Commission

Former Melbourne financial adviser Colin Frederick Quarrell was today gaoled for five years, to serve no less than three years, on Australian Securities and Investments Commission (ASIC) charges.

Mr Quarrell dishonestly obtained and used approximately \$4 million that had been entrusted to him by clients of the failed Victorian financial services group of companies known as Sentinel.

Mr Quarrell had previously pleaded not guilty to these charges and changed his plea on the day before his four week County Court trial was due to start.

The charges, prosecuted by Mr Gavin Silbert instructed by the Commonwealth Director of Public Prosecutions, arose from a six month joint investigation by ASIC and the Australian Federal Police (AFP) into the Sentinel Group which collapsed in June 1997 with debts of almost \$20 million.

The money represented the life savings of many of the clients of Sentinel.

These clients, aged between 49 and 85, believed their funds would be invested through their personal superannuation accounts to provide for their retirement.

Mr Quarrell told them their money would be placed into secured investments which were completely safe and which would return "interest payments" of 12% p/a, which was slightly higher than the prevailing interest rates at the time when the representations were made.

Instead, their money was transferred through numerous companies within the Sentinel Group and were ultimately dissipated in a variety of ways including into failed personal investments by Mr Quarrell and the co-founder of Sentinel, Allan McDonald Healy, and payment of the Group's operating expenses and liabilities.

Mr Healy had earlier pleaded guilty in the County Court on similar charges as those against Mr Quarrell and was gaoled on 21 June 1999 for five years, to serve no less than three years.

At Mr Quarrell's sentencing hearing the County Court received evidence of the effect his crimes had upon the lives of his clients.

Judge Nixon, described this evidence as "chilling" and stated how the lifetime of preparation that the clients of Sentinel had made for their retirement had been "uniformly decimated if not destroyed."

Justice Nixon also described Mr Quarrell's conduct as "a far cry from the corporate philosophy stated in the Sentinel brochures as *quality income producing investments*."

At the peak of its operations Sentinel had more than 600 clients throughout Australia with extensive property interests in both Queensland and Victoria.

In 1998, ASIC banned both Mr Quarrell and Mr Healy from further involvement in the securities industry, when it formed the view they had acted dishonestly and that, as a result, other clients were at risk.

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ASIC Victorian Regional Commissioner, Sue Carter said this was a classic example of the sort of people and behaviour that ASIC aims to protect consumers from.

“Mr Quarrell abused his position of trust and his crimes have had severe consequences on his victims. It is important that the community see that the perpetrators of such crimes are appropriately punished,” Ms Carter said.

“The successful prosecution of dishonest participants in the financial services industry by ASIC should deter others who may be tempted to embark on a similar course of criminal misconduct.”

This matter represents the first of three joint investigations that were conducted by ASIC and the AFP in Victoria during 1998 to be finally concluded in the courts.

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