

Statutory Report to Creditors

Under Insolvency Practice Rule 70-40

Union Standard International Group Pty Ltd (In Liquidation) ACN 117 658 349 (the “Company”)

3 December 2020

Peter Krejci and Andrew Cummins
Joint & Several Voluntary Liquidators

Novabrif Pty Ltd ABN 61 643 013 610
Level 30, Australia Square,
264 George Street, Sydney NSW 2000
GPO Box 7079, Sydney NSW 2001
Phone (02) 8263 2300
Email: usg@brifnsw.com.au
Website: www.briferrier.com.au



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1 EXECUTIVE SUMMARY

On 8 July 2020 Peter Krejci and Andrew Cummins were appointed Joint and Several Voluntary Administrators of Union Standard International Group Pty Limited (“the Company or USG”). The appointment was made 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 on just and equitable terms and Peter Krejci and Andrew Cummins were appointed Liquidators.

Since our last meeting of creditors on 16 October 2020 we have:

- Recovered around AUD550K from offshore money processors and have continued pursuit of amounts held by other money processors where recoveries are anticipated.
- Conducted further investigations and submitted a further report to Australian Securities and Investments Commission (“ASIC”) detailing the offences identified by Officers of the Company, including potential shadow directors. ASIC have requested our ongoing assistance and are consider prosecuting certain parties.
- Together with our solicitors, formulated an application to Court to advise the appropriate means of dealing with the open trading positions and the different categories of creditors claims.
- Together with our solicitors, formulated an application to Court to set a protocol for the costs of the Liquidation to also be drawn from the trust funds, following a review and approval process with the Committee of Inspection (“COI”), or failing which, the Courts.
- Issued demands on the broader USG group in respect of their unauthorised misappropriation of Company assets, in particular the transfer of clients.
- Substantially advanced our investigation of the source and application of the funds through the trust accounts, as related to client claims.
- Formulated a program to simplify the verification of investor and trader claims.
- Convened a meeting of the members of the COI.

This is a complex Liquidation, with competing classes of creditor claims, some of which are trust based and others unsecured. Furthermore, there appears to be significant investigations to be conducted and recovery actions to pursue. In this report, we have provided preliminary views on our progress and findings, with estimates of potential outcomes for creditors. Those estimates indicate that the potential return to creditors may be as follows:

Return to Creditors	Cents in the Dollar		
	High Scenario	Mid Scenario	Low Scenario
Trust Creditors	92	48	2
Priority Creditors:			
Wages & Superannuation	100	100	100
Annual Leave & Long Service Leave	100	100	100
PILN & Redundancy	100	100	100
Unsecured Creditors	47	4	1

We encourage any creditors who have not already done so, to lodge their claims with this office. In this regard, please complete the Formal Proof of Debt form, attached as **Annexure “1”**, and return it together with documentary evidence to support your claim.

1.1 PREVIOUS REPORTS

This report has been prepared in accordance the Rule 70-40 of the Insolvency Practice Rules (Corporations) 2016 (“IPR”). This report should be read in conjunction with our previous reports, copies of which are available on request or via our Firm’s website.

1.2 PREVIOUS MEETINGS

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.

A COI Meeting was held on 18 August 2020, at the meeting an update was provided and our interim remuneration was approved. We note that the COI formed during the Administration, was automatically disbanded when the Company was placed into Liquidation.

The first meeting of creditors in the Liquidation was held on 16 October 2020 and a new COI was formed. Shortly after the meeting, one of the members of the COI resigned. The COI continues to act despite the resignation of the member and therefore it is our intention to proceed with the remaining members. To replace the member, the Act requires a resolution to be passed at a meeting of creditors. At this stage, we do not consider it practical to convene another meeting for the sole purpose of replacing this member. However, a meeting may be convened in the future in which we may consider their replacement.

Minutes of the aforementioned meetings have been lodged with ASIC. Copies of these minutes are available on request.

A confidential report to the COI was issued on 18 November 2020. A COI meeting was held on 3 December 2020 and our remuneration and engagement of lawyers was approved. The minutes of the COI will be lodged with ASIC in due course.

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.

2 COMPANY BACKGROUND AND EVENTS LEADING TO OUR APPOINTMENT

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 the Company traded in WA until around 2011, after which it 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, which is a related entity. The lease 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) ("Shareholder"), 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 market 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 indicate 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.

- ▶ We understand that for some time the Company's records and client data were maintained offshore under the control of the Shareholder's Taiwanese office ("the back office"). We note that since appointment, the Shareholder has denied our requests for access to the relevant information.
- ▶ Whilst not reported in the Company's financial statements or authorised by its AFSL, it appears that during FY2015, individuals holding themselves out to be agents of the Company purportedly began marketing an investment product (predominantly in Mainland China) offering an annual return of 9.6%, with no capital guarantee. Total funds raised through those activities could approximate \$588M. The Company's AFSL did not extend to it offering such a product and it did not report any liabilities or interest expense associated with such a product. Whilst our investigations are continuing, it is possible that the Company used these funds to (in part) fund the capital required by them to "make the markets" that they were offering to the trading clients.
- ▶ The current Australian directors, Mr John Martin and Mr Darren Burns, were only appointed in 2019. We were advised that Mr Soe Hein Minn, as the ultimate beneficial owner of the broader group, was responsible for the strategic direction of the Company's business, noting that he has been appointed as a Director of the Company since 2016. Furthermore, we are advised that Mr 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 ASIC as to its affairs and conduct. That investigation is ongoing, and proceedings are being pursued by ASIC against the Company and other entities in respect of their operations.
- ▶ The Company accepted client deposits into a range of online "Money Processor" accounts, a number of which were controlled and/or managed by the Shareholder. From about July 2019, the balance of funds reportedly held in money processors increased significantly, driven primarily by a \$10 million increase in the funds held with UPay.
- ▶ The Company formerly had two Corporate Authorised Representatives ("CARs"), Maxi EFX Global AU Pty Ltd (trading as EuropeFX) ("Maxi") and BrightAU Capital Pty Ltd (trading as TradeFred), who were the subject of ASIC investigations. ASIC was successful in obtaining freezing orders for the bank accounts of those CARs were frozen by ASIC pending the outcome of those investigations. 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"). The number of client withdrawal requests grew substantially during the Covid-19 pandemic.

- ▶ The financial records indicate that the Company held substantial funds with offshore money processors during FY2019 and FY2020. We are advised that attempts by the Company to use money processor accounts to assist in meeting client withdrawal requests were denied by the money processors.
- ▶ In early 2020, it appears that the Australian management became concerned as to the financial standing of the Company due to escalating client withdrawal request and 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 provide them with ‘administrator’ access to the MT4 and MT5 platforms (“the Platforms”) and also inject sufficient funds 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.
- ▶ 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.
- ▶ With no option to restructure its affairs, the Company has ceased to trade.

2.1 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 the 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 complaints registered with Australian Financial Complaints Authority.

Our investigations are ongoing, however our preliminary observations are that the irregularities and discrepancies between the financial records and claims from clients, were 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. In this regard, the Company’s ultimate failure was, in effect, masked and delayed due to the misrepresentations in the financial statements.

3 HISTORICAL FINANCIAL INFORMATION

We have reviewed the Company's externally prepared financial statements for the financial year ended 30 June 2016 to 30 June 2019 and the management accounts for the financial year ended 30 June 2020.

3.1 COMPARATIVE BALANCE SHEETS

Attached as **Annexure "2"** is a comparative analysis of the Balance Sheets for the abovementioned periods. We make the following commentary:

- ▶ The cash position includes client trust funds. The cash position deteriorated significantly from \$66M as at 30 June 2019 to \$26M as at 30 June 2020, reflective of significant cash outflows due to a combination of factors including reduced trading activity and increased client withdrawals.
- ▶ The Trade & Other Receivables also includes the balances held in overseas "money processor" accounts totalling \$15.6M at 30 June 2020. Of this balance, a large majority relates to funds allegedly held by "UPay" for approximately \$14M. Our investigations to date indicate that "UPay" may be a sham in which the operations are actually controlled by the Shareholder and as such, this asset should not have been reported in the balance sheet.
- ▶ Other Assets increased from \$182K at 30 June 2018 to \$8M at 30 June 2019 and \$12M at 30 June 2020. The significant increase largely relates to prepayment of non-refundable sponsorship fees to Sheffield United Football Club.
- ▶ Client Trust Liabilities declined significantly from \$66M as at 31 December 2019 to \$5M as at June 2020 as trading volumes declined significantly amplified by client withdrawals.
- ▶ The Company's records disclose an alleged loan owed to the Shareholder, increasing from \$750K as at 30 June 2018 to \$5.5M as at 30 June 2019 and \$13.5M as at June 2020. However, as mentioned above, our investigations indicate that the funds held in "UPay" may actually be controlled by the Shareholder, and as such, the validity of this loan account is questionable.
- ▶ During this administration, we have identified there may be significant "investor" claims totalling at least \$157M, which have not historically been reported as a liability of the Company, nor any corresponding asset in respect of the "investor" funds.
- ▶ Based on the above, it appears that the Company's financial position may have been far worse than reported, with respect to the inflated asset balances and substantial unreported liabilities.

3.2 COMPARATIVE PROFIT & LOSS STATEMENTS

Attached as **Annexure "3"** is a comparative analysis of the Profit and Loss Statements for the abovementioned periods. We make the following commentary:

- ▶ Other Revenue relates to the revenue generated from the profit-sharing agreements with the CARs, Maxi and Trade Fred.
- ▶ The major expenditure item was agents commission, paid to Introductory Brokers ("IB"). Details about Introducing brokers (including name, clients, nature and basis of commission payments) was maintained on a CRM system controlled and operated by parties associated with the

Shareholder. We requested, but were denied, access to that CRM system by the Shareholder. The agents commission steadily increased year-on-year relative to sales revenue, from approximately 80% of sales revenue in FY2016 to almost 95% of sales revenue in FY2020, significantly reducing the Company's profit margin.

- ▶ The insurance expense increased substantially from \$166K in FY2019 to \$650K in FY2020, which appears to be indicative of the increasing risk profile of the business and expansion of the business operations with the CARs.
- ▶ The Company's legal expense also increased substantially from \$400K in FY2019 to \$1.2M in FY2020, as a result of dealing with the legal proceedings with ASIC.
- ▶ The increasing Client Support expense appears to reflect the growth of the Company's client base. However, in FY2016 and FY2017, the Company incurred significant call centre expenses, which were recorded in Other Expenses, totalling \$1.6M and \$4.2M respectively. Further, the Company incurred \$550K and \$1.4M in Back Office Expenses and Website Maintenance in FY2016 and FY2017 that were also recorded in Other Expenses. Accordingly, there appears to have been an overall reduction in client support costs, which appears to relate to the Company entering into service agreements with entities that appear to be associated with the Shareholder.
- ▶ The increase in Other Expenses in FY2019 relates to the Sheffield United Football Club sponsorship agreement expenses of \$14M, which includes an amount of \$2M in foreign exchange gains.
- ▶ The Company generated significant profits from FY2017 to FY2019, which excludes the associated profit and loss impacts of the substantial historical unreported liabilities from "investor" claims.

4 FINANCIAL POSITION OF THE COMPANY

Union Standard International Group Pty Ltd (In Liquidation)				
Summary of Financial Position				
	Book Value as at 8/7/2020 Amount (\$)	Directors' ERV (per ROCAP) Amount (\$)	Liquidators' ERV High Amount (\$)	Liquidators' ERV Low Amount (\$)
Assets				
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	15,700,000	929,945
Security Deposit	117,424	Not disclosed	-	-
Hedging Accounts	2,635,003	2,552,574	1,978,795	1,936,625
Client Trust Accounts	6,219,856	6,222,212	163,222,209	6,222,209
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		
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		
Total Assets	43,351,378	41,200,112	192,796,344	11,787,559
Liabilities				
Client Trust Liabilities	6,569,740	2,455,481	162,000,000	166,000,000
Priority Creditors	94,911	54,347	169,645	169,645
Unsecured Creditors				
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	-	-	10,000,000	42,000,000
Shareholder Loan	13,447,315	13,447,315	13,447,315	Set-off
Union Standard Finance Group Loan	109,739	109,739	-	109,739
Total Liabilities	21,776,419	16,890,347	187,440,425	210,102,849
Estimated Net Asset / (Deficiency)	21,574,960	24,309,765	5,355,919	(198,315,289)

4.1 ASSETS

4.1.1 Operation Accounts & Term Deposits

The Company held three (3) operational accounts and two (2) term deposits with the Commonwealth Bank of Australia ("CBA"). We have arranged for funds held in these accounts, totalling circa \$2.7M, to be transferred to administration bank accounts in our control.

A further two (2) accounts held with CBA were "frozen funds" as a result of an undertaking provided by the Company to ASIC in relation to the ASIC proceedings prior to our appointment. These accounts have a cumulative balance of \$235K.

The Company also operated five (5) bank accounts with Westpac Banking Corporation, of which only one held a nominal credit balance, which we have collected.

4.1.2 Money Processors

Please refer to Section 7.3 of this report for our discussion of the funds held with the offshore Money Processors.

4.1.3 Security Deposits

The security deposits reported in the Company's management accounts relate to a rental bond for an office lease in Hong Kong, which appears to have been used as an introducing broker service office. Rent payments were made by the Company, apparently under instruction from the Shareholder as we are not aware of a lease agreement held in the Company's name. It appears unlikely there will be any recovery of this payment from the landlord.

4.1.4 Hedging Accounts

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 realised for approximately \$1.9M.

There are no further recoveries available from the Liquidity Providers and our investigations regarding the source of the funds realised to date are ongoing.

4.1.5 Client Trust Accounts (and Client Liabilities)

The Company holds approximately fifty (50) trust bank accounts with CBA with balance of approximately \$6M at the date of our appointment. Following our appointment, CBA have confirmed that these bank accounts have been frozen to a credits only status, i.e. only incoming deposits are allowed.

These funds are currently subject to competing trust creditor claims from trading clients, transferred clients and "investor" clients. To date, we have received significant "investor" claims totalling approximately \$157M and if these "investor" claims are valid claims of the Company, then there is possibly a corresponding asset recovery of \$157M to be pursued in respect of the missing funds. This asset recovery has been included in the Client Trust Accounts balance in the high scenario and excluded in the low scenario.

These competing claims are further discussed in Section 7.1 and 7.2 of this Report below.

4.1.6 Debtors

We understand that the book value recorded of the receivables from Maxi and TradeFred pertain to amounts owed to the Company pursuant to 'White Label' licensing agreements to utilise the Company's Platforms. The values disclosed in the Liquidators ERV includes additional amounts pertaining to settlements/damages paid by the Company to former clients of Maxi 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. Both entities have submitted

claims indicating that the Company is a debtor of each entity respectively, which is subject to ongoing dispute during the administration.

There were also loans advanced to entities within the broader USG group, and in response to letters issued requesting payment, have either disputed the debts owed or claimed they do not have the financial capacity to repay the loans. As such, it appears these debtors may be impaired, overstating the asset position of the Company.

4.1.7 MT4/MT5 Licenses

As previously advised a sale of business/assets campaign was conducted during the Voluntary Administration period. Clauses within the Metaquotes licensing agreement prohibits the transfer of the licenses to other parties. However, we understood that a sale of the Company's business would enable a third party to obtain control over the licenses.

As the Company is now in Liquidation, it was unlikely that a sale could proceed.

Notwithstanding, USG UK have made an offer to acquire the licenses subject to a transfer being permitted by Metaquotes. At this stage, Metaquotes have indicated that they are not prepared to arrange for the transfer of licenses and therefore it is unlikely that a sale will occur.

4.1.8 Plant and Equipment & Leasehold Improvements

Following our appointment, we engaged Hilco to prepare an independent valuation of the equipment held in the Australian leased premises. The equipment mainly consisted of office furniture and computers. The valuation indicated that the equipment had a forced liquidation value of \$5,315.

A public auction was conducted by Hilco and most of the equipment was sold for a net price of \$5,903.35 after costs and GST. We are yet to receive the proceeds of this sale. The balance of the equipment will be auctioned in the coming weeks.

4.1.9 Sheffield Sponsorship

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. \$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. \$800k on the basis that the Company is a foreign entity.

We have 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.

At this stage it is unlikely that we will be able to sell or assign sponsorship agreement.

4.1.10 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.

4.2 LIABILITIES

4.2.1 Client Trust Liabilities

Please refer to Section 7.1 and 7.2 for our comments regarding the balance and recoverability of these amounts.

4.2.2 Priority Creditors

As detailed in our previous report to creditors, at the time of our appointment the Company had 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 until 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 was the only employee retained as a responsible officer for the purposes of maintaining the AFSL and was terminated on 30 September 2020.

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 updated assessment indicates that outstanding entitlements are around \$169k.

Below is a summary:

Employee Entitlements	ERV Amount (\$)
Annual Leave	46,430.25
Annual Leave Loading	8,125.29
PILN	78,939.05
Redundancy	36,150.40
Total Priority Creditor Claims	169,644.99

We have now verified all employee entitlements for FEG purposes for the Attorney-General's Department. We understand FEG is in the process of making payments to eligible employees in respect to their employee entitlements.

Should you wish to obtain further information or make a claim for outstanding employee entitlements, FEG may be contacted on 1300 135 040. Alternatively, you may visit their website at: <https://www.ag.gov.au/industrial-relations/fair-entitlements-guarantee-feg>

4.2.3 Trade Creditors

The Trade Creditors balance consists of debts incurred in the ordinary course of business, largely relating to IT expenses. The Liquidators' ERV includes an additional estimate of \$1M for potential claims relating to service termination charges/costs.

4.2.4 Australian Taxation Office ("ATO")

The Directors have disclosed in the ROCAP that the ATO are owed approximately \$108K, representing outstanding PAYG Withholding, as reported in the Company's management accounts. The ATO have lodged a small claim in the Liquidation, however have advised there are outstanding lodgements for FY2020. It is our understanding that the claim would arise if the outstanding lodgements were completed.

4.2.5 ASIC Civil Proceedings

ASIC is proceeding with an application 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.

Given the limited value to creditors of participating and incurring costs for these proceedings, we have determined that the best approach is to not object at this stage, whilst preserving the ability intervene later should it be necessary and in the creditors best interests.

4.2.6 Shareholder Loans

The Company's balance sheet at 30 June 2020 reports a loan liability owed to the Shareholder of \$13.4M. Up until around December 2016 the loan was relatively modest at around \$110k and related to operational expenses which had been paid by the Shareholder. In mid December 2016 two capital injections were made by Ms Lee Yun-Erh (shareholder) totalling \$326k and by 30 June 2018 the loan owed to the Shareholder was \$750k.

In the year ended 30 June 2019, the Company commenced its sponsorship of Sheffield United Football Club, paying approximately US\$6M from operating funds of which the Shareholder loaned the Company US\$2.5M. A further US\$0.9M was loaned by the shareholder in FY2019, recorded as a capital injection and taking the loan balance owed to the Shareholder at 30 June 2019 to \$5.5M.

In FY2020, US\$1.7M was loaned by the Shareholder and deposited directly into the main trust account, presumably to cover a shortfall in trust funds as compared to client equity requirements as reported. A further amount of US\$6.56M was loaned by the Shareholder and deposited to the operating account to cover shortfalls in the Company's operating funds in FY2020, a year in which a further US\$12.5M was paid as sponsorship to Sheffield United Football Club.

We note also that the loan could have been US\$7M greater than the final amount were it not for the fact that in the year ended 30 June 2018 the Shareholder converted US\$4M of the debt to equity (as in reduced the loan by that amount in exchange for additional share capital in the Company) and did the same again in the year ended 30 June 2020 for another US\$3M. This has had the effect of reducing the liability to the shareholder that would otherwise have been the case, which is beneficial to creditors.

The above is based on the accounting records, which may also be materially incomplete. In this regard, it is our view that no loan owed to the Shareholder when taking into account the missing “investor client” funds (\$157M), missing UPay funds (\$14M) and clients transferred at or for the Shareholder’s benefit (value unknown). The net debtor claim against the Shareholder has not been quantified as yet, however, based on the missing value, could be many millions.

4.2.7 Union Standard Finance Group Loan

The Company’s trading premises was located at G03, 135 Macquarie Street Sydney NSW 2000 (“the Premises”). We continued to occupy the trading premises up until 30 September 2020. We have since issued a Notice to the Landlord advising of our intention not to exercise property rights in respect of the premises.

We understand the Company did not have a current lease for the Premises and that the Company had been paying utilities and council fees incurred at the Premises to off-set the rental payments. We are yet to quantify any rental amount owed, however it is not anticipated to be substantial.

We understand that the landlord may have other claims as a result of the Company vacating the premises such as ‘make good’. These will be determined in due course.

5 STATEMENT OF POSITION

During the administration we sought to preserve the Company’s assets where possible to explore a sale of business or restructure. As previously advised, a sale of business or restructure was not possible due to the conduct of the Shareholder and Mr Soe. However, we have been in discussions with various parties regarding the sale of certain assets of the Company.

We have sought to issue disclaimer notices for various pre-appointment contracts where services were no longer required, and therefore became onerous or unprofitable contracts. We note that we have not adopted any pre-appointment contracts for the Company during the Liquidation. We are currently obtaining legal advice in regard to the contracts for remaining services relating to the Metaquotes platform.

Below is an estimated summary of the trading figures up to the end of December 2020 and future costs for our Liquidators’ remuneration and legal fees, however please note that these figures are estimates, as the actual costs incurred will not be known for some time.

Union Standard International Group Pty Ltd (In Liquidation)	
Projected Profit and Loss / Cashflow Summary	
	Scenario 1
	General
	Amount
Item	(\$)
Total Receipts/Recoveries	5,397,520.35
Payments/Expenses (excl GST)	
Trading Costs	
Payroll Obligations	157,147.82
Rent	18,000.00
Insurance	310,586.46
Overhead Expenses	311,274.58
Subtotal Trading Costs	797,008.86
Administration Costs	
Administrators' Remuneration	1,262,760.00
Administrators' Expenses	3,867.59
Administrators' Legal Fees	429,556.33
Administrators' Legal Fees (No GST)	1,990.89
Liquidators' Remuneration	2,093,329.50
Liquidators' Estimated Future Remuneration	2,000,000.00
Liquidators' Estimated Future Legal Fees	750,000.00
Liquidators' Expenses	5,000.00
Liquidators' Legal Fees	470,455.93
Sale of Business	11,198.77
Return of Sale of Business Deposits	40,000.00
Forensic/Investigation Costs	112,915.27
Subtotal Administration Costs	7,181,074.28
Total Payments/Expenses	7,978,083.15
Net Surplus/(Deficiency)	(2,580,562.80)
Note: 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 a Court application is being filed for a portion of costs to be funded from the client trust funds.

It is apparent from the above analysis that unless there are further realisations there are insufficient assets available to fund the cost of the liquidation.

6 UPDATE ON LEGAL PROCEEDINGS

We set out below a summary of key legal actions completed at the date of this report and critical legal matters still subject to advice and/or waiting to be heard by the Courts.

Creditors will recall that we encountered substantial difficulties with Mr Soe, the Shareholder and the related parties, by way of their active attempts to obstruct our conduct of this matter. Initially, during

the Administration period, this resulted in us having to bring several court applications, primarily focussed on gaining access to the Platforms, servers and Company records. We were successful with these applications and gained limited access, which enabled us to obtain copies of critical data. However, Mr Soe and the Shareholder then revoked our access, wilfully breaching the Courts orders, and are in contempt of court.

Given the nature of their conduct and the escalating creditor claims against the Company, this resulted in our application to have the Company wound up on just and equitable grounds. That application was successful and we were appointed Liquidators on 3 September 2020.

These circumstances have led to us exploring alternate strategies to deal with the quantification of the client claims and the assets held by the Company. We are in the process of finalising three key applications in this regard:

- Court application seeking directions justifying how the Liquidators should deal with any clients who continue to hold margin trading contracts with the Company and who cannot be closed out by the Liquidators due to our inability to access the Platforms;
- Court application seeking judicial advice regarding how the Liquidators should:
 - deal with the multiple pools of funds held by the Liquidators;
 - assess the Company's clients' entitlements to those funds; and
 - distribute those funds.
- Court application seeking orders for our use of the Company's assets, including funds held on trust by the Company, and an approval mechanism going forward involving the COI.

In addition, we also have been involved in discussions and subsequent proceedings commenced by Maxi.

We discuss each proceeding below.

6.1 CLIENT CLOSE-OUT APPLICATION

While all trading clients were advised that they were to close out their open positions by 7 August 2020, they could not withdraw funds. All clients were also advised that no further contracts were to be entered into or trading was to occur. Whilst many clients did close their open positions, there were clients who failed to do so.

The Liquidators do not have access to the Company's Platforms to enable them to perform the close out of the open positions, identify those client positions that remain open, or identify the balance of any open client positions. The Liquidators have made extensive attempts to gain access to the Company's trading platform software and servers, including through several applications to the Federal Court of Australia. Despite orders made by the Court, we have been thwarted in that task by the Shareholder of the Company and other related parties. The Liquidators have formed the view that further attempts to gain access to the trading platform software and servers would be futile or not economically justifiable.

When the Company's AFSL was cancelled, ASIC provided limited conditions for the continuation of financial services until 18 December 2020. This included the close-out of open positions. It is our intention to deal with client claims prior to this deadline.

We have therefore formed the view that it is necessary to seek directions from the Court as to how best to deal with any client positions that have not been closed out, including whether the Liquidators are justified in taking no further action in respect of those open positions.

The application is largely complete and is expected to be filed shortly. We will request that the application be heard and determined by the Courts urgently, such that any remaining open client positions can be resolved prior to the 18 December 2020 deadline. We note that we have written to ASIC to inform them of this application and invited their comment or submission.

We also note that if there are delays in this application being heard, we may request ASIC to extend the AFSL cancellation deadline, however it is unlikely that such a request would be granted.

6.2 ASSESSMENT AND DISTRIBUTION OF TRUST MONIES APPLICATION

The Liquidators have identified a number of pools of funds which they consider may have been held by the Company on trust for its clients. Those pools of funds include cash held in designated client accounts at the date of our appointment. The Liquidators have also identified multiple categories of clients which may have an interest in the funds.

We have obtained advice that it will be necessary for us to make an application to the Court seeking directions regarding how the Liquidators should:

- ▶ deal with the pools of funds held by the Liquidators, including whether the funds should be pooled together;
- ▶ assess the Company's clients' entitlements to those funds, including from what date the claims should be assessed; and
- ▶ distribute those funds, having regard to the statutory requirements set out in the *Corporations Act* and the *Corporations Regulations*.

It is appropriate that we take a neutral approach in respect of the controversial issues in question in the application, including what pools of funds were in fact held on trust by the Company, from what date the client claims should be assessed, which categories of creditors have claims to the funds held on trust, and in what priority should those funds be distributed to each category of clients.

Using the extracted MT4/5 data set obtained on 6 August 2020 (and opening client data from 8 July 2020), we have been able to identify four main categories of clients, which can be summarised as follows:

- ▶ **Trading clients** – being those clients of the Company at 8 July 2020 that did not transfer their accounts out of the Company. We have data obtained on both 8 July 2020 and 6 August 2020 which has enabled us to quantify the balance of these clients' accounts on those dates. We note that new trades after 8 July 2020 were not authorised and we do not recognise any resulting liability. We will therefore ask the Court whether it is appropriate to either include or exclude

the further trades from the calculation of those clients' claims, and from which date it is appropriate to assess those clients' claims.

- ▲ **Transferred clients** – being those clients of the Company at 8 July 2020 that elected to transfer their accounts to other USG entities, such as USG Vanuatu. We have been able to quantify those clients' claims based on the extracted data set at 8 July 2020 only, as the data set obtained on 6 August 2020 did not contain full details of their accounts. We will therefore ask the Court whether it is appropriate to assess those clients' claims as at 8 July 2020.
- ▲ **DMA Clients** – being clients who invested in equity margin products. We are continuing to investigate this sub-category of trading client as their net equity positions were not reported in the Company's accounting systems. Trading was undertaken through the Company's master trading account on a trading platform entirely separate to the Platforms. We are seeking the Court's directions as to how we should treat amounts claimed by DMA clients for the purpose of making distributions from trust assets.
- ▲ **Investor clients** – are not covered under the Product Disclosure Statement or AFSL. Therefore, those clients, who are determined to have valid claims against the Company, can only be valued based on the extracted MT4/5 data set as at 8 July 2020. Please note that as these clients did not invest in an authorised financial product the relevant *Corporations Act* and *Corporations Regulations* provisions governing how those clients' funds are to be held and how any distribution is to be made, do not apply. This is a complex matter and is still being considered by our legal advisers currently. Regardless, we will seek directions from the Courts.

We have received evidence from creditors indicating that USG Vanuatu advised Transferred clients that:

- ▲ USG Vanuatu provided a "loan" to enable them to continue trading following the account transfer; and
- ▲ They should pursue any returns of net trading balance from the Company

We have no view on what USG Vanuatu says or offers. The Company has not transferred any capital to USG Vanuatu during our appointment and all the trust funds remain frozen. Therefore, the current view is that the Company has not received the benefit of any debt forgiveness, and therefore still has a liability to those transferred clients, for the value of their accounts as at the Court-determined close out date.

We also received evidence that some of the investor clients accounts, continue to have interest/bonuses credited. The Company has not processed any such credits, as the Company is not authorised for these products, and no repayments have been made from the Company's frozen trust accounts to Investor clients after 8 July 2020. Neither the Shareholder, USG UK or USG Vanuatu has recognised the existence or liability of the investor creditors to us or the Company. We find this to be an implausible position given the quantum of claims and the marketing and related documents provided to us by a number of Investor clients.

Accordingly, we have issued a demand on the Shareholder, USG UK and USG Vanuatu in respect of their unauthorised and uncommercial transfer of the Company's clients. That demand extended to the parties behind those entities, who with imputed knowledge, wilfully caused loss to the Company. We have received a response from lawyers acting for those parties, which does not meaningfully respond to our

demand or propose any compensation for the Company. Again, the evidence appears incontrovertible, as supported by numerous creditor claims in this Liquidation. We are currently considering this response and seeking advice as to next steps on any recovery proceedings.

It is unclear what value will result for the Company. However, we note that it is open to those entities to make an offer of compensation to the Company (and its clients), that involves cash consideration and/or the assignment of the debts owed to those clients by the Company, given that the Company (during our appointment) has not transferred any trust capital. This concept could extend to the investor clients, where the validity of liabilities are yet to be determined from the Company's perspective.

Whilst these issues are complex and will likely require legal determination, we anticipate that any assignment of liability will require the clients' consent. In this regard, there could be real credit risks associated with the financial capacity of the Shareholder, USG UK and/or USG Vanuatu to discharge those claims upon withdrawal, given the conduct of the group in the months leading to our appointment and recently. Therefore the investors may, quite reasonably, refuse any form of assignment, and simply pursue their claims in the Liquidation.

6.3 APPLICATION FOR USE OF COMPANY & TRUST ASSETS

We have instructed our solicitors to file an application in the Federal Court of Australia, seeking an order justifying our use of the available assets to discharge the costs of the Administration and Liquidation. We expect that the application will be filed shortly.

The primary foundation for the application is that there are insufficient Company funds to discharge the cost in dealing with the various and competing trust matters. The application will seek an entitlement to draw on the Company and trust funds and put in place a process for the regular review and approval by the COI. We note that the Liquidators' entitlement to draw on the Company's funds is already provided by the legislation, however it is the use of trust funds which requires Court approval.

It is our view that the work being performed is both substantial and necessary. It is in the interests of both the creditors of the Company and the public at large for the affairs of the Company to be thoroughly investigated, including by way of liaising and cooperating with ASIC, in circumstances where it appears from our preliminary investigations that:

1. the creditors of the Company may be owed millions of dollars, which far exceed the assets reported to us, and that are immediately to hand;
2. the directors and Shareholder of the Company may have engaged in substantial breaches of the *Corporations Act* and the *Australian Securities and Investments Commission Act 2001 (Cth)*; and
3. Mr Soe and USG Holdings, or persons acting on their instructions, have actively sought to withhold from the Liquidators, or destroy, the books and records of the Company and to frustrate the Liquidators' investigations.

In respect of the orders sought, the proposed regime will require an allocation of the costs, as they relate to the general Liquidation versus trust related matters. Those costs will then be paid from the respective pools of general and trust funds at first instance, and then on a pooled basis, should there be a shortfall in a particular pool. If this regime is approved by the Courts, we anticipate that there will be regular reporting and approval process for the COI, or failing which the Courts.

The work being undertaken is for the benefit of both general unsecured and trust creditors. Below we summarise some of the benefits of the work that has been undertaken to date, and going forward:

No.	Task	Potential Benefit
1.	Continuing attempts to recover the funds held by offshore money processors	Recovery of substantial funds for the benefit of all of the Company's creditors
2.	Attempting to secure the sale of the remaining assets of the Company	The sale of the Company's assets will result in the generation of substantial funds which will benefit all of the Company's creditors
3.	Investigating and pursuing voidable transactions, insolvent trading, breach of duties and professional negligence claims	Recovering monies due to the Company for the benefit of all creditors
4.	Conducting public examinations in order to obtain information as to the Company's affairs	<p>Public examinations may reveal further assets of the Company that can be brought in for the benefit of its creditors</p> <p>Public examinations may reveal additional claims available to the Company</p> <p>Public examinations may result in the creditors gaining insight into the affairs of the Company and explanations as to the loss of their funds</p>
5.	Conducting investigations and assisting ASIC with ongoing reporting and prosecution	Further investigation and potential resulting prosecutions may result in recoveries from foreign jurisdictions, should those prosecutions be recognised offshore where assets are located
6.	Efforts to gain access to the Platforms and the Servers	Obtaining proper access to the records of the Company would have allowed the Liquidators to more accurately assess the claims of creditors and would have assisted in the process of adjudicating on those claims.
7.	Investigations of the different classes of creditor claims and the tracing of assets	<p>This will provide the creditors with a determination on their competing claims, including trust versus non-trust claims</p> <p>This may also identify unreported assets and lead to recoveries</p>

No.	Task	Potential Benefit
8.	Liaising with and corresponding with creditors	It is in the interests of the Company's creditors that we provide them with assistance and also with notifications of important and relevant matters
9.	Adjudicating on proofs of debt and paying dividends to creditors	The process of adjudicating on proofs of debt so that funds can ultimately be paid to creditors is, of course, a benefit to those creditors

We note that the application is not finalised as yet, and given the complexity of the law surrounding these issues, the final form of the relief sought may differ from that outlined above. The timeframe for the matter to be heard is unknown at this time.

We will provide further information where relevant, in due course.

6.4 MAXI EFX GLOBAL AU PTY LTD

Maxi was a Corporate Authorised Representative (“CAR”) of USG. Pursuant to the CAR Agreement USG provided Maxi’s client access to its trading platform to allow them to trade its various products.

ASIC had commenced proceedings against USG and Maxi prior to our appointment as Administrators.

As a result of ASIC’s intervention, we understand that Maxi’s CAR Agreement was terminated and USG was required to refund certain Maxi’s clients. The CAR Agreement required that Maxi was to indemnify USG for any claims that arose from Maxi’s clients trading activities.

Maxi claims to be owed in the order of \$5.12M as a result of the termination. The directors of USG dispute the debt and counter claim that the amount paid by USG to Maxi’s clients means that Maxi is in fact a debtor of USG.

In preparation for the two creditors meetings held during the Administration and Liquidation we requested that creditors lodge with us a Proof of Debt (“POD”) for the purpose of determining their entitlement to vote at the creditors’ meeting.

At the first meeting we adjudicated on Maxi’s claim of \$5.12M and allowed it to vote for \$1. Maxi was also appointed to the original COI formed in the Voluntary Administration. Subsequent to that meeting we further reviewed Maxi’s claim and based on legal advice disputed their entitlement to be represented on that COI on the basis that Maxi was in fact a debtor of the USG. Thereafter a course of correspondence occurred between Maxi and our solicitors where the merits of our determination were debated. Maxi’s solicitors were unable to convince us that our determination was wrong.

On the day prior to the first creditors meeting in the Liquidation, Maxi again lodged a POD for purpose of voting at the meeting. We sought legal advice and formed the view that the claim should be rejected for voting purposes for the reasons already enunciated in the voluminous correspondence passing between our respective solicitors.

As a result of the second rejection, Maxi has commenced proceedings in the Federal Court of Australia seeking that our adjudication be reviewed. These proceedings have been settled on the basis that the Liquidators will admit Maxi's claim at any future creditors meeting in the sum of \$1 until such time as a formal adjudication is performed.

7 INVESTIGATIONS

7.1 TRUST ACCOUNT OBSERVATIONS

As previously advised the Company maintained over 50 trust accounts with the Commonwealth Bank of Australia ("CBA"). Based on the PODs received, investor clients appear to have deposited funds either directly into the Company's USD trust account or via money processors. We have focused on reviewing the movements in the CBA USD trust account in the previous 2 years and have observed the following:

- ▲ In FY2019, USD 127.7 million (FY 2020 – USD 99.9 million) was received from clients, both genuine trading clients and "investor" clients. We cannot quickly and easily identify the breakdown of deposits between the two as the Company's books and records maintained in Australia make no distinction and the bank statements identify each deposit by individual name only.
- ▲ In FY2019 USD 71 million (FY2020 – USD 94.3 million) was paid out of the trust account directly to individuals, assumed to be clients, in respect of capital withdrawals and payments of "interest". Those payments included amounts paid to individuals who did not deposit monies into the CBA Trust accounts (directly or indirectly, by way of transfer from a money processor account). In such instances, Investor clients were receiving funds from the CBA Trust account for other investor's money.
- ▲ In FY 2019 a net amount of USD 49.4 million (FY 2020 - USD37.2 million) was transferred, usually in large lump sums and at varying intervals, into the main operating account.

We are advised that monies were transferred out of the trust account to the operating account only when the daily client equity report balance was less than the balance of monies held in the trust account. In these circumstances the difference was considered to represent operating profits generated by client trading losses and represented monies properly due to the Company. We continue to investigate movement of trust money, however note below the findings so far of our review of the use of monies held in the operating account, the bulk of which was sourced from the trust account.

Our review of the CBA main operating account has noted the following:

- ▲ In FY 2019, of the USD 49.4 million transferred from the Trust account, USD 31.8 million was paid to IBs or CARs and recorded in the books and records maintained in Australia as "Agents' commission" expenses. This represented 64% of trust monies transferred.
- ▲ In FY 2020, of the USD 37.2 million transferred from the Trust account, USD 32 million was paid to IBs or CARs as "agents' commission". This represented 86% of trust monies transferred.
- ▲ The amounts noted as "agents' commission" indicate the varying amounts paid to numerous individuals, were paid out of monies swept from Trust monies on dates when the balance

available in the operating account was insufficient to meet the quantum of payments required to be made that day. All examples noted of payments prior to May 2020 were payments authorised by known parties associated with the Shareholder without the required co-authorisation of Australian senior management. The available books and records do not include invoices/supporting evidence for the quantum of “agents’ commission” paid.

- ▲ In FY2019 USD 6 million (FY 2020 – USD 12.5 million) was paid as sponsorship to Sheffield United Football Club, which was largely funded by trust monies (although the Shareholder ‘subsidised’ the payment of these (and other operating expenses) by lending USD 3.4 million in FY 2019 (FY 2020 – USD 6.56 million) to the Company as the Company became unable to meet its expenses).

7.1.1 Agents Commission

As noted above the largest single expense of USG was the payment of agent commissions. Our enquiries suggest that agents were IBs, CARs and other individuals.

We have interrogated the information in our possession to identify such parties and sought to review the agreements pursuant to which the commissions were paid. The records in our possession unfortunately did not provide any documents of significance.

We also made enquiries of the Australian directors and management seeking copies of the records described above. They were unable to assist us and advised that such records and information were held by the Taiwanese back office. We continue our enquiries in this regard.

7.2 INVESTOR CLAIMS

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 lower and upper ranges for Investor clients comprise the following elements (sourced from the Platforms):

\$ in AUD millions	Lower end	Upper end
Deposits	210.3	767.9
Withdrawals	(38.9)	(247.9)
Interest accrued	42.5	186.9
Interest paid	(52.5)	(236.9)
Net bonus, credits etc	21.3	117.5
Total	182.7	587.50

The upper end of the range comprises some 2,700 potential Investor clients, of which, approximately, 600 have lodged creditor claims (who comprise the lower end of the range above).

The upper end of the range is based on a broad assumption that all Investor clients invested in a product that was purportedly marketed as being a financial product offered by the Company (which we know to be a false representation). In our view, it is highly improbable that the total value of Investor claims admitted as Company debts would approach the upper end of the range presented in the above table.

The lower end of the range comprises PODs submitted by Investor clients as at 1 December 2020 and we believe is a better indication of the upper end of the range of claims by Investor clients (although that total value of that pool of creditors has yet to be finalised).

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) and not controlled or owned by the Company.

As part of our process for adjudicating on claims made by Investor clients, we have:

- ▲ Reconciled International Money Transfer Forms (provided by Investor clients with their proofs of debt) to CBA trust account deposits, and;
- ▲ Requested further and better particulars about deposits made by Investor clients (such as where deposits were made into money processor accounts).

Our review of is ongoing, and we have requested documentation from creditors evidencing their deposits and withdrawals.

We are also actively seeking legal advice in relation to the categorisation of claims and their status as liabilities of the Company.

Considerable effort has been, and continues to be, expended in understanding and documenting the claims by “investor clients”, being clients who assert that they invested in a product, marketed by parties holding themselves out to be agents of the Company. There are a number of significant hurdles to adjudicating on these claims, including the absence of any contract between the individuals and the Company setting out the terms, conditions and nature of the purported investment product, the absence of any internal governance for managing a financial product that was not permitted under the Company’s AFSL and the manner in which the Company applied funds deposited in to the Company’s trust accounts by the “investor clients”.

Work done, and that will continue to be done includes:

- ▲ Developing a robust and equitable framework for adjudicating on claims made by “investor clients”
- ▲ Working with our legal advisers to ensure that the proposed framework and assumptions underlying the framework are reasonable and appropriately reflect the claims made by “investor clients” and the legal standing of those claims

- ▲ Identifying alternative avenues for recovery of the lost investment monies.
- ▲ Preparing an affidavit seeking the Court’s approval for the proposed framework.
- ▲ Consider the Company’s right to seek damages against non-compliant parties.

7.3 MONEY PROCESSORS

Creditors will recall that upon our appointment, the Company’s major asset was approximately \$15.7M of funds held with various offshore money processors. These assets are effectively debtor claims in respect of Company assets, not trust funds.

We note that the Company’s Australian Directors and management expressed serious concern that these assets were impaired and may not be recoverable. Despite this, we have successfully recovered around \$900K to date, with further assets being pursued currently.

A brief update is below.

Money Processor	Last known balance (AUD)*	Recovered to Date (AUD)	Recovery Being Pursued (AUD)
AloGateway	\$311,544		\$311,544
EcoPayz	\$779	\$779	-
FasaPay	\$20,419		\$20,419
Help2Pay	\$171,484		\$171,484
Neteller	\$570,753	\$557,106	-
Nganluong	\$18		\$18
Payment Asia	\$46,934		\$46,934
PayTrust	\$112,180		\$112,180
Payvision	\$10,862	\$219,530	-
Perfect Money	\$67,963		\$67,963
RPNPay	\$1,289		\$1,289
Skrill	\$90,760	\$122,200	-
SticPay	\$4,208		\$4,208
TVPay	\$463,947		\$463,947
Upay	\$13,676,271		\$13,676,271
VoguePay	\$2,044		\$2,044
Webmoney	\$74,127		\$74,127
	\$ 15,625,583	\$ 899,615	\$ 14,952,429

*Converted to AUD at the daily rate on 27 November 2020

7.3.1 Recoveries to date

7.3.1.1 Neteller

We have successfully recovery approximately \$557K from money processor Neteller who are based in the UK. Initially Neteller disputed the Company’s entitlement to these funds, and we engaged our lawyers

to assist with the recovery. After voluminous exchange of correspondence, the funds were received without having to commence legal proceedings. We have also received an accounting from Neteller which confirms that only a minimal portion of the recovery relates to post appointment deposits and is therefore available for the purposes of the Liquidation.

7.3.1.2 Payvision

We have successfully recovered approximately \$220K from money processor Payvision. Again, this party initially disputed the Company's entitlement to these funds, and our persistence has resulted in this positive recovery for the creditors. We note that the recovery exceeds the amount reported in the Company's management accounts, indicating that this asset was understated in the Company's financial records. We are conducting further enquiries to explain this discrepancy.

7.3.1.3 Skrill

We have successfully recovered approximately \$122K from UK based money processor Skrill. Skrill disputed the Company's entitlement to these funds, without genuine basis in our view. As such, we engaged our lawyers to assist with the recovery, and were successful without having to commence litigation offshore.

7.3.2 Anticipated Recoveries

7.3.2.1 UPay

As discussed in past reports, the largest value money processor was recorded as "UPay", for around \$14M. We have issued numerous demands seeking the recovery of the UPay funds, however there has been no recovery and limited response to date.

We have necessarily conducted investigations into "UPay", including retaining an external investigator, who has made direct enquiries offshore. Our investigations have determined that the "UPay" facility was arranged at the insistence of the Shareholder and/or persons acting for it. The UPay facility appears to have been used as a conduit for the Company client's to make deposits for investment purposes in the FX platform. There does not appear to be any contract or agreement with "UPay" that governs the facility and the basis upon which it held the Company's funds. This is highly irregular.

Our investigations have determined that UPay is likely a "sham", where the website and operations of UPay are controlled by the Shareholder, or persons acting for it. Our interviews of the Company's senior management suggest that the Shareholder and persons acting for it, were the only parties who had access to the "UPay" website and provided information to the Company in respect of transactions through that facility.

We are seeking advice on this aspect, however, it is our preliminary view that the Shareholder (and/or parties acting for it) were in control the Company's funds that were reportedly held with "UPay". Accordingly, we have instructed our lawyers to issue a demand on the Shareholder for the full recovery. Ultimately this may require litigation to be commenced offshore and note that our investigations are continuing. We will provide further updates on this recovery in future reports.

7.3.2.2 Webmoney

We have progressed the recovery of around \$75K from Webmoney, which are a money processor based out of Russia. The recovery has been frustrated by various requests for documentation. The recent

request requires us to have certified documentation issued to Lithuania, which was delivered last week. Given the recent exchanges to date, this recovery may take a number of weeks to resolve.

7.3.2.3 *Remaining Money Processors*

As noted in our previous Report, we have received limited correspondence from a number of the remaining processors. These money processors required funds transfer requests to come directly from the authorised email address on the respective account (i.e. the email addresses still controlled by the Shareholder, or parties acting on their instructions). We issued directions to the Shareholder to arrange for these funds to be transferred into an account under our control, however our directives were ignored.

As such, we have engaged our lawyers to assist with recovery of the remaining money processors. Initial responses from those Money Processors were similar disputes or obfuscation. We have also received advice that the Shareholder has removed funds after our appointment, which amounts to theft. This issue is being pursued further and we will request prosecution if required.

We will continue to pursue these remaining money processors on a commercial basis, and whilst we hope that the recoveries can be obtained quickly with limited costs, there may be some impairments.

7.4 **BOOKS AND RECORDS (S286)**

Section 286 of the Act provides that:

“A company, registered scheme or disclosing entity must keep written financial records that:

- (a) correctly record and explain its transactions and financial position and performance; and
- (b) would enable true and fair financial statements to be prepared and audited.”

The failure to maintain books and records in accordance with Section 286 of the Act may allow a Liquidator to presume the company was insolvent throughout the period the books were not maintained (Section 588E of the Act).

Our preliminary view is that the Company has kept sufficient books and records to meet the requirements of Section 286 of the Act.

We note that the issues largely encountered by the Directors in recent months and now ourselves, is a result of the necessary records being held offshore in the control of the Shareholder and other parties under their instruction. Those parties have demonstrated a willingness to disregard Australian law, and the Company’s entitlement to its own records. Whilst the decision to maintain the records offshore in this manner may not be a breach of Section 286 of the Act, the failure to secure the records onshore, within the Company’s control, represents a failing by the Company’s directors and may ultimately lead to a claim against the parties responsible.

7.5 **VOIDABLE RECOVERY ACTIONS**

Part 5.7B of the Act gives Liquidators the right to commence certain legal proceedings to recover money, property or other benefits for the benefit of the Unsecured Creditors of a company.

Creditors should note that recovery actions:

- ▲ have the potential to increase the pool of funds available to Creditors;
- ▲ are usually expensive, lengthy and have unpredictable outcomes;
- ▲ should not be commenced unless defendants have the financial resources to satisfy any judgement; and
- ▲ must be funded out of the Company's existing assets or, where such assets do not exist, by Creditors or by external litigation funders (who are likely to require a significant share of the proceeds of any judgement as a condition of funding the litigation).

7.6 PROVING INSOLVENCY

Recovery actions under Part 5.7B of the Act, including unfair preferences, uncommercial transactions and insolvent trading, require the Liquidators to demonstrate that the Company was insolvent at the time of the transaction. Proving insolvency may be a complex, lengthy and costly exercise.

7.7 INSOLVENCY ANALYSIS & INSOLVENT TRADING

Our assessment has been based on the information available to us from the Company's records, from information provided by the Directors and on the basis of separate investigations of the Company's affairs.

Based on our investigations, it is our preliminary view that the Company may have been insolvent from approximately March 2016. This is largely based on a recalculation of the Company's asset position including the previously unreported investor claims as reported in the MT4 data.

Below is a discussion of our preliminary analysis.

7.7.1 Insolvency Analysis

7.7.1.1 *Assessment of Insolvency*

Based on the available records, we are of the view that the Company was insolvent from at least 31 March 2016. This is namely based on MT4/MT5 company data, which evidences net deposits by investor clients (less 'interest' or bonuses). Factoring in the total net deposits, the Company reports a net asset deficiency from 31 March 2016 onwards, and this position does not change up until the date of our appointment.

It is also noted that the Company's Platforms shows that there were Investor Clients as far back as 31 January 2013. However, to date, we have only identified, based on a review of the available CBA records, deposits by investor clients into accounts controlled by the Company dating back to 31 March 2016 and which deteriorates between 2016 to 2020.

7.7.1.2 *Working Capital Analysis*

- ▲ On a balance sheet analysis, the Company reported a net asset surplus from at least FY2016 to FY2020. A quarterly review is presented in the table below.

Union Standard International Group Pty Ltd (In Liquidation)									
Working Capital Analysis									
Quarter Ended									
	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18
Current Assets	15,436,028	7,752,193	14,480,979	13,769,268	30,585,891	27,322,210	26,408,258	23,149,547	23,812,996
Current Liabilities	11,742,496	3,861,865	7,634,941	8,288,530	19,366,381	20,895,118	14,470,952	9,077,502	10,868,933
Adjusted Net Working Capital	<u>3,693,532</u>	<u>3,890,327</u>	<u>6,846,038</u>	<u>5,480,738</u>	<u>11,219,510</u>	<u>6,427,092</u>	<u>11,937,306</u>	<u>14,072,046</u>	<u>12,944,062</u>
Current Asset Ratio	1.31	2.01	1.90	1.66	1.58	1.31	1.82	2.55	2.19

- However, Investor Client liabilities are not reported in the Company's accounts. Furthermore, the Liquidators' investigations to date have not located any assets recoverable for the benefit of Investor Clients.
- Accordingly, below is an adjusted working capital analysis incorporating the Investor Client liabilities. This presumes that the total Investor Clients balance as disclosed on the Platforms is valid, and there are no assets available to offset these claims. The MT4/5 balances is calculated as follows:
 - Net deposits (i.e. deposits less withdrawals), plus;
 - Interest amounts outstanding at each quarter end. It has been assumed that the interest is subsequently paid out and is therefore not cumulative, plus;
 - Rebates and Trading Credits have not been included, but excludes miscellaneous net deposits.

Union Standard International Group Pty Ltd (In Liquidation)									
Adjusted Working Capital Analysis									
Quarter Ended									
	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18
Current Assets	15,436,028	7,752,193	14,480,979	13,769,268	30,585,891	27,322,210	26,408,258	23,149,547	23,812,996
Current Liabilities	11,742,496	3,861,865	7,634,941	8,288,530	19,366,381	20,895,118	14,470,952	9,077,502	10,868,933
Add: Investor Client Liabilities not disclosed (per MT4)	52,936,388	60,106,684	75,118,939	92,101,990	94,286,447	103,836,574	177,324,095	239,798,998	272,678,667
Adjusted Current Liabilities	64,678,884	63,968,549	82,753,880	100,390,520	113,652,828	124,731,692	191,795,047	248,876,500	283,547,600
Adjusted Net Working Capital	<u>(49,242,856)</u>	<u>(56,216,357)</u>	<u>(68,272,901)</u>	<u>(86,621,252)</u>	<u>(83,066,937)</u>	<u>(97,409,482)</u>	<u>(165,386,789)</u>	<u>(225,726,952)</u>	<u>(259,734,605)</u>
Current Asset Ratio	0.24	0.12	0.17	0.14	0.27	0.22	0.14	0.09	0.08

Union Standard International Group Pty Ltd (In Liquidation)									
Adjusted Working Capital Analysis									
Quarter Ended									
	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20
Current Assets	25,903,643	38,848,040	51,790,708	75,525,986	85,006,773	110,197,477	109,716,312	51,356,021	40,467,502
Current Liabilities	12,995,857	26,082,621	33,989,693	54,358,496	64,513,510	88,650,237	77,962,473	22,979,100	18,748,132
Add: Investor Client Liabilities not disclosed (per MT4)	314,968,214	357,503,408	408,563,658	445,481,272	482,203,964	557,286,860	566,563,826	663,977,785	608,629,026
Adjusted Current Liabilities	327,964,071	383,586,029	442,553,351	499,839,768	546,717,474	645,937,097	644,526,299	686,956,885	627,377,158
Adjusted Net Working Capital	<u>(302,060,428)</u>	<u>(344,737,989)</u>	<u>(390,762,643)</u>	<u>(424,313,782)</u>	<u>(461,710,701)</u>	<u>(535,739,620)</u>	<u>(534,809,987)</u>	<u>(635,600,863)</u>	<u>(586,909,656)</u>
Current Asset Ratio	0.08	0.10	0.12	0.15	0.16	0.17	0.17	0.07	0.06

7.7.2 Indicators of Insolvency

- Inability to secure funds held by various money processors required to settle client withdrawal requests;
- Inability of local directors to obtain vital reports (at all) in a timely manner;
- Significant unreported client liabilities;

- ▲ Actions contrary to the interest of the Company, including the unauthorised transfer of client accounts to a separate entity.

7.7.3 Date of Insolvency

In light of the above, it is our view that the Company was insolvent on a cash flow basis from at least 31 March 2016.

We note that this finding is based on the inclusion of all investor client claims as reported in the MT4 data. Regardless, given the limited net asset surplus, the inclusion of even a minor amount of these investor claims would have resulted in a deficiency.

Whilst this is somewhat speculative, it is not difficult to surmise that the outcomes of reporting such a net asset deficiency, would have been meant that the auditor would have qualified their opinion, and the Company's AFSL would have been cancelled far earlier, resulting in the cessation of trading, and far fewer creditor claims now.

7.7.4 Insolvent Trading Claim

Determining the value of an insolvent trading claim will generally involve a forensic review of the debts incurred after the date on which it can be maintained that the Company was insolvent and remains outstanding. A preliminary assessment of the claim has been prepared, assuming the Company was insolvent since 31 March 2016.

Our investigations indicate that an insolvent trading claim may be valued at between \$136M and \$587.5M, representing a range of the total Investor Client liabilities balances per the Company's MT4/5 data. We note that the amount of \$587.5M includes bonuses and interest which have arisen on investor client balances. The inclusion of investor bonuses and interest as liabilities of the Company will be subject to legal advice.

We note that the quantification of any insolvent trading claims is theoretical and highly speculative at this early stage. The true nature of the various creditor claims need to be determined, and then a tangible defendant needs to be identified.

In this regard, we have previously reported that it appears that Mr Soe Hein Minn may not be a real person and/or may not exist. The enquiries made by our external investigator indicates that the primary identification documents for Mr Soe may be forgeries, and no person in the Australian Directors or managements group has ever met him. This is highly irregular, and our investigations are continuing.

More information will be provided in due course.

7.8 OTHER VOIDABLE TRANSACTIONS

Voidable transactions include transactions such as unfair preferences, uncommercial transactions, unfair loans, unreasonable director related transactions and circulating security interests created within six (6) months before the relation-back day, which is the date of the filing of the winding up application.

These transactions usually relate to the period six (6) months prior to the date of our appointment however in certain circumstances this period can be extended to four (4) years in relation to transactions with related entities.

7.8.1 Unfair Preferences

An unfair preference results when the Company and a Creditor are parties to a transaction(s) and the Creditor receives more than it would receive if the transaction(s) are set aside, and the Creditor proved for the debt in the winding up. If it is ultimately determined that certain payments are potentially recoverable as unfair preferences, it would be necessary to establish:

- that the Company was insolvent at the time the payments were made; and
- that the recipient had reasonable grounds to suspect that the Company was insolvent at that time or would become insolvent as a result of the payment.

The clawback provisions available to the Liquidator relate only to payments to unrelated parties made within six (6) months from the date of our appointment, if the Company is insolvent at that time, as the Relation Back Period (“RBP”). We have not identified any unfair preference payments.

7.8.2 Uncommercial Transactions (S588FB)

A transaction is considered uncommercial if it is made at a time when the Company is insolvent and it may be expected that a reasonable person in the Company’s circumstances would not have entered into the transaction having regard to:

- The benefits or detriment to the Company of entering into the transaction; and
- The prospective benefits to other parties to the transaction.

We have identified payments to a number of the Company’s key management personnel on the date of our appointment which may be deemed uncommercial transactions, and our investigations are continuing. The payments made may also represent a breach of the director’s duties under Section 180 to 184 of the Act.

We previously reported that the Company had paid monies for a security deposit and office fitout (circa \$614K) relating to a commercial premises in Hong Kong. Our investigations as to the recoverability of this amount are ongoing and we note it may eventuate that this payment constitutes an uncommercial transaction.

7.8.3 Unfair Loans (S588FD)

A loan is unfair if it is made to a Company at extortionate interest rates or the charges in relation to the loan are extortionate. In considering whether interest and charges are extortionate, regard must be had to the following:

- Risk the lender is exposed to;
- Value of the security;
- Term;
- Repayment schedule; and
- Amount of loan.

We have not identified any unfair loans.

7.8.4 Discharge of Related Party Debts (S588FH)

A transaction is considered to have discharged a related party's debt if funds from the Company are used to pay that Creditor which has had the effect of discharging, to the extent of a particular amount, a liability (whether under a guarantee or otherwise) of a related entity the Company.

Given the complexity of the structure of the USG Group and the lack of corporation from the shareholder, our investigations are continuing in relation to the discharge related party debts.

7.8.5 Transactions for the Purpose of Defeating Creditors (S588FE)

Transactions involving the removal or concealment of assets of the Company for the purpose of preventing the Liquidators from realising their value are voidable transactions and are recoverable by Liquidators. These actions may constitute fraud by the director or any other person.

We have not identified any such transactions.

7.8.6 Unreasonable Director Related Transactions (S588FDA)

A transaction is an unreasonable Director-related transaction of the Company if:

- The transaction is a payment, a conveyance, transfer or disposition of property, the issue of securities, or incurring of an obligation to make a payment, disposition or issue by the Company.
- The transaction is to a Director or close associate of the Director or for their benefit.
- A reasonable person in the Company's circumstances would not have entered into the transaction having regard to the benefit or detriment to the Company or other parties involved in the transaction.

We note that we have issued various demands on the Shareholder and related entities in respect of the UPay funds and unauthorised transfer of clients. It is unclear at this stage what recovery, if any, will result, however the evidence is quite strong. These offenses (if conducted with the consent of any of the directors) may also constitute breaches of the directors' duties under Section 180 to 184 of the Act.

Our investigations are continuing and further information will be provided in due course.

7.8.7 Circulating Security Interests Created Within Six Months before the Relation-Back Day (S588FJ)

A circulating security interest in property of the company created within six months before the relation-back day may be void against a Liquidator. However, circulating security interests that are created within this period for consideration paid at or after the date of creation remains valid.

We have not identified any such security interests that may be void as against a liquidator.

8 LIAISING AND REPORTING TO ASIC

We provide herein a brief update on matters relating to ASIC.

You will recall that ASIC had a long running investigation of the Company and its officers, commencing in 2019. That investigation continued during the Voluntary Administration period, where ASIC had sought substantial information in respect of the historical operations and dealings involving the former Corporate Authorised Representatives (CARs) Maxi and TradeFred.

We were required to assist ASIC during our appointment. The work largely involved responding to notices to produce specified information and attending regular meetings with key ASIC staff and their solicitors to respond to queries and provide updates on the appointments. That communication aspect is anticipated to continue during the Liquidation. Our interactions with ASIC allowed us to be better placed to make submissions in respect of the AFSL suspensions and later cancellation. The results being that we obtained extended conditions to deal with the Company's existing financial services.

We have also engaged with ASIC in respect of our statutory reporting and preliminary investigations to date. These reports identified potential offences of the officers (including shadow directors) of the Company, based on the information available to us. The reports are confidential and are unable to be disclosed to creditors or the COI. We can advise that ASIC is considering pursuing director banning orders against certain officers of the Company, and we have been requested to provide further reports on the matters we have identified for that prosecution.

We have also engaged in discussion with ASIC in respect of its potential funding certain aspects of the Liquidation. The focus here is in the investigations where we are considering running public examinations of officers and key persons involved in the management of the Company's affairs. We reiterate, given the irregularities that we have identified to date in the financial affairs of the Company, we consider that public examinations are necessary and are in the interests of creditors and the public generally. ASIC is considering our confidential reports and court documents, as to whether they can assist within their funding mandate/policy. We will provide further information on this aspect in due course.

Finally, ASIC has recently sought leave of the Federal Court to file amended pleadings and continue with proceedings against the Company, Maxi and Trade Fred. ASIC has made various claims which largely relate to the Company's historical dealings with the CARs, and the sales/operational practices employed. ASIC has made allegations of unauthorised advice, unconscionable conduct, false and misleading representations and breaches of AFSL conditions terms. These claims appear to be primarily aimed at the CARs, but also to the Company as a participant or beneficiary of the operations. In respect of the Company, ASIC is seeking penalties and compensation for the former clients. We note that penalties are not provable debts in a Liquidation, and the compensation sought is likely to represent unsecured creditor claims.

We have sought advice and have determined that the appropriate course of action is that the Company does not object to the relief sought, and that the Company does not expend its limited resources defending the proceedings. Instead the Company is likely to be bound by the decision of the Court, except that we have retained the right for the Company to interject in the proceedings as and when relevant, should it be in the creditors interests that we do so. It is unclear the timing or prospects for the claims brought by ASIC and note that Maxi may defend the proceedings. We also note that in a similar Liquidation matter, *Australian Securities and Investments Commission v AGM Markets Pty Ltd* (in

liquidation) (No 4) [2020] FCA 1499, ASIC recently obtained judgement including penalties in the order of \$75M, the majority of which may not be provable debts in that Liquidation. We will provide further updates in due course.

9 LIKELY RETURN TO CREDITORS

As discussed in previous reports, there are several matters where our enquiries and investigations are ongoing and ultimately, may require litigation in foreign jurisdictions to pursue recoveries for the benefit of creditors. As such, our views on any return to creditors are preliminary and by way of best estimate, we set out in **Annexure “4”** a preliminary analysis of the estimated returns that may be available to creditors in this Liquidation.

In summary, the estimated return may be as follows:

Return to Creditors	Cents in the Dollar		
	High Scenario	Mid Scenario	Low Scenario
Trust Creditors	92	48	2
Priority Creditors:			
Wages & Superannuation	100	100	100
Annual Leave & Long Service Leave	100	100	100
PILN & Redundancy	100	100	100
Unsecured Creditors	53	5	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 \$157M 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 creditor of the Company at all.
- As mentioned above, we are making an application to the Court in respect of the costs incurred in dealing with the trust matters to be reimbursed from the trust assets. This will require a detailed review of the costs to be allocated between the trust matters and general costs of the administration. As a best estimate at this stage, we estimate the costs incurred in dealing with trust matters may be 50% of the total costs to be met from the trust assets.
- In recovering the assumed corresponding \$157M 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.

10 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;
- Consider actions available to recover voidable transactions and insolvent trading claims identified;
- Subject to funding, consider and pursue the claims for the corresponding \$157M asset for investor claims and the insolvent trading claim, likely via litigation;
- Subject to funding, consider public examinations of relevant parties;
- Assist the Attorney-General’s 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 potentially in multiple jurisdiction, this matter could be completed within three (3) years to four (4) years.

11 RECEIPTS AND PAYMENTS

Attached as **Annexure “5”** is a summary of the receipts and payments during the Liquidation period 3 September 2020 to date.

The Liquidators are required to lodge a statement of account annually during the Liquidation. To date, we have not lodged same but will proceed to do so in accordance with the statutory timeframe.

We have previously lodged a statement of account with ASIC for the Voluntary Administration period.

12 FURTHER INFORMATION

We attached as **Annexure “6”** an ASIC information sheet entitled “Insolvency information for directors, practitioners, employees, creditors and investors”. This publication provides basic information about the different types of external administrations, including Liquidation, and reference to further sources of information available on the ASIC website at www.asic.gov.au.

Please note that we are not required to publish notices in the print media. ASIC maintains an online notices page for external administrators to publish notices in respect of the Company. Creditors are encouraged to visit <https://insolvencynotices.asic.gov.au/> throughout the liquidation to view any notices which may be published by the Liquidators in respect of the Company. These notices include:

- | notices relating to appointments
- | notices of meetings of creditors
- | notices calling for proofs of debt and intention to declare dividends.

13 QUERIES

For any further queries regarding this liquidation, please contact us through the channels below :

Phone: (02) 8263 2300

Email: 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

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey background, with a green triangle pointing upwards and to the right.

BRI Ferrier

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

ACN 117 658 349

**Annexure "1"
Formal Proof of Debt Form**

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 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (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 ⁽³⁾ state how the debt arose	Amount \$ (Incl. GST)	Remarks ⁽⁴⁾ 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 ⁽⁵⁾

I am a related creditor of the Company ⁽⁵⁾
relationship:

3A.^{(6)*} 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.^{(6)*} 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	\$
Reason for Admitting / Rejection			
PREP BY/AUTHORISED		TOTAL PROOF	\$
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

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

ACN 117 658 349

**Annexure "2"
Comparative Balance Sheets**

Union Standard International Group Pty Limited (In Liquidation)
A.C.N. 117 658 349
Comparative Balance Sheets
For the Financial Years Ended 30 June 2016 to 30 June 2020

	Year Ended 30-Jun-16 (\$)	Year Ended 30-Jun-17 (\$)	Year Ended 30-Jun-18 (\$)	Year Ended 30-Jun-19 (\$)	Year Ended 30-Jun-20 (\$)
ASSETS					
Current Assets					
Cash and Cash Equivalents	5,435,550	19,192,888	20,651,882	66,240,396	8,374,497
Trade & Other Receivables	2,250,256	8,404,547	5,101,856	10,932,445	21,088,283
Other Assets	66,387	372,082	182,263	7,909,136	12,657,915
Total Current Assets	<u>7,752,193</u>	<u>27,969,517</u>	<u>25,936,001</u>	<u>85,081,977</u>	<u>42,120,695</u>
Non-Current Assets					
Property, Plant and Equipment	76,814	149,078	713,388	589,766	521,864
Security Deposit	-	-	117,289	117,424	117,424
Leashold improvement	-	-	145,474	83,128	20,782
Total Non-Current Assets	<u>76,814</u>	<u>149,078</u>	<u>976,151</u>	<u>790,318</u>	<u>660,070</u>
TOTAL ASSETS	<u>7,829,007</u>	<u>28,118,595</u>	<u>26,912,152</u>	<u>85,872,295</u>	<u>42,780,765</u>
LIABILITIES					
Current Liabilities					
Priority Creditors	41,335	43,095	58,442	85,655	86,121
Unsecured Creditors:					
Client Trust Liabilities	3,555,346	14,473,890	10,079,265	54,989,349	5,382,327
Trade Creditors	152,468	6,546,623	1,503,093	1,108,656	1,348,005
Australian Taxation Office	44,205	12,212	420,341	1,560,408	21,763
Other Creditors	55	-	185,276	1,239,305	-
Related Party Creditors:					
Loan - Shareholder	68,456	436,989	749,440	5,532,045	13,447,315
Loan - USFG	-	29,616	32,358	73,295	115,793
Total Current Liabilities	<u>3,861,865</u>	<u>21,542,425</u>	<u>13,028,215</u>	<u>64,588,713</u>	<u>20,401,324</u>
TOTAL LIABILITIES	<u>3,861,865</u>	<u>21,542,425</u>	<u>13,028,215</u>	<u>64,588,713</u>	<u>20,401,324</u>
NET ASSETS	<u>3,967,142</u>	<u>6,576,170</u>	<u>13,883,937</u>	<u>21,283,582</u>	<u>22,379,441</u>
EQUITY					
Capital	6,510,751	6,510,751	10,510,751	10,510,751	13,510,751
Retained Earnings	(2,143,500)	(2,543,609)	65,419	3,373,186	10,772,831
Current Year Earnings / (Losses)	(400,109)	2,609,028	3,307,767	7,399,645	(1,904,141)
TOTAL EQUITY	<u>3,967,142</u>	<u>6,576,170</u>	<u>13,883,937</u>	<u>21,283,582</u>	<u>22,379,441</u>

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BRI Ferrier

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

ACN 117 658 349

**Annexure "3"
Comparative
Profit and Loss Statements**

Union Standard International Group Pty Limited (In Liquidation)
A.C.N. 117 658 349
Comparative Profit and Loss Statements
For the Financial Years Ended 30 June 2016 to 30 June 2020

	Year Ended 30-Jun-16 (\$)	Year Ended 30-Jun-17 (\$)	Year Ended 30-Jun-18 (\$)	Year Ended 30-Jun-19 (\$)	Year Ended 30-Jun-20 (\$)
Revenue					
Sales Revenue	52,216,951	93,738,001	117,006,773	138,724,121	282,632,677
Other Revenue	-	-	52,172	3,215,663	8,072,241
Interest Received	26,925	44,358	67,669	123,003	60,367
Gross Profit	52,243,876	93,782,359	117,126,614	142,062,787	290,765,284
Expenses					
Accountancy Fees	371,298	82,827	118,660	128,279	140,530
Advertising	289,994	271,692	246,887	230,722	404,924
Auditors' Remuneration	33,995	15,285	19,875	20,200	3,493
Agent commision expenses	41,508,764	79,598,832	105,083,973	118,747,589	266,992,679
Client Support expense	153,600	249,600	831,137	2,847,500	2,378,212
Compliance fees	57,705	33,590	84,782	75,798	76,252
Depreciation & Amortisation	13,958	56,170	112,557	185,968	142,107
Director's Fees	40,260	44,649	47,916	51,271	109,500
Employee benefits expenses	777,329	885,831	1,114,555	1,603,582	2,219,131
Insurance expenses	50,706	65,285	110,597	166,655	650,812
IT related expenses	593,837	1,016,001	1,823,716	3,381,208	3,099,674
Legal expenses	5,500	31,787	112,619	396,340	1,232,585
Marketing expenses	348,114	144,995	615,874	688,234	962,468
Other expenses	7,802,179	7,298,842	2,163,380	2,528,788	13,384,324
Rent expense	596,745	547,945	487,320	762,352	872,639
Total Expenses	52,643,985	90,343,331	112,973,847	131,814,486	292,669,329
Profit / (Loss) Before Income Tax	(400,109)	3,439,028	4,152,767	10,248,300	(1,904,045)
Income Tax Expense	-	(830,000)	(845,000)	(2,848,655)	(96)
Profit / (Loss) After Income Tax	(400,109)	2,609,028	3,307,767	7,399,645	(1,904,141)

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BRI Ferrier

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

ACN 117 658 349

**Annexure "4"
Estimated Outcome Statement**

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

	Book Value as at 08/07/2020 Amount (\$)	Directors' ERV ROCAP Amount (\$)	Liquidation Scenario High Amount (\$)	Liquidation Scenario Mid Amount (\$)	Liquidation Scenario Low Amount (\$)
Trust Assets					
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	-	-	47,138	47,138	47,138
EUR Trust Account	-	-	33,957	32,543	32,543
USD Trust Account	-	-	279,225	277,270	277,270
GBP Trust Account	-	-	25,171	25,171	25,171
<i>Less: Post Appointment Deposits Liability</i>					
AUD Trust Account	-	-	(47,138)	(47,138)	(47,138)
EUR Trust Account	-	-	(33,957)	(32,543)	(32,543)
USD Trust Account	-	-	(279,225)	(277,270)	(277,270)
GBP Trust Account	-	-	(25,171)	(25,171)	(25,171)
Investor Asset Recovery	-	-	157,000,000	-	-
Total Trust Assets	6,219,856	6,222,212	163,222,209	6,222,209	6,222,209
Less: Estimated Costs (Incl. GST)					
Administration Trading	-	-	(398,504)	(398,504)	(398,504)
Administrators' Costs	-	-	(13,280,654)	(3,430,654)	(3,055,654)
Offshore Litigation Recovery Costs	-	-	Unknown	-	-
Estimated Available Funds for Trust Creditors	6,219,856	6,222,212	149,543,051	2,393,051	2,768,051
Trading Clients	(6,569,740)	(2,455,481)	(5,000,000)	(5,000,000)	(5,000,000)
Transferred Clients	-	-	-	(5,000,000)	(5,000,000)
Investor Clients	-	-	(157,000,000)	-	(157,000,000)
Estimated Surplus/(Deficiency) for Trust Creditors	(349,885)	3,766,731	(12,456,949)	(7,606,949)	(164,231,949)
General Assets					
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	15,700,000	1,379,945	929,945
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
<i>Less: Commission Paid</i>	-	-	(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
USG South Africa	1,016	1,015	Unknown		Unknown
USG UK	480,494	480,494			
USG Vanuatu	-	-			
MT4 Licences and MTS 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	-	-	-
Estimated Fund Available for Creditors	37,131,523	34,977,900	31,696,965	6,015,350	5,565,350
Subject to Costs of Administration					
Less: Estimated Costs (Incl. GST)					
Administration Trading					
Rent	-	-	(18,000)	(18,000)	(18,000)
Payroll Costs	-	-	(157,148)	(157,148)	(157,148)
Overhead Expenses	-	-	(621,861)	(621,861)	(621,861)
<i>Add: Chargeback from Trust Assets</i>	-	-	398,504	398,504	398,504
Net Administration Trading Position	-	-	(398,504)	(398,504)	(398,504)
Administrators' Costs:					
Administrators' Remuneration	-	-	(1,262,760)	(1,262,760)	(1,262,760)
Administrators' Legal Costs	-	-	(431,547)	(431,547)	(431,547)
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	-	-	(7,000,000)	(4,000,000)	(3,500,000)
Liquidators' Legal Costs	-	-	(2,000,000)	(1,000,000)	(750,000)
Liquidators' Disbursements	-	-	(5,000)	(5,000)	(5,000)
Offshore Litigation Recovery Costs	-	-	(15,700,000)	-	-
<i>Add: Chargeback from Trust Assets</i>	-	-	13,280,654	3,430,654	3,055,654
Total Estimated Costs	-	-	(13,679,158)	(3,829,158)	(3,454,158)
Funds Available for Priority Creditors	37,131,523	34,977,900	18,017,807	2,186,192	2,111,192
Wages and Superannuation	(8,790)	(8,790)	-	-	-
Annual Leave and Long Service Leave	(86,121)	(45,557)	(54,556)	(54,556)	(54,556)
PILN and Redundancy	-	-	(115,089)	(115,089)	(115,089)
Total Priority Claims	(94,911)	(54,347)	(169,645)	(169,645)	(169,645)
Funds Available for Unsecured Creditors	37,036,611	34,923,553	17,848,162	2,016,547	1,941,547
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	-	-	(12,456,949)	(7,606,949)	(164,231,949)
Investor Clients	-	-	-	-	-
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)	(109,739)	(109,739)
ASIC Civil Proceedings	-	-	Unknown	Unknown	Unknown
Other Claims	-	-	(10,000,000)	(42,000,000)	(42,000,000)
Total Unsecured Creditor Claims	(15,111,767)	(14,380,519)	(37,729,662)	(51,540,153)	(208,165,153)
Return to Creditors			Cents in Dollar		
Trust Creditors			92	48	2
Priority Creditors:					
Wages & Superannuation			100	100	100
Annual Leave & Long Service Leave			100	100	100
PILN & Redundancy			100	100	100
Unsecured Creditors			47	4	1

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BRI Ferrier

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

ACN 117 658 349

**Annexure "5"
Summarised Receipts and Payments**

Summarised Receipts & Payments

Union Standard International Group Pty Ltd

(In Liquidation)

Transactions From 03 September 2020 To 03 December 2020

Account	Net	GST	Gross
Client Monies on Trust (AUD)	5,090.49	0.00	5,090.49
Cash at Bank	8,578,253.77	0.00	8,578,253.77
Client Monies on Trust (USD)	2,946.68	0.00	2,946.68
Client Money on Trust (EUR)	509.68	0.00	509.68
Money Processor Recoveries (AUD)	557,105.84	0.00	557,105.84
Hedging Fund Recoveries	44,899.69	0.00	44,899.69
Money Processor Recoveries (USD)	180,686.85	0.00	180,686.85
Post Appt Client Trust Liabilities (MPs)	232.18	0.00	232.18
Total Receipts (inc GST)	\$9,369,725.18	\$0.00	\$9,369,725.18
Consultancy Fees	6,371.75	0.00	6,371.75
Bank Charges (AUD)	138.49	0.00	138.49
Electricity	1,139.00	113.90	1,252.90
Professional Fees	59,979.41	5,997.94	65,977.35
Repairs & Maintenance	548.50	0.00	548.50
Stationery & Printing	36.22	3.62	39.84
Telephone & Fax	118.40	11.84	130.24
Wages & Salaries	16,893.94	0.00	16,893.94
Bank Charges (USD)	80.00	0.00	80.00
IT Expenses	21,166.05	2,116.61	23,282.66
Post-appt deposit refunds (MPs)	232.18	0.00	232.18
Post-appt deposit refunds (AUD)	5,090.49	0.00	5,090.49
Post-appt deposit refunds (USD)	2,946.68	0.00	2,946.68
Post-appt deposit refunds (EUR)	509.68	0.00	509.68
Legal Fees (1)	225,856.32	22,585.63	248,441.95
Legal Fees (2)	487.35	0.00	487.35
Administrators Remuneration	1,000,000.00	100,000.00	1,100,000.00
Post Appt Client Trust Liabilities (AUD)	(5,090.49)	0.00	(5,090.49)
Post Appt Client Trust Liabilities (USD)	(2,946.68)	0.00	(2,946.68)
Post Appt Client Trust Liabilities (EUR)	(509.68)	0.00	(509.68)
Withholding Tax (PAYG)	(5,010.00)	0.00	(5,010.00)
Total Payments (inc GST)	\$1,328,037.61	\$130,829.54	\$1,458,867.15
Balance in Hand - By Bank Account			
212 Operating Account 1			288,133.00
213 Operating Account 2			2,611,786.80
215 Trust Account AUD 6993			483,788.48
216 Trust Account USD 9694			2,882,777.38
217 Trust Account GBP 1565			492,542.04
218 Trust Account EUR 9678			354,023.17
219 Other Trust Accounts (AUD)			507,382.75
220 Other Trust Accounts (USD)			276,209.84

Summarised Receipts & Payments

Union Standard International Group Pty Ltd
(In Liquidation)

Transactions From 03 September 2020 To 03 December 2020

	Account	Net	GST	Gross
221	Trust Account EUR - Trade Fred			14,140.67
222	Trust Account GBP - Trade Fred			73.90
				<hr/>
				\$7,910,858.03
				<hr/> <hr/>

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BRI Ferrier

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

ACN 117 658 349

**Annexure "6"
List of ASIC Information Sheets**



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