

**Initial Report to Creditors  
Under Insolvency Practice Rules 70-30**

**Union Standard International Group  
Pty Ltd (In Liquidation)  
("the Company")**

**ACN 117 658 349**

30 September 2020

**Peter Krejci and Andrew Cummins  
Joint and Several Liquidators**

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## 1 EXECUTIVE SUMMARY

On 8 July 2020, we, Peter Krejci and Andrew Cummins were appointed Joint and Several Voluntary Administrators of Union Standard International Group Pty Limited (“the Company”). The appointment was effected pursuant to Section 436A of the Corporations Act 2001 (“the Act”) by a resolution of the Company’s Directors.

On 3 September 2020, the Company was wound up by Order of the Federal Court of Australia and Peter Krejci and Andrew Cummins were appointed Liquidators.

We have convened a meeting of creditors for Friday, 16 October 2020 at 2:00PM (AEDT) to be held virtually (online). Please find attached as **Annexure “1”** the Notice of Meeting of Creditors for your information.

This is the First Report to Creditors for the Liquidation which has been, issued pursuant to Insolvency Practice Rule 70-30. We provide below a brief summary of the matter and an update for creditors.

Creditors will recall that the Company held an Australian Financial Services Licence (“AFSL”) which allowed it to carry on a financial services business that comprised the provision of financial product advice to, the dealing for and the making of a market for, retail and wholesale clients, regarding derivatives and foreign exchange contracts. That business was largely conducted online at the website [www.usgfx.com](http://www.usgfx.com) and the majority of clients were based offshore, largely in mainland China. The Australian Securities and Investments Commission (“ASIC”) had been conducting an investigation of the Company’s affairs for some time, which had become public knowledge, and the business trading volumes had dramatically reduced inline over the past year.

The Company was part of the larger “USG” group, which we understand was controlled offshore by the Shareholder, Union Standard International Holdings Limited (registered in Samoa), and the ultimate beneficial owner Mr Soe Hein Minn. We understand that a serious dispute developed between the Australian management and the offshore Director Mr Soe Hein Minn, where the Australian management had serious concerns that the financial information being provided to them by the shareholder (Soe Hein Minn and related parties) was not accurate, and that the Company was insolvent. The information provided to us and our own enquiries certainly support these concerns as to the insolvency of the Company.

On our appointment we determined that the Company should cease to trade in the ordinary course, and that clients should be only able to close out their open positions. This was consistent with ASIC’s decisions to suspend the Company’s AFSL on 15 July 2020. We note that ASIC have recently cancelled the AFSL, however there are conditions allowing us to deal with existing client accounts and positions.

The Administration of the Company has proven to be significantly more complex and difficult than originally envisaged. This was largely as a result of the lack of cooperation from the offshore Director (Mr Soe Hein Minn), the Shareholder and their related entities, who collectively controlled the trading platform, website and the majority of the critical records. As such, we obtained various orders from the Federal Court of Australia, requiring the shareholder and Soe Hein Minn to provide the relevant records and access to the platforms, so that we could investigate the financial affairs and deal with client claims.

The shareholder and Soe Hein Minn largely did not comply with those orders and are in contempt of Court.

The Australian based directors and management have assisted our investigations to the extent possible. However, as a result of this obstructionist behaviour of the Shareholder and Soe Hein Minn, there have been real losses suffered by the Company and its creditors, where any opportunities to restructure or sell the business as a going concern have been lost. Accordingly, we determined that it was appropriate to apply to Federal Court of Australia to have the Company wound up on just and equitable terms, which Justice Yates agreed with. We note that the Committee of Inspection agreed with approach, as did ASIC.

During our appointment, we secured the available assets of the Company, being operational and trust funds held with Australian banks and offshore liquidity providers, in total being around AUD11M. However, we have been unable to secure the major asset on the Company's balance sheet, being funds held with offshore Money Processors. The largest Money Processor was known as "UPay" which reportedly held approximately AUD14M as at our appointment. UPay have failed to respond to any of our correspondence to date, and now appears to be defunct. We have conducted extensive investigations into UPay, including retaining external investigators, and it appears the UPay may not be a legitimate business and may in fact be controlled by the Shareholder. We are currently considering the ramifications of this as many clients had deposited funds with 'UPay' which may now be unrecoverable.

Those investigations have necessarily extended to the shareholder and the ultimate beneficial owner, Mr Soe Hein Minn (said to reside in Myanmar). The preliminary reports suggest that key regulatory documentation for Mr Soe Hein Minn cannot be substantiated and may not be genuine, which causes us to have serious doubts as to whether Mr Soe Hein Minn is the bona fide individual purportedly to control the USG Group. Of further concern is the fact that no person has actually met Mr Soe Hein Minn, and in recent legal proceedings he did not attend nor was he represented. Given the size of the USG operation as a whole, this appears highly irregular.

We have spent considerable time and resources investigating and quantifying the client liabilities. This process has proven difficult, given the conduct of the shareholder and Mr Soe Hein Minn, where we have not been provided unfettered access to the platforms. However, we did obtain access to the platforms for a limited time, which allowed us to extract key client data. Using this data, we are currently working through a process to manually calculate the client liabilities, so that a dividend can be declared in due course. This is a challenging process and further information is contained at Section 10.2 of this report.

We have also become aware of a group of creditors who are understood to have invested in a financial product that offered a monthly interest return of around 0.8% per month. Our investigations indicated that this product, known as U-Plus, was promoted only overseas (predominantly in mainland China and Taiwan) quoting the Company's AFSL on the offer documentation. Our enquiries indicate that the Company did not issue a Product Disclosure Statement ("PDS") for such a financial product, and it was not allowed under the Company's AFSL conditions. To date, we have received approximately AUD137M in claims from the investor creditors, however there are no such liabilities reported in the Company's financial reports, nor is there equivalent funds held in any known bank accounts for these creditors. The Australian based directors have advised that they were not aware of the U-Plus product, until June 2020, where our appointment followed shortly thereafter. We are continuing to investigate these investor claims as to whether they are valid liabilities of the Company, in which case the historical financial reports

are likely materially incorrect, and there are either unreported assets or undisclosed losses equivalent to these new creditor claims. Please refer to Section 10.2 below for further details.

It is very early in this Liquidation and our investigations are progressing. However, given the complexity of the matter and the significant discrepancies in the financial affairs our investigations and any recoveries will take some time to complete. We note that ASIC has been in regular contact with us during this matter, and we understand that they have brought civil penalty proceedings against the Company. We will provide further information in due course.

As the business is no longer trading, all employees of the Company have been terminated. The former employees are encouraged to lodge claims under the government’s Fair Entitlements Guarantee (“FEG”) Scheme. The FEG Scheme provides a means for former employees to be paid their entitlements.

As is explained in this report, this is a complex matter which will take significant time to complete. Our preliminary views are that there are funds available to provide a return to certain creditors, in particular the clients with trust claims. However, there is a broad range of possible returns at this stage, given the potential impairment of assets, the discrepancies in the financial records and the significant creditor claims lodged to date. By way of preliminary estimate only, the potential returns to creditors may be as follows:

Return to Creditors	Cents in the Dollar		
	High Scenario	Mid Scenario	Low Scenario
Trust Creditors	97	73	3
Priority Creditors:			
Wages & Superannuation	100	100	100
Annual Leave & Long Service Leave	100	100	100
PILN & Redundancy	100	100	100
Unsecured Creditors	76	8	1

Given the complexity of the matter, we recommend a Committee of Inspection (“COI”) be formed at the forthcoming meeting of creditors. We suggest that the committee members should represent a cross-section of the classes of creditors. At the meeting, we will also be seeking approval of our remuneration for the Administration and Liquidation. Our reasonable costs will be paid from the Company’s available assets, which may include the trust assets. Further details are contained at Section 13 of this Report and in the Remuneration Approval Report marked as **Annexure “5”**.

### 1.1 PREVIOUS MEETINGS OF CREDITORS

The First Meeting of Creditors during the Administration was held on 20 July 2020. At that meeting, our appointment as Administrators of the Company was confirmed and a COI was formed. Minutes of that meeting have been lodged with the Australian Securities and Investments Commission (“ASIC”).

A COI Meeting was held on 18 August 2020, at which meeting an update was provided and our interim remuneration was approved. Minutes of that meeting were also lodged with ASIC. We note that the COI formed under the Administration, was automatically disbanded when the Company was placed into Liquidation.

Creditors may resolve to appoint a new COI for the Liquidation at the forthcoming meeting.

## 1.2 PURPOSE OF REPORT

This report has been prepared pursuant to Insolvency Practice Rule 70-30 of the Act.

We will be required to prepare a further report pursuant to Insolvency Practice Rule 70-40 with 3 months of my appointment as Liquidator.

## 1.3 DISCLAIMER

This Report and the statements made herein have been prepared, based on available books and records, information provided by the Company’s directors and officers, and from our own enquiries.

Whilst we have no reason to doubt the accuracy of the information provided or contained herein, we reserve the right to alter our opinion or conclusions should the underlying data prove to be inaccurate or materially change after the date of this Report.

In undertaking our investigations in relation to the affairs of the Company, and the preparation of this Report to Creditors, we have necessarily made forecasts of asset realisations and am required to estimate the ultimate quantum of creditor claims against the Company.

Neither we, as Joint and Several Liquidators, nor any member or employee of this firm undertakes responsibility in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to this office, or necessary estimates and assessments made for the purposes of this Report.

Any creditor that has material information in relation to the Company’s affairs, which they consider may affect our investigation, should forward details to this office as soon as possible.

## 1.4 DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

A Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”) pursuant to Section 436DA of the Act was enclosed in the First Report. An update to our DIRRI was issued to creditors on 7 September 2020. Our previous appointment, nor any of the relationships mentioned in this report affect our independence.

## 2 STATUTORY INFORMATION

The following is a summary of the Company’s statutory and business details obtained from the ASIC database, the Personal Property Securities Register (“PPSR”) database, and the Company’s records:

### 2.1 COMPANY DETAILS

<b>Company Name</b>	Union Standard International Group Pty Ltd (In Liquidation)
<b>A.B.N</b>	79 117 658 349
<b>A.C.N</b>	117 658 349
<b>Incorporation Date</b>	21 December 2005
<b>Registered Address</b>	Suite 2 Level 11 10 Bridge Street Sydney NSW 2000
<b>Principal Place of Business</b>	G03 135 Macquarie Street Sydney NSW 2000

## 2.2 OFFICEHOLDERS

Name	Position	Appointed	Ceased
Soe Hein Minn	Director	27-Oct-16	Current
Darren Anthony Burns	Director	01-Jun-19	Current
John Carlton Martin	Director	01-Feb-19	Current

## 2.3 SHARE STRUCTURE AND SHAREHOLDERS

Name	Share Class	Number of Shares	Fully Paid Up	Status
Union Standard Group International Holdings Limited	Ordinary Shares	13,510,751	Yes	Current

## 2.4 CURRENT REGISTERED SECURITY INTERESTS

A search of the PPSR as at the date of our appointment indicates the following registered securities:

Registration Number	Secured Parties	Start Date	Collateral
201710180013400	Northern Managed Finance Pty Ltd	18-Oct-17	Commercial - Other Goods

Correspondence was issued to the above secured party requesting documentation to validate their respective claims. We have received a response, and have been advised that the security interest pertains to a photocopier located at the Sydney trading premises. As part of the trading of the Company we continued to maintain the lease instalments. As a result of the winding up of the Company, the photocopier is no longer required and we have arranged for the lease to be disclaimed.

## 2.5 OUTSTANDING WINDING UP APPLICATIONS

There are no outstanding winding up applications against the Company.

## 2.6 RELATED ENTITIES

A directorship search has been undertaken for the Company's Directors. Our searches indicate that the Directors holds the following current and former Officer roles.

### 2.6.1 Darren Anthony Burns

Company	ACN	Position	Appointed	Ceased	Status
Clyzone Pty Ltd	091 828 867	Director	15-Mar-20	23-May-20	Deregistered
Finance TV Pty Ltd	117 966 328	Director	20-Jan-06	24-Jan-07	Registered
I Trade 888 Pty Ltd	084 877 912	Director	23-Oct-98	11-May-11	Deregistered
Intelligent Financial Markets Pty Ltd	155 185 014	Director	02-Jan-09	27-Dec-19	Registered
Market Informer Pty Ltd	112 957 981	Director/Secretary	17-Mar-05	22-Oct-07	Deregistered
Onvest Capital Pty Ltd	636 877 051	Director/Secretary	17-Oct-19	Current	Registered
Tradetech Markets (Australia) Pty Ltd	158 641 064	Director	17-Feb-16	16-Mar-18	Deregistered
Xinfin Australia Pty Ltd	161 074 808	Director	02-Nov-12	09-Jun-20	Deregistered

### 2.6.2 Soe Hein Minn

Mr Soe Hein Minn holds no other Officer roles in Australian entities registered with the ASIC.

However, our enquiries indicate that Mr Soe Hein Minn is the Director of the Shareholder, USG UK, USG Vanuatu and USG Cyprus. Our investigations into Mr Soe Hein Minn offshore interests are continuing.



### 2.6.3 John Carlton Martin

Company	ACN	Position	Appointed	Ceased	Status
Aurena Pty Ltd	632 885 664	Director/Secretary	12-Apr-19	Current	Registered
BrightAU Capital Pty Ltd	619 685 120	Director	20-Sep-18	Current	Under External Administration
Direct FX Trading Pty Ltd	120 189 424	Director/Secretary	29-Oct-13	17-Oct-17	Under External Administration
Forexware Markets Pty Ltd	163 079 623	Director/Secretary	27-Feb-14	23-May-17	Registered
John Martin Consulting Pty Ltd	627 334 829	Director/Secretary	05-Jul-18	Current	Registered
Markets Direct Australia Pty Ltd	626 543 459	Director	09-Jul-18	Current	Registered
Martin Consulting Services Pty Ltd	627 334 383	Director/Secretary	05-Jul-18	Current	Registered
Maxi EFX Global Au Pty Ltd	625 283 785	Director	20-Sep-18	30-Apr-19	Registered

## 3 COMPANY HISTORY AND EVENTS LEADING UP TO ADMINISTRATION

The following information has been obtained from the Company's Directors, management, advisors, the Company records provided to us and our own enquiries:

- ▲ The Company was incorporated on 21 December 2005 in Western Australia ("WA") and held an Australian Financial Services Licence ("AFSL"). The AFSL, allowed the Company to carry on a financial services business that comprised the provision of financial product advice to, the dealing for and the making of a market for, retail and wholesale clients, regarding derivatives and foreign exchange contracts.
- ▲ The ASIC records indicate that Company operated in WA from incorporation until in or around 2011, when it was relocated to Sydney NSW.
- ▲ The Company operated from leased premises located at G03, 135 Macquarie Street, Sydney NSW 2000. We have obtained a copy of the relevant commercial lease agreement which is between the Company and Union Standard International Finance Group Pty Ltd. This appears to have expired and continued tenancy was on a month to month basis at the time of our appointment.
- ▲ The Company was part of the larger "USG" group, which we understand is controlled offshore by the Shareholder, Union Standard International Holdings Ltd (an entity registered in Samoa), and the ultimate beneficial owner Mr Soe Hein Minn (who is said to reside in Myanmar).
- ▲ The business model appears to have been based on making a financial markets against which clients would take highly leveraged positions (500:1 in some circumstances). This resulted in very high trade volumes going through the USG platform, where the Directors advised that the trade volumes may have been up to AUD\$30B per month at its peak. The financial records indicates that the business operations as a market maker, were profitable for the Company. This is despite an extraordinarily high proportion (around 75% to 85%) of the Company's margins/profits, being paid out to introducing brokers and CARs as agent fees. Our investigations of the financial arrangements are ongoing.
- ▲ The current Australian directors, John Martin and Darren Burns, were only appointed in 2019. We are advised that Mr Soe Hein Minn was responsible for the strategic direction of the Company's business, where he has been appointed since 2016. Furthermore, we are advised that Shay Zakhaim, the Company's former CEO, was responsible for the day-to-day management of the Company, and the broader USG Group.

- ▲ In the months preceding our appointment, the Company was subject to an investigation by the ASIC as to its affairs and conduct.
- ▲ The Company formerly had two Corporate Authorised Representatives (“CARs”), Maxi EFX Global AU Pty Ltd (trading as EuropeFX) and BrightAU Capital Pty Ltd (trading as TradeFred). To protect customers interests while its investigations were ongoing, ASIC sought and obtained asset restraint orders from the Federal Court of Australia. These Company assets involved included bank accounts with balances of AUD182k and USD53k respectively. These bank accounts remain frozen.
- ▲ The Australian based directors have advised that as a result of the negative publicity surrounding the ongoing ASIC investigation, the Company experienced a marked increase in client withdrawal requests primarily during the second half of the 2019 calendar year.
- ▲ The information provided to us indicates that the Company was unable to satisfy all the client withdrawal requests as and when received, and consequently, various complaints were lodged by clients via the Australian Financial Complaints Authority (“AFCA”). It is also important to note that these issues were compounded by the financial volatility during recent Covid-19 pandemic from early 2020.
- ▲ The financial records indicate that the Company held substantial funds with offshore money processors during 2019. In the course attempting to discharge the client withdrawal request, the Company appears to have attempted to withdraw the funds from the money processors. However, those money processors did not pay up the funds they held, in particular UPay the largest money processor by value.
- ▲ In early 2019, it appears that the Australian management became concerned as to the financial standing of the Company, with concerns as to escalation of client liabilities (including previously unreported liabilities) and potential impairment of assets held with the money processors. As such, the Australian management requested that the Shareholder, who effectively controlled the financial operations and reporting, provide them with ‘administrator’ access to the platforms and also contribute additional capital sufficient to meet the withdrawal requests. The shareholder declined those requests.
- ▲ The circumstances described above were not resolved, and on 8 July 2020, the Directors unanimously resolved to appoint us as Administrators of the Company.
- ▲ Following our appointment, on 15 July 2020, ASIC suspended the Company’s AFSL and on 18 September 2020 ultimately cancelled the Company’s AFSL with necessary conditions, given that the Company is in Liquidation.

#### 4 REASONS FOR FAILURE

We have received completed questionnaires from the current directors of the Company, who attributed the reasons for failure to the following:

- ▲ Removal of administrator access to MT4/MT5 platforms and general transparency issues regarding company affairs and information;

- ▲ Liquidity issues caused by the withholding of funds by money processors, possibly resulting in a Net Tangible Asset deficiency and regulatory compliance issues;
- ▲ Dispute amongst the local and offshore directors, and general Shareholder issues; and
- ▲ Lengthy ASIC investigation and mounting Financial Services Ombudsman complaints.

Our investigations are ongoing, however our preliminary observations are that the irregularities and discrepancies between the financial records and claims from clients, may have been a catalyst for the Company's ultimate failure. These issues may have arisen some years ago, and it was only when the trading slowed down, and trading volumes decreased, that the real financial issues came to the surface.

## 5 SALE OF THE COMPANY'S BUSINESS AND/OR ASSETS

During the Administrator period, we offered the business for sale. We run a structured sale campaign, initially seeking expression of interest and then formal offers. Advertisements were placed in the Australian Financial Review and The Australian newspapers on 17 July 2020. Expressions of interest were requested to be submitted by 24 July 2020. An advertisement was also placed on BRI Ferrier's website. The initial offer window was intentionally compressed given the Administration timetable.

Fifteen parties registered initial expressions of interest. A data room was prepared for confidential information to be provided to parties wishing to engage in due diligence. Those parties were required to complete a Confidentiality Agreement and pay a refundable deposit of \$5,000. Eight parties have completed a Confidentiality Agreement and paid a deposit. We have subsequently refunded two parties who have withdrawn their interest.

However significant difficulties were encountered securing the necessary information for parties to complete their due diligence. We sought cooperation from the shareholder to obtain necessary data and control of the trading platforms used by clients to trade. Despite numerous requests and various Court Orders to obtain compliance, access and requests for meaningful information has not been forthcoming.

We also sought to obtain control of the Company's Client Relationship Management System.

Lack of meaningful information significantly compromised any sale prospects. This has included the sale of the Company's client list (possibly including their net equity positions). We have obtained legal advice regarding the ability to realise certain assets in a liquidation scenario and continue to explore sales although they are for a reduced pool of assets, at likely reduced values. In this regard, the AFSL can no longer be sold, given ASIC decision to cancel it.

Some parties continue to express interest in the remaining assets, in particular the client lists, the MT4/5 licences and the Sheffield Football Club sponsorship. We cannot disclose any further information, so as not to prejudice the commercial negotiations.

The obstructionist behaviour of the Shareholder and associated parties has hampered any sale and likely caused loss for the creditors. The Company may bring a claim against those parties for the loss in due course.

## 6 TRADING DURING THE VOLUNTARY ADMINISTRATION

As mentioned earlier, we continued to trade the business on a limited basis during the Voluntary Administration, where clients were instructed that all trading would be suspended and could only close open contracts, thereby crystallising their positions.

We obtained Court Orders from Justice Jagot in respect of a staged approach to closing out client positions. These Court Orders were consistent with the ASIC's conditions on the suspension of the AFSL issued on 15 July 2020. Accordingly, on 17 July 2020 we issued a notice to all clients that all open positions were to be closed out by no later than 7 August 2020, after which any remaining open positions would be closed out by the Company.

Ultimately this was unable to be done, as the Shareholder and Mr Soe Hein Minn refused to provide us access to the platforms to perform this work. We approached the Court on numerous occasions seeking orders to remedy those issues, and the Shareholder and Mr Soe Hein Minn remain in contempt of those orders.

We sought to preserve the Company's assets where possible, whilst a sale of business/restructure was explored. We incurred costs sparingly in maintaining essential services whilst a sale of business/restructure was explored. We incurred costs sparingly in maintaining essential services, payroll and rental obligations. In this regard, a majority of key suppliers are based overseas, which made communication difficult. Initially all staff were retained to assist the administration process, however on 24 July 2020, we determined that only certain key staff were required and terminated eight (8) employees.

As the Voluntary Administration progressed and it became clear that a sale of business or restructure was not possible due to the conduct of the Shareholder, we terminated the majority of the remaining employees on 31 August 2020. The only remaining employee is one of the Directors, Mr John Martin, whose role as the Responsible Manager was required for continued compliance within the terms and conditions of the AFSL. We have recently received confirmation from ASIC that this is no longer required and we have terminated Mr Martin effective 30 September 2020. Further, in finalising the trading, we have issued disclaimer notices for various onerous or unprofitable contracts.

We note that the cancellation of the AFSL (similar to the suspension), provides limited time to deal with the Company's existing financial products, being the clients remaining open positions until 18 December 2020.

The actions of the Shareholder have directly interfered with our process of closing client positions on the MT4/MT5 platforms, and instead we are working to achieve a "manual" close out. This process will be based on the extract of client data that we obtained from the platforms, where we intend manually calculate the clients positions at a point in time, representing their respective claims against the Company. Once settled, we intend a form of "final" statement regarding their crystallised positions. This manual process is not ideal, but may be the only viable option in the circumstances. It is still being worked on and will require legal advice, and likely sanction by the Courts. More information will be provided to clients in due course.

We have incurred and will likely incur further remuneration and trading expenses in dealing with the client trust matters, including interference by the Shareholder which has impeded our investigations to date. As such, there is insufficient recoveries from the Company's operating assets to meet our anticipated costs to date. Therefore, we believe it would be reasonable that a portion of the costs incurred in dealing with the trust assets and trust creditor claims should be funded from the client trust funds. In this regard, we intend to make an application to the Court for directions as to the use of trust assets for our reasonable costs incurred dealing with these trust matters.

Below is an estimated summary of the trading figures up to 18 December 2020, however please note that these figures are estimates, as the actual costs incurred will not be known for some time.

<b>Projected Profit and Loss / Cashflow Summary</b>	
<b>Item</b>	<b>Amount (\$)</b>
<b>Total Receipts/Recoveries</b>	<b>4,840,450.51</b>
<b>Payments/Expenses (excl GST)</b>	
<b>Trading Costs</b>	
Payroll Obligations	155,518.24
Rent	18,000.00
Insurance	310,586.46
Overhead Expenses	327,178.76
<b>Subtotal Trading Costs</b>	<b>811,283.46</b>
<b>Administration Costs</b>	
Administrators' Remuneration	1,262,760.00
Administrators' Expenses	3,867.59
Administrators' Legal Fees	427,419.52
Administrators' Legal Fees (No GST)	1,503.54
Liquidators' Remuneration	2,000,714.50
Liquidators' Expenses	5,000.00
Liquidators' Legal Fees	431,766.00
Sale of Business	11,198.77
Return of Sale of Business Deposits	40,000.00
Forensic/Investigation Costs	96,159.00
<b>Subtotal Administration Costs</b>	<b>4,280,388.92</b>
<b>Total Payments/Expenses</b>	<b>5,091,672.38</b>
Add: GST	393,408.30
Less: PAYG Withholding	(20,264.00)
ATO BAS Payable/(Refund)	(373,144.30)
<b>Net Surplus/(Deficiency)</b>	<b>(251,221.87)</b>
<b>Note:</b> We intend to apply trust funds pursuant to a Court application, such that there is no trading deficiency.	

It should be noted that the recoveries reported above do not include the client trust funds and as mentioned, a Court application will be made for the portion of costs in dealing with the trust matters to be funded from the client trust funds.

## 7 DEALINGS WITH ASIC AND AUSTRALIAN FINANCIAL SERVICES LICENSE

Creditors will recall that on 15 July 2020 ASIC issued a notice suspending the Company's ASFL. That suspension carried conditions which prevented new trading to occur, however allowed for remaining client positions to be closed out until 23 September 2020. However, we were unable to effect the close outs through the MT4/5 platforms, due to the actions of the Shareholder and Mr Soe Hein Minn.

We provided regular updates to ASIC throughout the Administration and now Liquidation process, via teleconferences and written submissions. This communication was confidential, however we can comment that a large focus was on the difficulties encountered with the shareholder, the offshore assets and ASIC's ongoing investigation of the Company's historical affairs. We note that ASIC is pursuing civil penalty proceedings against the Company and other related parties, which is discussed further below.

The AFSL suspension conditions prevented any new trading from occurring, which was consistent with the approach taken by us from the beginning of the Administration. However, our enquiries indicate that despite ASIC's and our instructions, the shareholder may have allowed certain clients to continue to trade. Any such trading was unauthorised and will not be accepted as a cost of the Administration, should it represent a net loss to the Company. We are further considering this issue, as is ASIC.

Ultimately, as we were unable to effect an orderly close out of remaining client positions via the MT4/5 platforms, we filed a submission with ASIC seeking an extension of time for the AFSL suspension. This was done to preserve options for the Company to execute orderly closing out of client positions if access to the platforms could be obtained, and also to further explore the potential sale of the AFSL where various parties had expressed interest.

Unfortunately ASIC did not accept the submission, and on 14 September 2020 ASIC issued a notice cancelling the AFSL. Similar to the suspension, the cancellation contained conditions which provide time for the Company to deal with existing client accounts and positions until 18 December 2020. A copy of the cancellation notice can be viewed on our website.

The effect of the AFSL cancellation means that the Company is unable to extract value from that asset via a restructure or otherwise. We have considered appealing the cancellation, however given the Company is in Liquidation and there are significant claims that remain unexplained, we understand that there is little prospects of an appeal being successful.

Accordingly, we are attempting to deal with the remaining client positions within this short conditional cancellation period, via the manual process discussed earlier.

### 7.1.1 ASIC Court Application

Earlier this week, ASIC applied for leave of court to commence legal proceedings against the Company (and other parties). In those proceedings ASIC have sought to various orders against the Company including:

- ▲ Penalties against the Company for various alleged historical breaches.
- ▲ Orders that the Company pay the Commonwealth penalties for these contraventions.
- ▲ Orders regarding the refund of client net deposits (i.e. the total amount deposited to the client's trading account, plus any profit earned, less any amount already withdrawn)
- ▲ Orders requiring various parties (defendants in the proceedings) to disclose to their customers and also publish advertisements regarding the proceedings as the Court deems fit.

It is likely that ASIC will obtain the necessary leave of the Court to proceed, as the complaints raised appear significant and in the public interest. We also note that the orders, if granted, may result in a dramatic escalation in the pool of creditors. Penalties are generally not provable debts in a Liquidation.

## 8 LEGAL PROCEEDINGS

To date, we have made four applications to the Federal Court of Australia in respect the administration of the Company. These are as follows:

### 8.1 ADMINISTRATORS' PERSONAL LIABILITY

The Corporations Act at Section 443A(1)(a) provides that a Voluntary Administrator is personally liable for debts incurred by a Company in the course of a voluntary administration. Section 443D provides the Voluntary Administrators with an indemnity from the Company's assets for debts incurred. It was expected that the closing out of client trading positions could lead to a liability to clients or other parties to which Section 443A(1)(a) would apply.

The Voluntary Administrators were uncertain as to the quantum of debts which could potentially be incurred in closing out client accounts and the value of the assets available to meet such claims. Accordingly orders were sought and obtained from the Federal Court of Australia relieving the Voluntary Administrators of any personal liability should any debts be incurred in this regard. The Company remains liable for such debts.

### 8.2 EXTENSION OF THE CONVENING PERIOD

The Corporations Act provides that a Voluntary Administrator is required to convene the decision meeting of creditors within a period of 20 days from the date of appointment. The convening period can be extended by an order of the Court.

On 28 July 2020 the Court made an order extending the convening period until 18 September 2020. Creditors were advised of these orders.

### 8.3 COURT DIRECTIONS

Prior to the appointment of the Voluntary Administrators the Australian based directors and staff were denied the necessary "administrator" access to the MT4/5 trading platforms, which would allow them to properly understand clients' positions and the Company's financial standing. We were informed that the Shareholder and/or entities associated with it were the only parties who could grant such access.



We attempted on numerous occasions to gain “administrator” access to the platforms from the Shareholder and the platform provider, Metaquotes, but such requests were consistently ignored or declined. As a result it was necessary for us to approach the Court seeking orders which it was hoped would grant the Voluntary Administrators’ control of the Company’s client information via the trading platforms and the servers on which the information was hosted.

On 31 July 2020 the Court ordered that the Shareholder and/or entities associated with it provide administrator access to the trading platforms and servers. As there was only partial compliance with the Court orders it was necessary to return to Court on 4 August 2020 to seek an order that the Voluntary Administrators would be justified in physically turning off the servers.

Notwithstanding the above orders we have not been provided “administrator” access to trading platform information so we have been unable to close out client positions and otherwise determine the Company’s financial position to date. The Shareholder and/or entities associated with it remain in breach of the Court’s Orders, such breach now amounting to contempt of Court. It may be necessary to seek further orders to gain access to the information required, and to seek alternate means of dealing with the Company’s affairs. We also note that the Administrators and the Company have reserved their rights to seek damages against those non-compliant parties, in particular but not limited to, the shareholder and the director, Mr Soe Hein Minn.

#### **8.4 WINDING UP ON JUST AND EQUITABLE TERMS**

We formed the view that there was limited value for the Company and its clients and creditors in the voluntary administration process continuing. The purpose of a voluntary administration is to maximise a return to creditors by way of a restructure or sale of business. Given the difficulties encountered with obtaining meaningful data for a sale, we determined that the most appropriate course was to apply to have to Company wound up on just and equitable grounds.

We anticipate that further applications will be required to obtain directions from the court to determine how creditors’ claims should be dealt with and how trust assets should be distributed.

### **9 CURRENT FINANCIAL POSITION**

Contained in this section is our analysis of the current financial position of the Company, with regard to the Directors’ Report on Company Activities and Property (“ROCAP”), balance sheet figures reported as at 8 July 2020 and our enquiries to date. Those figures are summarised below:



**Union Standard International Group Pty Ltd (In Liquidation)**

**Summary of Directors' Reports on Company Affairs and Property**

	Amount (\$)	Directors' ERV (per ROCAP) Amount (\$)	Liquidators' ERV High Amount (\$)	Liquidators' ERV Low Amount (\$)
<b>Assets</b>				
Cash and Cash Equivalents				
Operation Accounts & Term Deposits	2,707,995	2,705,872	2,698,781	2,698,781
Money Processors	15,571,375	16,089,358	14,800,000	122,875
Security Deposit	117,424	Not disclosed	-	-
Hedging Accounts	2,635,003	2,552,574	1,936,625	1,936,625
Client Trust Accounts	6,219,856	6,222,212	6,222,209	6,222,209
<b>Debtors</b>				
EuropeFX	1,155,950	7,879,675	7,879,675	-
TradeFred	175,175	1,316,884	1,316,884	-
Aurena	39,836	39,835		
USG Cyprus	1,360,689	1,360,689		
USG South Africa	1,016	1,015	Unknown	Unknown
USG UK	480,494	480,494		
MT4 Licences and MT5 Licence		633,914		
Plant and Equipment & Leasehold Improvements	542,646	542,646		
Sheffield Sponsorship Prepayments & Others	10,808,441	Not disclosed	Withheld	Withheld
Statutory Tax Recoveries	1,535,480	1,374,943		
<b>Total Assets</b>	<b>43,351,378</b>	<b>41,200,112</b>	<b>34,854,174</b>	<b>10,980,489</b>
<b>Liabilities</b>				
Client Trust Liabilities	6,569,740	2,455,481	9,000,000	146,000,000
Priority Creditors	94,911	54,347	134,347	134,347
Unsecured Creditors	15,111,767	14,380,519	15,270,780	20,933,204
Trade Creditors	(1,446,906)	(715,658)	(1,715,658)	(1,715,658)
Australian Taxation Office	(107,806)	(107,806)	(107,806)	(107,806)
ASIC Civil Proceedings	-	-	Unknown	Unknown
Other Claims	-	-	-	(19,000,000)
Shareholder Loan	(13,447,315)	(13,447,315)	(13,447,315)	-
Union Standard Finance Group Loan	(109,739)	(109,739)	-	(109,739)
<b>Total Liabilities</b>	<b>21,776,419</b>	<b>16,890,347</b>	<b>24,405,127</b>	<b>167,067,551</b>
<b>Estimated Net Asset / (Deficiency)</b>	<b>21,574,960</b>	<b>24,309,765</b>	<b>10,449,047</b>	<b>(156,087,061)</b>

## 9.1 ASSETS

### 9.1.1 Operation Accounts & Term Deposits

The Company held three operational accounts with the Commonwealth Bank of Australia ("CBA"). We have arranged for funds held in these accounts to be transferred to an account in our control:

Bank	Account No Ending	Amount Realised (\$AUS)
Commonwealth Bank of Australia (USD)	1571	193,614.97
Commonwealth Bank of Australia	6859	141,117.74
Commonwealth Bank of Australia	6175	7,528.26
<b>Total</b>		<b>342,260.97</b>

The Company also maintained two term deposits with CBA which have been also been transferred to an account in our control, as follows:

Bank	Account No Ending	Amount Realised (\$AUS)
Commonwealth Bank of Australia	8870	1,820,345.23
Commonwealth Bank of Australia	1808	528,838.34
<b>Total</b>		<b>2,356,269.78</b>

A further 2 accounts held with CBA have been frozen as a result of an undertaking provided by the Company to ASIC in relation to an ongoing broader ASIC investigation regarding the Company and its officers. These accounts have a cumulative balance of AUD 235,067.33.

The Company also holds approximately 50 trust bank accounts with CBA with balance of approximately AUD 6M. These funds are likely to be subject to competing trust creditor claims although the exact nature of these funds and current corresponding claims have yet to be determined.

The Company also operated five bank accounts with Westpac Banking Corporation, four of which had a nil balance and one of which held a nominal credit balance, which we have collected.

### 9.1.2 Money Processors

As noted in our First Report, the Company holds substantial funds with offshore “Money Processor”. These funds are held in a number of different currencies, and are reported to total approximately AUD15M. Of this amount, approximately AUD14M is held with one particular Money Processor, known as “UPay”. UPay is discussed in further detail below.

Upon our appointment, we issued demands to each of the Money Processors requesting confirmation of the balance of Company funds held and to transfer all credit balances to our Administration bank account. To date, we have had limited progress in recovering funds from the Money Processors and several have not responded to our correspondence at all.

A recurring difficulty we have encountered where we have had correspondence with Money Processors has been due to the fact that they are based overseas, and as such, are not familiar with Australian law (specifically Administrator’s and Liquidator’s powers over company assets). Accordingly, the Money Processors have refused to follow our instruction and have required confirmation directly from the email account registered as the main contact. We understand that these email accounts are controlled by or on behalf of the Shareholder, and as such requested the necessary written confirmation be sent by them. This was not done, and instead we have obtained evidence that the Shareholder wrote to the Money Processors instructing them not to transfer funds to the Company, which amounts to a theft from the creditors perspective. Our work is continuing on these issues.

We have made limited recoveries of \$123K from UK based Money Processors to date. Our solicitors are currently liaising with another UK based Money Processor for the recovery of funds. This Money Processor held approximately \$160K at the date of our appointment.

Our recoveries of the Money Processor accounts are ongoing and we will keep creditors apprised of material developments.

#### **9.1.2.1 UPay Accounts**

To date, we have received no response from UPay, despite several attempts to contact them via different email addresses. We note that, during this time, the Company's auditors received an email purportedly from UPay in response to a balance confirmation request for the year ended 30 June 2020. Further, there has been minimal information available in relation to the UPay entity.

The Company has been unable to produce any written agreement with UPay, despite that entity reportedly holding AUD14M of its funds. Further, the Australian management has had no contact with UPay, instead it was purportedly controlled by the Shareholder and Mr Soe Hein Minn.

We have made enquiries with our solicitors and with external investigators attempting to locate UPay and pursuing recovery of the funds. Those investigations indicate that UPay may not be a legitimate business and was likely set up and operated by or on behalf of the Shareholder. If this is true, this represents a number of issues, including potential fraud being committed on the creditors, where we understand that many clients had deposited funds with 'UPay' which may now be unrecoverable.

The external investigator has identified similar connections to "TVPay", another Money Processor which is reported to hold approximately AUD475K. We have not had any contact with TVPay to date, and the Australian management of the Company have advised that they do not have any contact details for iTVPay. We have significant concerns as to the recoverability of the TVPay funds.

#### **9.1.3 Hedging Accounts (Liquidity Provider)**

The Company used a hybrid model that involved placing trades in either an A Book or in a B Book based on traders' profiles. The Company held funds with Liquidity providers as hedges for the positions taken on the A Book. The Company made money by increasing the spread or by charging commissions on the volume of orders. Under contractual arrangements with Liquidity Providers, the Company was required to deposit sufficient cash equal to the value of A Book client trades. The Company held surplus cash on deposit at a number of its Liquidity Providers which has been realized for approximately AUD1.9M.

#### **9.1.4 Client Trust Account (and Client Trust Liabilities)**

Please refer to Section 10.2 below for my comments regarding the balance and recoverability of these amounts.

#### **9.1.5 Debtors**

We understand that the book value recorded as owing from EuropeFX and TradeFred pertain to amounts owed to the Company pursuant to 'White Label' licensing agreements to utilise the Company's MT4/MT5 trading platform. The values disclosed in the Liquidators ERV includes additional amounts pertaining to settlements/damages paid by the Company to former clients of EuropeFX and TradeFred.

Letters requesting payment of the amounts recorded in the Company's books have been issued to the respective parties however, no recoveries have been made at this stage.

### 9.1.6 Property, Plant and Equipment

Following our appointment, we engaged Hillco to prepare an independent valuation of the equipment held in the Australian leased premises. The valuation indicated there was minimal realisable value.

### 9.1.7 Prepayments and Income Tax Refund

The Company is a sponsor of the Sheffield United Football Club (“SUFC”), a football team in the English Premier League, entitling the Company, amongst other things, to have its “USG” logo emblazoned on the front of the teams jersey. The Company and USG UK are parties to the SUFC Sponsorship Agreement entered into on 21 May 2019 and pursuant to the Agreement, the Company prepaid a sum of C.\$15m which included a Value Added Tax (“VAT”) in accordance with the contract and UK tax laws. From our review of Company email correspondence, USG UK had reached agreement with UK Tax authorities about VAT relief of c.AUD\$500k relating to the SUFC sponsorship to be refunded to the Company. Furthermore, the correspondence also shows that USG UK had retained the services of accounting firm Grant Thornton UK for advice on the refund generally and to liaise with UK Tax authorities to seek a greater refund of c. AUD\$800k on the basis that the Company is a foreign entity.

We have had written to USG UK seeking an update on the timing and quantum of any VAT refund due to the Company and providing assistance from the Company to achieve this end. The response from USG UK was that they were not authorised to comment on “the tax and financial affairs of a different company” claiming that the matter is complex and has many facets. At this stage, the status of the VAT refund is unclear given a refund will more than likely require the co-operation/ assistance of USG UK which to date has not been forthcoming. The refund may need to be pursued directly via Grant Thornton UK and/or the UK Tax Authorities.

We have also been approached by an interested party who wishes to acquire (or novate) the sponsorship agreement. We have received an indicative offer subject to obtaining approval from SUFC and USG UK. We continue to negotiate with this party.

### 9.1.8 Other Statutory Tax Recoveries

As previously mentioned, there are a number of material discrepancies in the financial records, in particular with regard to the investor creditor claims. If those claims are valid, then the effect of those transactions, on a proper accounting, may result in the Company reporting historical losses rather than profits, and therefore revised tax returns could be filed which may result in recoveries of income taxes paid. The quantum of any recovery is contingent on the proper assessment of the financial position which is still being considered.

## 9.2 LIABILITIES

### 9.2.1 Priority Creditors

At the time of our appointment as Administrators, the Company employed fourteen (14) staff members. The CEO of the Company and an employee had resigned just prior to our appointment. One employee resigned after our appointment and their last day was 11 August 2020.

We continued to employ the remaining employees of which 8 employees were terminated on 24 July 2020 by way of redundancy and 4 employees were terminated by way of redundancy on 31 August 2020.

Mr Martin (Director) of the Company is the only employee retained as a responsible officer for the purposes of maintaining the AFSL.

The Directors in the ROCAP have not provided any information in relation to outstanding employee entitlements indicating that they did not have access to the books and records of the Company. Our assessment indicates that outstanding entitlements are around \$134k. Below is a summary:

Employee Entitlements	ERV Amount (\$)
Annual Leave	60,464.41
Annual Leave Loading	10,581.21
PILN	19,998.80
Redundancy	43,072.00
<b>Total Priority Creditor Claims</b>	<b>134,116.42</b>

We provide our commentary as follows:

- Upon our appointment, we have continued to pay employee wages in the ordinary course. This included the payment of the pre-appointment wages for the period 1 July 2020 to 7 July 2020.
- The Company’s records indicate that superannuation was paid up to 30 June 2020 and accordingly there is no superannuation guarantee owed by the Company.
- Employees (excluding casuals and contractors) are entitled to termination payments in respect of PILN and redundancy. Our preliminary calculations indicate that these entitlements may be in the order of \$20K and \$43K respectively.
- Our preliminary investigations indicate that some of the management employees received substantial leave and termination payments prior to our appointment. These payments are being investigated as to whether they were reasonable in the circumstances.

At this stage there are insufficient funds immediately available to pay the outstanding entitlements. As such, the employees may be eligible to lodge a claim under the FEG scheme. Please see below for further comment.

#### **9.2.1.1 Fair Entitlements Guarantee**

Employees may be eligible to apply to the Federal Government, which has established a safety net scheme known as FEG, for payment of their outstanding entitlements (other than superannuation). FEG is administered by the Attorney General’s Department (“the Department”) for eligible employees who have been terminated as a result of their employer’s insolvency and are owed entitlements.

In order for an employee to be eligible to claim outstanding entitlements under FEG:

- The employee must be an Australian citizen or permanent resident (contact FEG for further details); and

- ▶ The end of their employment must be due to the insolvency of the employer; or have occurred less than six (6) months before the appointment of an insolvency practitioner; or occurred on or after the appointment of an insolvency practitioner.

Employees may submit claims in respect of the following entitlements, provided they are entitled to claim under their respective industrial instrument, contract of employment or by any other means:

- ▶ Up to thirteen (13) weeks unpaid wages for the period ending at the earlier of the date on which employment ended or the appointment of an insolvency practitioner;
- ▶ Unpaid annual leave and long service leave;
- ▶ Up to a maximum of five (5) weeks unpaid payment in lieu of notice;
- ▶ Up to a maximum of four (4) weeks redundancy entitlement for each completed year of service.

In calculating employee entitlements payable under the scheme, the maximum annual wage applies.

FEG will not cover:

- ▶ Outstanding superannuation entitlements;
- ▶ Entitlements such as rostered days off unless the relevant legislation, award, statutory agreement or written contract of employment provides they are payable upon termination of employment; and
- ▶ Employee entitlements of the Directors and related party Creditors.

Should you wish to obtain further information, FEG may be contacted reached on 1300 135 040. Alternatively, you may visit their website at: <https://www.jobs.gov.au/fair-entitlements-guarantee-feg>

### 9.2.2 Unsecured Creditors

There has been a high volume of claims lodged in the Administration and Liquidation to date. These claims are being processed progressively, however a major difficulty has been obtaining the relevant supporting documentation.

The client trust liabilities value reported is based on claims submitted by clients up to 22 September 2020, including investor claims. We are investigating the investor claims and seeking legal advice as to the validity of these claims. We are seeking further documentation from a number of investor creditors. Our investigations will require a tracing exercise to be conducted in respect of the transactions, which will be a lengthy process given the significant quantity and value of these claims. Further discussion on client claims is discussion in Section 10.2 of this Report.

A breakdown of the Unsecured Creditors balance is as follows:

Unsecured Creditors	Directors' ERV (\$)	Liquidators' ERV High (\$)	Liquidators' ERV Low (\$)
Trade Creditors	715,658	1,715,658	1,715,658
Australian Taxation Office	107,806	107,806	107,806
ASIC Civil Proceedings	-	Unknown	Unknown
Other Claims	-	10,000,000	19,000,000
Shareholder Loan	13,447,315	13,447,315	Set-off
Union Standard Finance Group Loan	109,739	-	109,739
<b>Total</b>	<b>14,380,519</b>	<b>25,270,780</b>	<b>20,933,204</b>

- ▲ The trade creditors are comprised of costs incurred in the ordinary course of business. We have estimated that there will be significant early termination costs of circa \$1M for certain fixed term contracts/agreements, which would rank as a pre-appointment Unsecured Creditor claim.
- ▲ As discussed previously, ASIC recently advised its intention to seek leave of the Court to commence civil proceedings against the Company and others in relation to the allegations of misconduct by the CARs, which if ultimately successful, requires that the Company return the net deposits to clients, adding back any profits made by the Company. At this stage, the value of such a claim against the Company is unknown, but is likely to be a significant value that would materially impact the creditor pool. We note that ASIC is also seeking penalties, however these are generally not provable debts in a liquidation.
- ▲ The Other Claims includes a broad range of contingent creditors including damages claims from clients and historical client claims from EuropeFX and TradeFred, which are yet to be formally adjudicated. For the purposes of this report, the damages claims have been included in the low scenario but not in the high scenario, due to the contingent nature of these claims.
- ▲ The Company's management accounts disclose that the Shareholder is owed \$13.5M in respect of various loans made to the Company, however the Shareholder has yet to formally lodge a claim in the administration to date. Whilst a review of the transactions indicates loan funds were received, we believe there may be other matters that could result in a set-off against their claim.

## 10 INVESTIGATIONS

### 10.1 BOOKS AND RECORDS

Upon attending the Company's Sydney trading premises, it was noted that there were limited physical records maintained by the Company. Notwithstanding physical records maintained at the Company's trading premises have been secured.

We forensically copied Company's servers located in Sydney, this also included the backing up the Company's G Suite account which is the management system for over 300 email addresses with the domain of usgfox.com. Shortly after obtaining access, we sought administrator control of the Company's emails domain. Shortly thereafter, the Shareholder and/or its associates blocked our access and we do not control of the emails sent and received from the usgfox.com email domain.



It appears that the Company's books are extensive and may be stored on servers located worldwide. We are advised that the Company engaged 2 overseas entities, to provide back office and client support. Employees based in Australia would often request back office support to provide the information including updates to the website, access to certain client information. We also understand that they control the administrator access to MT4, the company's email domain, the client relationship management system and the Company's website.

We are aware of 2 Companies based in Hong Kong/Taiwan which provided IT and back office support. We have written to these entities to provide access to the Company's website, client relationship management database but have not received a response from them.

Client trading data was hosted on servers controlled by a Company known as Beeks. We have engaged an MT4/MT5 expert to assist in obtaining and securing client data. We obtained access via the expert and with Court orders, however it appears that the shareholder has already moved the data to another location. These matters were put before the Court in the application to have the Company wound up.

The Shareholder actions amounts to breaches of the Act, and amount to theft. The Company has reserved its rights in this regard.

We have also obtained access to the Company's management accounting system, Xero.

Given we have been unable to obtain access to a significant level of the Company's books, it is difficult to determine if the Company maintained sufficient books and records. Our work is ongoing.

## 10.2 CLIENT POSITIONS AND CLASSIFICATION OF CREDITORS

Upon appointment, we advised clients that they could not make any new trade, and could only close out existing open positions. No withdrawals could be processed until all client liabilities could be established, such that we could calculate if all client claims could be satisfied. The escalation of claims over the past weeks indicates that there is likely to be a shortfall.

As mentioned earlier, we put in place a process to allow clients time to close out their positions on their own, until 7 August 2020, to crystallise their claims. After this time, the Company would trigger a close out per the PDS.

We made numerous attempts to gain "administrator" access to the platforms from the Shareholder and the platform provider, Metaquotes, but such requests were consistently ignored or declined. As a result it was necessary for us to approach the Court seeking orders which it was hoped would grant us control of the Company's client information via the trading platforms and the servers on which the information was hosted.

On 31 July 2020 the Court ordered that the Shareholder and/or its associated entities provide "administrator access" to the trading platforms and servers. As there was only partial compliance with the Court orders it was necessary to return to Court on 4 August 2020 to seek an order that we would be justified in physically turning off the servers.

Notwithstanding the above orders we have not been provided unfettered "administrator" access to trading platform information so we have been unable to close out client positions and otherwise



determine the Company’s financial position. The Shareholder and/or entities associated with it remain in breach of the Court’s Orders, such breach now amounting to contempt of Court.

On 6 August 2020, access was temporarily granted and we were able to download data from the MT4/MT5 servers pertaining to positions as at 5 August 2020. Late on 6 August 2020, the Shareholder again denied us access to the MT4/MT5 platforms. Access has not be subsequently restored.

Because of these actions, we have been unable to prevent clients from opening new positions or close out all client positions on 7 August 2020. We note that we do not recognise any trading after 8 July 2020. This is consistent with our instructions and the AFSL conditions imposed by ASIC.

Additionally, the Shareholder has also effected a transfer of a significant portion of the Company’s clients to an entity incorporated in Vanuatu (the “Transferred Clients”).

Given our inability to access the Company’s data we will need to rely on other information to close client positions and evaluate the quantum of creditors’ claims.

Our analysis has also divided client data into 3 main categories:

- ▲ **Continuing clients**, being trading clients that were reported at 7 July 2020 and continued to reported as at 5 August 2020,
- ▲ **Transferred clients**, being trading clients that were reported at 7 July 2020 but not included in reporting as at 5 August 2020. These clients are assumed to have been transferred to the Vanuatu entity, and
- ▲ **Investor clients**, being clients that were never included in the Australian client equity reports, but whom appear to have invested in a financial product marketed primarily in China by entities that purportedly held themselves out as agents of the Company’s Chinese operations.

Our investigation into the close out value of creditor claims had been complicated by elements of conflicting data that we are continuing to work through. Our preliminary estimate of the total close out value of creditor claims, which is yet to be settled, is set out in the following table:

	Lower end	Upper end
Continuing clients	\$1.5m	\$5.3m
Transferred clients	\$nil	\$4.2m
Investor clients	\$136.6m	\$587.5m

### 10.2.1 Investor clients

The Investor clients appear to have invested in a financial product that offered an annualised return of 9.6%, purportedly generated by trading activities undertaken by the parties marketing the product and/or the Company. Our investigations indicated that this product, known as U-Plus, was promoted only overseas (mainly in mainland China, Hong Kong and Taiwan) quoting the Company’s AFSL on the offer documentation.

Our enquiries indicate that the Company did not issue a PDS for such a financial product. Further, the Company's AFSL did not permit the Company to market or sell such financial products (known as U-Plus products) and knowledge of their promotion and take up is denied by Australian based directors and senior finance personnel.

The data downloaded from the platforms suggests that there may be some 2,700 Investor clients, with a total value of approximately \$590m, including what appears to be interest accrued and paid to the Investor clients.

To date, approximately 600 Investors clients have lodged creditor claims totalling approximately \$137m that can be materially reconciled to the platform data. We do not know whether the remaining 2,110 Investor clients were clients of the Company or clients of other entities related to the Shareholder and licensed to use the Platforms.

Our investigations to date indicates that Investor client funds were deposited directly into either:

- ▲ The Company's trust accounts held with CBA in Australia; or
- ▲ Money processor, bank or other accounts maintained or operated by the Shareholder (or entities or associates of the Shareholder). As such funds were not received into the Company's trust bank accounts, we continue to investigate and seek legal advice as to whether those funds should be included in the assessed value of creditor claims.

We are also continuing to investigate how the Company applied those funds in order to form a final view on the amount of Investor client claims are valid liabilities of the Company.

Our investigations thus far indicate that investor client accounts were credited with monthly "interest" on the Platforms without such "interest" being included as a client equity liability in the Company's books and records. We identified payments of "interest" being made from the Company's CBA trust accounts and recorded as a reduction in the client equity liability. Thus, the Company accounted for the "interest" payments as a return of capital and accordingly, did not claim a tax deduction for those payments. We continue to investigate and seek legal advice as to whether the "interest" payments should be viewed as a return of capital or as interest payments, which may increase the potential claims against the Company.

Reconciliation of individual Investor client claims is ongoing.

It may be necessary to seek further orders to gain access to the information required, and to seek alternate means of dealing with the Company's affairs. We also note that the Administrators and the Company have reserved their rights to seek damages against those non-compliant parties, in particular but not limited to, the shareholder and the director, Mr Soe Hein Minn.

### 10.3 REPORT TO ASIC

We have lodged a confidential report to ASIC pursuant to Section 438D of the Act, in respect of our preliminary investigations and any potential offences identified. As you are aware, we have been consistently liaising with ASIC regarding our findings.

As Liquidator, we are required to complete an investigation into the Company's affairs and, if offences are identified, or if the Company is unable to pay its Creditors more than 50 cents in the dollar, lodge a

report with ASIC pursuant to Section 533 of the Act. It is our intention to lodge this Report with ASIC shortly.

It is also my intention to apply to ASIC for funding to conduct further investigations.

## 11 INSURANCE

Consistent with its AFSL obligations, the Company held required Professional Indemnity (“PI”) Insurance. That PI cover remains in force, however as the Company has gone into Liquidation, the insurer has placed the cover into run-off.

We recently caused the Company make lodge a detailed notification of circumstances to the Insurer as to matters which have become known to us during the course of our appointments.

Creditors should take their own advice as to their rights under section 562 of the Corporations Act, the Civil Liability (Third Party Claims Against Insurers) Act 2017 (NSW) or any other rights.

## 12 ESTIMATED RETURN TO CREDITORS

It is very early in this Liquidation, and given the complexities involved, are views here are preliminary at best. There are material discrepancies in the financial records and a large number of matters being investigated and pursued. Ultimately, litigation may be required, in foreign jurisdictions which carries risks.

Regardless, given the significant volume of claims, we consider it important to provide creditors with preliminary views on the potential returns from this Liquidation.

Set out in **Annexure “4”** is a preliminary analysis of the estimated returns that may be available to creditors in this Liquidation. Please note that this is very early stages, and the ultimate outcome for creditors may vary materially.

In summary, we note that the estimated return provides:

Return to Creditors	Cents in the Dollar		
	High Scenario	Mid Scenario	Low Scenario
Trust Creditors	97	73	3
Priority Creditors:			
Wages & Superannuation	100	100	100
Annual Leave & Long Service Leave	100	100	100
PILN & Redundancy	100	100	100
Unsecured Creditors	76	8	1

- ▲ The return to trust creditors is largely dependent the investor claims, which were historically not reported in the financial accounts. In the high scenario, there is an assumed corresponding \$120M asset recovery available to meet the investor claims liability and removed for the low scenario. In the mid-scenario, the investor claims have not been included as a “trust creditor”.

- ▲ In recovering the assumed corresponding \$120M asset for the investor claims, it is likely this will incur significant professional and legal costs as it is anticipated to involve multiple overseas jurisdictions. At this stage, we have not assessed or reported this cost in the estimated outcome statement.
- ▲ The return to unsecured creditors is also dependent on the trust creditor claims, where if there is a shortfall of trust assets available to meet such claims, then it has been assumed that this shortfall owed to trust creditors will rank as a general unsecured creditor claim, to be met from the general assets of the Company.

### 13 MEETING OF CREDITORS

We have convened a meeting of creditors to be held virtually on Friday 16 October 2020 at 2:00PM (AEDT). The formal Notice of Meeting is attached as **Annexure “1”** for your reference.

To participate as a Creditor and/or eligible employee Creditor, you should:

- ▲ Provide us with a Proof of Debt detailing your claim to be a Creditor and/or eligible employee Creditor. Proofs of Debt are enclosed as **Annexure “2”**. If you have previously provided a proof of debt and wish to supplement it, you may do so. **Otherwise, Creditors whose proofs were accepted for voting at the First Meeting in the Administration are not required to be re-lodged for the forthcoming Meeting of Creditors.**
- ▲ Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy, copies of which is attached as **Annexure “3”**, must be in accordance with Form 532. Persons attending on behalf of a corporate entity are required to have a proxy signed on behalf of that entity. **Proxies used for previous meetings cannot be used for the upcoming Meeting and it is necessary for Creditors attending to submit new proxies.**
- ▲ A specific proxy can be lodged showing approval or rejection of each proposal. Creditors, in lodging specific proxies, need to be mindful that their intended voting patterns can become academic or “contradictory” where the outcome of an earlier vote (in the order of proceedings) is determined in a way which could influence or change their intended voting. Proxy forms or facsimiles thereof must be lodged at my office by 4:00PM one (1) business day prior to the meeting.

### 14 ADMINISTRATORS’ / LIQUIDATORS’ REMUNERATION

In compliance with the Australian Restructuring, Insolvency and Turnaround Association’s (“ARITA”) Code of Professional Practice and the requirements of the Act, we are required to provide detailed information in respect of our remuneration. We attach our Remuneration Approval Report as **Annexure “5”** which details the major tasks that have been and will be conducted in this administration. Our remuneration is calculated on the time spent by staff at hourly rates used by BRI Ferrier, as detailed in our Remuneration Matrix. This document is contained within the Remuneration Report. In addition, our Initial Remuneration Notice (which includes our schedule of hourly rates and an estimate of the costs to perform the liquidation) is attached as **Annexure “6”**.

To date, our remuneration has been calculated on this “Time-Cost” basis, and we propose that it continue to be calculated on this basis. The Time-Cost method for calculating remuneration reflects the cost to our firm of the work undertaken, rather than a measure of the assets realised. In our view, the Time-Cost method is the preferable basis for calculating remuneration in an engagement such as this.

For Creditors’ information, ASIC information sheets (**Annexure “7”**) that relate to specific circumstances once an insolvency practitioner is appointed to a Company and approval of remuneration can be found at the following websites:

- <http://www.asic.gov.au/insolvencyinfosheets>
- [https://www.arita.com.au/ARITA/Insolvency\\_help/Insolvency\\_explained/Insolvency\\_and\\_creditors.aspx](https://www.arita.com.au/ARITA/Insolvency_help/Insolvency_explained/Insolvency_and_creditors.aspx)

### 14.1 VOLUNTARY ADMINISTRATION PERIOD

Creditors will be asked to approve the Administrators’ remuneration at upcoming meeting of creditors for the costs incurred. We note that the majority of our Administrator’s remuneration was previously approved by creditors and the COI.

Please refer to the Remuneration Approval Report, attached as **Annexure “5”** for further details.

### 14.2 LIQUIDATION PERIOD

We will also seek approval for our accrued and future estimated remuneration in conducting the Liquidation to 30 November 2020. The attached remuneration report details an estimate of the costs likely to be incurred to 30 November 2020. It is an interim estimate only, which estimates the likely costs to be incurred during the coming period of the Liquidation to 30 November 2020.

Please refer to the Remuneration Approval Report, attached as **Annexure “5”** for further details.

## 15 SUMMARISED RECEIPTS AND PAYMENTS

Attached as **Annexure “8”** are the Administrators’ Summarised Receipts and Payments for the period 8 July 2020 to 3 September 2020 and the Liquidators’ Summarised Receipts and Payments for the period 3 September 2020 to 30 September 2020.

## 16 CREDITORS RIGHTS IN A LIQUIDATION

Pursuant to Clauses 70-40, 70-45, 75-15, 85-5, 90-24 and 90-35 of the Insolvency Practice Schedule (Corporations) 2016 and Rule 70-30 of the Insolvency Practice Rules (Corporations) 2016, we are required to give certain information to creditors as to their rights in the administration. Accordingly, we attach as **Annexure “9”** further information regarding “Creditor Rights in Liquidations”.

## 17 COMMITTEE OF INSPECTION

As mentioned above, a Committee of Inspection was formed during the first meeting of creditors. We convened a meeting of the Committee Members on 18 August 2020 to discuss the difficulties

encountered by the Administrators and to also obtain feedback as to a proposed application to windup the Company on just and equitable terms.

As the administration has ended, the COI was automatically disbanded.

Given the complexities in this matter, we recommend that a new COI be formed for the Liquidation. We suggest a cross-section of creditors be nominated, representing the different categories of creditors. This will be considered, and if thought fit, appointed at the forthcoming meeting of creditors.

## 18 FUTURE TASKS REQUIRED IN THE LIQUIDATION

As detailed above, we anticipate that the following matters will be dealt with during the Liquidation moving forward:

- “Manual” close out of client positions and issue final statement to clients, including an application to the Court for justification orders;
- Application to the Court in respect of the process and entitlement to deal with the assets of the Company, including trust assets;
- Continue investigation and pursue recovery of the Money Processor assets offshore;
- Attempt to secure a sale of the remaining assets, including the client lists, MT4.5 licences and Sheffield sponsorship agreement;
- Complete investigations into voidable transactions and insolvent trading claims and consider pursuing same;
- Subject to funding, consider and pursue the claims for the corresponding \$120M asset for investor claims and the insolvent trading claim, likely via litigation;
- Subject to funding, consider public examinations of relevant parties;
- Assist the Department in adjudicating Priority Creditor (employee) claims;
- Continue to liaise with ASIC regarding investigations into consumer protection action;
- Complete further investigations to ASIC, or any other regulatory bodies, if required;
- Pay dividend to Creditors, subject to available funds;
- Correspondence with creditors and employees; and
- Statutory lodgements and general administrative matters

If creditors have information they believe is relevant to this matter, they are requested to contact our office immediately.

As this liquidation is likely to require litigation recovery actions, this matter could be completed within two (2) to three (3) years.

## 19 QUERIES

The BRI Ferrier staff member responsible for this matter is as follows:

- ▲ Phone: (02) 8263 2300
- ▲ Email: [usg@brifnsw.com.au](mailto:usg@brifnsw.com.au) (preferred)
- ▲ Mail: GPO Box 7079, Sydney NSW 2001

Yours faithfully

**UNION STANDARD INTERNATIONAL GROUP PTY LTD (IN LIQUIDATION)**



**PETER KREJCI**

Joint and Several Liquidator

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**BRI Ferrier**

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**Union Standard International Group  
Pty Ltd (In Liquidation)  
("the Company")**

**ACN 117 658 349**

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**Annexure "1"  
Notice of Creditors Meeting**

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FORM 529  
CORPORATIONS ACT 2001

Insolvency Practice Rules (Corporations)  
75-10, 75-15, 75-20, 75-35

NOTICE OF MEETING OF CREDITORS

UNION STANDARD INTERNATIONAL GROUP PTY LTD  
(IN LIQUIDATION)  
ACN 117 658 349 ("THE COMPANY")

Notice is now given that a meeting of the creditors of the Company will be held on Friday, 16 October 2020 at 2.00PM (AEDT). Due to COVID-19 and the resulting Government policy on the restriction of social gatherings, this meeting will be held virtually. There will be no physical location for the meeting. Creditors are requested to register to attend the meeting via the following link:

<https://zoom.us/meeting/register/tJYlceCuqTluHtSYqdcDOvMEEUcuftJlLOfh>

**Registrations for the meeting will close at 4:00PM (AEDT) on 15 October 2020. Any registrations received after this deadline will not be approved.**

A G E N D A

1. To receive the Report of the Joint and Several Liquidators and receive questions from creditors.
2. To consider, and if thought fit, approve the accrued remuneration of the Joint and Several Voluntary Administrators.
3. To consider, and if thought fit, approve the accrued remuneration of the Joint and Several Liquidators.
4. To consider, and if thought fit, approve the future remuneration of the Joint and Several Liquidators.
5. To consider the internal disbursements of the Joint and Several Liquidators.
6. To consider the appointment of a Committee of Inspection.
7. To consider any other business that may be lawfully brought forward.

Notes:

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be in the approved form.

A special proxy can be lodged showing approval or rejection of each resolution. Proxy forms must be given to the Liquidators or the person named as convening the meeting. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairperson of the meeting, prior to the commencement of the meeting.

Special Instructions for the Meeting

Those wishing to attend must register to attend the meeting at the above link.

Please confirm that you have completed a Formal Proof of Debt Form (including documentation to support your claim) and proxy form, if you are a corporate creditor or wish to be represented by another person.

Note that if you have already lodged a Proof of Debt Form you do not need to submit a new Form. However, Proxy Forms submitted for the previous meeting are no longer valid for this meeting.

Upon receipt of a valid Formal Proof of Debt Form and Proxy, a link to access the virtual meeting will be emailed to you. This link will be unique for each attendee and unable to be shared with other parties.

Creditors attending the meeting are requested to join the virtual meeting from 1.30PM (AEDT) to ensure that their paperwork is in order to be admitted to the virtual meeting room and to ensure a prompt start to the meeting.

Telephone dial-in details will also be available for the virtual meeting. Those wishing to attend via telephone will also be required to complete the above registration process.

DATED this 30<sup>th</sup> day of September 2020.



PETER KREJCI  
JOINT AND SEVERAL LIQUIDATOR

BRI FERRIER (NSW) PTY LTD  
Level 30  
Australia Square  
264 George Street  
Sydney NSW 2000

Telephone: 02 8263 2300

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**BRI Ferrier**

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**Union Standard International Group  
Pty Ltd (In Liquidation)  
("the Company")**

**ACN 117 658 349**

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**Annexure "2"  
Formal Proof of Debt Form**

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FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Liquidators of Union Standard International Group Pty Ltd (In Liquidation) ACN 117 658 349

1. This is to state that the company was, on 8 July 2020 <sup>(1)</sup> and still is, justly and truly indebted to<sup>(2)</sup> (full name):

.....  
(‘Creditor’)

.....  
of (full address)

for \$.....dollars and.....cents.

Particulars of the debt are (please attach documents to support your claim e.g. purchase orders, invoices, interest schedules):

Date	Consideration <sup>(3)</sup> state how the debt arose	Amount \$ (Incl. GST)	Remarks <sup>(4)</sup> include details of voucher substantiating payment

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following: .....

Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount \$ c	Due Date

I am **not** a related creditor of the Company <sup>(5)</sup>

I am a related creditor of the Company <sup>(5)</sup>  
relationship: .....

3A.<sup>(6)\*</sup> I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

3B.<sup>(6)\*</sup> I am the creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

<input type="checkbox"/>	<p>I authorise the External Administrators' (whether as Voluntary Administrators/Deed Administrators/Liquidators) on behalf of the Company and his or her employees and agents to send and give electronic notification of documents in accordance with Section 600G of the Corporations Act 2001 to the following email address:</p> <p>Contact Name: .....</p> <p>Email Address: .....</p>
--------------------------	--

DATED this.....day of.....20...

NAME IN BLOCK LETTERS .....

Occupation.....

Address.....

Signature of Signatory .....

OFFICE USE ONLY

POD No:		ADMIT (Voting / Dividend) - Ordinary	\$
Date Received:		ADMIT (Voting / Dividend) – Preferential	\$
Entered into CORE IPS:		Reject (Voting / Dividend)	\$
Amount per CRA/RATA	\$	Object or H/Over for Consideration	\$
<b>Reason for Admitting / Rejection</b>			
PREP BY/AUTHORISED		<b>TOTAL PROOF</b>	\$
DATE AUTHORISED / /			

## Proof of Debt Form Directions

- \* Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
  - (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
  - (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of ....."; "moneys advanced in respect of the Bill of Exchange".
  - (4) Under "Remarks" include details of vouchers substantiating payment.
  - (5) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
  - (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

### Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
  - (a) have an identifying mark;
  - (b) and be endorsed with the words:
    - i) "This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
  - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
  - (a) the identifying mark; and
  - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

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**BRI Ferrier**

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**Union Standard International Group  
Pty Ltd (In Liquidation)  
("the Company")**

**ACN 117 658 349**

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**Annexure "3"  
Appointment of Proxy Form**

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APPOINTMENT OF PROXY  
 CREDITORS MEETING

UNION STANDARD INTERNATIONAL GROUP PTY LTD  
 (IN LIQUIDATION)  
 ACN 117 658 349 ("THE COMPANY")

*I/*We <i>(If a firm, strike out "I" and set out the full name of the firm.)</i>	
Of <i>(insert address of creditor)</i>	
being a creditor of the Company, appoint: <i>(Insert the name, address and description of the person appointed)</i>	
or in his or her absence <i>(Insert the name, address and description of the person appointed)</i>	
to vote for me/us on my/our behalf at the meeting of creditors to be held on Friday, 16 October 2020 at 2.00PM AEDT, or at any adjournment of that meeting.	

Proxy Type:       General       Special

Please mark boxes with an "X"

	For	Against	Abstain
<b>Resolution:</b> <i>"That the remuneration of the Administrators, their partners and staff for the period 13 August 2020 to 3 September 2020, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidators' Report to Creditors dated 30 September 2020, be fixed and approved at \$401,408.00 (plus GST), and that the Administrators be authorised to draw that amount."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution:</b> <i>"That the remuneration of the Liquidators, their partners and staff for the period 3 September 2020 to 25 September 2020, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidators' Report to Creditors dated 30 September 2020, be fixed and approved at \$339,579.50 (plus GST), and that the Liquidators be authorised to draw that amount."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please mark boxes with an "X"

	For	Against	Abstain
<p><b>Resolution:</b>  <i>"That the remuneration of the Liquidators, their partners and staff for the period 26 September 2020 to 30 November 2020, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidators' Report to Creditors dated 30 September 2020 and approved to an interim cap of \$750,000.00 (plus GST), and that the Liquidators be authorised to draw that amount as and when incurred."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution:</b>  <i>"That the Liquidators be allowed internal disbursements for the period 3 September 2020 to the conclusion of the Liquidation at the rates of charge in the Liquidators' Remuneration Approval Report dated 30 September 2020, up to an amount of \$4,000.00 (plus GST) and that the Liquidators be authorised to draw that amount as accrued."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this                                  day of October 2020.

\_\_\_\_\_  
 Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I, ..... of .....  
 certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:



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**BRI Ferrier**

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**Union Standard International Group  
Pty Ltd (In Liquidation)  
("the Company")**

**ACN 117 658 349**

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**Annexure "4"  
Estimated Return to Creditors**

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**Union Standard International Group Pty Ltd (In Liquidation)**  
**Estimated Statement of Position**

	Book Value as at 08/07/2020 Amount (\$)	ROCAP Amount (\$)	Liquidation Scenario High Amount (\$)	Liquidation Scenario Mid Amount (\$)	Liquidation Scenario Low Amount (\$)
<b>Trust Assets</b>					
Client Trust Accounts	6,219,856	6,222,212	6,222,209	6,222,209	6,222,209
Foreign Currency Movements	-	-	TBA	TBA	TBA
Post Appointment Deposits					
AUD Trust Account	-	-	47,567	47,567	47,567
EUR Trust Account	-	-	32,543	32,543	32,543
USD Trust Account	-	-	277,270	277,270	277,270
GBP Trust Account	-	-	25,171	25,171	25,171
Less: Post Appointment Deposits Liability					
AUD Trust Account	-	-	(47,567)	(47,567)	(47,567)
EUR Trust Account	-	-	(32,543)	(32,543)	(32,543)
USD Trust Account	-	-	(277,270)	(277,270)	(277,270)
GBP Trust Account	-	-	(25,171)	(25,171)	(25,171)
Investor Asset Recovery	-	-	137,000,000	-	-
<b>Total Trust Assets</b>	<b>6,219,856</b>	<b>6,222,212</b>	<b>143,222,209</b>	<b>6,222,209</b>	<b>6,222,209</b>
<b>Less: Estimated Costs (Incl. GST)</b>					
Administration Trading	-	-	(405,642)	(405,642)	(405,642)
Administrators' Costs	-	-	(3,929,342)	(2,129,342)	(1,929,342)
Offshore Litigation Recovery Costs	-	-	Unknown	-	-
<b>Estimated Available Funds for Trust Creditors</b>	<b>6,219,856</b>	<b>6,222,212</b>	<b>138,887,226</b>	<b>3,687,226</b>	<b>3,887,226</b>
Trading Clients	(6,569,740)	(2,455,481)	(5,000,000)	(5,000,000)	(5,000,000)
Transferred Clients	-	-	(4,000,000)	(4,000,000)	(4,000,000)
Investor Clients	-	-	(137,000,000)	-	(120,000,000)
<b>Estimated Surplus/(Deficiency) for Trust Creditors</b>	<b>(349,885)</b>	<b>3,766,731</b>	<b>(7,112,774)</b>	<b>(5,312,774)</b>	<b>(125,112,774)</b>
<b>General Assets</b>					
Cash and Cash Equivalents					
Operation Accounts & Term Deposits	2,707,995	2,705,872	2,698,781	2,698,781	2,698,781
Money Processors	15,571,375	16,089,358	14,800,000	400,000	122,875
Security Deposit	117,424	Not disclosed	-	-	-
Hedging Accounts (Liquidity Providers)	2,635,003	2,552,574	1,978,795	1,978,795	1,978,795
Less: Commission Paid	-	-	(42,170)	(42,170)	(42,170)
Debtors					
EuropeFX	1,155,950	7,879,675	7,879,675	-	-
TradeFred	175,175	1,316,884	1,316,884	-	-
Aurena	39,836	39,835	-	-	-
USG Cyprus	1,360,689	1,360,689	Unknown	Unknown	Unknown
USG South Africa	1,016	1,015	Unknown	Unknown	Unknown
USG UK	480,494	480,494	-	-	-
USG Vanuatu	-	-	-	-	-
MT4 Licences and MT5 Licence	-	633,914	-	-	-
Plant and Equipment & Leasehold Improvements	542,646	542,646	Withheld	Withheld	Withheld
Sheffield Sponsorship Prepayments & Others	10,808,441	Not disclosed	-	-	-
Statutory Tax Recoveries	1,535,480	1,374,943	2,165,000	Unknown	-
Liquidators' Recoveries - Insolvent Trading Claim	-	Not Applicable	-	-	-
Liquidators' Recoveries - Voidable Transactions	-	Not Applicable	-	-	-
Additional Funding / Indemnity for Administration	-	Not Applicable	-	-	-
<b>Estimated Fund Available for Creditors</b>	<b>37,131,523</b>	<b>34,977,900</b>	<b>30,796,965</b>	<b>5,035,406</b>	<b>4,758,281</b>
<b>Subject to Costs of Administration</b>					
<b>Less: Estimated Costs (Incl. GST)</b>					
<b>Administration Trading</b>					
Rent	-	-	(18,000)	(18,000)	(18,000)
Payroll Costs	-	-	(155,518)	(155,518)	(155,518)
Overhead Expenses	-	-	(637,765)	(637,765)	(637,765)
Add: Chargeback from Trust Assets	-	-	405,642	405,642	405,642
<b>Net Administration Trading Position</b>	<b>-</b>	<b>-</b>	<b>(405,642)</b>	<b>(405,642)</b>	<b>(405,642)</b>
<b>Administrators' Costs:</b>					
Administrators' Remuneration	-	-	(1,262,760)	(1,262,760)	(1,262,760)
Administrators' Legal Costs	-	-	(428,923)	(428,923)	(428,923)
Administrators' Disbursements	-	-	(2,000)	(2,000)	(2,000)
Sale of Business Costs	-	-	(10,000)	(10,000)	(10,000)
IT Forensic	-	-	(100,000)	(100,000)	(100,000)
Accounting & Tax Compliance	-	-	(50,000)	(50,000)	(50,000)
Liquidators' Remuneration	-	-	(4,000,000)	(2,000,000)	(1,500,000)
Liquidators' Legal Costs	-	-	(2,000,000)	(400,000)	(500,000)
Liquidators' Disbursements	-	-	(5,000)	(5,000)	(5,000)
Offshore Litigation Recovery Costs	-	-	Unknown	Unknown	-
Add: Chargeback from Trust Assets	-	-	3,929,342	2,129,342	1,929,342
<b>Total Estimated Costs</b>	<b>-</b>	<b>-</b>	<b>(4,334,983)</b>	<b>(2,534,983)</b>	<b>(2,334,983)</b>
<b>Funds Available for Priority Creditors</b>	<b>37,131,523</b>	<b>34,977,900</b>	<b>26,461,982</b>	<b>2,500,423</b>	<b>2,423,297</b>
Wages and Superannuation	(8,790)	(8,790)	-	-	-
Annual Leave and Long Service Leave	(86,121)	(45,557)	(71,046)	(71,046)	(71,046)
PILN and Redundancy	-	-	(63,071)	(63,071)	(63,071)
<b>Total Priority Claims</b>	<b>(94,911)</b>	<b>(54,347)</b>	<b>(134,116)</b>	<b>(134,116)</b>	<b>(134,116)</b>
<b>Funds Available for Unsecured Creditors</b>	<b>37,036,611</b>	<b>34,923,553</b>	<b>26,327,866</b>	<b>2,366,306</b>	<b>2,289,181</b>
Trade Creditors	(1,446,906)	(715,658)	(1,715,658)	(1,715,658)	(1,715,658)
Australian Taxation Office	(107,806)	(107,806)	-	(107,806)	(107,806)
Shortfall for Client Trust Liabilities	-	-	(7,112,774)	(5,312,774)	(125,112,774)
Shareholder Loan	(13,447,315)	(13,447,315)	(13,447,315)	Set-off	Set-off
Union Standard Finance Group Loan	(109,739)	(109,739)	-	-	(109,739)
ASIC Civil Proceedings	-	-	Unknown	Unknown	Unknown
Other Claims	-	-	(10,000,000)	(19,000,000)	(19,000,000)
<b>Total Unsecured Creditor Claims</b>	<b>(15,111,767)</b>	<b>(14,380,519)</b>	<b>(32,275,748)</b>	<b>(26,136,239)</b>	<b>(146,045,978)</b>
<b>Return to Creditors</b>					
			<b>Cents in Dollar</b>		
Trust Creditors			98	74	3
Priority Creditors:					
Wages & Superannuation			100	100	100
Annual Leave & Long Service Leave			100	100	100
PILN & Redundancy			100	100	100
Unsecured Creditors			82	9	2

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The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the grey rectangle.

**BRI Ferrier**

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**Union Standard International Group  
Pty Ltd (In Liquidation)  
("the Company")**

**ACN 117 658 349**

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**Annexure "5"  
Remuneration Approval Report**

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# Remuneration Approval Report

**Union Standard International Group Pty  
Ltd**

(In Liquidation)  
("the Company")

ACN 117 658 349

30 September 2020

Peter Krejci and Andrew Cummins  
Joint and Several Administrators

BRI Ferrier (NSW) Pty Ltd ABN 97 128 947 848  
Level 30, Australia Square, 264 George Street, Sydney NSW 2000  
GPO Box 7079, Sydney NSW 2001  
Phone (02) 8263 2300  
Facsimile (02) 8263 2399  
Email: [usg@brifnsw.com.au](mailto:usg@brifnsw.com.au)  
Website: [www.briferrier.com.au](http://www.briferrier.com.au)

**BRI Ferrier**

The logo for BRI Ferrier, featuring the company name in a bold, white, sans-serif font on a dark grey rectangular background. A green diagonal stripe is visible on the right side of the rectangle.

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## 1 DECLARATION

We, Peter Krejci and Andrew Cummins of BRI Ferrier, have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Liquidators of Union Standard International Group Pty Ltd (In Liquidation) ACN 117 658 349 (“the Company”) in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Liquidation.

## 2 EXECUTIVE SUMMARY

Below is a summary of the total remuneration incurred and approved to date in respect of the Voluntary Administration:

Past remuneration approved:	Amount Approved (\$, ex GST)	Comment
<b>Voluntary Administration</b>		
8 July 2020 to 12 August 2020	400,000.00	Remuneration approved by creditors on 20 July 2020
8 July 2020 to 12 August 2020	464,427.50	Additional remuneration approved by members of the Committee of Inspection on 18 August 2020
<b>Total – Voluntary Administration</b>	<b>864,427.50</b>	

This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (\$, ex GST)
<b>Resolution [1]:</b> <i>Voluntary Administrators’ remuneration for the period 13 August 2020 to 3 September 2020</i>	[3.1]	\$401,408.00
<b>Resolution [2]:</b> <i>Liquidators’ remuneration for the period 3 September 2020 to 25 September 2020</i>	[3.1]	\$339,578.50
<b>Resolution [3]:</b> <i>Liquidators’ remuneration for the period 25 September 2020 to 30 November 2020</i>	[3.1]	\$750,000.00
<b>Resolution [4]:</b> <i>Liquidators’ internal disbursements for the period 3 September 2020 to conclusion of the Liquidation</i>	[11]	\$4,000.00
<b>Total:</b>		<b>\$1,494,986.50</b>

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

### 3 DESCRIPTION OF WORK COMPLETED

#### 3.1 REMUNERATION FOR THE PERIOD 13 AUGUST 2020 TO 3 SEPTEMBER 2020

The tables below provide a summary of the work completed by us and our staff in the Administration.

<b>Company</b>	Union Standard International Group Pty Ltd	<b>Period From</b>	13 August 2020	<b>To</b>	3 September 2020
<b>Practitioner</b>	Peter Krejci and Andrew Cummins	<b>Firm</b>	BRI Ferrier (NSW) Pty Ltd		
<b>Administration Type</b>	Voluntary Administration				

Task Area	General Description	Includes
<b>Assets</b> <b>55.6 Hours</b> <b>\$29,620.00</b> <b>(excl. GST)</b>	Potential Sale of Business and/or Assets	Preparing and maintaining schedule of interested parties and correspondence Issuance of confidentiality agreement for sale of business and/or assets Granting access to online data room and reviewing security and access protocols Liaising with interested parties regarding sale of business Engaging interested parties regarding sale process and responding to their queries Obtaining CRM reports and analysing client list Correspondence to Shareholder and related parties for CRM access Preparation of file notes regarding the sale of business Issuance of refunds for confidentiality agreement deposits Internal meetings to discuss progress of sale of business Internal discussions regarding issues associated with sale of business

Task Area	General Description	Includes
	Money Processors	<p>Liaising with solicitors regarding recovery of funds held by UPay</p> <p>Discussions with management and staff regarding access for money processors</p> <p>Correspondence to money processors requesting funds held in accounts</p> <p>Liaising with money processors to provide requested documentation</p> <p>Correspondence issued to the Shareholder providing instruction for the release of fund from money processors</p> <p>Review of money processor reports</p> <p>Reviewing investigations conducted by solicitors regarding money processors</p> <p>Liaising with investigators and discussions regarding money processor recoveries</p> <p>Correspondence with investigators and providing documentation</p> <p>Preparation of file notes regarding money processors</p> <p>Internal meetings to discuss status of money processors recoveries</p> <p>Recovery of funds from Skrill</p>
	Debtors	<p>Reviewing Company records regarding debtor claims</p> <p>Liaising with debtors regarding disputed claims</p>
	Other Assets	<p>Compiling listing of post-appointment deposits</p> <p>Internal discussions regarding post-appointment deposits into CBA accounts</p> <p>Internal discussions regarding control of Company website and email domain</p>
<p><b>Creditors</b>  <b>230.3 Hours</b>  <b>\$97,573.00</b>  <b>(excl. GST)</b></p>	Creditor Enquiries	<p>Dealing with significant volume of creditor enquiries by emails and telephone</p> <p>Daily review and allocation of emails in dedicated mail inbox to various staff members</p> <p>Maintaining creditor enquiry register</p>



Task Area	General Description	Includes
		<p>Review and prepare correspondence to creditors and their representatives by facsimile, email and post</p> <p>Updating creditors on status of administration</p> <p>Discussions with Directors and management staff regarding creditor queries</p> <p>Upload of significant creditor list into system</p> <p>Liaising with Link Market Services for services to assist with significant volume of creditors correspondence</p> <p>Preparing several updated FAQs for clients and uploaded to BRI Ferrier website</p> <p>Prepare and upload various Court documents to BRI Ferrier website pursuant to Court orders</p> <p>Internal discussions regarding creditor queries received</p>
	AFCA Complaints	<p>Internal discussions in dealing with AFCA complaints</p> <p>Maintaining register of complaints from clients, including AFCA complaints</p>
	Creditor Reports	<p>Correspondence with COI regarding report and meeting</p> <p>Preparing and issuing Report to Committee of Inspection regarding update on Administration</p> <p>Internal discussions regarding reports to be issued</p>
	Committee of Inspection	<p>Liaising with and reporting to members of the COI (formally and informally)</p>

Task Area	General Description	Includes
	Dealing with proofs of debt	<p>Receipting and filing significant volume of Proofs of Debts</p> <p>Maintaining register of Proofs of Debts received</p> <p>Uploading Proof of Debts into internal systems</p> <p>Consider Proofs and supporting documentation</p> <p>Adjudicating on certain Proof of Debts to ascertain the validity of amounts claimed</p> <p>Requesting further and better particulars from creditors</p> <p>Reviewing further documentation received from creditors in response to request for further and better particulars</p> <p>Liaising with solicitors regarding claims</p> <p>Seeking legal advice on certain creditor claims</p>
	COI Meeting	<p>Sending Notice of Meeting to COI</p> <p>Correspondence with ASIC regarding Meeting</p> <p>Preparation of meeting file, including agenda, certificate of postage, attendance register, advertisement of meeting etc.</p> <p>Setting up Zoom virtual meeting facilities and issuance of virtual meeting registration links</p> <p>Draft minutes of meeting</p> <p>Preparing and issuing Circular to Meeting Attendees regarding poll results</p>
<b>Employees</b> <b>7.3 Hours</b> <b>\$3,255.50</b> <b>(excl. GST)</b>	Employees enquiry	<p>Receive and follow up employee enquiries by telephone and in person</p> <p>Maintain employee enquiry register</p>
	Other employee issues	<p>Liaising with the Department of Home Affairs regarding status of administration</p> <p>Preparation of correspondence to certain employees regarding termination of employment</p>
<b>Trade On</b> <b>102.7 Hours</b>	Trade On Management	Continual assessment of Company's financial position

Task Area	General Description	Includes
<p><b>\$47,168.00</b> <b>(excl. GST)</b></p>		<p>Liaising with ASIC with respect to the Australian Financial Services Licence (“AFSL”) of the Company</p> <p>Staff attendance onsite during administration period</p> <p>Liaising with MetaQuotes (software provider), Beeks (servers) and Gold-i (briding servers) regarding administrator access to MT4/MT5 trading platforms</p> <p>Discussions with expert regarding issues with access to MT4/MT5 trading platforms</p> <p>Liaising with Shuriken regarding ongoing payroll reporting</p> <p>Dealing with trade-on insurance requirements</p> <p>Dealing with continued occupation of Premises</p> <p>Liaising with utilities and telecommunications to ensure continuation of service</p> <p>Liaising with trade suppliers in respect of their claims and ongoing services provided</p> <p>Daily bank reporting to Shuriken for client equity reports</p> <p>Correspondence with Liquidity providers</p> <p>Reviewing notice from ASIC regarding suspension of AFSL</p> <p>Reviewing daily client equity reports and funds</p> <p>Internal discussions regarding trade-on issues</p> <p>Attending onsite with locksmith</p>
	<p>Processing receipts and payments</p>	<p>Preparing internal receipt and payment vouchers</p> <p>Entering receipt and payments into accounting system</p>

Task Area	General Description	Includes
	<p>Budgeting and Financial Reporting</p>	<p>Conducting cash flow analysis for trade-on            Various discussions with management and staff regarding essential suppliers for cash flow analysis            Internal discussions regarding administration cash flow and associated employment costs            Continuous updates of cash flow projection regarding additional anticipated income and expenses, actual receipts and payments etc            Reconciling cash flow projection with actual and accrued expenses</p>
<p><b>Investigation</b>  <b>369.8 Hours</b>  <b>\$204,755.50</b>  <b>(excl. GST)</b></p>	<p>Conducting Investigation</p>	<p>Correspondence with Beeks regarding MT4/MT5 servers            Conducting detailed analysis of alleged transfer of client accounts to Vanuatu entity, including management accounts (Xero)            Discussions with Directors regarding ROCAP and making further enquiries with Directors and pre-appointment accountant for the Company            Discussions with staff regarding Company background            Reviewing daily equity reports and positions from Shuriken            Preparing file note regarding accuracy of daily equity reports            Analysis of transactions provided compared to bank accounts            Reviewing and organising for translation of document received from Creditors            Investigating access to various software used by the Company            Investigating access to Company website and email domain            Investigating access to CRM data            Designing SQL queries for MT4/MT5 data            Discussions with IT experts regarding SQL queries and reports generated</p>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>Reviewing documents compiled for money processors</li> <li>Correspondence with investigators in regard to money processors</li> <li>Preparing file note regarding interference with money processors</li> <li>Liaising with various parties for Company's books and records</li> <li>Organising for forensic back-up of Company's electronic records</li> <li>Indexing and reviewing Company's data</li> <li>Reviewing forensic backup of email records</li> <li>Review of Product Disclosure Statements, consider against products offered by the Company</li> <li>Liaising with third parties to obtain translations of Chinese documentation</li> <li>Reviewing banking access authorities and signatories</li> <li>Conducting traces for withdrawals and payments from client trust accounts</li> <li>Obtaining pre-appointment bank statements</li> <li>Preparing investigation checklist</li> <li>Preparing comparative analysis of available financial statements for the Company</li> <li>Preparing deficiency statement</li> <li>Prepare estimated outcome statement</li> <li>Investigating potential voidable transactions</li> <li>Conducting insolvency analysis and working capital analysis</li> <li>Internal meetings regarding above matters</li> <li>Preparation of investigation file</li> </ul>

Task Area	General Description	Includes
	ASIC Reporting	<p>Regular correspondence with ASIC regarding updates on administration</p> <p>Correspondence with ASIC regarding Company reporting</p> <p>Liaising with solicitors regarding ASIC updates</p> <p>Reviewing correspondence from ASIC's solicitors</p> <p>Preparing brief in response to ASIC enquiries</p> <p>Prepared and filed investigation report with ASIC pursuant to Section 438D of the Corporations Act</p>
	Litigation / Recoveries	<p>Briefing solicitors regarding status of administration</p> <p>Liaising with solicitors regarding applications to Court</p> <p>Liaising with solicitors regarding contracts held by the Company</p> <p>Further discussions with solicitors regarding access MT4/MT5 trading platforms</p> <p>Application to Court to obtain administrator access to MT4/MT5 trading platforms</p> <p>Liaising with solicitors regarding affidavit for application to Federal Court of Australia for administrator access to MT4/MT5 trading platforms</p> <p>Various discussions with IT expert regarding access to MT4/MT5 trading platforms</p> <p>Reviewing interlocutory process and affidavits prepared by solicitors</p> <p>Reviewing affidavit from IT expert regarding access to MT4/MT5 trading platforms</p> <p>Liaising with solicitors regarding winding up of the Company</p> <p>Reviewing and preparing affidavit for winding up application</p> <p>Application to Court for winding up</p> <p>Reviewing affidavit from Shareholder in winding up application</p> <p>Attendance at Court hearings</p>

Task Area	General Description	Includes
<b>Administration</b> <b>49.8 Hours</b> <b>\$19,036.00</b> <b>(excl. GST)</b>	Bank Account Administration	Bank account reconciliations Preparing internal forms for receipts and payments processing
	Correspondence	All other correspondence not previously discussed
	Document maintenance/file review/checklist	Filing of documents Review of files from the director, creditors and third parties Updating checklists and job control sheet
	Insurance	Correspondence with insurance broker regarding initial and ongoing insurance requirements
	Planning / Review	Internal discussions regarding status of administration Daily internal meetings regarding strategy
<b>Total Hours: 815.5</b> <b>Total Amount: \$401,408.00 (excl. GST)</b>		





## 5 DESCRIPTION OF WORK COMPLETED

### 5.1 REMUNERATION FOR THE PERIOD 3 SEPTEMBER 2020 TO 25 SEPTEMBER 2020

The tables below provide a summary of the work completed by us and our staff in the Liquidation.

<b>Company</b>	Union Standard International Group Pty Ltd	<b>Period From</b>	3 September 2020	<b>To</b>	25 September 2020
<b>Practitioner</b>	Peter Krejci and Andrew Cummins	<b>Firm</b>	BRI Ferrier (NSW) Pty Ltd		
<b>Administration Type</b>	Creditors' Voluntary Liquidation				

<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Assets</b> <b>31.1 Hours</b> <b>\$15,703.50</b> <b>(excl. GST)</b>	Potential Sale of Business and/or Assets	Conducting cost estimate of sale of assets located at Company premises Correspondence with Valuers regarding sale of assets Liaising with interested parties regarding sale of business Engaging interested parties regarding sale process and responding to their queries Internal meetings to discuss progress of sale
	Money Processors	Liaising with investigator regarding recovery of UPay funds Reviewing preliminary reports from investigator regarding UPay Internal discussions regarding status of money processors recoveries
	Debtors	Analysing debtors regarding disputed claims Internal discussion regarding debtor claims
	Other Assets	Recovery of funds from CIMB liquidity provider Issuing letters to Chinese financial institutions regarding search for any bank accounts held

Task Area	General Description	Includes
<b>Creditors</b> 294.4 Hours \$119,546.00 (excl. GST)	Creditor Enquiries	Daily review and allocation of emails in dedicated mail inbox to various staff members Dealing with significant volume of creditor enquiries by emails and telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives by facsimile, email and post Updating creditors on status of liquidation Uploaded updated FAQ for clients onto BRI Ferrier website Organising translation of certain documents provided to creditors in simplified and traditional Chinese Upload of additional creditor listings into system Internal discussions regarding creditor queries received Issued correspondence to VA COI regarding dissolution
	AFCA Complaints	Maintaining register of complaints from clients, including AFCA complaints
	COI Meeting	Finalisation and lodgement of minutes of meeting with ASIC
	Creditor Reports	Preparing and issuing Circular to Creditors regarding winding up of Company Preparation of updated Declaration of Independence, Relevant Relationships and Indemnities Preparing Initial Report to Creditors Preparing relevant annexures for Initial Report, including Remuneration Approval Notice, Notices of Meeting, etc.

Task Area	General Description	Includes
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>Receipting and filing significant volume of Proofs of Debts</li> <li>Maintaining register of Proofs of Debts received</li> <li>Consider Proofs and supporting documentation</li> <li>Requesting and reviewing supporting documentation from creditors</li> <li>Categorisation of investor and trading clients</li> <li>Conducted tracing activities for certain investor claims</li> </ul>
<b>Employees</b> <b>10.5 Hours</b> <b>\$4,074.00</b> <b>(excl. GST)</b>	Employees enquiry	<ul style="list-style-type: none"> <li>Receive and follow up employee enquiries by telephone and in person</li> <li>Maintain employee enquiry register</li> </ul>
	Fair Entitlements Guarantee ("FEG")	<ul style="list-style-type: none"> <li>Liaising with Attorney-General's Department regarding status of Liquidation</li> <li>Preparing FEG initial questionnaire</li> <li>Reviewing payroll records</li> <li>Preparing verification spreadsheet of employee entitlements</li> </ul>
	Other employee issues	<ul style="list-style-type: none"> <li>Reviewing Director employment contracts</li> <li>Dealing with payroll tax reporting obligations</li> </ul>
<b>Trade On</b> <b>109.6 Hours</b> <b>\$53,938.00</b> <b>(excl. GST)</b>	Trade On Management	<ul style="list-style-type: none"> <li>Conducting continual assessment of Company's financial position</li> <li>Discussions regarding maintaining insurance requirements</li> <li>Liaising with trade creditors in respect of their claims and ongoing services provided</li> <li>Reviewing various service agreements with trade-on suppliers</li> <li>Reviewing daily client equity reports and funds reconciliation accounting prepared by Shuriken</li> <li>Liaising with Shuriken regarding overview of daily client equity reports</li> </ul>

Task Area	General Description	Includes
	Processing receipts and payments	<p>Preparing internal receipt and payment vouchers</p> <p>Entering receipt and payments into accounting system</p>
	Budgeting and Financial Reporting	<p>Maintaining cash flow analysis for trade-on</p> <p>Continuous updates of cash flow projection regarding additional anticipated income and expenses, actual receipts and payments etc</p> <p>Internal discussions regarding administration cash flow</p> <p>Reconciling cash flow schedule with actual and accrued expenses</p> <p>Internal discussions regarding termination of services for cash flow analysis</p>
<p><b>Investigation</b></p> <p><b>200.0 Hours</b></p> <p><b>\$111,965.00</b></p> <p><b>(excl. GST)</b></p>	<p>Conducting Investigation</p>	<p>Reviewing preliminary report and documents from investigators into UPay and the Company</p> <p>Correspondence with Directors and Company accountant regarding MT4/MT5 trading platforms</p> <p>Discussions with Directors regarding AFSL decision</p> <p>Consideration of auditing issues</p> <p>Generating queries and analysing sample testing for post-appointment deposits</p> <p>Generating SQL queries and analysing data</p> <p>Analysing data from MT4/MT5 trading platforms</p> <p>Tracing investor claim amounts from Proof of Debts received</p> <p>Attempt to reconcile movements in daily client equity reports</p> <p>Analysing backed-up electronic data</p> <p>Organising for access to Company email inbox</p> <p>Review of Investor claims for UPlus products and other products offered by the Company</p> <p>Conducting additional searches on Shareholder</p> <p>Review of CAR agreements and licensing agreements</p> <p>Analysis of flow of funds to/from client trust accounts</p>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>Conducting traces for withdrawals and payments from client trust accounts</li> <li>Updating deficiency statement</li> <li>Updating estimated outcome statement</li> <li>Investigating potential voidable transactions</li> <li>Conducting insolvency analysis and working capital analysis</li> <li>Internal meetings regarding above matters</li> </ul>
	ASIC Reporting	<ul style="list-style-type: none"> <li>Regular correspondence with ASIC regarding updates on administration</li> <li>Liaising with solicitors regarding ASIC updates</li> <li>Reporting to ASIC regarding potential breaches</li> <li>Reviewing correspondence from ASIC's solicitors</li> <li>Internal discussions regarding ASIC investigations</li> </ul>
	Litigation / Recoveries	<ul style="list-style-type: none"> <li>Reviewing orders from Court for winding-up of Company</li> <li>Liaising with solicitors regarding insurance requirements</li> <li>Liaising with solicitors regarding proceedings</li> <li>Liaising with solicitors regarding related entities</li> <li>Seeking legal advice on contracts and disclaimers</li> <li>Reviewing subpoena notice received for trading client</li> <li>Correspondence with Directors and management regarding subpoena for trading client</li> <li>Reviewing Company records received and uploaded subpoena response</li> </ul>
<b>Administration</b> <b>82.9 Hours</b> <b>\$34,352.00</b> <b>(excl. GST)</b>	ASIC Forms	Preparing and lodging ASIC forms including 505 for winding up
	ATO and other statutory reporting	Notification of appointment

Task Area	General Description	Includes
	Bank Account Administration	Bank account reconciliations Preparing internal forms for receipts and payments processing
	Correspondence	All other correspondence not discussed above
	Document maintenance/file review/checklist	Filing of documents Review of files from the director, creditors and third parties Updating checklists
	Insurance	Correspondence with insurance broker regarding ongoing insurance requirements
	Planning / Review	Discussions regarding status of Liquidation Daily internal meetings regarding strategy
<b>Total Hours: 728.5</b> <b>Total Amount: \$339,578.50 (excl. GST)</b>		

## 6 CALCULATION OF REMUNERATION

Union Standard International Group Pty Ltd (In Liquidation)  
A.C.N. 117 658 349  
For the period 3 September 2020 to 25 September 2020

Staff Classification	Staff Name	Charge Rate per Hour \$	Administration		Assets		Creditors		Investigation		Trade On		Employees		Total	
			Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	Andrew Cummins	680.00	1.4	952.00	1.7	1,156.00	8.0	5,440.00	14.4	9,792.00	15.2	10,336.00	0.5	340.00	41.2	28,016.00
Appointee	Peter Krejci	680.00	13.3	9,044.00	5.1	3,468.00	13.4	9,112.00	28.3	19,244.00	10.5	7,140.00	-	-	70.6	48,008.00
Principal	John Keenan	650.00	7.0	4,550.00	8.4	5,460.00	7.5	4,875.00	42.6	27,690.00	5.8	3,770.00	-	-	71.3	46,345.00
Director	Jacqueline Woods	570.00	-	-	-	-	12.7	7,239.00	10.1	5,757.00	-	-	-	-	22.8	12,996.00
Director	Paul Croft	570.00	-	-	-	-	-	-	56.3	32,091.00	-	-	-	-	56.3	32,091.00
Senior Manager	Pauline Yeow	525.00	1.1	577.50	-	-	45.9	24,097.50	-	-	6.8	3,570.00	-	-	53.8	28,245.00
Manager	Katherine La	505.00	14.3	7,221.50	2.1	1,060.50	21.7	10,958.50	8.2	4,141.00	11.2	5,656.00	0.8	404.00	58.3	29,441.50
Supervisor	Jack Li	420.00	1.5	630.00	0.3	126.00	22.4	9,408.00	2.4	1,008.00	32.6	13,692.00	0.3	126.00	59.5	24,990.00
Senior 1	Luke O'Connor	360.00	3.5	1,260.00	-	-	35.2	12,672.00	8.8	3,168.00	23.2	8,352.00	-	-	70.7	25,452.00
Senior 1	Savio Monis	360.00	1.5	540.00	7.4	2,664.00	39.5	14,220.00	9.9	3,564.00	2.5	900.00	8.9	3,204.00	69.7	25,092.00
Senior 2	Chris Garvey	290.00	22.2	6,438.00	6.1	1,769.00	30.6	8,874.00	19.0	5,510.00	1.8	522.00	-	-	79.7	23,113.00
Senior Administration	Jessica Mula	220.00	6.6	1,452.00	-	-	57.5	12,650.00	-	-	-	-	-	-	64.1	14,102.00
Senior Administration	Sonia Stelmach	220.00	1.6	352.00	-	-	-	-	-	-	-	-	-	-	1.6	352.00
Junior Administration	Sarita Gurung	150.00	8.9	1,335.00	-	-	-	-	-	-	-	-	-	-	8.9	1,335.00
<b>Total</b>			<b>82.9</b>	<b>34,352.00</b>	<b>31.1</b>	<b>15,703.50</b>	<b>294.4</b>	<b>119,546.00</b>	<b>200.0</b>	<b>111,965.00</b>	<b>109.6</b>	<b>53,938.00</b>	<b>10.5</b>	<b>4,074.00</b>	<b>728.5</b>	<b>339,578.50</b>
																GST 33,957.85
																<b>Total (incl. GST) 373,536.35</b>
<b>Average rate per hour</b>			<b>414.38</b>		<b>504.94</b>		<b>406.07</b>		<b>559.83</b>		<b>492.14</b>		<b>388.00</b>			<b>466.13</b>

## 7 DESCRIPTION OF WORK TO BE COMPLETED

### 7.1 REMUNERATION FOR THE PERIOD 26 SEPTEMBER 2020 TO 30 NOVEMBER 2020

The tables below provide a summary of the work completed/to be completed by us and our staff in the Liquidation.

<b>Company</b>	Union Standard International Group Pty Ltd (In Liquidation)	<b>Period From</b>	26 September 2020	<b>To</b>	30 November 2020
<b>Practitioner</b>	Peter Krejci and Andrew Cummins	<b>Firm</b>	BRI Ferrier (NSW) Pty Ltd		
<b>Administration Type</b>	Creditors' Voluntary Liquidation				



Task Area	General Description	Includes
<p>Assets  <b>\$120,000.00</b>  (excl. GST)</p>	<p>Potential Sale of Business and/or Assets</p>	<p>Continuing to liaise with interested parties in respect of sale of Sheffield United sponsorship</p> <p>Continuing to explore sale of Company's MT4 licences and liaising with interested parties if relevant</p> <p>Preparing confidentiality agreement for sale of the Company's assets, as relevant</p> <p>Compiling and supplying specific information to interested parties regarding the sale of the Company's assets</p> <p>Maintaining schedule of interested parties and associated inward/outward correspondence</p> <p>Engaging with interested parties regarding sale of the Company's assets and attending to associated queries as received</p> <p>Maintaining and updating data room previously established</p> <p>Attending Internal meetings to discuss progress of sale of the Company's assets</p>

Task Area	General Description	Includes
	Money Processors	<p>Further correspondence and follow up to money processors</p> <p>Maintaining and updating schedule to track progress of money processors correspondence and recovery of funds</p> <p>Liaising with solicitors and investigators regarding recovery of funds held by UPay</p> <p>Further correspondence with investigators and providing documentation</p> <p>Obtain and review further report from investigators regarding UPay</p> <p>Consider further investigations and recovery of UPay funds</p> <p>Internal meetings to discuss status of money processors recoveries</p>
	Assets subject to specific charges	<p>Further correspondence with secured creditor in relation to leased photocopier and prepare and lodge disclaimer with ASIC</p>
	Debtors	<p>Continuing to seek collection of debtors</p> <p>Liaising with debtors regarding disputed claims</p> <p>Consider potential tax recovery from ATO</p> <p>Attending to all tasks necessary in relation to collection of VAT refund</p>
	Plant and Equipment	<p>Arranging sale of company plant and equipment if commercial to do so, otherwise preparing and lodging disclaimer of same with ASIC</p>

Task Area	General Description	Includes
	Landlord	<p>Preparing, issuing and lodging lease disclaimer</p> <p>Seeking recovery of any bond lodged for former leased premises</p>
<p><b>Creditors</b>  <b>\$250,000.00</b>  <b>(excl. GST)</b></p>	Creditor Enquiries	<p>Daily review and allocation of emails in dedicated mail inbox to various staff members</p> <p>Dealing with significant volume of creditor enquiries by emails and telephone</p> <p>Maintaining creditor enquiry register</p> <p>Updating FAQ document for clients and upload same to BRI Ferrier website</p> <p>Review and prepare correspondence to creditors and their representatives by facsimile, email and post</p> <p>Updating creditors on status of administration</p> <p>Continuing discussions with Directors and former Company officers regarding claims submitted by Corporate Authorised Representatives (“CARs”)</p> <p>Continuing to seek legal advice regarding claims submitted by CARs</p> <p>Liaising with solicitors representing CARs regarding disputed claims</p>
	AFCA Complaints	<p>Maintaining register of complaints from clients, including AFCA complaints</p> <p>Receiving and monitoring AFCA complaints received</p>

Task Area	General Description	Includes
	Creditor Reports	<p>Usage of Mailchimp for email distribution to large volume of clients</p> <p>Finalising and issuing Initial Report to Creditors</p> <p>Finalising relevant annexures for Initial Report, including Remuneration Approval Notice, Notices of Meeting, etc</p> <p>Preparing and issuing Statutory Report to Creditors</p> <p>Preparing and issuing further Report to Creditors regarding Liquidation update</p> <p>Upload of reports/circulars to BRI Ferrier website</p>
	Committee of Inspection	<p>Preparing and issuing Circular to Committee of Inspection regarding the Committees powers, rights and obligations</p> <p>Liaising with and reporting to members of the COI (formally and informally)</p> <p>Preparing and issuing Report to Committee of Inspection regarding update on Administration</p>
	COI Meeting	<p>Sending Notice of Meeting to COI</p> <p>Correspondence with ASIC regarding Meeting</p> <p>Preparation of meeting file, including agenda, certificate of postage, attendance register, advertisement of meeting etc.</p> <p>Setting up Zoom virtual meeting facilities and issuance of virtual meeting registration links</p> <p>Draft minutes of meeting</p>

Task Area	General Description	Includes
		<p>Preparing and issuing Circular to Meeting Attendees regarding poll results</p> <p>Preparation and lodgement of minutes of meeting with ASIC</p>
	Dealing with proofs of debt	<p>Receipting and filing significant volume of Proofs of Debts and Proxies</p> <p>Maintaining register of Proofs of Debts received</p> <p>Consider Proofs and supporting documentation received from creditors</p>
	Client Positions	<p>Interrogation of MT4/MT5 trading platform data regarding close positions</p> <p>Manual calculation of close positions for trading clients</p> <p>Issue statement to trading clients regarding close positions</p>
	Meeting of Creditors	<p>Sending Notice of Meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting, and draft minutes of meeting</p> <p>Setting up Zoom virtual meeting facilities</p> <p>Issuing virtual meeting registration links to creditors</p> <p>Reviewing supporting documentation from creditors and adjudicating on claims for voting purposes only</p>

Task Area	General Description	Includes
		<p>Requesting and reviewing further supporting documentation from creditors for adjudication on claims for voting purposes only</p> <p>Reviewing and accepting meeting registrations for admitted creditors on Zoom</p> <p>Preparing for Zoom virtual meeting</p> <p>Internal meetings to discuss logistics of virtual meeting</p> <p>Responding to stakeholder queries and questions regarding outcome of meeting</p> <p>Preparing and issuing Circular to Meeting Attendees regarding poll results</p> <p>Preparation and lodgement of minutes of meeting with ASIC</p>
<p><b>Employees</b>  <b>\$30,000.00</b>  <b>(excl. GST)</b></p>	<p>Employees enquiry</p>	<p>Receive and follow up employee enquiries by telephone and in person</p> <p>Maintain employee enquiry register</p> <p>Review and prepare correspondence to employees by email and post</p>
	<p>Fair Entitlements Guarantee ("FEG")</p>	<p>Correspondence with Attorney-General's Department</p> <p>Further review of payroll records</p> <p>Finalising calculation of employees claims</p> <p>Request further supporting documentation from employees to substantiate their claims</p> <p>Finalising verification spreadsheet of employee entitlements</p> <p>Correspondence with Attorney-General's Department regarding discrepancies, if any</p>

Task Area	General Description	Includes
	Other employee issues	Correspondence regarding employees not previously mentioned above
Trade On \$60,000.00 (excl. GST)	Trade On Management	Dealing with continued occupation of Premises Liaising with various service providers regarding cessation of service Finalisation of trading accounts with service providers
	Processing receipts and payments	Preparing internal receipt and payment vouchers Entering receipt and payments into accounting system
	Budgeting and Financial Reporting	Finalising cash flow analysis for trade-on Internal discussions regarding administration cash flow and associated employment costs Continuous updates of cash flow projection regarding additional anticipated income and expenses, actual receipts and payments etc Reconciling cash flow schedule with actual and accrued expenses
Investigation \$250,000.00 (excl. GST)	Conducting Investigation	Further review of Company's books and records Liaising with Directors and management regarding specific transactions Further review of Company products Conducting traces for withdrawals and payments from client trust accounts

Task Area	General Description	Includes
		<p>Analysis of flow of funds to/from client trust accounts</p> <p>Reviewing client investment accounts held on MT4/MT5 trading platforms</p> <p>Further review of CRM client data</p> <p>Updating comparative analysis of available financial statements</p> <p>Updating deficiency statement</p> <p>Updating estimated outcome statement</p> <p>Conducting further investigations into potential voidable transactions, if required</p> <p>Conducting further investigations into other potential recoveries</p> <p>Conducting further investigations into potential insolvent trading claim</p> <p>Consider recovery action for potential recoveries</p> <p>Consider breach of duty claims</p> <p>Internal meetings regarding above matters</p> <p>Preparation and finalising investigation file</p> <p>Further interrogation of data from MT4/MT5 trading platforms</p> <p>Reviewing client investment accounts held on MT4/MT5 trading platforms</p>
	ASIC Reporting	<p>Regular updates to ASIC regarding status of administration</p> <p>Prepare and file investigation report with ASIC pursuant to Section 533 of the Corporations Act</p>
	Litigation / Recoveries	<p>Liaising with ASIC regarding civil proceedings</p>



Task Area	General Description	Includes
		<p>Briefing solicitors regarding ASIC civil proceedings</p> <p>Reviewing MT4/MT4 trading platform data for purposes of ASIC civil proceedings</p> <p>Briefing solicitors regarding application for Court directions on client close position</p> <p>Reviewing interlocutory process prepared by solicitors</p> <p>Reviewing and preparing affidavits for Court directions on client close position</p> <p>Briefing solicitors regarding application to Court regarding dealing with trust assets</p> <p>Reviewing and preparing affidavits for dealing with trust assets</p> <p>Further discussions with solicitors regarding above Court applications</p> <p>Attendance at Court hearings</p>
<p><b>Administration</b>  <b>\$40,000.00</b>  <b>(excl. GST)</b></p>	<p>ASIC Forms</p>	<p>Preparing and lodging ASIC forms</p>
	<p>ATO and other statutory reporting</p>	<p>Statutory BAS reporting</p>
	<p>Bank Account Administration</p>	<p>Bank account reconciliations</p> <p>Preparing internal forms for receipts and payments processing</p>
	<p>Correspondence</p>	<p>All other correspondence not discussed above</p>
	<p>Document maintenance/file review/checklist</p>	<p>Filing of documents</p> <p>Updating checklists</p>
	<p>Insurance</p>	<p>Correspondence with insurance broker regarding insurance issues</p>

Task Area	General Description	Includes
	Planning / Review	Discussions regarding status of Liquidation
<b>Total Amount: \$750,000.00 (excl. GST)</b>		

## 8 STATEMENT OF REMUNERATION CLAIM

By Resolution, we will be seeking approval from the Creditors for the following resolutions:

### Resolution 1: Administrators' Remuneration for the period 13 August 2020 to 3 September 2020

*"That the remuneration of the Administrators, their partners and staff for the period 13 August 2020 to 3 September 2020, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidators' Report to Creditors dated 30 September 2020, be fixed and approved at \$401,408.00 (plus GST), and that the Administrators be authorised to draw that amount."*

### Resolution 2: Liquidators' Remuneration for the period 3 September 2020 to 25 September 2020

*"That the remuneration of the Liquidators, their partners and staff for the period 3 September 2020 to 25 September 2020, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidators' Report to Creditors dated 30 September 2020, be fixed and approved at \$339,579.50 (plus GST), and that the Liquidators be authorised to draw that amount."*

### Resolution 3: Liquidators' Remuneration for the period 26 September 2020 to 30 November 2020

*"That the remuneration of the Liquidators, their partners and staff for the period 26 September 2020 to 30 November 2020, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidators' Report to Creditors dated 30 September 2020 and approved to an interim cap of \$750,000.00 (plus GST), and that the Liquidators be authorised to draw that amount as and when incurred."*

Should further issues arise as a result of our investigations and we wish to seek further remuneration then we will be required to convene a meeting of the Committee of Inspection/creditors and present a report detailing the remuneration sought and explaining the additional work that was necessarily performed.

## 9 LIKELY IMPACT ON DIVIDENDS

The Liquidators are entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as an external administrator. The remuneration and disbursements of the Administrators have a priority ranking ahead of creditors.

We are unable to pay our remuneration without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court. Approval by Creditors is efficient and timely, and is less costly than an application to the Court.

However, any dividend will ultimately be impacted by the realisations achieved by the Administrators and the value of creditor claims admitted to participate in the dividend. The likely impact of approval of remuneration and disbursements on dividends to creditors is that it will reduce such dividends.

## 10 REMUNERATION RECOVERABLE FROM EXTERNAL SOURCES

We advise that to date, we have not recovered any remuneration from external sources.

## 11 DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We are required to seek creditor approval for internal disbursements where there could be a profit or advantage. Accordingly, we will be seeking approval from creditors for the following resolution:

Resolution 4: Liquidators' Internal Disbursements for the period 3 September 2020 to the conclusion of the Liquidation

*"That the Liquidators be allowed internal disbursements for the period 3 September 2020 to the conclusion of the Liquidation at the rates of charge in the Liquidators' Remuneration Approval Report dated 30 September 2020, up to an amount of \$4,000.00 (plus GST) and that the Liquidators be authorised to draw that amount as accrued."*

We are not obliged to seek creditor approval for disbursements paid to third parties, but must account to creditors. This includes providing details of the basis of charging for these types of disbursements to creditors as part of the Remuneration Report. Future disbursements provided by our Firm will be charged to the administration on the following basis:

Disbursement Type	Rate (excl GST)
Externally provided professional services	At cost
Externally provided non-professional costs	At cost
Internal disbursements	
Faxes and Photocopying	\$0.25 per page
Postage	At cost
Staff vehicle use	In accordance with ATO mileage allowances

## 12 SUMMARY OF RECEIPTS AND PAYMENTS

Attached to the report is a summary of the receipts and payments in the administration to date.

## 13 QUERIES & INFORMATION SHEET

The above information is provided to assist creditors with the appropriateness of the remuneration claims that are being made.

Creditors should contact the Liquidators' office to seek further information concerning the remuneration claimed if they so require.

The Australian Restructuring, Insolvency and Turnaround Association ("ARITA") has produced a document entitled "Creditors Information Sheet: Approving Remuneration in External Administrations" which can be downloaded from the ARITA website, [www.arita.com.au](http://www.arita.com.au), or can be obtained from this office.

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The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the grey rectangle.

**BRI Ferrier**

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**Union Standard International Group  
Pty Ltd (In Liquidation)  
("the Company")**

**ACN 117 658 349**

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**Annexure "6"  
Initial Remuneration Notice**

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## INITIAL REMUNERATION NOTICE

Insolvency Practice Schedule (Corporations) 70-50  
Insolvency Practice Rules (Corporations) 70-35

**UNION STANDARD INTERNATIONAL GROUP PTY LTD  
(IN LIQUIDATION)  
ACN 117 658 349 ("THE COMPANY")**

The purpose of the Initial Remuneration Notice is to provide you with information about how our remuneration for undertaking the administration will be set.

### A. REMUNERATION METHOD

There are four methods for calculation of remuneration that can be used to calculate the remuneration of an Insolvency Practitioner. They are:

- ▶ Time based / hourly rates or "Time Cost"

This is the most common method. It provides for remuneration to be charged at an hourly rate for each person working on the matter. The hourly rate charged will reflect the level of experience each person has.

- ▶ Fixed Fee

The total remuneration for the administration is quoted at commencement of the appointment and is the total charge for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

- ▶ Percentage

The remuneration for the appointment is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.

- ▶ Contingency

The total remuneration for the matter is structured to be contingent on a particular outcome being achieved.

### B. METHOD CHOSEN

BRI Ferrier normally charges to use a Time Cost basis, because:

- ▶ It is often difficult to estimate accurately the likely cost of undertaking an appointment, as appointments differ in unforeseeable ways as to their factual or legal complexity;
- ▶ The Time Cost method reflects the opportunity cost to BRI Ferrier of the use of staff on a particular engagement
- ▶ The Time Cost method reflects the extent of work undertaken, reflecting in turn the nature of the appointment

- ▶ The Time Cost method can be applied equally to all aspects of an appointment, while percentage or contingent remuneration normally only reflect parts of an appointment, such as the recovery of assets. Our duties include activities, such as reporting to creditors and ASIC, that do not directly yield asset recovery, while contributing to the overall return to creditors.

BRI Ferrier reviews its hourly rates every twelve months. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date. If hourly rates are increased, we will seek approval.

### **C. EXPLANATION OF HOURLY RATES**

The rates applicable are set out in the table on the following page together with a general guide to the qualifications and experience of staff engaged in administration and the role they undertake in the administration. The hourly rates charged encompass the total cost of providing professional services and are not comparable to an hourly wage rate.

## HOURLY RATES

Title	Description	Rate (excl GST)
Appointee	A Liquidator and/or Registered Trustee. A senior accountant with over 10 years' experience who brings specialist skills & experience to the appointment. Leads the team carrying out the appointment.	\$680
Principal	A Registered Liquidator. A senior accountant with over 10 years' experience. Leads the team carrying out and controls all aspects of an appointment.	\$650
Director	An accountant with more than 10 years' experience. May be a Liquidator. Fully qualified and able to control all aspects of an appointment. May have specialist industry knowledge or skills. Assists with all facets of appointment.	\$570
Senior Manager	An accountant with more than 7 years' experience. Qualified and answerable to the Team Leader. Self-sufficient in completing and planning all aspects of large appointments.	\$525
Manager	An accountant with more than 6 years' experience. Typically qualified with well-developed technical and commercial skills. Controls and plans all aspects of medium to larger appointments, reporting to Team Leader.	\$505
Supervisor	An accountant with more than 4 years' experience. Typically qualified with sound knowledge of insolvency principles and developing commercial skill. Assists to plan and control specific tasks on medium to larger appointments. Often undertaking post qualification study specialising in Insolvency and Reconstruction.	\$420
Senior 1	An accountant with more than 2 years' experience. Typically a graduate undertaking study leading to professional qualification as a Chartered Accountant or CPA. Able to complete work on appointments with limited supervision.	\$360
Senior 2	An accountant with more than 2 years' experience. Typically a graduate who has commenced study leading to professional qualifications. Able to complete many tasks on medium to large appointments under supervision.	\$290
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commenced study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$260
Intermediate 2	An accountant with less than 1 years' experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$235
Senior Administration	Appropriately skilled & undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$220
Junior Administration	Appropriately skilled & undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150

## D. ESTIMATED REMUNERATION

We estimate that this administration may cost \$3,000,000 to \$4,000,000 (excl. GST, disbursements and legal costs, as necessary) to complete the liquidation. This estimate is dependent on the level of work involved in the following aspects:

- The “close out” of client contracts and crystallising their positions, including a Court application;
- Realising the Company’s assets held by money processors, particularly Upay;



- Investigations into investor claims, involving a tracing exercise;
- The adjudication process for creditors claims; and
- Investigation work that may be required by the regulator, ASIC.

Should the level of work required be greater than anticipated, then the costs will increase from our estimate above. However, as mentioned previously, actual remuneration sought to be approved may exceed this estimate and this higher amount must be approved by the Creditors, Committee of Inspection or Court.

## E. DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We are not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor’s consent for the payment of internal disbursements. Creditors will be asked to approve our internal disbursements prior to these disbursements being paid from the administration.

Details of the basis of recovering disbursements in this administration are provided below.

Disbursement Type	Rate (excl GST)
Externally provided professional services	At cost
Externally provided non-professional costs	At cost
Internal disbursements	
Faxes and Photocopying	\$0.25 per page
Postage	At cost
Staff vehicle use	In accordance with ATO mileage allowances

Dated this 30<sup>th</sup> day of September 2020.



PETER KREJCI

JOINT AND SEVERAL LIQUIDATOR

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The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the grey rectangle.

**BRI Ferrier**

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**Union Standard International Group  
Pty Ltd (In Liquidation)  
("the Company")**

**ACN 117 658 349**

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**Annexure "7"  
List of ASIC Information Sheets**

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**ASIC**  
Australian Securities &  
Investments Commission

## Insolvency information for directors, employees, creditors and shareholders

This information sheet (INFO 39) lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

### List of information sheets

- [INFO 41](#) Insolvency: A glossary of terms
- [INFO 42](#) Insolvency: A guide for directors
- [INFO 43](#) Insolvency: A guide for shareholders
- [INFO 45](#) Liquidation: A guide for creditors
- [INFO 46](#) Liquidation: A guide for employees
- [INFO 54](#) Receivership: A guide for creditors
- [INFO 55](#) Receivership: A guide for employees
- [INFO 74](#) Voluntary administration: A guide for creditors
- [INFO 75](#) Voluntary administration: A guide for employees
- [INFO 84](#) Independence of external administrators: A guide for creditors
- [INFO 85](#) Approving fees: A guide for creditors

### Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

This is **Information Sheet 39 (INFO 39)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Last updated: 12/08/2020 03:57

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**BRI Ferrier**

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**Union Standard International Group  
Pty Ltd (In Liquidation)  
("the Company")**

**ACN 117 658 349**

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**Annexure "8"  
Administrators' and Liquidators'  
Summarised Receipts and Payments**

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**Union Standard International Group Pty Ltd (Administrators Appointed)**

**Transactions From 8 July 2020 To 3 September 2020**

**Summarised Receipts & Payments**

<b>A/C</b>	<b>Account</b>	<b>Gross</b>
29	Bank Charges	260.35
63	Post-appt deposit refunds (AUD)	4,162.00
73	Client Monies on Trust (AUD)	992,535.73
74	Cash at Bank	2,698,780.75
75	Client Monies on Trust (USD)	2,975,433.69
76	Client Money On Trust (GBP)	492,615.94
77	Client Money on Trust (EUR)	367,654.16
78	Money Processor Recoveries	122,979.27
79	Hedging Fund Recoveries	1,933,907.37
80	EOI Deposits	40,000.00
225	Post Appt Client Trust Liabilities (AUD)	(5,520.00)
228	Post Appt Client Trust Liabilities (EUR)	904.96
<b>Total Receipts (inc GST)</b>		<b><u>9,623,714.22</u></b>
22	Consultancy Fees	1,790.25
28	Advertising	9,992.15
29	Bank Charges	1,245.13
30	Commissions paid (No GST)	42,169.86
41	Professional Fees	31,112.35
44	Repairs & Maintenance	593.00
45	Stationery & Printing	39.84
48	Telephone & Fax	144.07
51	Wages & Salaries	78,456.17
58	Bank Fees	132.00
60	IT Expenses	10,532.06
61	IT Expenses - GST Free	61,885.35
63	Post-appt deposit refunds (AUD)	46,209.49
64	Post-appt deposit refunds (USD)	277,270.25
65	Post-appt deposit refunds (GBP)	25,170.71
66	Post-appt deposit refunds (EUR)	33,447.70
73	Client Monies on Trust (AUD)	5,523.29
130	Agents/Valuers Fees (1)	1,540.00
139	Legal Fees (1)	318,641.97
140	Legal Fees (2)	1,503.54
142	PI Insurance Premium Funding Monthly Ins	310,586.46
152	Administrators Remuneration	176,000.00
168	Refund of EOI Deposit	10,000.00
225	Post Appt Client Trust Liabilities (AUD)	(47,567.49)
226	Post Appt Client Trust Liabilities (USD)	(277,270.25)
227	Post Appt Client Trust Liabilities (GBP)	(25,170.71)
228	Post Appt Client Trust Liabilities (EUR)	(32,542.74)
234	Withholding Tax (PAYG)	(15,974.00)
<b>Total Payments (inc GST)</b>		<b><u>1,045,460.45</u></b>
<b>Net Receipts and Payments</b>		<b><u>8,578,253.77</u></b>
<b>Balance in Hand - By Bank Account</b>		
212	Operating Account 1	1,741,805.54
213	Operating Account 2	2,014,561.21
215	Trust Account AUD 6993	483,459.33
216	Trust Account USD 9694	2,699,223.85
217	Trust Account GBP 1565	492,542.04
218	Trust Account EUR 9678	353,513.49
219	Other Trust Accounts (AUD)	502,723.90
220	Other Trust Accounts (USD)	276,209.84
221	Trust Account EUR - Trade Fred	14,140.67
222	Trust Account GBP - Trade Fred	73.90
		<b><u>8,578,253.77</u></b>

**Union Standard International Group Pty Ltd (In Liquidation)**

**Transactions From 3 September 2020 To 30 September 2020  
Summarised Receipts & Payments**

**Receipts**

73	Client Monies on Trust (AUD)	329.15
74	Cash at Bank	8,199,016.10
75	Client Monies on Trust (USD)	972.37
78	Money Processor Recoveries	44,899.69

**Total Receipts (inc GST)** 8,245,217.31

**Payments**

22	Consultancy Fees	2,310.00
29	Bank Charges	1.98
41	Professional Fees	40,505.45
44	Repairs & Maintenance	548.50
45	Stationery & Printing	39.84
48	Telephone & Fax	91.12
51	Wages & Salaries	10,000.00
60	IT Expenses	9,043.98
63	Post-appt deposit refunds (AUD)	329.15
64	Post-appt deposit refunds (USD)	972.37
225	Post Appt Client Trust Liabilities (AUD)	(42,376.64)
226	Post Appt Client Trust Liabilities (USD)	(278,242.62)
227	Post Appt Client Trust Liabilities (GBP)	(25,170.71)
228	Post Appt Client Trust Liabilities (EUR)	(33,447.70)
234	Withholding Tax (PAYG)	(2,860.00)

**Total Payments (inc GST)** (318,255.28)

**Net Receipts and Payments** 8,563,472.59

**Balance in Hand - By Bank Account**

212	<b>Operating Account 1</b>	<b>1,682,126.00</b>
213	<b>Operating Account 2</b>	<b>2,059,461.00</b>
215	<b>Trust Account AUD 6993</b>	<b>483,459.18</b>
216	<b>Trust Account USD 9694</b>	<b>2,699,223.00</b>
217	<b>Trust Account GBP 1565</b>	<b>492,542.04</b>
218	<b>Trust Account EUR 9678</b>	<b>353,513.29</b>
219	<b>Other Trust Accounts (AUD)</b>	<b>502,724.98</b>
220	<b>Other Trust Accounts (USD)</b>	<b>276,209.08</b>
221	<b>Trust Account EUR - Trade Fred</b>	<b>14,140.12</b>
222	<b>Trust Account GBP - Trade Fred</b>	<b>73.90</b>

8,563,472.59

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The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the dark grey rectangle.

**BRI Ferrier**

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**Union Standard International Group  
Pty Ltd (In Liquidation)  
("the Company")**

**ACN 117 658 349**

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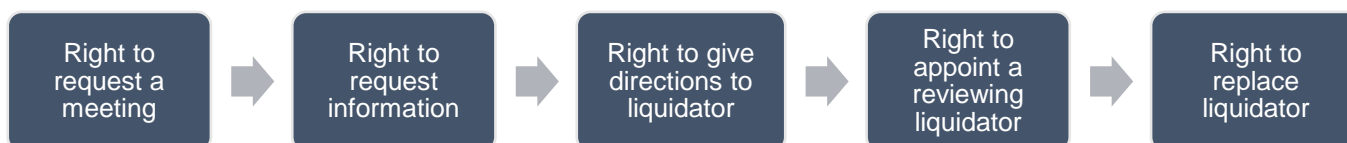
**Annexure "9"  
Creditors Rights in Liquidation**

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# Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



## Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by  $\geq 5\%$  of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$  but  $< 25\%$  of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$  of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

## Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

## Requests must be reasonable.

### They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Specific queries about the liquidation should be directed to the liquidator's office.

## Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

## Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

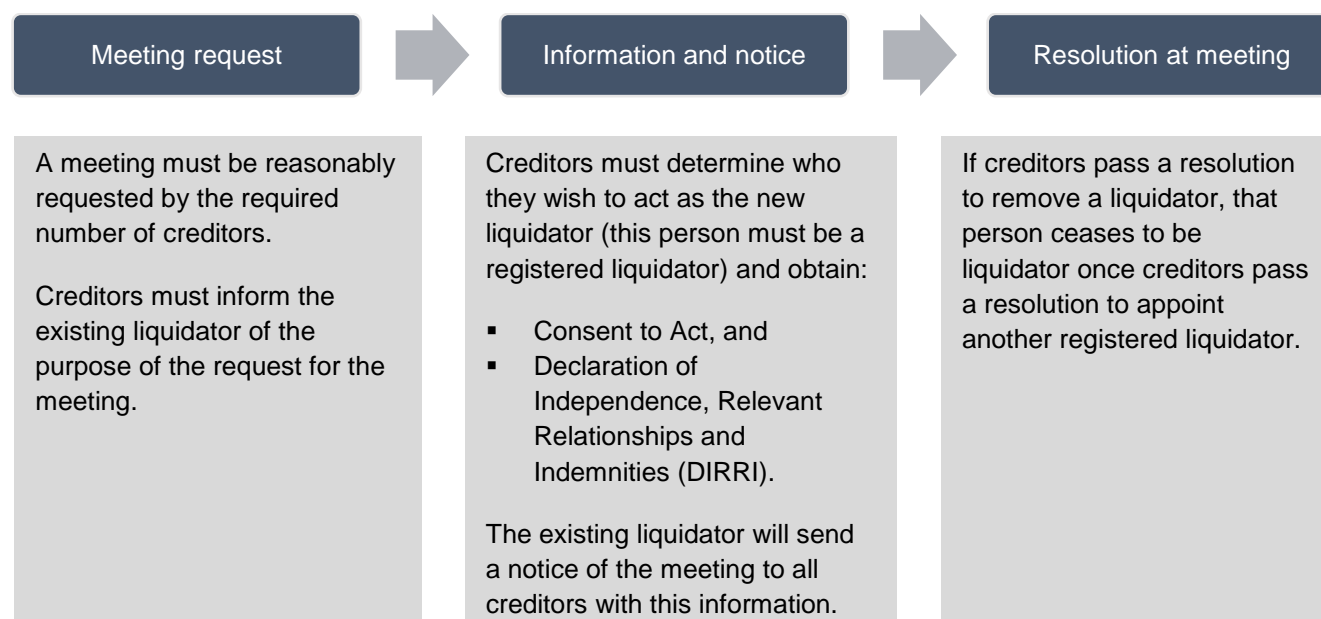
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

## Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



**For more information, go to [www.arita.com.au/creditors](http://www.arita.com.au/creditors).  
Specific queries about the liquidation should be directed to the liquidator's office.**