

17 July 2020

**TO THE CLIENT AS ADDRESSED**

Dear Sir or Madam,

**UNION STANDARD INTERNATIONAL GROUP PTY LTD (ADMINISTRATORS  
APPOINTED)  
ACN 117 658 349 (“the Company” or “USG”)**

**UPDATE FOR CLIENTS**

**1. BACKGROUND**

As you are aware, Andrew Cummins and myself were appointed as Joint and Several Voluntary Administrators of the Company on 8 July 2020 pursuant to Section 436A of the *Corporations Act 2001* (“the Act”). This document should be read in conjunction with my first report to creditors dated 10 July 2020 (“my First Report”), a copy of which is available to view on our firm’s website (link below).

<http://briferrier.com.au/about-us/current-matters/union-standard-international-group-pty-ltd>

I provide herein a brief update following my First Report.

**2. SUMMARY OF UPDATES**

I have sought advice and orders from the Federal Court of Australia and now provide an important update for USG clients in respect of any open contracts as at 8 July 2020 (“open contracts”).

- 1. Clients are allowed until 5PM AEST on 7 August 2020 (“the Close Out Time”) in order to enter into close out contracts in respect of their open contracts.**
2. All client contracts remaining open at the Close Out Time will be closed out by the Company pursuant to its rights under the Product Disclosure Statement and the terms of business.
3. After all client contracts are closed out (points ‘1’ and ‘2’ above), USG will prepare and issue a statement for each client disclosing their final position.
4. Whilst clients are able to crystallise their claims, clients are unable to withdraw any funds at this time. Further information will be provided to clients in the Second Report to Creditors to be issued in the coming weeks.

It is understood that clients with open contracts may prefer to control the close out of those open contracts and therefore, they are encouraged to act quickly and do so before 7 August 2020 to ultimately crystallise their position. This should be facilitated as you ordinarily would via your usual

USG or other contact. If electing to follow this approach, you are urged to obtain professional advice applicable to your individual circumstances.

We note that the final outcome and timing for payment of amounts owed to USG clients may be affected by any sale of business restructure or Deed of Company Arrangement which may be proposed and put to creditors (including clients) for their consideration at the Second Meeting of Creditors.

Clients are reminded that it presently appears, based on reports supplied to us, that there are sufficient client trust funds held to satisfy client equity positions in full. However, those reports have not yet been fully tested and verified by us, so there is still a chance of a shortfall. Furthermore, as open contracts are subject to market fluctuations, an adverse movement may alter the final recovery for clients, which is further reason for all open contracts to be closed urgently.

### 3. OTHER MATTERS

Clients are reminded that all trading was suspended upon our appointment. Therefore, no new deposits and new contracts have been authorised during our appointment. Close out of open contracts has been allowed only.

As discussed in the First Report, we sought to be indemnified by the sole shareholder of the Company in respect of an orderly closing out of open contracts during this administration. An agreement was reached in principle. However, the Shareholder did not provide the funding as promised. As such, we have been unable to consider additional flexibility as to the timing for close out open contracts.

To facilitate this process of clients closing out their positions, we obtained orders from the Federal Court of Australia (which have been published on the Company's and our firm's website: (<https://www.usgfox.com/au> & <http://briferrier.com.au/about-us/current-matters/union-standard-international-group-pty-ltd>), that any debts resulting from any post-appointment close out contracts are debts of the Administration and that our liability as Administrators is limited to the extent of the indemnity provided under the Act. On 15 July 2020, the Company's Australian Financial Services licence was suspended by ASIC until 23 September 2020. However, while that will prevent the Company entering new contracts generally, the licence still allows the Company to close out the open contracts with clients.

In summary, we urge clients to close any remaining open contracts promptly, no later than 5PM AEST on 7 August 2020. Otherwise those contracts will be closed by the Company immediately thereafter.

### 4. QUERIES

Given the number of clients and creditors of USG generally, all queries are to be by email to [usg@brifnsw.com.au](mailto:usg@brifnsw.com.au).

Yours faithfully

**UNION STANDARD INTERNATIONAL GROUP PTY LTD (ADMINISTRATORS APPOINTED)**



**PETER KREJCI**

Joint & Several Administrator