

This is this exhibit marked
"JK-1"
referred to in the 1st Affidavit of
JONATHON KEENAN
affirmed / sworn on the 30th day of September 2024

Before me,



NOTARY PUBLIC
Rebecca Ann Hegarty
30 September 2024



TAB 1

ASIC EXTRACT SNAPSHOT

CURRENT ORGANISATION DETAILS

Date Extracted	13/08/2024	Start Date	10/04/2024
ACN	145 048 577	Name	PROSPERO MARKETS PTY LTD
ABN	11 145 048 577	Name Start Date	14/07/2020
Current Name	PROSPERO MARKETS PTY LTD	Status	** Under External Administration And/Or Controller Appointed **
Registered In	New South Wales	Type	Australian Proprietary Company
Registration Date	06/07/2010	Class	Limited By Shares
Review Date	06/07/2025	Sub Class	Proprietary Company
Company Type	ACN (Australian Company Number)	Disclosing Entity	No
Current Directors	1		
Current Secretaries	1		

Share Structure (Displaying Top 4 Only)

Go to Full ASIC Results

Class	Class Type	Shares Issued	Amount Paid
ORD	ORDINARY	18003356	\$18,003,356.00

(creditor)watch - Credit Score (0)

Go to Full Credit Report



Risk Data Summary

Court Judgments0

Payment Defaults0

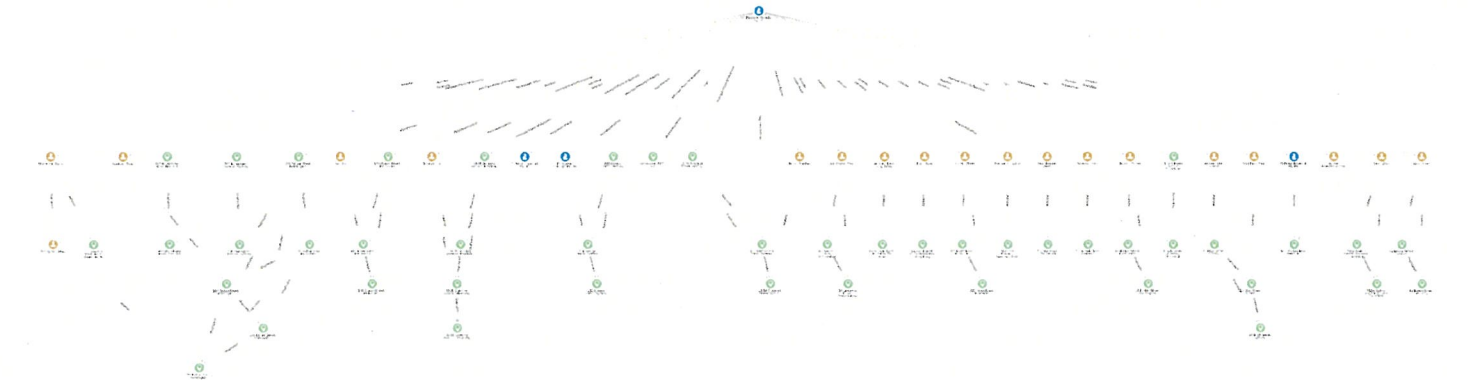
Insolvency Notices4

Mercantile Enquiries0

Credit Enquiries66

REVEAL - Company Visualisation

Go to full workspace



ASIC Data Extracted 13/08/2024 at 10:18

This extract contains information derived from the Australian Securities and Investment Commission's (ASIC) database under section 1274A of the Corporations Act 2001. Please advise ASIC of any error or omission which you may identify.

- 145 048 577 PROSPERO MARKETS PTY LTD -

ACN (Australian Company Number): 145 048 577
ABN: 11 145 048 577
Current Name: PROSPERO MARKETS PTY LTD
Registered in: New South Wales
Registration Date: 06/07/2010
Review Date: 06/07/2025
Company Bounded By:

Document
No.**- Current Organisation Details -**

Name: PROSPERO MARKETS PTY LTD
Name Start Date: 14/07/2020
Status: ** Under External Administration And/Or Controller Appointed **
Type: Australian Proprietary Company
Class: Limited By Shares
Sub Class: Proprietary Company

- Former Organisation Details from 14/07/2020 to 09/04/2024 -

Name: PROSPERO MARKETS PTY LTD
Name Start Date: 14/07/2020
Status: Registered
Type: Australian Proprietary Company
Class: Limited By Shares
Sub Class: Proprietary Company

- Former Organisation Details from 19/02/2013 to 13/07/2020 -

Name: RAINBOW LEGEND GROUP PTY LTD
Name Start Date: 19/02/2013
Status: Registered
Type: Australian Proprietary Company
Class: Limited By Shares
Sub Class: Proprietary Company

7E5030876

- Former Organisation Details from 06/07/2010 to 18/02/2013 -

Name:	INTERCAPITAL MARKETS CO PTY LTD	1E6652755
Name Start Date:	06/07/2010	
Status:	Registered	
Type:	Australian Proprietary Company	
Class:	Limited By Shares	
Sub Class:	Proprietary Company	

- Company Addresses -

- Registered Office 7ECK66155

Address:	186 BELLAIR STREET KENSINGTON VIC 3031
Start Date:	07/11/2023

- Previous Registered Office 2EIU95032

Address:	LEVEL 4 990 WHITEHORSE ROAD BOX HILL VIC 3128
Start Date:	08/07/2021
Cease Date:	06/11/2023

- Previous Registered Office 7EAX24021

Address:	SUITE 602 160 QUEEN STREET MELBOURNE VIC 3000
Start Date:	15/06/2020
Cease Date:	07/07/2021

- Previous Registered Office 0ELR58309

Address:	CSJ LEGAL LEVEL 25 SUITE 3344 300 BARANGAROO AVENUE SYDNEY NSW 2000
Start Date:	23/05/2019
Cease Date:	14/06/2020

- Previous Registered Office 7EAE38822

Address:	SHIYUAN LIU UNIT 401 33-35 DUNNING AVENUE ROSEBERY NSW 2018
Start Date:	01/10/2018
Cease Date:	22/05/2019

- Previous Registered Office 7E5065336

Address:	GIBSONS LAWYERS LEVEL 13 210 GEORGE STREET SYDNEY NSW 2000
Start Date:	12/03/2013
Cease Date:	30/09/2018

- Previous Registered Office 7E3280709

Address:	ROTHSAY ACCOUNTING SERVICES PTY LTD LEVEL 1 12-14 O'CONNELL STREET SYDNEY NSW 2000
Start Date:	15/11/2010
Cease Date:	11/03/2013

- Previous Registered Office 1E6652755

Address:	1 LOCH MAREE AVENUE THORNLEIGH NSW 2120
Start Date:	06/07/2010
Cease Date:	14/11/2010

- Principal Place of Business 7ECK66155

Address: 186 BELLAIR STREET KENSINGTON VIC 3031
Start Date: 31/10/2023

- Previous Principal Place of Business

2EIU95032

Address: LEVEL 4 990 WHITEHORSE ROAD BOX HILL VIC 3128
Start Date: 28/06/2021
Cease Date: 30/10/2023

- Previous Principal Place of Business

7EAX24021

Address: SUITE 602 160 QUEEN STREET MELBOURNE VIC 3000
Start Date: 08/06/2020
Cease Date: 27/06/2021

- Previous Principal Place of Business

0ELR58309

Address: CSJ LEGAL LEVEL 25 SUITE 3344 300 BARANGAROO AVENUE SYDNEY NSW 2000
Start Date: 30/04/2019
Cease Date: 07/06/2020

- Previous Principal Place of Business

7EAE38822

Address: UNIT 401 33-35 DUNNING AVENUE ROSEBERY NSW 2018
Start Date: 18/09/2018
Cease Date: 29/04/2019

- Previous Principal Place of Business

7E5065336

Address: 'GIBSONS LAWYERS' LEVEL 13 210 GEORGE STREET SYDNEY NSW 2000
Start Date: 25/02/2013
Cease Date: 17/09/2018

- Previous Principal Place of Business

7E3280709

Address: LEVEL 1 12-14 O'CONNELL STREET SYDNEY NSW 2000
Start Date: 01/11/2010
Cease Date: 24/02/2013

- Previous Principal Place of Business

1E6652755

Address: 1 LOCH MAREE AVENUE THORNLEIGH NSW 2120
Start Date: 06/07/2010
Cease Date: 31/10/2010

- Company Officers -

Note:

A date or address shown as UNKNOWN has not been updated since ASIC took over the records in 1991. For details, order the appropriate historical state or territory documents, available in microfiche or paper format.

* Check documents listed under ASIC Documents Received for recent changes.

Director

Name: XUEHAO ZHOU
Address: 186 BELLAIR STREET KENSINGTON VIC 3031
Birth Details: 20/02/1989 CHINA
Appointment Date: 27/10/2023
Cease Date: //

7ECK66155

Previous Director

Name:	SHENG YIN WANG	2EDR67737
Address:	1-2 LOMBARD COURT NARRE WARREN NORTH VIC 3804	
Birth Details:	27/05/1954 SHI JIA ZHUANG CITY CHINA	
Appointment Date:	15/03/2021	
Cease Date:	27/10/2023	
Name:	XIN SHENG CHEN	2EDR67737
Address:	14 LAWANNA DRIVE TEMPLESTOWE VIC 3106	
Birth Details:	12/12/1956 BEIJING CHINA	
Appointment Date:	15/03/2021	
Cease Date:	09/06/2021	
Name:	YE QU	7EAX24021
Address:	SUITE 602 160 QUEEN STREET MELBOURNE VIC 3000	
Birth Details:	10/12/1987 JILIN CHINA	
Appointment Date:	25/05/2020	
Cease Date:	15/03/2021	
Name:	XIAO CHEN	7EAP49507
Address:	4A BARROW STREET REVESBY NSW 2212	
Birth Details:	18/12/1986 QINGTIAN CHINA	
Appointment Date:	16/09/2019	
Cease Date:	01/06/2020	
Name:	YUNSI ZHENG	0ELR58309
Address:	UNIT 132 323 FOREST ROAD HURSTVILLE NSW 2220	
Birth Details:	18/09/1985 GUANGDONG CHINA	
Appointment Date:	30/04/2019	
Cease Date:	18/09/2019	
Name:	DAVID CALVER	7E7851201
Address:	UNIT 6 18 FLINTON STREET PADDINGTON NSW 2021	
Birth Details:	16/12/1941 SYDNEY NSW	
Appointment Date:	06/07/2010	
Cease Date:	16/09/2019	
Name:	SHIYUAN LIU	7EAE29171
Address:	UNIT 401 33-35 DUNNING AVENUE ROSEBERY NSW 2018	
Birth Details:	22/10/1989 HUBEI CHINA	
Appointment Date:	18/09/2018	
Cease Date:	11/04/2019	

Name: ANTHONY KWOK SING WONG 7E8682424
Address: FLAT C TOWER 2 OCEANIA HEIGHTS NO 2 HOI CHU ROAD HONG KONG
Birth Details: 15/07/1967 HONG KONG HONG KONG
Appointment Date: 16/09/2016
Cease Date: 18/09/2018

Name: PAUL SUEN 7E4905576
Address: 250 GLOUCESTER ROAD BLOCK A, FLAT A4, 8/F CAUSEWAY BAY HONG KONG CHINA
Birth Details: 23/01/1975 HONG KONG CHINA
Appointment Date: 01/12/2012
Cease Date: 17/09/2016

Name: BENJAMIN CALVER 7E5459272
Address: 4676 THE PARKWAY SANCTUARY COVE QLD 4212
Birth Details: 19/11/1970 SYDNEY NSW
Appointment Date: 20/08/2013
Cease Date: 25/08/2016

Name: BRIAN EDWARD JONES 7E5188712
Address: 53 JOHN ROAD CHERRYBROOK NSW 2126
Birth Details: 14/06/1952 JOHNNESBURG SOUTH AFRICA
Appointment Date: 07/06/2012
Cease Date: 20/08/2013

Name: NING ZHOU 1E6652755
Address: 712E WALNUT STREET PASADENA CA 91101 UNITED STATES
Birth Details: 23/05/1964 CHINA
Appointment Date: 06/07/2010
Cease Date: 01/12/2012

Name: REBECCA KING 7E3190307
Address: 7 IRON BARK CLOSE WESTLEIGH NSW 2120
Birth Details: 09/02/1967 MONA VALE NSW
Appointment Date: 23/09/2010
Cease Date: 22/10/2010

Secretary

Name: XUEHAO ZHOU 7ECK66155
Address: 186 BELLAIR STREET KENSINGTON VIC 3031
Birth Details: 20/02/1989 CHINA
Appointment Date: 27/10/2023
Cease Date: //

Previous Secretary

Name: XIAO CHEN 7EAP49507
Address: 4A BARROW STREET REVESBY NSW 2212
Birth Details: 18/12/1986 QINGTIAN CHINA
Appointment Date: 16/09/2019
Cease Date: 01/06/2020

Name: YUNSI ZHENG 0ELR58309
Address: UNIT 132 323 FOREST ROAD HURSTVILLE NSW 2220
Birth Details: 18/09/1985 GUANGDONG CHINA
Appointment Date: 30/04/2019
Cease Date: 18/09/2019

Name: SHIYUAN LIU 7EAE29171
Address: UNIT 401 33-35 DUNNING AVENUE ROSEBERY NSW 2018
Birth Details: 22/10/1989 HUBEI CHINA
Appointment Date: 18/09/2018
Cease Date: 11/04/2019

Name: DAVID CALVER 7E7851201
Address: UNIT 6 18 FLINTON STREET PADDINGTON NSW 2021
Birth Details: 16/12/1941 SYDNEY NSW
Appointment Date: 06/07/2010
Cease Date: 18/09/2018

Appointed Auditor

Name: FRANK VRACHAS 7EAW65575
Address: 'ROTHSAY CHARTERED ACCOUNTANTS' LEVEL 1 12-14 O'CONNELL STREET (FR 2018)
SYDNEY NSW 2000
Birth Details:
Appointment Date: 01/07/2017
Cease Date: //

Previous Ultimate Holding Company

Name: 637 312 139 CJ PRIME FINANCIAL PTY LTD 7EAX04922
Address:
Appointment Date: //
Cease Date: //

Name: LQY MARKETS LIMITED 7EAE30242
Address:
Appointment Date: //

Cease Date: //

Petitioner Court Action

Name: AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION
Address: LEVEL 5 86-100 MARKET STREET SYDNEY NSW 2000
Appointment Date: 29/02/2024
Cease Date: //

031860540

- Court Details Affecting Role -

Type:	Federal	State:	Victoria
Application No:	VID171	Application Year:	2024

Appointed Liquidator (Court Winding Up)

Name: ANDREW JOHN CUMMINS
Address: BRI FERRIER LEVEL 26 25 BLIGH STREET SYDNEY NSW 2000
Birth Details:
Appointment Date: 10/04/2024
Cease Date: //

7ECQ95657

- Court Details Affecting Role -

Type:	Federal	State:	Victoria
Application No:	171	Application Year:	2024

Name: PETER PAUL KREJCI
Address: BRI FERRIER LEVEL 26 25 BLIGH STREET SYDNEY NSW 2000
Birth Details:
Appointment Date: 10/04/2024
Cease Date: //

7ECQ95657

- Court Details Affecting Role -

Type:	Federal	State:	Victoria
Application No:	171	Application Year:	2024

Name: JONATHON SHERWOOD KEENAN
Address: BRI FERRIER LEVEL 26 25 BLIGH STREET SYDNEY NSW 2000
Birth Details:
Appointment Date: 10/04/2024
Cease Date: //

7ECQ95657

- Court Details Affecting Role -

Type:	Federal	State:	Victoria
Application No:	171	Application Year:	2024

- Share Structure -

Current

Class:	ORDINARY	3EOW08256
Number of Shares Issued:	18003356	
Total Amount Paid / Taken to be Paid:	\$18,003,356.00	
Total Amount Due and Payable:	\$0.00	

Note:

For each class of shares issued by a company, ASIC records the details of the twenty members of the class (based on shareholdings). The details of any other members holding the same number of shares as the twentieth ranked member will also be recorded by ASIC on the database. Where available, historical records show that a member has ceased to be ranked amongst the twenty members. This may, but does not necessarily mean, that they have ceased to be a member of the company.

- Share/Interest Holding -

Current

- Holding -

Class:	ORD	Number Held:	18003356	7ECK66155
Beneficially Owned:	Yes	Fully Paid:	Yes	

- Members -

Name:	SHENG YIN WANG
Address:	186 BELLAIR STREET KENSINGTON VIC 3031
Joint Holding:	No

Ceased/Former

- Holding -

Class:	ORD	Number Held:	2920622	2EDR67737
Beneficially Owned:	Yes	Fully Paid:	Yes	

- Members -

Name:	XIN SHENG CHEN
Address:	14 LAWANNA DRIVE TEMPLESTOWE VIC 3106
Joint Holding:	No

- Holding -

Class:	ORD	Number Held:	2920622	7EAX04922
Beneficially Owned:	Yes	Fully Paid:	Yes	

- Members -

Name:	CJ PRIME FINANCIAL PTY LTD
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ACN: 637 312 139
Address: SUITE 403 448 ST KILDA ROAD MELBOURNE VIC 3004
Joint Holding: No

- Holding -

Class:	ORD	Number Held:	2920622	7EAU13169
Beneficially Owned:	Yes	Fully Paid:	Yes	

- Members -

Name: LQY MARKETS LIMITED
ACN:
Address: 89 NEXUS WAY, CAMANA BAY GRAND CAYMAN KY1-9009, CAYMAN ISLANDS CAYMAN ISLANDS
Joint Holding: No

- Holding -

Class:	ORD	Number Held:	2340000	7EAB89258
Beneficially Owned:	Yes	Fully Paid:	Yes	

- Members -

Name: RAINDANCE HOLDINGS PTY LTD
ACN: 105 189 259
Address: 'GIBSONS LAWYERS' LEVEL 13 210 GEORGE STREET SYDNEY NSW 2000
Joint Holding: No
Abn: 95 105 189 259

- Holding -

Class:	ORD	Number Held:	300000	7E4303229
Beneficially Owned:	Yes	Fully Paid:	Yes	

- Members -

Name: INTERCAPITAL MARKETS HOLDING LIMITED
ACN:
Address: SEA MEADOW HOUSE BLACKBURNE HIGHWAY (PO BOX 116) ROAD TOWN TORTOLA VIRGIN ISLANDS, BRITISH
Joint Holding: No

- Holding -

Class:	ORD	Number Held:	1	1E6652755
Beneficially Owned:	Yes	Fully Paid:	Yes	

- Members -

Name: NING ZHOU
Address: 712E WALNUT STREET PASADENA CA 91101 UNITED STATES
Joint Holding: No

- External Administration Documents -

Note:

Documents relating to External Administration and/or appointment of Controller.
This extract may not list all documents relating to this status. State and Territory records should be searched.

Form Type	Description	Date Lodged	Processed	No. Pages	Document No.
5601		10/07/2024	10/07/2024	91	7ECV33405
5601A	STATUTORY REPORT FROM LIQUIDATOR S70-40 OF INSOLVENCY PRACTICE RULES (CORPORATIONS) 2016 REPORT FROM LIQUIDATOR				
525		30/05/2024	30/05/2024	2	7ECT21712
525	NOTICE OF DISCLAIMER OF ONEROUS PROPERTY				
525		16/05/2024	16/05/2024	2	7ECS54913
525	NOTICE OF DISCLAIMER OF ONEROUS PROPERTY				
519		11/04/2024	17/04/2024	4	032122720
519D	NOTIFICATION OF MAKING OF WINDING UP ORDER				
560		11/04/2024	15/04/2024	3	032039308
560	COURT ORDER TO WIND UP A COMPANY AND APPOINT A LIQUIDATOR				
505		10/04/2024	10/04/2024	3	7ECQ95657
505G	NOTICE BY EXTERNAL ADMINISTRATOR/CONTROLLER-APPOINT/CEASE APPOINTMENT OF LIQUIDATOR BY THE COURT				

- Charges -

There are no charges held for this organisation.

Notes:

On 30 January 2012, the Personal Property Securities Register (PPS Register) commenced.

At that time ASIC transferred all details of current charges to the PPS Registrar.

ASIC can only provide details of satisfied charges prior to that date.

Details of current charges, or charge satisfied since 30 January 2012 can be found on the PPS Register, www.ppsr.gov.au.

InfoTrack may cap documents for on-file searches to 250.

- Document List -

Notes:

* Documents already listed under Registered Charges are not repeated here.

* Data from Documents with no Date Processed are not included in this Extract.

* Documents with '0' pages have not yet been imaged and are not available via DOCIMAGE. Imaging takes approximately 2 weeks from date of lodgement.

* The document list for a current/historical extract will be limited unless you requested ALL documents for this extract.

* In certain circumstances documents may be capped at 250.

Form Type	Date Received	Date Processed	No. Pages	Effective Date	Document No.
FS67	03/04/2024	03/04/2024	1	03/04/2024	031329798
FS67	Order Suspending Afs Licence				
FS67	08/03/2024	08/03/2024	1	08/03/2024	031973059
FS67	Order Suspending Afs Licence				

519	29/02/2024	04/03/2024	3	29/02/2024	031860540
519G	Notification of Application to Wind Up Company Under S. 459p, 462 or 464				
FS67	22/12/2023	22/12/2023	1	22/12/2023	031973006
FS67	Order Suspending Afs Licence				
FS90	14/11/2023	14/11/2023	1	13/11/2023	7ECL25957
FS90A	Notice That a Product in a Pds Has Ceased to Be Available - By Afs Licensee				
484	31/10/2023	31/10/2023	2	31/10/2023	7ECK66155
484	Change to Company Details				
484B	Change of Registered Address				
484C	Change of Principal Place of Business (Address)				
484A1	Change Officeholder Name or Address				
484A2	Change Member Name or Address				
484	30/10/2023	30/10/2023	2	30/10/2023	7ECK62120
484E	Change to Company Details Appointment or Cessation of A Company Officeholder				
484	30/11/2022	30/11/2022	2	30/11/2022	3EOW08256
484	Change to Company Details				
484O	Changes to Share Structure				
484G	Notification of Share Issue				
484N	Changes to (Members) Share Holdings				
FS88	23/12/2021	23/12/2021	3	22/12/2021	7EBO51808
FS88A	Pds In-Use Notice - By Afs Licensee				
484	18/10/2021	18/10/2021	2	18/10/2021	2EPE38504
484	Change to Company Details				
484O	Changes to Share Structure				
484G	Notification of Share Issue				
484N	Changes to (Members) Share Holdings				
FS88	05/10/2021	05/10/2021	3	05/10/2021	7EBL95181
FS88A	Pds In-Use Notice - By Afs Licensee				
484	01/07/2021	01/07/2021	2	01/07/2021	2EIU95032
484	Change to Company Details				
484B	Change of Registered Address				
484C	Change of Principal Place of Business (Address)				
484	09/06/2021	09/06/2021	3	09/06/2021	2EHR32688
484	Change to Company Details				
484E	Appointment or Cessation of a Company Officeholder				
484N	Changes to (Members) Share Holdings				
FS88	03/06/2021	03/06/2021	3	02/06/2021	7EBI02702

FS88A	Pds In-Use Notice - By Afs Licensee				
484	24/03/2021	24/03/2021	2	24/03/2021	7EBF88913
484D	Change to Company Details Change to Ultimate Holding Company				
484	22/03/2021	22/03/2021	3	22/03/2021	2EDR67737
484	Change to Company Details				
484E	Appointment or Cessation of a Company Officeholder				
484N	Changes to (Members) Share Holdings				
FS88	17/02/2021	17/02/2021	3	17/02/2021	7EBE76783
FS88A	Pds In-Use Notice - By Afs Licensee				
205	14/07/2020	14/07/2020	2	13/07/2020	1ENE39255
205A	Notification of Resolution Changing Company Name				
FS02	14/07/2020	14/07/2020	23	14/07/2020	0L0208184
FS02	Copy of Afs Licence				
484	08/06/2020	08/06/2020	2	08/06/2020	7EAX24021
484	Change to Company Details				
484B	Change of Registered Address				
484C	Change of Principal Place of Business (Address)				
484A1	Change Officeholder Name or Address				
484	01/06/2020	01/06/2020	3	01/06/2020	7EAX04922
484	Change to Company Details				
484D	Change to Ultimate Holding Company				
484N	Changes to (Members) Share Holdings				
484	01/06/2020	01/06/2020	2	01/06/2020	7EAX04918
484E	Change to Company Details Appointment or Cessation of A Company Officeholder				
484	25/05/2020	25/05/2020	2	25/05/2020	7EAW83238
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
388	20/05/2020	20/05/2020	38	30/06/2019	7EAW66022
388I	FINANCIAL REPORT FINANCIAL REPORT - SMALL PROPRIETARY COMPANY THAT IS CONTROLLED BY A FOREIGN COMPANY				
388	20/05/2020	20/05/2020	33	30/06/2018	7EAW65575
388	FINANCIAL REPORT				
388I	FINANCIAL REPORT - SMALL PROPRIETARY COMPANY THAT IS CONTROLLED BY A FOREIGN COMPANY				
388E	COMPANY - APPOINT CHANGE NAME/ADDRESS OF AUDITOR				
484	24/02/2020	24/02/2020	2	24/02/2020	7EAU13169
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				

484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
484	07/11/2019	07/11/2019	2	07/11/2019	0EXF86187
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
902	07/10/2019	21/10/2019	2	06/09/2019	030748414
902	SUPPLEMENTARY DOCUMENT				
	Alters 0ET H41 090				
106	07/10/2019	21/10/2019	2	07/10/2019	030748413
106	NOTICE OF CANCELLATION OR REVOCATION OF A LODGED DOCUMENT				
	Cancels 7EA P11 682				
484	20/09/2019	20/09/2019	2	20/09/2019	7EAP57554
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A				
	COMPANY OFFICEHOLDER				
484	18/09/2019	18/09/2019	2	18/09/2019	7EAP49507
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A				
	COMPANY OFFICEHOLDER				
484	06/09/2019	21/10/2019	2	06/09/2019	0ETH46297
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
484	06/09/2019	21/10/2019	2	06/09/2019	0ETH46194
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
484	06/09/2019	06/09/2019	2	06/09/2019	7EAP11682
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
	Cancelled by 030 748 413				
484	06/09/2019	06/09/2019	2	06/09/2019	0ETH41090
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
	Altered by 030 748 414				
484	06/09/2019	06/09/2019	2	06/09/2019	0ETH40246
484	CHANGE TO COMPANY DETAILS				

484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
484	16/05/2019	16/05/2019	3	16/05/2019	0ELR58309
484	CHANGE TO COMPANY DETAILS				
484B	CHANGE OF REGISTERED ADDRESS				
484C	CHANGE OF PRINCIPAL PLACE OF BUSINESS (ADDRESS)				
484E	APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
370	06/05/2019	06/05/2019	3	06/05/2019	030591310
370	NOTIFICATION BY OFFICEHOLDER OF RESIGNATION OR RETIREMENT				
A104	26/03/2019	28/03/2019	3	26/03/2019	030535174
A104	SUPPLEMENTARY PAGES TO IMAGED DOCUMENT Alters 7EA J19 035				
484	13/03/2019	13/03/2019	2	13/03/2019	7EAJ39106
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
484	13/03/2019	13/03/2019	2	13/03/2019	7EAJ39032
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
FS88	02/12/2018	02/12/2018	3	30/11/2018	7EAG70604
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
410	29/10/2018	29/10/2018	1	29/10/2018	7EAF50414
410B	APPLICATION FOR RESERVATION OF A NEW NAME UPON CHANGE OF NAME				
484	24/09/2018	24/09/2018	2	24/09/2018	7EAE38822
484	CHANGE TO COMPANY DETAILS				
484B	CHANGE OF REGISTERED ADDRESS				
484C	CHANGE OF PRINCIPAL PLACE OF BUSINESS (ADDRESS)				
484	20/09/2018	20/09/2018	3	20/09/2018	7EAE30242
484	CHANGE TO COMPANY DETAILS				
484D	CHANGE TO ULTIMATE HOLDING COMPANY				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
484	20/09/2018	20/09/2018	2	20/09/2018	7EAE29171
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
484	06/07/2018	06/07/2018	2	06/07/2018	7EAB89258
484	CHANGE TO COMPANY DETAILS				

484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
484	18/06/2018	18/06/2018	2	18/06/2018	7EAB11989
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
FS02	22/03/2018	22/03/2018	23	22/03/2018	0L0206099
FS02	COPY OF AFS LICENCE				
484	02/11/2017	02/11/2017	2	02/11/2017	7E9609581
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
484	13/01/2017	13/01/2017	2	13/01/2017	7E8682424
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
484	21/09/2016	21/09/2016	2	21/09/2016	7E8364083
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
484	06/04/2016	06/04/2016	2	06/04/2016	7E7851201
484A1	CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS				
484	23/03/2016	23/03/2016	2	23/03/2016	7E7812588
484A1	CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS				
FS66	12/05/2015	12/05/2015	1	12/05/2015	028731688
FS66	ORDER REVOKING AFS LICENCE				
FS88	05/12/2014	05/12/2014	3	05/12/2014	7E6577423
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
FS89	05/12/2014	05/12/2014	1	01/12/2014	7E6577400
FS89A	NOTICE OF CHANGE TO FEES AND CHARGES IN A PDS - BY AFS LICENSEE				
FS88	05/09/2014	05/09/2014	3	05/09/2014	7E6346181
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
484	29/07/2014	29/07/2014	2	22/07/2014	2E0822666
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				

484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
FS88	05/05/2014	05/05/2014	3	05/05/2014	7E6025700
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
484	12/02/2014	12/02/2014	2	20/01/2014	2E0225978
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
484	22/08/2013	22/08/2013	2	22/08/2013	7E5459513
484	CHANGE TO COMPANY DETAILS				
484O	CHANGES TO SHARE STRUCTURE				
484G	NOTIFICATION OF SHARE ISSUE				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
484	22/08/2013	22/08/2013	3	22/08/2013	7E5459272
484	CHANGE TO COMPANY DETAILS				
484E	APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS				
FS88	02/08/2013	02/08/2013	3	02/08/2013	7E5412960
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
484	01/05/2013	01/05/2013	2	01/05/2013	7E5188712
484A1	CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS				
484	05/03/2013	05/03/2013	2	05/03/2013	7E5065336
484	CHANGE TO COMPANY DETAILS				
484B	CHANGE OF REGISTERED ADDRESS				
484C	CHANGE OF PRINCIPAL PLACE OF BUSINESS (ADDRESS)				
FS02	27/02/2013	27/02/2013	19	27/02/2013	0L1001382
FS02	COPY OF AFS LICENCE				
205	19/02/2013	19/02/2013	2	18/02/2013	7E5030876
205A	NOTIFICATION OF RESOLUTION CHANGING COMPANY NAME				
FS02	19/12/2012	19/12/2012	19	19/12/2012	0L0310536
FS02	COPY OF AFS LICENCE				
484	11/12/2012	11/12/2012	2	11/12/2012	7E4905576
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
484	08/06/2012	08/06/2012	2	08/06/2012	7E4505649
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
484	01/03/2012	01/03/2012	2	01/03/2012	7E4303229

484	CHANGE TO COMPANY DETAILS					
484O	CHANGES TO SHARE STRUCTURE					
484G	NOTIFICATION OF SHARE ISSUE					
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS					
484	28/02/2012	28/02/2012	3	28/02/2012	7E4293798	
484A2	CHANGE TO COMPANY DETAILS	CHANGE MEMBER NAME OR ADDRESS				
484	25/01/2012	25/01/2012	2	25/01/2012	7E4238286	
484	CHANGE TO COMPANY DETAILS					
484O	CHANGES TO SHARE STRUCTURE					
484G	NOTIFICATION OF SHARE ISSUE					
484N	CHANGES TO (MEMBERS) SHARE HOLDINGS					
484	08/11/2010	08/11/2010	2	08/11/2010	7E3280709	
484	CHANGE TO COMPANY DETAILS					
484B	CHANGE OF REGISTERED ADDRESS					
484C	CHANGE OF PRINCIPAL PLACE OF BUSINESS (ADDRESS)					
484	22/10/2010	22/10/2010	2	22/10/2010	7E3247211	
484E	CHANGE TO COMPANY DETAILS	APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
484	23/09/2010	23/09/2010	2	23/09/2010	7E3190307	
484E	CHANGE TO COMPANY DETAILS	APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
201	06/07/2010	06/07/2010	3	06/07/2010	1E6652755	
201C	APPLICATION FOR REGISTRATION AS A PROPRIETARY COMPANY					

- Financial Reports -

Document No.	Balance Date	Report Due	AGM Due	Extended AGM Due	AGM Held	Outstanding
7EAW65575	30/06/2018	31/10/2018	//	//	//	No
7EAW66022	30/06/2019	31/10/2019	//	//	//	No

- Company Contact Addresses -

- Previous Contact Address for ASIC use only

Address: PO BOX 1184 KENSINGTON VIC 3031
Start Date: 27/10/2023
Cease Date: 29/07/2024

*** End of Document ***

(creditor)watch

Credit Report

Name	PROSPERO MARKETS PTY LTD
ABN	11145048577
ACN	145048577
Document Type	Credit Report
Report Generated	13-08-2024 at 10:18
ASIC Extract	Not Included
ASIC Extract Status	Not Included

Credit Report	✔ Included
RiskScore	✔ Included
Payment Rating	✘ Not Included
CW Bankruptcy Check (PIRS)	✘ Not Included
ASIC Data (On File)	✘ Not Included
ASIC Current Extract	✘ Not Included
ASIC Current & Historical	✘ Not Included
PPSR ACN	✘ Not Included
PPSR ABN	✘ Not Included
PPSR Business Name	✘ Not Included
Append Docs Lodged	✔ Included
Append Business Names	✔ Included
Append Credit Enquiries	✔ Included

Summary



F / 0
Default Risk

66

Credit
Enquiries



External Administration



No Registered
Defaults



No Court
Actions



No Mercantile
Enquiries

4

ASIC
Published Notices

7

Critical ASIC
Documents



Important Cross
Directorships
Not Available

Adverse

Risk Data Detected - Review Required

Risk Category	Risk Level	Risk Overview
ASIC Published Notice	High	There are ASIC published notices connected to this company
High Risk ASIC Documents	High	Documents lodged with ASIC in the past 18 months relating to Winding up notifications, external administrations, court orders, scheme of arrangements or liquidations
ASIC Status	High	The company is under external administration

ABR Data

Main Name	PROSPERO MARKETS PTY LTD
ABN	11 145 048 577
Registered Date	06-07-2010
Entity Status	Active
Entity Type	Australian Private Company
GST Status	Registered for GST (from 10-04-2024)
Main Physical Address	NSW 2000 (from 29-05-2023)
ABN Last Updated	16-04-2024

ASIC Data

Name	PROSPERO MARKETS PTY LTD
Registered Office Address	186 BELLAIR STREET KENSINGTON VIC 3031
ACN	145 048 577
Registered Date	06-07-2010
Next Review Date	06-07-2025
Status	Under External Administration And/Or Controller Appointed
Company Type	Australian Proprietary Company
Class	Limited By Shares
Subclass	Proprietary Company
Locality	KENSINGTON VIC 3031
Regulator	Australian Securities & Investments Commission

Industry

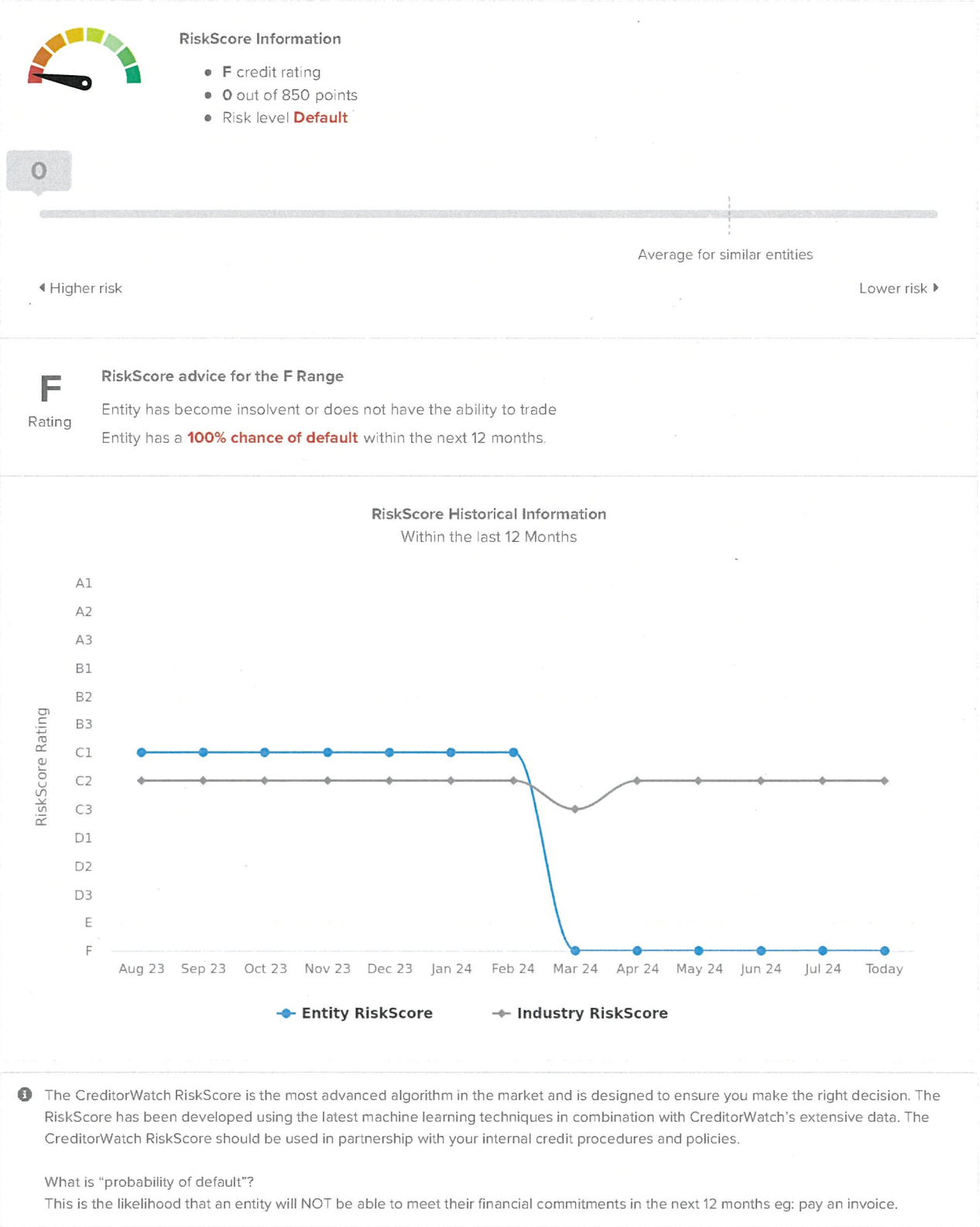
ANZSIC Classification

Rental, Hiring and Real Estate Services
Property Operators and Real Estate Services
Property Operators
Non-Residential Property Operators

NACE Classification

Buying and selling of own real estate
Rental and operating of own or leased real estate

RiskScore



Score Recommendations

RiskScore Rating	Risk Level	Recommendation
A1, A2, A3	Very Low	Very strong credit quality based on behavioural and business demographics. Likelihood of default or insolvency is considered very low. Extend terms within consideration.
B1, B2	Low	Strong credit quality based on behavioural and business demographics. Likelihood of default or insolvency is considered very low. Extend terms within consideration.
B3, C1	Neutral	Lower than average default risk for an Australian business. Business demographics and behaviours indicative of low likelihood of default or insolvency in the short to medium term. Extend terms and monitor ongoing payment behaviour.
C2	Acceptable	Average default risk for an Australian business. Standard underwriting criteria and due diligence recommended prior to extending credit. Extend terms, closely monitor ongoing payment behaviour.
C3	Potential Risk	Behaviours and business demographics may indicate increased risk for some businesses in this group. Assessment of the entity's financial position and cashflow is recommended prior to extending material unsecured credit.
D1, D2, D3	High	Risk of default or insolvency is significantly higher than the average for Australian businesses. COD trading highly recommended.
E	Impaired	Entity is highly vulnerable to default or insolvency in the short term.
F	Defaulted	One or more creditors has initiated legal proceedings or other significant actions in response to unpaid debt obligations, or the entity is entering or has entered insolvency.

i Please note that the rating and recommendation should be used in partnership with your company's internal credit procedures and policies. The rating should not be used as the sole reason in making decision about the entity.

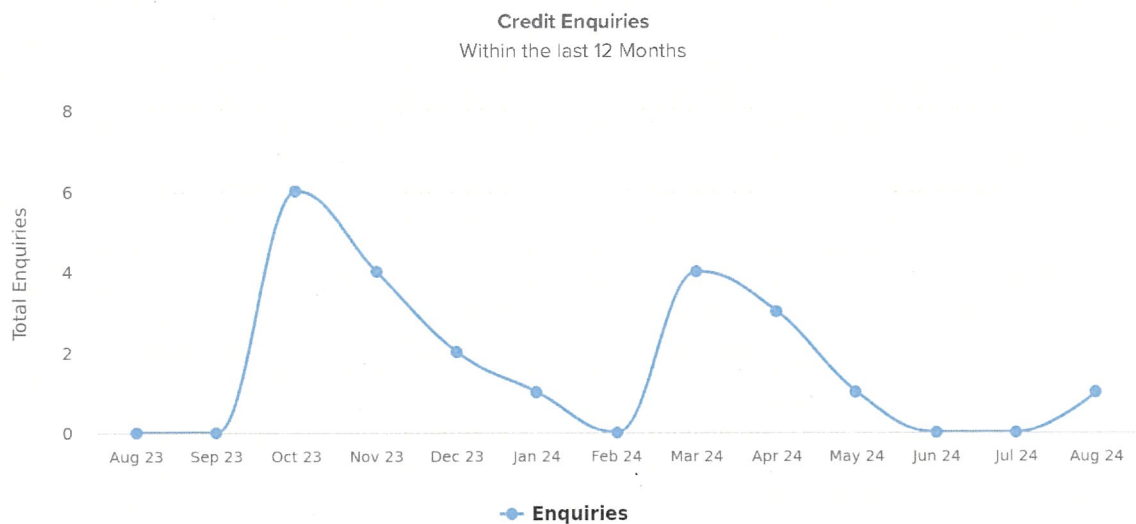
Credit Enquiries



66
Last 5 Years



22
Last 12 Months



Enquiries Ordered by Industry

Industry (ANZSIC Division)	No of Enquiries
Information Media and Telecommunications (J)	10
Financial and Insurance Services (K)	5
Other Services (S)	2
Rental, Hiring and Real Estate Services (L)	2
Construction (E)	1
Professional, Scientific and Technical Services (M)	1
Wholesale Trade (F)	1
Total Enquiries (within the last 12 months)	22



Enquiries Ordered by Date

Industry (ANZSIC Division)	Date
Information Media and Telecommunications (J)	13-08-2024
Information Media and Telecommunications (J)	07-05-2024
Other Services (S)	22-04-2024
Wholesale Trade (F)	17-04-2024
Other Services (S)	08-04-2024
Professional, Scientific and Technical Services (M)	11-03-2024
Information Media and Telecommunications (J)	04-03-2024
Information Media and Telecommunications (J)	03-03-2024
Construction (E)	01-03-2024
Information Media and Telecommunications (J)	12-01-2024
Information Media and Telecommunications (J)	27-12-2023
Information Media and Telecommunications (J)	12-12-2023
Financial and Insurance Services (K)	30-11-2023
Information Media and Telecommunications (J)	24-11-2023
Financial and Insurance Services (K)	02-11-2023
Financial and Insurance Services (K)	01-11-2023
Rental, Hiring and Real Estate Services (L)	31-10-2023
Rental, Hiring and Real Estate Services (L)	30-10-2023
Information Media and Telecommunications (J)	28-10-2023
Financial and Insurance Services (K)	27-10-2023
Financial and Insurance Services (K)	26-10-2023
Information Media and Telecommunications (J)	25-10-2023



i Credit enquiries provide an indication of the number of times an entity's credit file has been accessed. For credit enquiries performed in the last 12 months, the date of the enquiry and the industry of the business, sole trader or individual performing the credit enquiry is detailed in the graph and table.

Risk Data



Court Actions

Court Details	Plaintiff	Action	Nature of the Claim	Amount
<div> No Court Actions</div>				
<div><div></div><div>CreditorWatch aggregate data from courts around Australia to provide a summary of court actions against an entity. When available, details of the action include location, case number, state, plaintiff, nature of the claim, action type and dollar amount.</div></div>				

Payment Defaults

Added	Invoice Due	Submitted By	Amount	Status
<div> No Payment Defaults Lodged</div>				
<div><div></div><div>A default indicates that the debtor has failed to make a payment for goods or services. Payment Defaults are unique to CreditorWatch and can have one of three statuses: outstanding, partial payment or settled.</div></div>				

Tax Defaults

Date Added	Date Updated	Submitted By	Status	Amount
<div> No Tax Defaults Lodged</div>				
<div><div></div><div>A tax default indicates that a business has overdue tax payments and has failed to respond to a notice of disclosure by The Australian Taxation Office (ATO). Tax defaults are only lodged on debts that are over 90 days overdue and are over a value of \$100,000.</div></div>				

Mercantile Enquiries

Enquiry Date

Mercantile Agent



No Mercantile Enquiries Lodged

i A Mercantile enquiry is an indication that a mercantile agency (or debt collection agency) has conducted an enquiry on this entity for the purpose of debt collection.

Status Changes

ASIC Entity Status Changes

Change Date	ASIC Status
10-04-2024	Under External Administration And/Or Controller Appointed (Current status)
19-02-2013	Registered

- i** The most common ASIC entity statuses are: registered, deregistered, external administration and strike-off action in progress. This section identifies if there have any been changes to the status of the entity's ACN, and the date the changes have occurred.

GST Status Changes

Change Date	GST Status
10-04-2024	Registered for GST (Current status)
29-06-2017	Not Registered for GST
06-07-2010	Registered for GST

- i** An ABN can either be registered for GST, or not currently registered for GST. This section identifies if there have been any changes to the entity's GST registration, and the date the changes have occurred.

Business Names

Registered Business Index

Business Name	Status	Registered Number	Address
There are no business name extracts registered to this company			

Registered Business Names

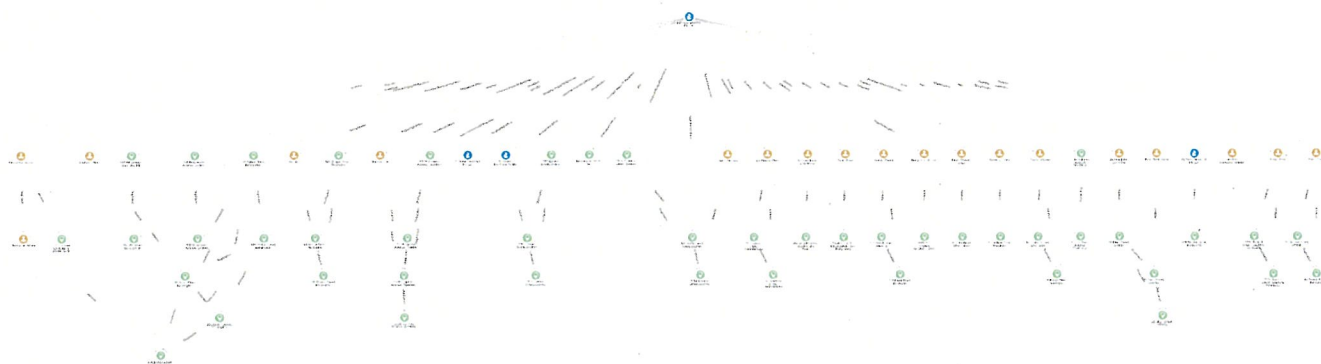
Name	Business Name Type	Source
INTERCAPITAL MARKETS CO PTY LTD	Former Name	ASIC
INTERCAPITAL MARKETS CO PTY LTD	Main Name	ABR
PROSPERO MARKETS PTY LTD	Main Name	ABR
RAINBOW LEGEND GROUP PTY LTD	Former Name	ASIC
RAINBOW LEGEND GROUP PTY LTD	Main Name	ABR

i Business names are derived from two data sources, one of which is basic information provided by ABR. The other comes from the business names extract index which, when available, includes the owner of the business name and registered business address.

Appendix

Disclaimer

CreditorWatch is committed to ensuring that the information provided is accurate and comprehensive however due to data being received from sources not controlled by CreditorWatch we cannot guarantee that it is complete, verified or free of errors. To the extent permitted by law, CreditorWatch will not be held responsible for any errors or omissions therein concerning the information sourced and published in its publications, websites, API or emails.



TAB 2



Australian police and policing

🕒 This article is more than **9 months old**

Currency exchange that allegedly laundered almost \$230m in illegal funds busted in AFP raids

Seven arrested after police raid Changjiang Currency Exchange offices across the country for alleged connections with money laundering groups

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Australian Associated Press

Wed 25 Oct 2023 23.50 BST

An alleged crime syndicate has been busted, with police accusing it of using a money transfer chain with offices in major Australian cities as a front to launder almost \$229m.

The Australian federal police (AFP) has accused the Changjiang Currency Exchange, which has 12 shopfronts across the nation, of being secretly run by an underworld money laundering syndicate. The so-called Long River syndicate has been accused of laundering almost \$229m in illegal funds through the business in the past three years.

More than 300 officers conducted 20 raids across every mainland state on Wednesday and seized \$50m in luxury property and vehicles as part of the AFP-led Operation Avarus-Nightwolf.

Four Chinese nationals and three Australians were arrested across Melbourne's eastern suburbs and charged over their alleged involvement in the syndicate. They were expected to face Melbourne magistrates court on Thursday.

The probe was in part triggered by AFP investigators noticing that the exchange chain opened and updated new and existing shopfronts in the heart of Sydney during Covid-19 lockdowns.

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Stephen Dametto, the AFP's assistant commissioner, said it sent alarm bells ringing among money laundering investigators.

"It was just a gut feeling - it didn't feel right," he said. "Many international students and tourists had returned home, and there was no apparent business case for Changjiang Currency Exchange to expand."

The AFP identified alleged links between the exchange chain, one of the largest independently owned remitters in the country, and known money laundering organisations. It is alleged the exchange chain has transferred more than \$10b in the past three financial years.

Most of the funds were from law-abiding customers, but the AFP alleges the company simultaneously facilitated a system for organised criminals to secretly transfer unlawfully obtained money in and out of Australia.

In all, the business allegedly laundered \$228,883,561 between 2020 and 2023.

It is alleged some of the laundered money was proceeds of crime, including from cyber-enabled scams, the trafficking of illicit goods and violent crimes.

Police alleged the syndicate would coach its criminal customers on how to create fake business paperwork, such as false invoices and bank statements. This allegedly allowed criminal customers and Changjiang Currency Exchange to demonstrate that unlawfully gained money was from lawful sources if transfers came to authorities' attention.

Syndicate members allegedly amassed a significant amount of illegal wealth from their criminal activity.

"We allege they lived the high life by eating at Australia's most extravagant restaurants, drinking wine and sake valued in the tens of thousands of dollars, travelling on private jets, driving vehicles purchased for \$400,000 and living in expensive homes, with one valued at more than \$10 million," Dametto said.

The syndicate also allegedly spent \$200,000 each on fake passports, enabling members to flee if officers ever came knocking.

Dametto alleged that Long River was a sophisticated and complex money laundering group, which had entrenched itself into the fabric of the financial services industry.

“We allege that enabled it to exploit vulnerabilities far more easily,” he said.

“We expect our charges will significantly impact on the amount of illicit money being remitted in and out of Australia in the coming days alone.”

Most viewed

TAB 3



Federal Court of Australia

District Registry: Victoria Registry

Division: General

No: VID171/2024

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Plaintiff

PROSPERO MARKETS PTY LTD ACN 145 048 577

Defendant

ORDER

REGISTRAR: Registrar Luxton

DATE OF ORDER: 10 April 2024

WHERE MADE: Melbourne

THE COURT ORDERS THAT:

1. Prospero Markets Pty Ltd be wound up pursuant to s 461(1)(k) of the *Corporations Act 2001* (Cth).
2. Andrew Cummins, Jonathon Keenan and Peter Krejci, registered liquidators, are appointed liquidators jointly and severally.
3. The plaintiff's costs, including reserved costs, be taxed and paid by the liquidators pursuant s 466(2) of the *Corporations Act 2001* (Cth).

Date that entry is stamped: 10 April 2024


Registrar

Subsection 35A (5) of the *Federal Court of Australia Act 1976* (the *Act*) provides that a party to proceedings in which a Registrar has exercised any of the powers of the Court under subsection 35A (1) of the Act may, within the time prescribed by the Rules of Court, or within any further time allowed in accordance with the Rules of Court, apply to the Court to review that exercise of power.

Rule 3.11 provides that a party may apply to the Court under subsection 35A (5) of the Act for review of the exercise of a power of the Court by a Registrar and that any application must be made within 21 days after the day on which the power was exercised. A party seeking a review can apply to the Court to dispense with any requirement of the Rules (Rule 1.34).

TAB 4

From: James Kim <james.kim@cgsi.com>
Sent: Friday, April 19, 2024 11:09 AM
To: Savio Monis <smonis@brifnsw.com.au>; Pauline Yeow <pyeow@brifnsw.com.au>
Cc: External - CS <clientservices.sg@cgsi.com>; #SIN.CFD QUERY 1 <sg.cfdquery@cgsi.com>;
#SIN.COLLATERISED TRADING 1 <sg.ct@cgsi.com>
Subject: FW: Prospero Markets Pty Ltd (In Liquidation)

Dear Sir/Madam,

We refer to your letter dated 10 April 2024.

Please note that CGS International Securities Pte. Ltd. is not a licensed entity conducting securities business. In any case, we note that the liquidators of Prospero Markets were appointed pursuant to an Order dated 10 April 2024 issued by the Federal Court of Australia. Please be informed that we are not in a position to respond to the liquidators' requests without an appropriate order of the Singapore Court.

All our rights are reserved.

Thank you.

Kind regards

James Kim
Managing Director | Group Head, Contract For Difference
Leveraged Products | Securities
Email: James.Kim@cgsi.com
Trading: +65 6232 5671
Mobile: +61 410 538 819
Office: +61 2 8823 3791
CGS International Securities
Level 36, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000
www.cgsi.com

From: Mankirth Mandair <mmandair@brifnsw.com.au>
Sent: Thursday, April 11, 2024 5:43 PM
To: External - CS <clientservices.sg@cgsi.com>
Cc: Savio Monis <smonis@brifnsw.com.au>; Pauline Yeow <pyeow@brifnsw.com.au>
Subject: Prospero Markets Pty Ltd (In Liquidation)

Dear Sir or Madam,

Please see the attached correspondence.

Should you have any further queries, please do not hesitate to contact me.

TAB 5

CGS International Securities Pte. Ltd.
Level 36 Governor Phillip Tower
1 Farrer Place
Sydney NSW 200

24 April 2024

Our ref DRD 242423

Email: james.kim@cgsi.com

Dear Mr Kim

**Prospero Markets Pty Ltd ACN 145 048 577 (in Liquidation) & CGS International
Demand for return of funds**

1. We act for Jonathon Keenan, Andrew Cummins and Peter Krejci as joint and several liquidators of Prospero Markets Pty Ltd ACN 145 048 577 (in Liquidation) (**Prospero**).
2. We enclose a copy of the appointment orders of the Federal Court of Australia dated 10 April 2024.
3. We have been instructed with:
 - (a) copies of the Liquidators' letters to CGS International Securities Pte. Ltd. (**CGS**) dated 10 April and 22 April 2024; and
 - (b) your email dated 19 April 2024 at 11.09 am in which you state, "*we are not in a position to respond to the liquidators' requests without an appropriate order of the Singapore Court*".
4. We are instructed that your email on behalf of CGS and its refusal to comply with the Liquidators' requests are both misguided and obstructive because (without limitation):
 - (a) funds held by CGS are the property of Prospero;
 - (b) CGS' refusal to return those funds likely constitutes:
 - (i) either threatened or actual contractual breach;
 - (ii) misappropriation of Prospero's property;
 - (iii) breaches of the *Corporations Act 2001* (Cth);
 - (iv) possible contempt of court by breaching the Federal Court of Australia orders dated 10 April 2024;

166155801 - 242423 (DRD)

Bartier Perry Pty Limited is a corporation and not a partnership
Liability limited by a Scheme approved under Professional Standards Legislation.
All legal practitioners employed by Bartier Perry Pty Limited (including those described as partners) are members of the Scheme.

- (c) there is no basis for CGS to challenge the jurisdiction of the Federal Court of Australia having regard to, *inter alia*:
 - (i) CGS' prior dealings with Prospero within the Australian jurisdiction;
 - (ii) CGS' receipt of payments from Prospero from Australian bank accounts;
 - (iii) CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. ACN 605 514 636 being a foreign company registered in the Australian jurisdiction;
 - (iv) the geographical location of CGS' managing director, James Kim in Sydney, Australia and CGS' address, Level 36, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 which are both confirmed by Mr Kim's email signature.
- 5. The above matters provide strong grounds for the Liquidators to:
 - (a) demonstrate that CGS operates in the Australian jurisdiction and is therefore bound by local Australian laws; and
 - (b) challenge CGS' position that an order of a Singaporean court is required to comply with the Liquidators' demands for the return of Prospero's assets.
- 6. We are instructed to demand that, by no later than **5 pm on Friday 26 April 2024**, CGS:
 - (a) immediately return all funds held by CGS in accounts in Prospero's name to the following account:

Name: Prospero Markets Pty Ltd (In Liquidation)

Swift Code: NATAAU3302S

BSB: 082-057

A/C No: 59 111 8659

Bank: National Australia Bank Limited
 - (b) close all accounts held in Prospero's name as at 10 April 2024; and
 - (c) provide to the undersigned:
 - (i) written confirmation of CGS' compliance with paragraph [6(a)] and [(b)] above;
 - (ii) written confirmation of the current balance of all accounts held by CGS in Prospero's name;
 - (iii) copies of all account statements issued for the 12-month period ending 10 April 2024.

7. We put CGS and its directors on notice that the Liquidators reserve all rights as to any further action necessary to:
- (a) recover the funds held by CGS;
 - (b) compel production of the requested documentation; and
 - (c) compel CGS' compliance with Australian laws,
- should the above demand not be satisfied in the time required.
8. Should proceedings be commenced, the Liquidators will rely on this demand and CGS' obstructive conduct to recover their costs on the indemnity basis.

Yours faithfully
Bartier Perry



David de Mestre | Senior Associate
D 9259 9620 F 8281 7838
ddemestre@bartier.com.au



Gavin Stuart | Partner
D 8281 7878 F 8281 7838 M 0407 752 659
gstuart@bartier.com.au

TAB 6



Jonathan Ong <jonathan@augustlaw.com.sg>

Fwd: Prospero Markets Pty Ltd (in Liquidation) - Singapore recovery [BP-BPWSDB.FID1766650]

Rezwan Attai <RAttai@bartier.com.au>

15 August 2024 at 06:42

To: Jonathan Ong <jonathan@augustlaw.com.sg>

Cc: Nawaz Kamil <nawaz@augustlaw.com.sg>, Adam Cutri <ACutri@bartier.com.au>, Cassandra Lee <cassandra@augustlaw.com.sg>, David de Mestre <DdeMestre@bartier.com.au>, Vidya Sasidharan <vidya@augustlaw.com.sg>, Gavin Stuart <GStuart@bartier.com.au>, Ellah Glynn Yosef <EGlynnYosef@bartier.com.au>

Dear Jonathan

Please find below our response to the further information/documents requested:

1. [REDACTED]

[REDACTED]:

a. [REDACTED]

b. [REDACTED]

3. As previously advised, the Liquidators are not aware of any proceedings against Prospero Markets save for the winding up proceedings in Australia. The Liquidators are also not aware of any foreign proceedings in respect of CGS International Securities Singapore Pte. Ltd.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Kind regards

REZWAN ATTAI

Lawyer

Bartier Perry Pty Limited

D +61 2 8281 7860

rattai@bartier.com.au | Website | LinkedIn | X (formerly Twitter)

Level 25, [161 Castlereagh Street](#), Sydney NSW 2000



Bartier Perry Pty Limited is a corporation and not a partnership.

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TAB 7



STATUTORY REPORT TO CREDITORS

PROSPERO MARKETS PTY LTD (IN LIQUIDATION)
ACN: 145 048 577 ("THE COMPANY")

10 July 2024

ANDREW CUMMINS, JONATHON KEENAN
& PETER KREJCI
Joint And Several Liquidators



Phone: 1300 291 012 (toll free) or +61 2 8044 0530 (international)

Email: prosperomarkets@brifnsw.com.au

Website: www.briferrier.com.au

Address: Level 26, 25 Bligh Street
Sydney NSW 2000

INTRODUCTION

We refer to our initial report to creditors dated 8 May 2024 in which our appointment as Liquidators of the Company was advised along with your rights as a creditor in the liquidation.

The purpose of this report is to provide creditors with information regarding the following:

- ▲ The estimated amount of asset and liabilities of the Company;
- ▲ An update on the progress of the Liquidation and further actions that may need to be undertaken;
- ▲ What happened to the business;
- ▲ The likelihood of creditors receiving a dividend before the affairs of the Company are fully wound up; and
- ▲ Possible recovery actions.

This report should be read in conjunction with our initial report. If you have any questions relating to the liquidation in general, or specific questions relating to your position, please do not hesitate to contact this office.

COMPANY DETAILS

Name	Prospero Markets Pty Ltd
Incorporated	6 July 2010
ACN	145 048 577
ABN	11 145 048 577
Registered Office	186 Bellair Street Kensington VIC 3031
Trading Address	186 Bellair Street Kensington VIC 3031

LIQUIDATORS

Name	Andrew Cummins
	Jonathon Keenan
	Peter Krejci
Date Appointed	10 April 2024

ADMINISTRATION CONTACT

Name	Prospero Team
Email	prosperomarkets@brifnsw.com.au
Phone	1300 291 012 (toll free) +61 2 8044 0530 (international)

GLOSSARY OF COMMON ACRONYMS & ABBREVIATIONS

ABN	Australian Business Number
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
AFP	Australian Federal Police
AFSA	Australian Financial Security Authority
AFSL	Australian Financial Services Licence
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Bendigo Bank	Bendigo and Adelaide Bank Limited
CBA	Commonwealth Bank of Australia
Chang Jiang Currency Exchange	Chang Jiang Financial Pty Ltd (In Liquidation)
Company	Prospero Markets Pty Ltd (In Liquidation)
Court	Federal Court of Australia
DCT	Deputy Commissioner of Taxation
DEWR	Department of Employment and Workplace Relations
Director	Xuehao Zhou
DIRRI	Declaration of Independence, Relevant Relationships & Indemnities
FEG	Fair Entitlements Guarantee
Firm	BRI Ferrier
FY	Financial Year
IRN	Initial Remuneration Notice
IPR	Insolvency Practice Rules (Corporations) 2016
IPS	Insolvency Practice Schedule (Corporations) 2016
Link	Link Market Services
LP	Liquidity Providers
MT4	MetaTrader 4
NAB	National Australia Bank Limited
OTC	Over-the-counter
PDS	Product Disclosure Statement
Petitioning Creditor	Australian Securities and Investments Commission
POCA	Proceeds of Crime Act 2002
POD	Proof of Debt

GLOSSARY OF COMMON ACRONYMS & ABBREVIATIONS

PPSR	Personal Properties Securities Register
Prospero Group	Prospero Markets LLC (registered in Saint Vincent and the Grenadines) Prospero Markets Company Limited (registered in New Zealand)
Responsible Managers	Wei (David) Hong, Xuehao (Hal) Zhou, Fulai (Flynn) Sun, Ye (Eric) Qu
ROCAP	Report on Company Activities and Property
Shareholder	Sheng Yi Wang
SVG	Saint Vincent and the Grenadines

QUICK SHEET

Why were Liquidators appointed?	A winding up application was filed by ASIC and Andrew Cummins, Jonathon Keenan and Peter Krejci were appointed as Joint and Several Liquidators on 10 April 2024 pursuant to an order of the Court.
What happened to the business?	The Company's AFSL was suspended in December 2023 and the Company ceased trading as it was no longer able to issue financial products. The suspension followed prosecutions by AFP of certain associated parties, over allegations of money laundering and other offences.
Is the Company solvent or insolvent?	Our investigations indicate that the Company was solvent on our appointment, and there may be sufficient funds to discharge all liabilities. We have not identified any voidable recovery actions to pursue, however this is subject to further requirements of the regulatory bodies involved.
Where are the client funds?	We have secured the client funds held with CBA totalling \$20M. Those trust funds remain frozen while we determine the total client claims and run an orderly distribution process, subject to directions from the Court.
What should clients & creditors do?	We encourage all creditors to submit their claims via the Creditor Portal. All known creditors have been provided login details to the Creditor Portal to lodge documents, including bank account details.
What is the update on client claims?	Less than half the clients have lodged the claim documentation on the Creditor Portal to date. We are currently adjudicating the claims, and have requested further documentation where necessary.
What happens to clients who haven't lodged the claims?	Clients who have not lodged claim and bank detail documentation in the Creditor Portal, may be unable to receive a distribution from the trust assets. This will be subject to the Orders of the Court.
What is the Court Application?	We are applying to Court to obtain orders for the proposed claim adjudication and distribution process. That application may take 6-10 weeks, assuming there is limited opposition.
When will clients receive a distribution?	Clients are anticipated to be paid all amounts owed. This is subject to the final adjudication of claims and Court Orders. We anticipate distributing funds to clients within 4-8 weeks of obtaining the Court Orders. Estimated timeframe September to November 2024.
What about Prospero Markets LLC clients?	We are adjudicating the notified offshore claims. To date, our investigations indicate that they do not have valid claim against the Company or the trust assets.
What is the return for former employees?	We have been assisting FEG to verify employee entitlements and distribute funds. We encourage employees to lodge a claim with FEG ASAP. We anticipate there will be sufficient funds available to pay all priority creditor claims in full. Estimated timeframe December 2024 to January 2025.
What is the return for unsecured creditors?	Our investigation indicates that the Company may have sufficient funds to discharge all unsecured creditor claims in full. However, this is subject to recovery of all assets, adjudication of claims and the total costs incurred. Estimated timeframe March to May 2025.
When is the Creditors meeting?	A meeting of creditors will be held on 31 July 2024 at 1:00PM AEST to consider several matters. The meetings will be held using virtually technology only. To attend, creditors must complete documentation on the Creditor Portal.

EXECUTIVE SUMMARY

As you are aware, we, Andrew Cummins, Jonathon Keenan and Peter Krejci of BRI Ferrier, were appointed Joint and Several Liquidators of the Company on 10 April 2024 pursuant to an Order of the Court. The winding up application was filed by the ASIC on just and equitable grounds, following a range of concerns regarding management and compliance discussed below.

This report has been prepared pursuant to Insolvency Practice Rule 70-40 of IPR. You have received this Report because we are aware that you may have a creditor claim and/or the books and records available identified you as a creditor.

We have also convened a meeting of creditors to be held on 31 July 2024 at 1.00PM AEST. Please find attached as **Annexure "A"** the Notice of Meeting of Creditors for your information. The meeting will be held using virtual technology only. Further details can be found at section 16 of this Report.

We provide below a summary of our preliminary investigation into the Company's affairs and the potential outcomes for creditors and stakeholders.

The Company was originally incorporated in 2010, and had former names Intercapital Markets Co Pty Ltd and Rainbow Legend Group Pty Ltd. Prospero Markets in its current form appears to have commenced in around 2020 following its acquisition. The Company had an AFSL allowing it to offer financial services by way of OTC foreign exchange and derivatives trading. The main market making activities commenced during 2021, and volumes increased significantly during 2022 and 2023.

In 2022/23, an AFP operation known as "Avarus-Nightwolf" resulted in prosecutions of various parties involved in the alleged Chang Jiang Currency Exchange money laundering scheme. Key management involved in the Company, Mr Ding Wang and Mr Ye Qu, are being prosecuted by the AFP for various offences, which resulted in POCA orders. We do not make any comment herein in respect of the alleged AFP offences. Our enquiries are focused on the Company's affairs, and primarily, what returns may be available for creditors, which includes clients as trust creditors.

ASIC commenced a formal investigation of the Company in November 2023. Around that time, the Company's assets, including client funds it held on trust, were frozen with the various Australian banks, in particular with CBA. The Company ceased its market making activities and closed out client positions also during November 2023. ASIC then suspended the Company's AFSL on 20 December 2023. ASIC subsequently applied to the Court to have the Company wound up on just and equitable grounds. We note that the Company opposed the winding up, which resulted in delays in that Court process. We were appointed Joint and Several Liquidators on 10 April 2024.

On preliminary investigations into the Company's affairs indicated that the Company had surplus net assets on our appointment. That position was confirmed by the Director and management, however the records provided to us have been limited in some areas, and the level of assistance from the management has been lacking. We note that the Director has failed to provide a ROCAP and other documentation requested, which are offences that have been reported to ASIC.

We have therefore had to make our own enquiries into the financial affairs, which has been limited by the information available to us. In this regard, we secured access to the MT4 platforms and data so we could capture the underlying data in respect of the client claims. It became apparent that a related entity Prospero Markets LLC (registered in Saint Vincent and the Grenadines) operated a similar

business using the same management team. Our enquiries indicate that the Prospero Markets LLC business has ceased operations, where its funds are tied up in the Chang Jiang Currency Exchange collapse (also now in Liquidation). A number of the clients of Prospero Markets LLC have lodged claims against the Company, which we are currently adjudicating. The available records indicates that the client books for each business were separate, although there are numerous links by virtue of the IT infrastructure and common management. Our preliminary view is that Prospero Markets LLC clients do not have a valid claim against the Company.

Our focus has been to secure the Company's assets, including client funds held in trust. To date, we have secured circa \$4.5M in Company assets and \$20M in client trust funds. There are a further \$400K of Company assets held in Singapore, which we are pursuing recovery via legal process in that jurisdiction.

We have spent considerable time and resources investigating the Company's liability position, the majority of which is represented by client trust claims. The client trust claims are estimated to be between \$19.1M (based on MT4 records) and \$25M (based on client proofs of debt lodged to date). We note that a number of the Australian clients have lodged larger than expected claims (excess claims of \$1.6M), in addition to the Prospero Markets LLC client claims of circa \$4.3M. Our enquiries indicate that the excess Australian client claims and Prospero Market LLC client claims, may not be valid, such that the total client trust claims may be around \$19.4M. Subject to relevant costs being deducted, the bulk of those client claims should be capable of being discharged from the available trust assets. Any residual client claims will be entitled to participate for an unsecured creditor dividend from the Company.

The Company's other liabilities total between \$2M to \$3.1M. Those claims are represented by ASIC's petitioning creditors costs of \$150K to \$275K and priority claims from former employees of around \$1.1M to \$1.3M. Further, there will be various ordinary unsecured creditor claims, including claims resulting from termination of contracts and leases, in the order of \$750K to \$1.6M.

We note that the Company appears to be solvent, and therefore our investigations in respect of its historical affairs have been limited. We have not identified any voidable recoveries at this time. Our preliminary review of the available financial records indicates that the Company incurred around \$25M in accumulated losses between FY2020 to FY2024. Those losses are substantial for a business in the OTC derivatives industry. It is unclear what was the underlying business model, where we note that ASIC changed the legislative framework in 2021, significantly reducing the leverage available to retail clients. The financial statements indicate that the losses were funded by the Company's shareholders over the years, where they contributed circa \$30M to the business. Therefore, assuming that the Company can discharge all creditor claims, our preliminary view is that any further enquiries into the business model and losses incurred, are an issue for the shareholders to be explored at a later point, if necessary. We note that the AFP has obtained POCA orders requiring that any shareholder returns are paid to the Official Trustee at AFSA.

We have incurred delays in the adjudication and distribution process, as less than half the clients have lodged claims in the Liquidation to date. It appears that a significant number of clients encountered challenges completing the identification verification process and submitting documentation on the Link Creditor Portal. Some of those issues appear to relate to clients being located offshore, which is irregular given the Company's PDS and AFSL requiring clients to be Australian based. Regardless, we

have sought to modify our processes to overcome those documentation issues, moving to a manual verification process. Our objective has been to capture as many creditors' claims as possible, such that we can complete our adjudication process and form views on the overall financial position.

As previously reported, we have received advice and formed the view that we need to obtain directions from the Court as to the handling and distribution of trust funds, given the Company's circumstances. Accordingly, our lawyers are currently in the process of finalising that application and creditors will be provided notice of key dates in due course. Importantly, we will be seeking Court Orders that will allow us to adjudicate all client claims, regardless of whether some clients have lodged the necessary proof of debt documentation. We are advised that the Court process is anticipated to take around 6-10 weeks, assuming there is limited opposition, and the trust funds can then be distributed to clients within 4-8 weeks thereafter.

Based on the available information, we currently estimate that all client and creditor claims can be discharged in full from the available assets, including trust funds. We currently anticipate that funds can be distributed as follows:

- ▲ Client trust funds can be distributed by around September to November 2024.
- ▲ Petitioning and priority (employee) creditor claims by around December 2024 to January 2025.
- ▲ Unsecured creditor claims by around March to May 2025. We note that there are a number of compliance activities to complete, including obtaining clearance from statutory authorities, prior to distributing funds to ordinary unsecured creditors.
- ▲ The shareholder is entitled to any surplus that remains thereafter (if any). We note that Official Trustee at AFSA has security over any return that may be available in due course.

Overall, we anticipate that the Liquidation may take another twelve (12) months to complete. We note that that timeframe is subject to delays encountered in the abovementioned Court process, or further investigations required by the various regulatory bodies (including ASIC, AFP, AFSA and ATO).

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1 BASIS OF REPORT

This report has been prepared primarily from information received from the various regulatory bodies (ASIC, AFP and AFSA), the Company's Director, employees and advisors.

In order to complete this report and in conducting our investigations, we have also utilised information from:

- ▲ The books and records of the Company;
- ▲ Discussions with MT4 and IT experts;
- ▲ Various electronic records and data held by external IT providers; and
- ▲ Extracts from publicly available records.

2 DISCLAIMER

A preliminary investigation of the Company's affairs has been conducted and this report and the statements made herein have been prepared based upon available books and records, information provided by the Current/Former Director and their advisors, and from our own enquiries. This report contains information about potential actions/claims which are still being investigated, and may be determined to be unviable or not pursued in due course.

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

Neither we, nor any member or employee of BRI Ferrier accepts responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us, or necessary estimates and assessments made for the purposes of the report.

This report is not for general circulation, publication, reproduction or any use other than to assist creditors in evaluating their position as creditors of the Company and must not be disclosed without the prior approval of the Liquidators.

Creditors should consider seeking their own independent legal advice as to their rights and options available to them.

Should any creditor have material information in relation to the Company's affairs which they consider may impact on our investigations or report, please forward details in writing as soon as possible.

3 DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

We confirm that our DIRRI as previously circularised does not require any update.

4 CORPORATE INFORMATION

The following information has been extracted from ASIC records as at the date of my appointment:

Date of Incorporation	6 July 2010
Type of Company	Australian Proprietary Company
Class	Limited by Shares
Registered Office	186 Bellair Street, Kensington VIC 3031
Principal Place of Business	186 Bellair Street, Kensington VIC 3031

OFFICER	START DATE	CEASE DATE	POSITION(S)
Xuehao Zhou	27/10/2023	Current	Director & Secretary
Sheng Yin Wang	15/03/2021	27/10/2023	Director
Xin Sheng Chen	15/03/2021	09/06/2021	Director
Ye Qu	25/05/2020	15/03/2021	Director
Xiao Chen	16/09/2019	01/06/2020	Director & Secretary
Yunsi Zheng	30/04/2019	18/09/2019	Director & Secretary
David Calver	06/07/2010	16/09/2019	Director
Shiyuan Liu	18/09/2018	11/04/2019	Director & Secretary
Anthony Kwok Sing Wong	16/09/2016	18/09/2018	Director
Paul Suen	01/12/2012	17/09/2016	Director
Benjamin Calver	20/08/2013	25/08/2016	Director

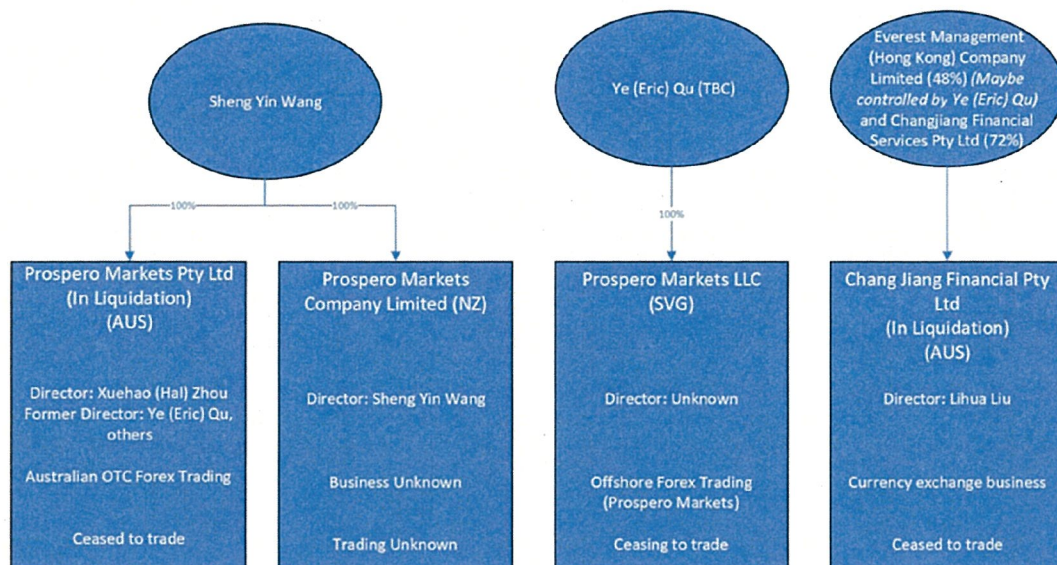
**Note: there are additional former company officers, however their roles ceased more than 10 years ago and as such, we have not reported these details.*

SHAREHOLDERS	CLASS	NO. OF SHARES	BENEFICIALLY OWNED	SHARE	STATUS
Sheng Yin Wang	Ordinary	18,003,356	Yes	100%	Current
Xin Sheng Chen	Ordinary	2,920,622	Yes	16.22%	Former
CJ Prime Financial Pty Ltd	Ordinary	2,920,622	Yes	16.22%	Former
LQY Markets Limited	Ordinary	2,920,622	Yes	16.22%	Former
Raindance Holdings Pty Ltd	Ordinary	2,340,000	Yes	13.00%	Former
Intercapital Markets Holding Limited	Ordinary	300,000	Yes	1.67%	Former
Ning Zhou	Ordinary	1	Yes	0.00%	Former

5 GROUP STRUCTURE

It appears that the Company operated as part of a broader group of businesses, all providing financial services within Australia and offshore, which we will refer to as the “Prospero Group”. Certain associated entities and persons within the Prospero Group have been pursued by regulatory bodies, such as the AFP, AFSA and ASIC, where there have been allegations of money laundering and other offences, which has resulted in various prosecutions and, ultimately, led to this liquidation.

We have prepared below a chart summarising the known structure of the Company and associated entities, which appear relevant to this Liquidation.



6 LEGAL PROCEEDINGS

Pursuant to Section 500(2) of the Act, our appointment as Liquidators automatically stays any current legal proceedings against the Company.

Creditors cannot commence or continue proceedings against the Company without our written consent or without leave of the Court. Other than the ASIC proceedings to wind up the Company, we are not aware of any other legal proceedings involving the Company that are currently on foot.

7 COMPANY HISTORY AND BACKGROUND

Below is a summary of the known background of the Company, based on information made available to us and our own enquiries. We note that the Director has failed to lodge a ROCAP and other documentation with the Liquidators, and the information available to us appears to be incomplete.

- ▲ The Company was incorporated in 2010, as Intercapital Markets Co Pty Ltd. In 2013, the Company was renamed to Rainbow Legend Group Pty Ltd.
- ▲ In July 2020, the Company was again renamed to Prospero Markets Pty Ltd, being the current form of business. The Company held an AFSL allowing it to offer financial services by way of OTC foreign exchange and derivatives trading. The focus of our enquiries has been in respect of the period after 2020, when the business in its current form operated.
- ▲ In respect of the Directors of the Company, there have been a number of changes over recent years:
 - Ye Qu was appointed as the sole Director in May 2020 until March 2021;
 - Sheng Yin Wang and Xin Sheng Chen were Directors from March 2021 to June 2021, where upon Sheng Yin Wang remained as the sole Director to October 2023;
 - Sheng Ying Wang was the sole Director from June 2021 to October 2023; and

- Xuehao Zhou was appointed as the sole Director on 27 October 2023, and remains to date.
- In respect of the Shareholders of the Company:
 - There were various shareholders prior to March 2021;
 - Xin Sheng Chen was the sole shareholder from March 2021 to June 2021; and
 - Sheng Yin Wang was the sole shareholder from June 2021 to date.
- The Company had 2 former Ultimate Holding Company:
 - LQY Markets Limited which appears to end in May 2019. We are advised this entity is controlled by Ye Qu.
 - CJ Prime Financial Pty Ltd which appears to end in March 2021. We are advised this entity is controlled by Sheng Yin Wang.
- Since July 2017, Mr Frank Vrachas of Rothsay Chartered Accountant was the registered auditor of the Company. We have been provided copies of the audited financial statements produced by Rothsay Chartered Accountant for FY2021 and FY2022. Mr Frank Vrachas' registration as an auditor was cancelled in February 2023. A replacement auditor from Charterhouse & Co Auditors Pty Ltd was to be appointed around February 2024, which did not proceed. It appears that the audit of the FY2023 financial statements was not completed.
- The Responsible Managers of the Company were:
 - Ye Qu and Wei Hong were appointed in March 2021; and
 - Fulai Sun was appointed in October 2021.
- The business market operations do not appear to have materially commenced until FY2022. Revenues increased from \$582K in FY2021 to \$4.8M in FY2022, and then significantly increased to around \$28.5M in FY2023. With the prosecution and regulatory issues, the FY2024 revenues were down to \$7.8M. The total revenues during July 2020 to April 2024 were in the order of \$42M.
- The Company reported total costs of around \$65M, largely represented by trading costs of \$39M and overhead costs of \$18M during that same period.
- Overall, the Company incurred substantial trading losses of around \$25M during its 5 years in operation (in its recent form). Those losses were funded by shareholders, who contributed share capital of approximately \$30M during that same time frame.
- The Company appears to have held client funds with CBA during its operations. CBA froze the client funds in October 2023 and we have instructed CBA to keep those funds frozen until further notice.
- The Company's assets were held with NAB and Bendigo Bank. Those funds were similarly frozen in the months leading to our appointment, and have been subsequently recovered by

us. In addition, the Company held significant funds with various Liquidity Providers (mainly offshore), the bulk of which we have recovered.

- In October 2020, Prospero Markets LLC was incorporated in SVG. It is presently unclear what formal relationship there is between the directors and shareholders of the Company and Prospero Markets LLC respectively. However, our investigations to date suggest that Prospero Markets LLC clients traded under an MT4 licence held by the Company, and the Prospero Markets LLC client funds appear to be frozen by reason of the criminal money laundering investigation referred to previously. Certain clients of Prospero Markets LLC have lodged claims in the liquidation of the Company which we are attempting to adjudicate.
- In August 2021, a New Zealand entity was renamed to Prospero Markets Company Limited. This entity appears to be involved in the operation of Prospero Markets LLC and the Company. We note that Prospero Markets Company Limited holds an MT4 licence, which the Company utilises for its clients to trade. Given the dealings between the Company, Prospero Markets Company Limited and Prospero Markets LLC (most of which are undocumented), we have had to attempt to deal with those entities and their management in administering the Company's affairs in liquidation.
- In August 2022, Taskforce Avarus, an AFP-led standing taskforce on money laundering, established Operation "Avarus-Nightwolf" to investigate the Long River money laundering organisation. The AFP Operation ran for 14 months, and involved AUSTRAC, Australian Border Force, Australian Criminal Intelligence Commission, ASIC, ATO and the United States Department of Homeland Security Investigations.
- On 25 October 2023, the AFP charged seven individuals for their roles in relation to alleged money laundering through the Chang Jiang Currency Exchange money remitting chain, as part of their Operation named "Avarus-Nightwolf". We do not make any comment herein in respect of the alleged AFP offences. Our enquiries are focused on the Company's affairs, and primarily, what returns may be available for creditors, which includes clients as trust creditors. Two of those individuals prosecuted by the AFP, were directly involved in the Company's operations:-
 - Ding Wang, the former signatory of the Company's bank accounts held with CBA. Sheng Yin Wang, the former Director and current sole shareholder, is the father of Ding Wang.
 - Ye Qu, the former Director and Responsible Manager of the Company
- From late 2022 to mid-2023, ASIC conducted surveillance of the Company's operations.
- On 16 November 2023, ASIC commenced a formal investigation under Section 13 of the ASIC Act into suspected contraventions of the Act.
- In November 2023, we understand that the Company ceased its market making activities, closing out all open client positions. The Company also gave notice terminating all staff at that time.

- On 20 December 2023, ASIC suspended the Company's AFSL until 28 February 2024. The suspension was later extended until September 2024.
- On 21 December 2023, the Official Trustee in Bankruptcy (AFSA) lodged a security interest, in respect of a POCA order over the shareholding interest following prosecution by AFP.
- ASIC subsequently applied to the Court to have the Company wound up on just and equitable grounds. We note that the Company opposed the winding up, which resulted in delays in that Court process. We were appointed Joint and Several Liquidators on 10 April 2024.
- Our preliminary enquiries indicate that the Company may be solvent, subject to our adjudication of all claims lodged against the Company in the Liquidation process.

8 REASONS FOR FAILURE

The Director has failed to lodge a ROCAP and completed questionnaire with us in respect of this Liquidation. As such, the Director has not formally advised the reasons for failure.

Our enquiries indicate that the Company has been placed into Liquidation, following compliance failures ultimately resulting in the AFSL suspension by ASIC. Without its AFSL, the Company could not continue to trade. Those compliance failures could be attributed to the Company's associations with parties that were prosecuted in the previously mentioned AFP Operation "Avarus-Nightwolf".

We note that, subject to the total claims against the Company and costs of the Liquidation process, that all creditor claims may be discharged in full.

9 CONDUCT OF THE LIQUIDATION

Below is a high-level summary of the key matters attended to by our team during the Liquidation thus far: -

- Liaised with the Company's pre-appointment bankers, CBA, to secure client funds. Obtained access to Company's banking system to review accounts and trace client funds, as necessary.
- Liaised with other pre-appointment bankers, Bendigo Bank and NAB, to secure the Company's operational funds and obtain bank statements.
- Liaised extensively with NAB regarding Liquidity Provider funds not allocated to Company's bank accounts, and ultimately recovered those missing funds.
- Liaised with Liquidity Providers to secure the Company's operational funds. Obtained access to statements and reconcile recoveries to the Reckon management accounts. Engaging with a Singaporean law firm to obtain orders recognising our appointment as Liquidators.
- Review Company records, including email backups for supplier information/contacts, bank/liquidity provider/payment processors statements and other key information.
- Engaged with the Director, Responsible Managers and management as to the Company's affairs and operations, in particular securing the assets and quantifying liabilities.

- Verifying employee entitlements and reviewing Company records to support same.
- Liaising with Payment Processors to determine any funds held. Obtained statements to assist with the tracing of funds and adjudication of creditors' claims.
- Sought legal advice on various trust and contractual issues, including preparing for the application to the Court seeking declarations.
- Established a Creditor Portal with Link Market Services to handle the large volume of claims.
- Extensive correspondence with clients, including preparation of Frequently Asked Questions, assisting with identity verification processes, submitting Proof of Debt Forms and providing relevant supporting documentation.
- Investigated the relationship and dealings between the Company, Prospero Markets Company Limited and Prospero Markets LLC.
- Interrogated the available MT4 data with the assistance of a MT4 expert, to confirm the level of client liabilities.
- Commence process of adjudication of client claims, including preparation of flowchart and other workpapers to assess client claims.
- Liaising with ASIC regarding background to the appointment, providing access to books and records and petitioning creditors costs.
- Attended the Company's physical trading premises in Sydney and Melbourne to secure Company books and records. Liaised with the respective landlords, vacated the premises and disclaimed our interest in the leases.
- Liaising with independent valuer and organise inspections of the trading premises to determine realisable value of the physical assets.
- Liaising extensively with the Company's pre-appointment IT service providers to secure Company records.
- Liaising extensively with Metaquotes to secure continued access to MT4.
- Explore the possible sale of the Company's AFSL and MT4 licenses.
- Engage with the Official Trustee in Bankruptcy and the AFP to discuss the POCA Orders and their implication on liquidation.
- Liaising with AFP regarding specific assets located in the Company's Melbourne trading premises.
- Report to ASIC the Director's failure to provide a completed ROCAP.

10 HISTORICAL FINANCIAL INFORMATION

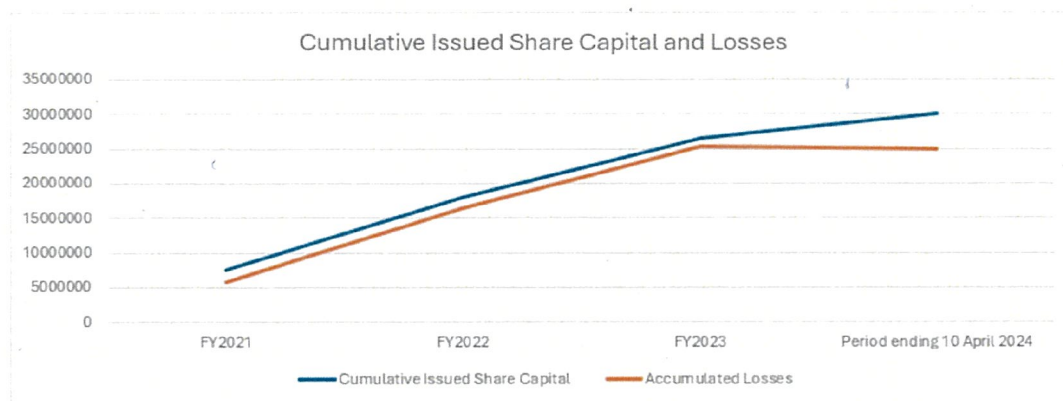
We have reviewed the Company's externally prepared audited financial reports for the financial years ended 30 June 2021 and 30 June 2022, draft unaudited financial statements for financial year ended 30 June 2023 and draft management accounts for the part year ended 10 April 2024.

10.1 BALANCE SHEETS

Attached as "Annexure D" is a comparative analysis of the Balance Sheets for the abovementioned periods.

We provide the following commentary with respect to the attached comparative Balance Sheets:

- ▶ The Company had minimal assets and liabilities in FY2021, as it appears to have only started trading that year. During FY2022 the operations commenced, resulting in material changes to the balance sheet.
- ▶ The Company's assets largely consisted of cash and cash equivalents, which increased from \$558K in FY2021 to \$21M by April 2024, which are largely represented by clients trust funds. Additionally, the Company held cash assets by way of funds held with short-term Liquidity Providers which fluctuated from \$2.8M to \$3.9M during that same period.
- ▶ The Company's liabilities largely consisted of client trust liabilities, which increased from \$480K in FY2021 to \$19M by April 2024, consistent with its OTC market operations.
- ▶ The Company reported related party loan liabilities of \$1.6M in FY2021, which increased to \$2.75M in FY2022. During FY2023, \$2.35M was converted to equity and \$400K was repaid to CJF International Pty Ltd.
- ▶ The Company reported a liability to WX Trading Pty Ltd of \$2.9M at June 2023, which appears to relate to some form of cryptocurrency trading position. The management accounts indicate that the liability was discharged in July 2023, and we have not been advised of any current cryptocurrency assets available in the Liquidation.
- ▶ The Company reported an increase in the employee entitlement liabilities from \$43K in FY2021 to \$1.1M by April 2024. We note that a significant portion of the April 2024 balance relates to redundancy entitlements that are owed to the terminated staff.
- ▶ The Company consistently reported a net asset surplus from FY2021 to April 2024. The surplus was maintained by the continual issuing of share capital (equity), totalling \$30M from FY2021 to April 2024. That equity was used in the business to offset the losses incurred, amounting to around \$25M by April 2024 (refer to the graph below for equity comparison).



10.2 PROFIT AND LOSS STATEMENTS

Attached as “Annexure E” is a comparative analysis of the Profit and Loss Statements for the abovementioned periods.

We make the following commentary with respect to the attached comparative Profit and Loss Statements:

- As noted previously, the market operations do not appear to have materially commenced until FY2022. We note revenues increased from \$582K in FY2021 to \$4.8M in FY2022. However, during FY2023 the revenues increased to around \$28.5M, and then retracted to \$7.8M during FY2024 reflective of the regulatory issues and cessation of trading during that period. Total reported revenues during July 2020 to April 2024 were in the order of \$42M.
- The major cost category was reported as “Trading costs”, amounting to approximately \$39M over the period July 2020 to April 2024. The supporting ledgers indicate that these costs related to the Liquidity Providers in making the markets for clients, however further enquiries may be required.
- The operating costs included staffing, technology and occupancy costs which is common for such businesses. Those costs totalled around \$18M during the period July 2020 to April 2024.
- Overall, the Company reported total costs of around \$65M, as compared to revenues of only \$42M. The total accumulated losses of \$25M (including around \$3M incurred prior to June 2020) are substantial. Some of the losses could be attributed to new business start-up costs. Regardless, the underlying business case appears to be lacking, or insufficient to carry the overhead costs.
- The substantial trading losses of \$25M over its 5 years in operation, were funded by contributions of share capital (equity) over that time. Therefore, whilst such large losses appear irregular for this business in the OTC industry, this is primarily an issue for the shareholders, assuming the Company remains solvent. We have not investigated this any further at this time, however this may be considered after creditor claims are discharged.

11 CURRENT FINANCIAL POSITION

Below is our analysis of the current financial position of the Company, with regard to available financial records and our enquiries to date.

Prospero Markets Pty Ltd (In Liquidation)				
A.C.N. 145 048 577				
Summary of Director's Report on Company Activities and Property				
	Report Reference	Book Value as at 10/04/2024 (\$)	Director's ERV (per ROCAP) (\$)	Liquidator's ERV (\$)
Assets				
Client Trust Funds	11.1.1	19,457,096	ROCAP not provided by Director	19,653,620
Client Trust Funds USD	11.1.1	303,521		315,580
Cash and Cash Equivalents	11.1.2	1,296,064		2,588,421
Cash and Cash Equivalents USD	11.1.2	164,434		-
Money Processors	11.1.3	53,289		-
Liquidity Providers	11.1.4	3,921,873		2,420,234
Property, Plant & Equipment	11.1.5	317,367		6,000
Prepayments	11.1.6	199,379		3,881
Tax Asset	11.1.7	130,738		130,738
Total Assets		25,843,760.79		25,118,474.93
Liabilities				
Priority Creditors	11.2.1	1,092,646.03	ROCAP not provided by Director	1,300,000.00
Secured Creditors	11.2.2	-		-
Unsecured Creditors	11.2.3			
Client Liabilities	11.2.3.1	18,909,983.12		19,065,606.64
Trade Creditors	11.2.3.2	737,473.92		1,100,000.00
Landlords	11.2.3.2	-		500,000.00
Total Liabilities		20,740,103.07		21,965,606.64
Estimated Net Asset Surplus / (Deficiency)				
		5,103,658		3,152,868

11.1 ASSETS

11.1.1 Client Trust Funds/Client Trust Funds USD

The Company's management accounts reported Client Trust Funds of approximately AUD\$19.8M, in four (4) accounts held with CBA on our appointment. These trust accounts had been frozen since October 2023 in accordance with Court Orders and voluntary undertakings with ASIC.

CBA have confirmed the total balance of these trust accounts is approximately \$20M currently. We issued instructions to CBA that the freeze is to remain over these trust accounts.

Our investigations indicate that these funds are held on trust on behalf of the clients to meet client trust claims. As discussed previously, we will be shortly filing a Court application to seek judicial advice

and directions in respect of the characterisation and treatment of client funds and the client distribution process, including costs. This is further discussed in section 13 of this report.

11.1.2 Cash and Cash Equivalents/ Cash and Cash Equivalents USD

The management accounts report the total cash equivalents held on our appointment was \$1,460,498. We made enquiries with all major banks in Australia seeking details of any accounts maintained by the Company. We have identified that the Company holds the following amounts in various bank accounts which we have recovered or secured:

Bank	Realisable Amount (\$)	Status
CBA	20,586.63	This account is frozen.
CBA	153,227.67	Term deposit for cash backed rental bond for Melbourne leased premises, recovered by Melbourne landlord.
CBA	120,351.00	Term deposit for cash backed rental bond for Sydney leased premises, still held in CBA.
NAB	1,278,630.52	Balance includes missing funds which had been transferred from the liquidity provider, CMC, in January 2024 totalling USD\$746,262. This is discussed further below.
Bendigo Bank	1,000,198.79	Balance recovered less \$500 remaining in account to cover bank fees.
Total	\$2,572,994.61	

Based on enquiries to date, we are not aware of any other bank accounts held by the Company as at the date of our appointment.

When attending the Melbourne leased premises, we recovered cash on hand that was secured in a safe, totalling \$15,426.45. AFP confirmed that they did not have any claim to those funds.

11.1.3 Money Processors

The Company's management accounts reported money processors, totalling \$53K held by Checkout and Novatti at our appointment. We have written to these parties following our appointment and have been advised that there are no funds held by these parties on behalf of the Company. At this stage, it appears this is an accounting error, which is not a recoverable asset.

11.1.4 Liquidity Providers

The Company's management accounts reported Liquidity Providers with a total balance of circa \$3.9M at our appointment. Our enquiries indicate that the accounts are materially incorrect, where some

funds were already disbursed and there are also facility costs and adverse market movements not accounted for against the respective balances.

We have written to the Liquidity Providers to confirm amounts held and recover funds to the Liquidation bank account. We set out below a summary of the status of the Liquidity Providers.

Liquidity Provider	Book Value (\$)	Realisable Amount (\$)	Status
iSAM	982,202.80	730,701.07	Recovered into Liquidation bank account. The difference in the book value relates to adverse fluctuations in the hedge positions held by the Company and trade settlement fees.
Finalto	1,412,318.87	1,140,279.32	Recovered into Liquidation bank account. The difference in the book value relates to adverse fluctuations in the hedge positions held by the Company and trade settlement fees.
Vantage	156,589.75	150,203.07	Recovered into Liquidation bank account.
CGS-CIMB	463,567.29	399,050.91	CGS have confirmed the account is frozen, however require orders from a Singapore Court (their operational jurisdiction) in order to comply with our requests. Accordingly, we have engaged lawyers in Singapore to assist with this process. We will be required to file an application in Singapore and are advised orders can be obtained in four (4) to six (6) weeks thereafter. The estimated cost is SGD15,000.
CMC	1,144,357.72	-	As mentioned above, the CMC liquidity provider funds totalling USD\$746,262 (circa AUD\$1.1M) were transferred to NAB in January 2024. These funds were recovered by us as cash at bank.
FXCM Funding	35,163.90	-	Demand issued, however no response to date.
Invast	44,879.09	-	The account was closed prior to our appointment on 5 December 2024 with the closing balance transferred into the

Liquidity Provider	Book Value (\$)	Realisable Amount (\$)	Status
			Company's account. There will be no further recovery.
LP Deposits - Other	(317,206.57)	-	This is likely to represent provisions for the adverse market movements, and no recovery is anticipated.
Total	3,921,872.85	2,420,234.37	

We note that the management attempted to transfer the CMC Liquidity Provider funds to NAB accounts in January 2024. For various reasons, including that the NAB bank accounts were frozen, the funds were effectively lost into a suspense facility with NAB. After we conducted traces and engaged in substantial correspondence with NAB, we were able to confirm they held the Company's funds, and later recovered same. We have accounted for those funds as cash at bank, as they were not held by a Liquidity Provider when we were appointed.

We note that the amounts reported as held by Liquidity Providers in the management accounts appear to be overstated by around \$300K. This appears to be an accounting issue, whereby the costs of those facilities and any adverse market movement against the Company, have not been reconciled. At this stage we do not anticipate any further recovery from the Liquidity Providers with the exception of funds held in Singapore with CGS-CIMB.

11.1.5 Property, Plant & Equipment

The Company's management accounts reported PPE with a written down value of \$317K consisting of various office furniture, IT equipment and leasehold fitouts located in the leased premises at Sydney and Melbourne. We engaged an independent valuer from O'Maras to assess the value of PPE located at both premises and provide a valuation report.

Following our appointment, the landlord of the Sydney premises asserted ownership over the furniture and fixtures. Our enquiries indicate there is minimal value on a forced liquidation basis and the cost to resolve the dispute with the landlord would likely exceed the recoverable value of the items located at the premises. Accordingly, we have issued a disclaimer for the Sydney premises lease and there will no recovery from these assets.

The landlord of the Melbourne premises declined to allow an auction onsite. Similarly, the cost to remove and realise the PPE located in the Melbourne premises was likely to exceed the recoverable value. Accordingly, we have issued a disclaimer for the Melbourne premises lease and there will no recovery from these assets.

In relation to IT equipment, over sixty (60) computers have been relocated to our office to secure the electronic records. Once the electronic records have been backed up to an external system, the computers will be securely wiped and sold. We anticipate a minor recovery of circa \$6K from these assets.

11.1.6 Prepayments

The Company's management accounts reported prepayments totalling \$199K, which mainly consists of legal deposits made to the Company's pre-appointment lawyers. We have recovered a balance of \$3,881.40 held in Sophie Grace's trust account, however the majority relates to payments made to Hamilton Locke in the months prior to our appointment.

Hamilton Locke have provided a detailed trust account statement which shows \$160K was received from the Company in March and April 2024. From these funds, an amount of \$119K was used to pay Hamilton Locke in respect of outstanding invoices on 23 April 2024. Further, Hamilton Locke have advised there is a further outstanding invoice of circa \$22K, which they have requested to be paid from the remaining balance of \$40K in their trust account. We are seeking recovery of the net funds and have sought legal advice in this regard.

The other prepayments relate to sundry subscriptions and costs which are not recoverable.

11.1.7 Tax Assets

The Company's management accounts recorded this asset as TFN withholding tax totalling \$130K. It appears that this asset may be recoverable in due course when the outstanding tax lodgements are completed. This will take some time.

11.2 LIABILITIES

11.2.1 Priority Creditors

As mentioned in our previous report to creditors, all employees were terminated prior to our appointment. We engaged the Company's former internal bookkeeper to assist with reconciling and updating the Company's management accounts up to the date of our appointment. This work has since been completed however we note there have been difficulties, as access to certain records has been limited.

We have reviewed the Company's records and are currently conducting verification of the outstanding employee entitlements. Below is a summary estimate of the total employee claims, which are still subject to review.

Employee Entitlements	Amount (\$)
Unpaid Wages	453,205.09
Superannuation	92,893.30
Annual Leave	330,571.00
Payment in Lieu of Notice	-
Redundancy	413,972.95
Total	1,290,642.33

We provide our comments as follows:

- ▲ It appears that no wages were paid for staff that worked during the month of November 2023.
- ▲ All staff were provided notice of termination of their employment on 18 November 2024, and they continued to work during their notice period. Therefore, there is no payment in lieu of notice claims.
- ▲ Certain employees were purportedly re-hired by the Company after their termination to assist with administrative and compliance matters during the ongoing legal proceedings with ASIC. We are advised that these employees were not paid wages for this period which lasted several months. We are continuing to investigate this matter.
- ▲ The annual leave balances for certain employees appeared to be unusually high. We are testing those claims against the available records and may seek further information from claimants.

Former employees of the Company have a statutory priority of payment in respect of outstanding entitlements such as wages, superannuation, annual leave, long service leave, payment in lieu of notice and redundancy. In the event that there are insufficient funds to pay a dividend to priority (employee) creditors in a winding up, employees (excluding the Directors and related parties) may lodge a claim under the FEG scheme with the Department in respect of certain entitlements that they are owed, subject to them meeting the eligibility requirements of the FEG scheme. FEG does not pay outstanding superannuation.

Whilst we believe the Company will have sufficient funds to discharge all employee claims, this will not be possible for some time. As such, we encourage employees to lodge claims with FEG, if they have not already done so. We are currently completing the FEG verification of outstanding entitlements. Employees should note that the amounts to be distributed by FEG are subject to FEG's assessment and final determination.

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

11.2.2 Secured Creditors

Searches of PPSR indicate there was one (1) security interest registered over the Company prior to our appointment by The Official Trustee in Bankruptcy. We have made enquiries with AFSA and our understanding is this security interest relates to POCA orders made by the Supreme Court of Victoria on 24 October 2023 which restricts the disposal of various assets owned by Ye Qu and Ding Wang, including the shares in the Company.

We have sought legal advice on this matter and have formed the view that this security interest does not prevent us from conducting an orderly winding up the Company and making distributions to clients and creditors. Should there be a surplus for shareholders in the Liquidation, we will then liaise with AFSA to determine the appropriate party to receive the surplus funds.

11.2.3 Unsecured Creditors

11.2.3.1 Client Liabilities

We have been using an online Creditor Portal hosted by Link for the purposes of capturing clients' claims and uploading documentation (including banking instructions) to assist with conducting the adjudication process and ultimately, distributing the client funds. We have also received a significant volume of enquiries from clients in respect of the Creditor Portal, in particular with the identity verification process. We have attempted to assist clients where possible, however we are aware of issues using overseas identity documents. This has necessitated a separate manual verification process for these clients which is also ongoing.

According to the Company's MT4 records, there are potentially 1,384 clients with claims, totalling approximately \$19.1M. To date, approximately 650 clients have lodged their claim via the online creditor portal with claims totalling circa \$17.8M. We have undertaken substantial work on the adjudication of these claims, and are in the process of reviewing the documentation submitted and reconciling with the Company's records, including confirming that funds were deposited by clients into an account held by the Company. We have reviewed over 400 claims submitted by clients, totalling circa \$10M, which largely appear to match with the Company's records.

We note that of the claims lodged to date, an additional \$1.6M in value is included which is greater than the Company's records. Our enquiries indicate that those excess claims may include errors or other damages style claims, which will require further review and documentation.

We have also been engaging with clients to provide further documentation to support their claims. This process is ongoing and we expect will take some time, considering the number of anticipated claims from clients. We are also working on a proposed distribution process, which is discussed further in section 13.1 of this report.

11.2.3.2 Trade Creditors

The Company's management accounts indicate that trade creditors are owed \$737K by the Company, which appear to relate to various IT services, unpaid rent and other debts incurred in the ordinary course of business. We note that the Company had various contractual arrangements for several IT services and once these services are terminated, there are likely to be early termination/damages claims. In this regard, such claims could be substantial and we have estimated a value of \$1.1M for reporting purposes.

To date, trade creditors have lodged claims via the Creditor Portal, totalling approximately \$3.3M, of which \$2.6M relates to a claim lodged by the landlord of the Melbourne premises in respect of damages for early termination of the lease. We understand the Melbourne premises will be re-leased from 1 August 2024 and the claim from the landlord will be reduced significantly. Similarly, the landlord for the Sydney premises will have a claim for early termination of the lease. At this stage, we have estimated claims from the landlords of the Sydney and Melbourne premises to be \$500,000 for reporting purposes. We note that landlords also hold bank guarantees which will be accounted for against the claims.

We anticipate that there will be a dividend for unsecured creditors. As such, please see attached a Notice Inviting Formal Proof of Debt attached as **Annexure "C"**, whereby we require creditors who

have not already done so, to lodge their claim with relevant supporting documentation on the Creditor Portal by 24 July 2024.

12 INVESTIGATIONS AND RECOVERY ACTIONS

As Liquidators, we are required to review certain transactions to determine whether or not claims for statutory recoveries may be made for the benefit of creditors. Attached as “**Annexure J**” is the ARITA creditor information sheet on Offences, Recoverable Transactions and Insolvent Trading.

Whilst a potential claim may be identified having regard to the Company’s records, any net recovery ultimately depends upon:

- ▲ The costs involved in pursuing a claim; and
- ▲ The capacity of the defendant to meet such a claim.

12.1 INVESTIGATIONS UNDERTAKEN

During the course of these investigations, we have:

- ▲ Reviewed management accounts maintained electronically on Reckon;
- ▲ Reviewed other Company records made available to us;
- ▲ Written to the relevant authorities requesting information required for investigations;
- ▲ Carried out ASIC and other searches available to us in relation to the Company;
- ▲ Reviewed affidavits lodged by ASIC in relation to ASIC’s investigation of the Company;
- ▲ Performed a review of the bank accounts of management accounts to identify irregular and/or voidable transactions.

12.2 BOOKS AND RECORDS

Section 286 of the Act requires a company is to keep written financial records that:

- ▲ correctly record and explain its transactions, financial position and performance; and
- ▲ 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 and records were not maintained (Section 588E of the Act).

Following a review of the Company’s books and records available to us, we are of the view that the Company has kept books and records in compliance with Section 286 of the Act.

12.3 INSOLVENCY & POTENTIAL INSOLVENT TRADING

Pursuant to Section 588G of the Act, a director may be personally liable for insolvent trading by a company where:

- ▲ A person is a director at the time a company incurs a debt;
- ▲ The company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;

- ▲ At the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- ▲ The director was aware such grounds for suspicion existed; and
- ▲ A reasonable person in a like position would have been so aware.

The Act provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

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

Based on our investigations conducted to date, our preliminary view is that the Company was solvent on our appointment. Therefore, there is no insolvent trading claim to pursue. Further, subject to the total creditor claims admitted and costs of the Liquidation process, all liabilities may be discharged in full, such that surplus funds may be available for the shareholder (or AFSA pursuant to the POCA orders).

Should the situation change, we will update creditors and/or shareholders in future reports (if necessary).

12.4 VOIDABLE TRANSACTIONS & POTENTIAL OFFENCES

Voidable transactions include transactions such as unfair preferences, uncommercial transactions, unfair loans, unreasonable director related transactions and circulating security interests created within six months before the relation-back day, which is the date of the appointment of the Liquidators.

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 and up to ten (10) years if the transactions were entered into with related parties with the intention of fraud.

As mentioned above, it appears that the Company is solvent, and therefore most of the voidable recovery actions are not available.

We note that the Company incurred around \$25M in accumulated losses between FY2020 to FY2024 which is substantial. The losses were funded by the Company's shareholders over the years, where they contributed circa \$30M to the business. Therefore, to the extent that there was a failure or offence by management resulting in the collapse, any loss was suffered by shareholders, rather than creditors. This includes the various compliance failures asserted by ASIC following its investigation, which could potentially be framed as breach of duty claims against the Director(s) at the relevant times. Further enquiries into the business model and losses incurred, or other potential offences, may be investigated after the creditor claims are discharged, subject to the views of the shareholder at that point (that interest now controlled by AFSA pursuant to the POCA orders).

Therefore, we have not identified any offences or recovery actions to be pursued at this time. Should that position change, we will update creditors and shareholders in due course.

13 APPLICATION TO COURT

After seeking legal advice, we formed the view that a Court application is required to seek judicial advice and directions. This is in circumstances where:

- ▲ Client claims are significant as measured against the trust funds, however the overall quantum will not be known until an adjudication process is complete;
- ▲ Claims have been submitted by clients of the related SVG entity (Prospero Markets LLC) which we presently believe (based on currently available information and subject to further investigation) do not represent entitlements to return of funds held by this Company;
- ▲ Certain clients appear to be claiming amounts relating to “credit” or “bonus” schemes, where the documentation is lacking and further consideration of the applicable ‘terms and conditions’ is required before forming a view as to whether those “credit” or “bonus” amounts are also payable to Company clients;
- ▲ Securing some of the Company’s electronic records has been difficult and costly, held by third parties located offshore;
- ▲ There are potential mixing issues in relation to the operation of the MT4 licences used by the Company and a related New Zealand entity (Prospero Markets Company Limited); and
- ▲ There may be practical difficulties and costs in dealing with clients with small account balances.

The above is not an exhaustive list of the issues encountered to date.

Accordingly, we are applying to the Court seeking orders on the process to adjudicate client claims and distribute trust funds, and to discharge costs incurred from the available Company and trust funds. Importantly, we will seek Orders that will allow us to adjudicate all client claims, regardless of whether some clients have failed to lodge the necessary proof of debt documentation.

Our lawyers are preparing the application to the Court, including a detailed affidavit to set out the background and the work undertaken in the Liquidation to date. We are progressing to the extent possible, our adjudication of the claims lodged by clients of both the Company and Prospero Markets LLC in the meantime to maximise efficiency/accuracy and avoid delay. We note that Prospero Markets LLC appears to have interests intertwined with the Chang Jiang Currency Exchange matter, where the entity’s funds are frozen. We note that our current enquiries indicate that Prospero Markets LLC claims are not valid against the Company, however if this position is incorrect, then this could lead to a deficit in client funds and is part of the basis on which we have determined that it is appropriate to obtain court approval and directions in relation to the return of client funds.

We have invited all clients to lodge claims and submit supporting documentation on the Creditor Portal hosted by Link Market Services. To date less than half the clients have completed the claim lodgement process. It appears that a portion of clients have been unable to complete the identification verification, largely due to those parties not having current Australian identity documents. This has necessitated a separate manual verification and adjudication process, which is currently ongoing and naturally takes additional time to complete.

Based on our review of claims lodged by the clients of Prospero Markets LLC, we have been unable to verify how those clients deposited funds into an account held by the Company, or placed trades on markets made by the Company. Requests have been issued to these clients for further evidence to support their claim against the Company and the adjudication of these claims are ongoing whilst we await responses.

In this regard, we expect to file the application imminently (that is, within the next seven (7) days from the date of this report) and we will request that the application is heard on an urgent basis, given the need to distribute funds to clients. Assuming there is limited opposition and no need for representative creditors to be appointed in respect of offshore clients of Prospero Markets LLC, then we are optimistic that the Court may make orders within six (6) to ten (10) weeks. Upon receiving Court directions, we anticipate distributing to clients within four (4) to eight (8) weeks thereafter. An outline of the process is detailed below.

13.1 PROPOSED DISTRIBUTION PROCESS

We set out below a brief summary of our proposed adjudication and distribution process which will be put to the Court for their consideration and Orders:-

- We complete our review of the Company's records and client claims;
- We issue a Distribution Notice to all clients to advise the proposed value of their entitlement for the purpose of a distribution;
- If a client disputes the value of their entitlement, they will have a period of fourteen (14) days to login to the Link online creditor portal to submit their revised claim and upload supporting documentation;
- We will review disputed claims lodged by clients and assess whether the dispute is valid, then issue a further notice which will either:
 - a. Confirm that we agree with the revised claim for their entitlement; or
 - b. Set out the reasons why we do not accept their dispute and will proceed with the original value of their entitlement and if the client still considers their dispute is valid, then they may apply to the Court for further action within fourteen (14) days;
- Within twenty-eight (28) days of issuing the Distribution Notice, we will proceed to distribution based on the value of the entitlement of each client as recorded in the Link online creditor portal.

14 RECEIPTS AND PAYMENTS

Attached as **Annexure "F"** is a summary of receipts and payments during the Liquidation period to the date of this Report.

We are required to lodge a statement of account with ASIC annually during the Liquidation. To date, our appointment has not exceeded (12) twelve months and as such, we are not required to lodge same but will do so if necessary, in accordance with the statutory timeframe.

15 REMUNERATION OF LIQUIDATORS

In compliance with the ARITA Code of Professional Practice and the requirements of the Act, we are required to provide detailed information in respect of our remuneration. We attach our Remuneration Approval Report as **Annexure “H”** which details the major tasks that have been and will be conducted in this Liquidation. Our remuneration is calculated on the time spent by staff at hourly rates used by BRI Ferrier, as detailed in our Remuneration Matrix. This document is contained within the Remuneration Report. In addition, a schedule of hourly rates is attached as **Annexure “I”**.

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

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

- <http://www.asic.gov.au/insolvencyinfosheets>
- https://arita.com.au/ARITA/ARITA/Insolvency_help/Insolvency_explained/Insolvency-Fact-Sheets.aspx

Please note that if our professional fees are not approved by creditors, then we may approach the Court for those approvals. We note that this will likely incur additional costs, which will be borne from the available assets.

16 MEETING OF CREDITORS

A Meeting of Creditors of the Company will be held on Wednesday, 31 July 2024 at 1:00PM (AEST). The formal Notice of Meeting is attached as **Annexure “A”** for your reference. The meeting will be held via virtual meeting technology on the Creditor Portal.

To participate as a Creditor, you should:

- Lodge a Proof of Debt detailing your claim to be a Creditor. To submit a POD, please log into the Creditor Portal: <https://exad.com.au/bri/prospero/> using your Creditor ID and Passcode, and proceed with the “Register your debt” option on the Creditor Dashboard. If you have lodged your claim with supporting documentation, you are not required to submit them again.
- Creditors may attend and vote in person, by proxy or by attorney. To submit a Proxy, please login into the Creditor Portal: <https://exad.com.au/bri/prospero/> using your Creditor ID and Passcode, and proceed with the “Exercise your vote” option on the Creditor Dashboard. Persons attending on behalf of a corporate entity are required to submit a proxy on behalf of that entity.
- A specific proxy can be lodged showing approval or rejection of each proposal. Creditors, in lodging specific proxies, need to be mindful that their intended voting patterns can become

academic or “contradictory” where the outcome of an earlier vote (in the order of proceedings) is determined in a way which could influence or change their intended voting. Proxy forms must be lodged by 4:00PM (AEST) one (1) business day prior to the meeting.

16.1 INSTRUCTIONS TO ATTEND MEETING

In order to attend the meeting virtually, please see below detailed instructions. Attached as **Annexure “B”** is the Link instructions with screenshots.

- Shortly prior to 1:00PM (AEST) on 31 July 2024, log into the Creditor Portal <https://exad.com.au/bri/prospero/>
- Click on ‘Attend Meeting’ under ‘Upcoming Meeting of Creditors.’
- This link will direct you to a Zoom meeting facility, when the meeting is to commence. You will be placed into a waiting room until you are admitted into the meeting.
- During the meeting, voting on various resolutions will take place. You are able to vote in advance (up until 4:00PM on the day prior to the meeting) or ‘live’ during the meeting.
- To vote, please select on the ‘Exercise your vote’ option and indicate if you represent:
 1. The Creditor Personally – if you are voting in your own capacity; or
 2. A representative of the Creditor – if you are voting on someone or a Company’s behalf. You will then be required to enter the proxy and their email and select either ‘Special Proxy’ or ‘General Proxy’:
 - General Proxy holders will receive an email to exercise the votes on your behalf, once you select Submit Information.
 - If a Special Proxy is selected, you will need to indicate how you vote on each of the resolutions: ‘for,’ ‘against’ or ‘abstain’ against each resolution.
 3. The Chairperson – if you wish to vote but are unable to attend the meeting.
- Please indicate if you wish to vote ‘for,’ ‘against’ or ‘abstain’ against each resolution.
- Select ‘Submit information’ to record your vote. You are able to amend your vote up until 4:00PM the day prior or during the meeting, until voting is closed by the Chairperson.

16.2 APPROVAL OF ENGAGEMENTS

Pursuant to Section 477(2B) of the Act, we are required to seek approval from creditors, COI or the Court to enter agreements which have a duration of more than three (3) months. As mentioned previously, we have necessarily retained various parties where we expect these retainers will exceed a period of three (3) months and therefore, require approval by creditors.

A brief summary of these engagements are as follows:

Bartier Perry

We have engaged Bartier Perry to assist with providing legal advice on various aspects of the Liquidation, including the application to Court. The costs of the engagement are charged on a time cost basis, and include counsel fees and disbursements, which we understand are reasonable market rates.

The resolution to be considered by creditors is as follows:

"That the Liquidators be authorised to enter into an agreement with Bartier Perry as disclosed in the Statutory Report to Creditors dated 10 July 2024 pursuant to Section 477(2B) of the Corporations Act."

We estimate costs may be between \$275K to \$330K (incl. GST) for the legal work involved. We believe this retainer is necessary to assist with the Liquidation process for the benefit of creditors and the estimated costs are reasonable. As such, we recommend that creditors approve the engagement of Bartier Perry.

Link Market Services

We have engaged Link Market Services to provide technology support via the online creditor portal for the purposes of capturing clients' claims and uploading documentation (including banking instructions) to assist with conducting the adjudication process and ultimately, distributing the client funds. The costs of the engagement are charged on a usage basis, which we understand are reasonable market rates.

The resolution to be considered by creditors is as follows:

"That the Liquidators be authorised to enter into an agreement with Link Market Services as disclosed in the Statutory Report to Creditors dated 10 July 2024 pursuant to Section 477(2B) of the Corporations Act."

We estimate costs may be between \$55K to \$66K (incl. GST) for the service. We believe this retainer is necessary to assist with the Liquidation process for the benefit of creditors and the estimated costs are reasonable. As such, we recommend that creditors approve the engagement of Link Market Services.

Infini Solutions

We have engaged Infini Solutions to assist with an independent analysis of the Company's MT4 data. The costs of the engagement are charged on a time cost basis, which we understand are reasonable market rates.

The resolution to be considered by creditors is as follows:

"That the Liquidators be authorised to enter into an agreement with Infini Solutions as disclosed in the Statutory Report to Creditors dated 10 July 2024 pursuant to Section 477(2B) of the Corporations Act."

We estimate costs may be between \$22K to \$33K (incl. GST) for the work involved. We believe this retainer is necessary to assist with the Liquidation process for the benefit of creditors and the

estimated costs are reasonable. As such, we recommend that creditors approve the engagement of Infini Solutions.

August Law

We have engaged August Law to assist with the recovery of the Company's funds held by the Liquidity Provider, CMC, in Singapore. The costs of the engagement are charged on a time cost basis, which we understand are reasonable market rates.

The resolution to be considered by creditors is as follows:

"That the Liquidators be authorised to enter into an agreement with August Law as disclosed in the Statutory Report to Creditors dated 10 July 2024 pursuant to Section 477(2B) of the Corporations Act."

We estimate costs may be between SGD15K to SGD20K for the legal work involved. We believe this retainer is necessary to assist with the Liquidation process for the benefit of creditors and the estimated costs are reasonable. As such, we recommend that creditors approve the engagement of August Law.

Cyter

We have engaged Cyter to assist with securing the Company's electronic records and data analysis. The costs of the engagement are charged on a time cost basis, which we understand are reasonable market rates.

The resolution to be considered by creditors is as follows:

"That the Liquidators be authorised to enter into an agreement with Cyter as disclosed in the Statutory Report to Creditors dated 10 July 2024 pursuant to Section 477(2B) of the Corporations Act."

We estimate costs may be between \$22K to \$33K (incl. GST) for the work involved. We believe this retainer is necessary to assist with the Liquidation process for the benefit of creditors and the estimated costs are reasonable. As such, we recommend that creditors approve the engagement of Cyter.

17 ESTIMATED RETURN TO CREDITORS

Attached as **Annexure "G"** is an analysis of the estimated return to creditors and shareholders that may be available in the Liquidation.

Based on recoveries to date, we anticipate there are sufficient funds to discharge all known creditor claims from the available assets, including trust funds. The timing for return to creditors is anticipated to be as follows:

1. Client trust funds can be distributed by around September to November 2024.
2. Petitioning and priority (employee) creditor claims by around December 2024 to January 2025.

3. Unsecured creditor claims by around March to May 2025. We note that there are a number of compliance activities to complete, including obtaining clearance from statutory authorities, prior to distributing funds to unsecured creditors.
4. Shareholder are entitled to any surplus that remains thereafter (if any). We note that Official Trustee at AFSA has security over any return that may be available in due course.

However, this is subject to the Court judicial advice and directions, the available asset recoveries, the final adjudication of creditor claims and costs incurred.

As mentioned above, a Notice Inviting Formal Proof of Debt is attached as **Annexure "C"**, whereby we require creditors who have not already done so, to lodge their claim with relevant supporting documentation on the Creditor Portal by 24 July 2024.

18 TASKS REQUIRED IN THE LIQUIDATION

We anticipate that the following matters will be dealt with during the Liquidation moving forward:

- Continued adjudication of client and creditor claims.
- Complete the application to the Court seeking orders on the process to adjudicate client claims and distribute trust funds.
- Finalise any material discrepancy in the client claims and settle the final list of trust claims.
- Implement the distribution process for client funds.
- Liaising with FEG to assist with verification of outstanding employee entitlements.
- Adjudicating claims and distributing funds to petitioning creditor and priority employees.
- Complete any outstanding lodgements requirements, potentially including obtaining AFSL reporting and audit of financial statements.
- Obtain clearance from statutory authorities before dividend distribution to unsecured creditors.
- Adjudicating claims and distributing funds for unsecured creditors.
- Liaising with Official Trustee at AFSA in relation to security they hold over the Company and further investigations that they may require.
- Distributing funds to shareholder (via AFSA or otherwise) of any surplus.
- Reporting to creditors, shareholders and the Courts as needed.
- Convening meetings of creditors and/or the committee of inspection (if formed).
- Statutory lodgements and general administrative matters.
- Finalise the liquidation.

Should any creditor have any relevant information which may assist our investigations or potential asset recoveries, they should contact our office without delay.

We anticipate that the Liquidation could be completed within twelve (12) months. We note that that timeframe is subject to delays encountered in the abovementioned Court process, or further investigations required by the various regulatory bodies (including ASIC, AFP, AFSA and ATO).

19 CONCLUSION

It would be appreciated if you would consider the matters detailed in this report and please write to this office setting out full particulars if you are:

- ▲ Aware of any errors in the information contained within this report including the non-disclosure of any divisible assets; and
- ▲ Have any information that you consider is relevant for creditors' decision making or relevant information that may help assist the liquidator's investigations into the affairs of the Company.

Creditors should however, maintain their records in relation to the affairs of the Company and advise this office of any change of address.

Additional general information regarding liquidations which may be of assistance, is available from the following websites:

- ▲ ARITA at www.arita.com.au/creditors ; and
- ▲ ASIC at www.asic.gov.au (search for "insolvency information sheets"), also attached as "Annexure K" to this report.

Should you require assistance in completing the relevant forms or have any queries, please contact the Administration Contact shown at page 1 of this report.

Any further reports will be issued as considered appropriate.

Yours faithfully,

PROSPERO MARKETS PTY LTD (IN LIQUIDATION)



JONATHON KEENAN

Joint and Several Liquidator

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

BRI Ferrier

**Prospero Markets Pty Ltd
(In Liquidation)
ACN 145 048 577**

**Annexure "A"
Notice of Meeting of Creditors**

CORPORATIONS ACT 2001

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

NOTICE OF MEETING OF CREDITORS

**PROSPERO MARKETS PTY LTD
(IN LIQUIDATION)
ACN 145 048 577**

("THE COMPANY")

NOTICE is given that a Meeting of Creditors will be held on **Wednesday, 31 July 2024 at 1:00PM (AEST)**.

This meeting will be held utilising virtual meeting technology only.

To attend, creditors should login to the Creditor Portal via the link below utilising their unique Creditor ID and passcode:

<https://exad.com.au/bri/prospero/>

A G E N D A

1. To receive the Report of the Liquidators and receive questions from creditors.
2. To determine the current remuneration of the Liquidators.
3. To determine the future remuneration of the Liquidators.
4. To consider the internal disbursements of the Liquidators.
5. To consider, and if thought fit, approve the Liquidators entering to agreements with various suppliers pursuant to Section 477(2B) of the Corporations Act.
6. To consider, and if thought fit, approve the early destruction of books and records.
7. To consider the appointment of a Committee of Inspection; and
8. To consider any other business that may be lawfully brought forward.

Notes:

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

Proxy forms must be given to the Liquidators or the person named as convening the meeting. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairperson of the meeting, prior to the commencement of the meeting.

The meeting is being held virtually only and all creditors wanting to attend the meeting are required to attend via the Creditor Portal. Although there is no physical place where creditors are able to attend the meeting, We are required under law to nominate a notional place for the meeting for administrative

purposes such as establishing the time of the meeting. The notional place for this meeting is: Level 26, 25 Bligh Street, Sydney NSW 2000. Please do not attend at this location.

Special Instructions for Meeting

Attendees who wish to attend the meeting will be required to login to the Creditor Portal via the link above.

You will also need to provide a Formal Proof of Debt Form (including documentation to support your claim) and proxy form, if you are a corporate creditor or wish to be represented by another person.

In accordance with IPR 75-85, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company with the Liquidators and their claim has been admitted for voting purposes wholly or in part by the Liquidators.

Telephone dial-in details will also be available for the virtual meeting. Those wishing to attend via telephone will need to contact our office for instructions.

In accordance with IPR 5-5, a vote taken on a "show of hands" includes a vote taken using any electronic mechanism that indicates the intentions of a person in respect of a vote. This may include an attendee clicking a "raise a hand", or similar button, on a virtual meeting computer program, as well as verbally indicating their vote if dialling in to the meeting.

This definition is necessary to ensure that a show of hands may be used at a virtual meeting as an alternative to a poll.

DATED this 10th day of July 2024.



JONATHON KEENAN
JOINT AND SEVERAL LIQUIDATOR

BRI FERRIER
Level 26
25 Bligh Street
Sydney NSW 2000

Telephone: 1300 291 012 (toll free) or + 61 2 8044 0530 (international)

***Voting at a Meeting**

The effect of Insolvency Practice Rules (Corporations) 75-85:

Entitlement to vote at meetings of creditors

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or

- (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established;unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green diagonal stripe is on the right side of the rectangle.

BRI Ferrier

**Prospero Markets Pty Ltd
(In Liquidation)
ACN 145 048 577**

**Annexure "B"
Link Instructions to Attend the
Meeting**

1.4. Voting

To exercise votes, the creditors need to click 'Exercise your vote' on the creditor dashboard.

EXAD Home FAQ Contact Us Change Matter My Account @

Home > Dashboard

Example Pty Ltd (Administrators Appointed)

Register your debt

Please complete the below steps to register your claim.

<input checked="" type="checkbox"/>	Mobile Number Verified
<input checked="" type="checkbox"/>	Identity Verified
<input checked="" type="checkbox"/>	Register your proof of debt
<input checked="" type="checkbox"/>	Update payment instructions

Exercise your vote

Exercise your right as a creditor to vote in the conduct of the Administration.

<input type="radio"/>	Exercise your vote
-----------------------	--------------------

On the voting screen, they will be given the option to:

1. Vote in their own capacity (if they are an individual),
2. Nominate a Special Proxy and specify how the proxy is to exercise their votes, or
3. Nominate a General Proxy which will trigger an email to the general proxy with a link to select their votes.

EXAD Home FAQ Contact Us Change Matter My Account @

Home > Dashboard > Vote

Authorised Representative
The person authorised to vote on behalf of the Creditor at the meeting, or at any adjournment of that meeting, is:
A representative of the Creditor:

Please enter the details of the Creditor's representative:

Proxy Name * Proxy Email *

Please indicate which type of proxy you are appointing (brief descriptions of how they operate are included below):
1. Special Proxy: you are able to exercise the Creditor's votes now.
2. General Proxy: an email will be sent to your proxy and they will be provided with a link to exercise the Creditor's votes.

Special Proxy

#	Resolution	Vote
1	The remuneration of the Voluntary Administrators of the Company from 1 July 2022 to 1 December 2022 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedule of Rates and is determined and approved for payment in the amount of \$450,000.00 (exclusive of GST) and the Voluntary Administrators can draw the remuneration.	Select Vote
2	The future remuneration of the Voluntary Administrators of the Company from 2 December 2022 to the conclusion of the Administration (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and their staff, calculated at the hourly rates set out in the Schedule of Rates effective 1 July 2022, up to an initial capped amount of \$120,000.00, and the Voluntary Administrators can draw the remuneration as required.	Select Vote

[Submit information](#)

1.5. Attending Meetings

1.5.1. Creditors

Creditors can access the meeting by using the link on the creditor dashboard.

The screenshot displays the EXAD Creditors' Portal interface. At the top, the EXAD logo is followed by navigation links: Home, FAQ, Contact Us, Change Matter, and My Account. Below this, a breadcrumb trail reads 'Home > Dashboard'. The main header identifies the user as 'Example Pty Ltd (Administrators Appointed)'. The dashboard is divided into two primary sections: 'Register your debt' and 'Exercise your vote'. The 'Register your debt' section includes a progress bar with a single step, 'Register your proof of debt'. The 'Exercise your vote' section includes a progress bar with a single step, 'Exercise your vote'. A horizontal line separates these sections from the bottom part of the dashboard. The bottom section is titled 'Attend the Meeting of Creditors' and contains a link for the 'Second Meeting of Creditor', which is highlighted with a red rectangular box and labeled 'Attend Meeting'.

EXAD Home FAQ Contact Us Change Matter My Account

Home > Dashboard

Example Pty Ltd (Administrators Appointed)

Register your debt

Please complete the below steps to register your claim.

Register your proof of debt

Exercise your vote

Exercise your right as a creditor to vote in the conduct of the Administration

Exercise your vote

Attend the Meeting of Creditors

Second Meeting of Creditor [Attend Meeting](#)

1.5.2. Proxies

There are three ways for proxies to join the meeting:

1. **Option 1:** The most common will be logging into the creditor account. For example, when *John Smith* is proxy for *John Smith Building Pty Ltd*, the proxy has access to the creditors account so they can simply login and join the meeting (i.e. see section 2.6.1).

The screenshot shows the EXAD dashboard for 'Example Pty Ltd (Administrators Appointed)'. The 'Register your debt' section includes a progress bar and a button labeled 'Register your proof of debt'. The 'Exercise your vote' section includes a progress bar and a button labeled 'Exercise your vote'. Below these sections, there is a link to 'Attend the Meeting of Creditors' and a button labeled 'Second Meeting of Creditor'.

2. **Option 2:** In the event a creditor nominates a general proxy, an email will be sent to the general proxy with a link to nominate how the creditor is to vote. After the general proxy exercises the creditors' votes they will be provided a link to join the meeting.

The screenshot shows the EXAD dashboard for 'Example Pty Ltd (Administrators Appointed)'. The 'Voting' section includes a progress bar and a button labeled 'Voting'. Below this section, there is a link to 'Attend the Meeting of Creditors' and a button labeled 'Second Meeting of Creditor'.

3. **Option 3:** In the event a creditor nominates a special proxy and does not give the proxy access to their account (e.g., an employee nominating a representative from the union), after the creditor nominates the proxy, they will be provided a link which they can pass on to the proxy.

The screenshot shows the EXAD dashboard for 'Example Pty Ltd (Administrators Appointed)'. The 'Next Steps' section includes a progress bar and a button labeled 'Next Steps'. Below this section, there is a link to 'Attend the Meeting of Creditors' and a button labeled 'Second Meeting of Creditor'.

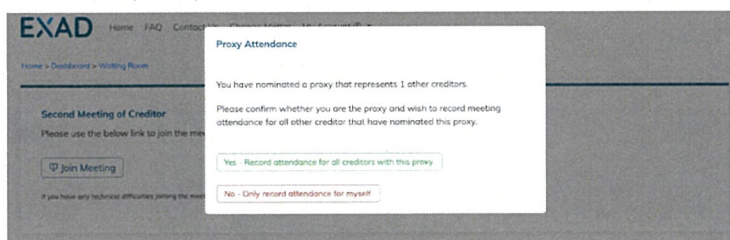
1.5.3. Representing Multiple Creditors

In some circumstances, a person may need to represent multiple creditors at a meeting of creditors. For example, *John Smith* may represent both *John Smith Co 1 Pty Ltd* and *John Smith Co 2 Pty Ltd*. This becomes particularly important if the practitioner has required attendance at the meeting in order for votes to be counted.

In order to *John Smith's* attendance to count on behalf of both *John Smith Co 1 Pty Ltd* and *John Smith Co 2 Pty Ltd*, both creditors must nominate *John Smith* as their proxy. Note, proxies are matched based on the email address.

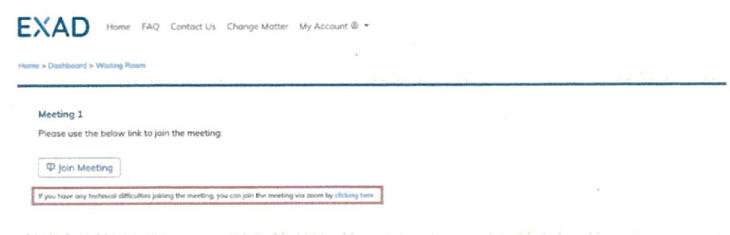
If the link in the Option 2 or Option 3 is used to join the meeting, the proxy's attendance will be recorded which covers all their represented creditors.

Alternatively, if Option 1 is used, the creditor will be asked whether they are the proxy.



1.5.4. Technical Issues

If creditors experience technical difficulty joining the meeting, they are able to click the below link to join the meeting directly via our third-party meeting host.



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

BRI Ferrier

**Prospero Markets Pty Ltd
(In Liquidation)
ACN 145 048 577**

**Annexure "C"
Notice Inviting Formal Proof of Debt
or Claim**

CORPORATIONS ACT 2001

Subregulation 5.6.48(3)

NOTICE INVITING FORMAL PROOF OF DEBT OR CLAIM

PROSPERO MARKETS PTY LTD
(IN LIQUIDATION)
ACN 145 048 577

TAKE NOTICE that creditors of the company, whose debts or claims have not already been admitted, are required on or before 24 July 2024 to prove their debts or claims and to establish any title they may have to priority by delivering or sending through the post to us at our address, a Formal Proof of Debt or Claim in accordance with Form 535 containing their respective debts or claims. If they do not they will be excluded from:

- ▲ the benefit of any distribution made before their debts or claims are proved or their priority is established;
- ▲ and from objecting to the distribution.

Please submit creditors' claim via the Creditor Portal using your Creditor ID and passcode.

DATED this 10th day of July 2024.



JONATHON KEENAN
JOINT AND SEVERAL LIQUIDATOR

BRI FERRIER
LEVEL 26
25 BLIGH STREET
SYDNEY NSW 2000

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

BRI Ferrier

**Prospero Markets Pty Ltd
(In Liquidation)
ACN 145 048 577**

**Annexure "D"
Comparative Balance Sheets**

Prospero Markets Pty Ltd (In Liquidation)

A.C.N. 145 048 577

Comparative Balance Sheets

For the Financial Years Ended 30 June 2021 to 30 June 2023 and Part-Year Ended 10 April 2024

	AUDITED	AUDITED	UNAUDITED	MANAGEMENT
	Year Ended	Year Ended	Year Ended	ACCOUNTS
	30-Jun-21	30-Jun-22	30-Jun-23	Period Ended
	(\$)	(\$)	(\$)	10-Apr-24
				(\$)
ASSETS				
Current Assets				
Cash and cash equivalents	558,720	17,271,349	17,820,153	21,217,409
Other Deposits	-	-	57,000	57,000
LP Deposits	2,814,771	1,946,549	4,134,224	3,921,873
Novatti	-	-	404,595	(5)
Prepayment	-	-	167,808	199,379
Withholding tax paid	-	-	130,738	130,738
Prepayments	244,512	242,238	-	-
Other assets	1,000	105,321	-	-
Total Current Assets	3,619,003	19,565,457	22,714,518	25,526,394
Non-Current Assets				
Term Deposit	120,351	120,351	-	-
Plant and equipment	462,427	406,474	366,675	317,367
Total Non-Current Assets	582,778	526,825	366,675	317,367
TOTAL ASSETS	4,201,781	20,092,282	23,081,193	25,843,761
LIABILITIES				
Current Liabilities				
Trade and other payables	266,717	701,215	341,157	737,474
Client Fund	480,928	14,875,439	17,647,431	18,909,182
Employee entitlements	43,684	171,840	931,973	1,092,646
Unknown Client Fund	-	-	20,800	801
WX Trading Pty Ltd	-	-	2,898,541	-
Loan from Attvest	-	-	28,010	-
Financing Loan	31,781	31,781	-	-
Tax payable	-	-	-	-
Total Current Liabilities	823,110	15,780,275	21,867,913	20,740,103
Non-Current Liabilities				
Trade and other payables	8,574	8,574	-	-
Related party loan payables	1,600,000	2,750,000	-	-
Total Non-Current Liabilities	1,608,574	2,758,574	-	-
TOTAL LIABILITIES	2,431,684	18,538,849	21,867,913	20,740,103
NET ASSETS	1,770,097	1,553,433	1,213,281	5,103,658
EQUITY				
Issued capital	7,537,334	18,003,356	2,920,622	2,920,622
Opening Balance Equity	-	-	(1)	(1)
Owner's contribution	-	-	23,554,165	27,104,165
Retained earnings	(5,767,237)	(16,450,013)	(25,261,505)	(24,921,128)
TOTAL EQUITY	1,770,097	1,553,343	1,213,281	5,103,658

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green diagonal stripe is on the right side of the rectangle.

BRI Ferrier

**Prospero Markets Pty Ltd
(In Liquidation)
ACN 145 048 577**

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

Prospero Markets Pty Ltd (In Liquidation)

A.C.N. 145 048 577

Comparative Profit and Loss Statements

For the Financial Years Ended 30 June 2021 to 30 June 2023 and Part Year Ended 10 April 2024

	AUDITED	AUDITED	UNAUDITED	MANAGEMENT
	Year Ended	Year Ended	Year Ended	ACCOUNTS
	30-Jun-21	30-Jun-22	30-Jun-23	Part Period
	(\$)	(\$)	(\$)	10-Apr-24
				(\$)
Income				
Revenue	582,351	4,849,458	28,456,887	7,854,979
Other Income	-	5,848	-	-
Gross Profit	582,351	4,855,306	28,456,887	7,854,979
Expenses				
Advertising	235,382	983,976	1,481,205	561,412
Consulting and professional fees	777,262	1,238,227	1,611,533	173,662
Depreciation and amortisation expense	25,338	114,414	128,438	57,883
Employee benefits expense	740,951	2,355,264	3,809,508	2,188,086
Insurance	227,253	327,210	298,448	85,487
Legal and compliance costs	31,225	16,828	154,733	449,547
Other expenses	254,516	577,241	994,878	659,310
Rent expenses	58,984	317,571	660,565	540,797
Technology costs	417,082	1,078,733	1,288,626	1,040,103
Trading costs	1,804,634	8,528,618	26,820,805	1,825,494
Utility expense	-	-	23,775	11,423
Total Expenses	4,572,627	15,538,082	37,272,513	7,593,205
Profit / (Loss) Before Income Tax	(3,990,276)	(10,682,776)	(8,815,626)	261,774
Income Tax Expense	-	-	-	-
Profit / (Loss) After Income Tax	(3,990,276)	(10,682,776)	(8,815,626)	261,774

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**Prospero Markets Pty Ltd
(In Liquidation)
ACN 145 048 577**

**Annexure "F"
Summary Receipts and Payments**

Summarised Receipts & Payments

Prospero Markets Pty Ltd

(In Liquidation)

Transactions From 10 April 2024 To 10 July 2024

A/C	Account	Net	GST	Gross
73	Cash on Hand	15,426.45	0.00	15,426.45
74	Cash at Bank	2,302,750.46	0.00	2,302,750.46
75	Liquidity Provider Recoveries	2,021,183.46	0.00	2,021,183.46
78	Trust Funds	19,522,370.95	0.00	19,522,370.95
79	Surplus from Bank Guarantee	2,152.67	0.00	2,152.67
80	Trust Funds (USD)	208,945.45	0.00	208,945.45
83	Bank Interest	201.41	0.00	201.41
89	Bank Interest (Trust Accounts)	192,903.53	0.00	192,903.53
Total Receipts (inc GST)		\$24,265,934.38	\$0.00	\$24,265,934.38
51	Wages & Salaries	5,949.08	0.00	5,949.08
132	Bank Charges	10.60	0.00	10.60
139	Legal Fees (1)	37,047.64	3,704.76	40,752.40
142	Professional Fees	2,362.50	236.25	2,598.75
151	Software Licences	96,792.17	0.00	96,792.17
157	Superannuation	654.39	0.00	654.39
159	Transport / Courier	2,345.45	234.55	2,580.00
167	Consulting Fees	6,587.50	493.75	7,081.25
168	Valuation Fees	3,500.00	350.00	3,850.00
169	IT Expenses (GST Free)	23,432.70	0.00	23,432.70
170	Creditors' Portal Costs	20,424.09	2,042.41	22,466.50
172	IT Expense (Inc GST)	8,740.90	874.09	9,614.99
173	Retainer to Singapore Law	17,021.66	0.00	17,021.66
174	Cheque deposit dishonoured	54.53	0.00	54.53
228	Superannuation Liability	(654.39)	0.00	(654.39)
234 - 1	Withholding Tax (PAYG) - Total Tax Withheld - OTE	(1,027.00)	0.00	(1,027.00)
Total Payments (inc GST)		\$223,241.82	\$7,935.81	\$231,177.63
Balance in Hand - By Bank Account				
212	Cheque Account			4,087,797.52
215	Cheque Account - CBA			20,586.63
216	Trust Account - CBA 1			17,636,929.39
217	Trust Account - CBA 2			2,080,497.76
218	Trust Account - CBA 3			208,758.46
219	Trust Account - CBA 4			186.99
				\$24,034,756.75

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BRI Ferrier

**Prospero Markets Pty Ltd
(In Liquidation)
ACN 145 048 577**

**Annexure "G"
Estimated Outcome Statement**

Prospero Markets Pty Ltd (In Liquidation)
Estimated Outcome Statement

	Book Value (\$)	High Scenario (\$)	Low Scenario (\$)
Assets			
Trust Assets			
Client Trust Funds	19,457,096	19,653,620	19,653,620
Client Trust Funds USD	303,521	315,580	315,580
Less: Liquidators' Accrued Costs in Dealing with Trust Assets	-	(130,000)	(130,000)
Less: Liquidators' Estimated Future Costs in Dealing with Trust Assets	-	(200,000)	(250,000)
Less: Liquidators' Accrued Remuneration in Dealing with Trust Assets	-	(660,000)	(660,000)
Less: Liquidators' Estimated Future Remuneration in Dealing with Trust Assets	-	(275,000)	(440,000)
Less: Accrued Legal Fees in Dealing with Trust Assets	-	(30,000)	(30,000)
Less: Future Legal Fees in Dealing with Trust Assets	-	(95,000)	(150,000)
Less: Client Liabilities	(18,909,983)	(19,065,607)	(19,365,607)
Total Trust Assets	850,635	(486,407)	(1,056,407)
Company Assets			
Cash and Cash Equivalents	1,296,064	2,588,421	2,588,421
Cash and Cash Equivalents USD	164,434	-	-
Money Processors	53,289	-	-
Liquidity Providers	3,921,873	2,420,234	2,420,234
Property, Plant & Equipment	317,367	6,000	3,000
Prepayments	199,379	3,881	3,881
Tax Asset	130,738	130,738	130,738
Total Company Assets	6,083,143	5,149,275	5,146,275
Liquidation Recoveries			
Voidable Transactions	-	-	-
Insolvent Trading Claim	-	-	-
Breach of Duty Claim	-	-	-
Total Liquidation Recoveries	-	-	-
Less: Estimated Costs of Liquidation (Incl. GST)			
Petitioning Creditor's Costs	-	(159,500)	(275,000)
Liquidators' Accrued Remuneration	-	(154,000)	(154,000)
Liquidators' Future Remuneration (Estimate)	-	(110,000)	(220,000)
Liquidators' Expenses (Estimate)	-	(154,000)	(220,000)
Accrued Legal Costs	-	(50,000)	(50,000)
Legal Costs (Estimate)	-	(100,000)	(155,000)
Valuation Costs	-	(3,850)	(3,850)
Accounting Fees (Estimate)	-	(22,000)	(44,000)
Litigation Funding Premium (30% of recovery)	-	-	-
Total Estimated Costs of Liquidation	-	(753,350)	(1,121,850)
Estimated Surplus Available to Priority Creditors	-	4,395,925	4,024,425
Priority Creditor Claims (Estimated)			
Wages and Superannuation	(289,633)	(300,000)	(500,000)
Annual Leave & Long Service Leave	(803,013)	(350,000)	(350,000)
PILN and Redundancy	-	(450,000)	(450,000)
Total Priority Creditor Claims	(1,092,646)	(1,100,000)	(1,300,000)
Estimated Surplus Available to Unsecured Creditors	-	3,295,925	2,724,425
Unsecured Creditors			
Trade Creditors (incl. termination costs)	(737,474)	(1,100,000)	(1,100,000)
Shortfall for Client Liabilities	-	(486,407)	(1,056,407)
Landlords	-	(500,000)	(500,000)
Australian Taxation Office	-	-	-
Total Unsecured Creditors	(737,474)	(2,086,407)	(2,656,407)
Net Surplus/(Deficiency)	5,103,658	1,209,518	68,018

Return to Creditors	High Scenario	Low Scenario
	Cents in the \$	Cents in the \$
Clients	100	100
Priority Creditors	100	100
Unsecured Creditors	100	100

Note: The above assumes that the Court grants orders that costs of dealing with the trust claims are paid from trust assets. If not, then these costs will have to be paid from the general Company assets and may affect the returns to priority and unsecured creditors.

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BRI Ferrier

**Prospero Markets Pty Ltd
(In Liquidation)
ACN 145 048 577**

**Annexure "H"
Remuneration Approval Report**

Remuneration Approval Report

**Prospero Markets Pty Ltd
(In Liquidation)
("the Company")**

ACN 145 048 577

10 July 2024

**Andrew Cummins, Jonathon Keenan & Peter
Krejci**

Novabrif Pty Ltd ABN 61 643 013 610
Level 26, 25 Bligh Street, Sydney NSW 2000
Phone 1300 291 012 (toll free), +61 2 8044 0530 (international)
Email: prosperomarkets@brifnsw.com.au
Website: www.briferrier.com.au



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1 EXECUTIVE SUMMARY

We are asking creditors to approve our remuneration of \$1,040,610.00 (excl. GST) and internal disbursements of \$2,000.00 (excl. GST).

Details of remuneration and disbursements can be found in section 3 and 4 of this report.

Creditors will be asked to pass resolutions in relation to remuneration and disbursements at the upcoming meeting of creditors.

We estimate the total cost of this Liquidation will be approximately \$1,040,610.00 (excl. GST). This has increased from my previous estimates because:

- A greater level of work was undertaken dealing with the higher than anticipated volume of creditor enquiries
- Additional time incurred to assist creditors in the lodgement of their claim
- Significantly greater level of time incurred in securing and reviewing the records of the Company including but not limited to MT4 records, trading information, creditor customer relation databases, data from the Company's servers
- Calculating outstanding employee entitlements and verifications of FEG

2 DECLARATION

We have undertaken an assessment of this remuneration and disbursement claim in accordance with the law and applicable professional standards. We are satisfied that the remuneration and disbursements claimed are necessary and proper.

We have reviewed the work in progress report for the Liquidation to ensure that remuneration is only being claimed for necessary and proper work performed and no adjustment was necessary.

3 REMUNERATION SOUGHT

The remuneration we are asking creditors to approve is as follows:

For	Period	Amount \$ (excl. GST)	Rates	When it will be drawn
Completed Work	10 April 2024 to 30 June 2024	740,610.00	Provided in Annexure I of this Report dated 10 July 2024	It will be drawn when funds are available
Future Work	1 July 2024 to conclusion	300,000.00	Provided in Annexure I of this Report dated 10 July 2024	It will be drawn when incurred, when funds are available
TOTAL		\$1,040,610.00 (excl. GST)		

Details of the work already completed for the period 10 April 2024 to 30 June 2024 and future work that we intend to complete are included at Schedule A.

Schedule B includes a breakdown of time spent by staff members on each major task for completed work.

Actual resolutions to be put to the meeting are included at Schedule C and D for your information. These resolutions also appear in the proxy provided to you.

4 DISBURSEMENT SOUGHT

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the liquidation, but we must provide details to creditors. We have not paid any such costs to date.

We are required to obtain creditor's consent for the payment of a disbursement where we, or a related entity of ourselves, may directly or indirectly obtain a profit.

For more information about disbursements, please refer to the Schedule D of this report.

The disbursements we would like creditors to approve is as follows:

For	Period	Amount \$ (excl. GST)
Disbursements to a capped amount	10 April 2024 to conclusion	\$2,000.00
	TOTAL	\$2,000.00

Details of the disbursements incurred, and future disbursements are included at Schedule D. Actual resolutions to be put to the meeting are also included at Schedule D. These resolutions also appear in the proxy form for the meeting provided to you.

5 LIKELY IMPACT ON DIVIDENDS

The Corporations Act sets the order of payment of claims against the Company, and it provides for remuneration of the Liquidator to be paid in priority to other claims. This ensures that when there are sufficient funds, the Liquidator receives payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover, and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

Based on the recoveries to date, we anticipate there are sufficient funds to discharge all known creditor claims from the available assets, including trust funds. However, this is subject to the Court judicial advice and directions, the available asset recoveries and the final adjudication of creditor claims.

6 QUERIES & INFORMATION SHEET

If you have any queries in relation to the information in this report, please contact our office.

You can also access information which may assist you on the following websites:

- ▶ ARITA at www.arita.com.au/creditors
- ▶ ASIC at <http://www.asic.gov.au> (search for INFO 85).

Further supporting documentation for my remuneration claim can be provided to creditors on request.

7 ATTACHMENTS

Schedule A – Details of work

Schedule B – Time spent by staff on each major task

Schedule C – Resolutions

Schedule D – Disbursements

SCHEDULE A – DETAILS OF WORK

Company	Prospero Markets Pty Ltd (In Liquidation)	Period From	10 April 2024	To	Conclusion
Practitioner	Andrew Cummins, Jonathon Keenan, and Peter Krejci	Firm	BRI Ferrier		
Administration Type	Court Liquidation				

		Tasks	
		Work already completed (excl. GST)	Future work (excl. GST)
Period		10 April 2024 to 30 June 2024	1 July 2024 to Conclusion
Amount (excl. GST)		\$740,610.00	\$300,000.00
Task Area	General Description		
Assets		95.5 hours \$55,879.00	\$15,000.00
	Cash at Bank	Recover and organise the deposit of the cash recovered from the Company's Premises Liaising with AFP in regard to treatment of cash recovered	N/A
	Bank Accounts	Issue Circular to Banks to determine accounts held Liaising with pre-appointment bankers regarding accounts held Liaising with CBA to obtain access to internet banking access - CommBiz Liaising with NAB regarding the transfer of funds held in the Company's account and their suspense account Liaising with Bendigo Bank regarding Bpay account managed by the bank Liaising with Bank of China in regard accounts formerly held Providing instructions regarding transfer of funds	Issue periodic correspondence to the banks requesting transfer of funds from Company's account Requesting closure of bank account

	<p>Liaising with the Director to obtain details of bank accounts held by the Company</p> <p>Liaising with the Company's bookkeeper in relation to reconciliation</p>	
Liquidity Providers	<p>Issue notices to liquidity providers determine accounts held</p> <p>Review affidavits to determine the liquidity provider accounts held</p> <p>Providing instructions regarding transfer of funds and statements</p> <p>Liaising with solicitors for recovery of the funds held</p> <p>Discussions with management and staff regarding information for Liquidity Providers</p> <p>Internal meeting to discuss the status of recovery</p> <p>Preparing schedule to track progress of liquidity provider correspondence and recovery</p>	<p>Liaising with solicitors regarding recovery of funds held</p> <p>Discussions with management and staff regarding access for money processors</p> <p>Internal meeting to discuss the status of recovery</p>
Money Processors	<p>Correspondence to money processors requesting funds held in accounts</p> <p>Preparing schedule to track progress of money processors correspondence and recovery</p> <p>Discussions with management and staff regarding recovery for money processors</p> <p>Internal meeting to discuss the status of recovery</p>	<p>Further correspondence and follow up to money processors</p> <p>Internal meetings to discuss status of money processors recoveries</p>
Assets subject to specific charges	<p>Issue appointment notification to parties registered security interests against the Company</p> <p>Review PPSR charge documents</p> <p>Consider validity of registered security interests</p> <p>Review and respond to correspondence from PPSR Creditors</p> <p>Reviewing lease agreements and bonds/bank guarantees</p>	<p>Attend to queries from PPSR Creditors</p> <p>Discuss with the Director in relation to claims from the PPSR Creditors</p>

	Issue disclaimers in respect of leases for the Melbourne and Sydney Premises Discuss with the Director in relation to claims from the PPSR Creditors	
Plant and Equipment	Attend to and obtain access to Sydney and Melbourne Premises Liaising with landlord and building manager Engage valuers and attend site with valuers to obtain a listing and valuation of the items of the Premises. Review valuation report and discuss with valuers on strategy of the sale of assets Organise with removalist and couriers to relocate and secure assets Liaising with the Director and employees to secure assets Liaising with AFP regarding certain assets recovered at Premises Internal meetings to discuss the progress of the recovery	Liaising with auctioneers for the sale of the assets Liaising with auctioneers to transport assets to the auction house Maintain sale register and costs involved in the sale Internal meetings to discuss the progress of the sale
Insurance	Notifying insurance broker of the Liquidators appointment Maintaining sufficient insurance coverage Liaising with the Director regarding pre-appointment insurance policies held by the Company	Liaise with Insurance broker to place appropriate covers
Other Assets	Review the MT4 licenses owned by the Company Liaising with Metaquotes regarding the sale Liaising with Directors and other experts in relation of the sale of the license Recovery of Company's IP such as website, client database	Continue to liaise with Metaquotes regarding the sale Liaising with Directors and other experts in relation of the sale of the license Organise advertisement and expression of interest for the sale Organise sale and transfer of the license

Creditors		974.1 hours \$405,385.00	\$120,000.00
	Creditor Enquiries	<p>Dealing with significant volume of creditor enquiries by emails and telephone</p> <p>Setting up dedicated mail inbox and phone numbers for creditor enquiry</p> <p>Daily review and allocation of emails in dedicated mail inbox to various staff members</p> <p>Maintaining creditor enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives by emails</p> <p>Updating creditors on status of administration</p> <p>Discussions with Directors and management staff regarding creditor queries</p> <p>Setup and Upload of significant creditor list into system</p> <p>Liaising with Link Market Services for services offered in regard to creditors</p> <p>Preparing FAQ for clients and uploaded to BRI Ferrier website</p> <p>Organising translation of documents provided by creditors</p> <p>Internal discussions regarding creditor queries received</p> <p>Liaising with creditor to assist with ID and mobile verification to access creditor portal</p> <p>Liaising with ATO and other statutory creditors regarding our appointment</p> <p>Internal meeting to discuss the progress of the creditor claims</p>	<p>Dealing with of creditor enquiries by emails and telephone</p> <p>Daily review and allocation of emails in dedicated mail inbox to various staff members</p> <p>Maintaining creditor enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives by email and post</p> <p>Updating creditors on status of administration</p> <p>Discussions with Directors and management staff regarding creditor queries</p> <p>Internal discussions regarding creditor queries received</p>
	Creditor Reports	<p>Prepare and issue Initial Report to creditors</p> <p>Prepare necessary annexures to the Initial Report to creditors</p>	<p>Prepare and issue Statutory Report to Creditors</p> <p>Preparation of necessary</p>

		<p>Prepare and issue Statutory Report to Creditors</p> <p>Prepare necessary annexures to the Initial Report to creditors</p> <p>Liaise with Link Market Services to organise email blast of notices and reports</p> <p>Prepare and issue Circulars to Creditors on details and credentials to access creditor portal</p> <p>Prepare and issue Circulars to Creditors</p> <p>Upload of reports on Link and BRI website</p>	<p>Annexures for Statutory Report to Creditors</p> <p>Prepare further reports to creditors, if necessary</p> <p>Liaise with Link Market Services to organise email blast of notices and reports</p> <p>Upload of reports on Link and BRI website</p>
	Dealing with proofs of debt	<p>Receipting and reviewing significant volume of Proofs of Debts</p> <p>Maintaining register of Proofs of Debts received</p> <p>Uploading Proof of Debts into internal systems</p> <p>Consider Proofs and supporting documentation</p> <p>Issue and review manual verification forms from creditors.</p> <p>Provide access to creditor portal</p> <p>Adjudicating on certain Proof of Debts to ascertain the validity of amounts claimed</p> <p>Requesting further and better particulars from creditors</p> <p>Reviewing further documentation received from creditors in response to request for further and better particulars</p>	<p>Receipting and filing of Proofs of Debts</p> <p>Continue to adjudicate on certain Proof of Debts to ascertain the validity of amounts claimed</p> <p>Requesting further and better particulars from creditors</p> <p>Reviewing further documentation received from creditors in response to request for further and better particulars</p>
	Meeting of Creditors	N/A	<p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice of Meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, attendance register, list of creditors, report to</p>

			creditors, advertisement of meeting and draft minutes of meeting Holding meeting of creditors Preparation and lodgement of minutes of meetings with ASIC
	Secured creditor reporting	Notifying PPSR Creditors of appointment of Liquidators Correspondence with security interest holders disclosed on PPSR Search Review documents provided Australian Federal Police Liaising with Australian Federal Police regarding certain assets subject to the Proceeds of Crime Act	Correspondence with PPSR Creditor Liaising with Australian Federal Police regarding certain assets subject to the Proceeds of Crime Act
Employees		30.5 hours \$12,323.00	\$20,000.00
	Employees enquiry	Preparation and issuance of correspondence to employees regarding appointment Liaising with the Director and internal bookkeeper in relation to status of employment, termination and calculation of outstanding entitlements Correspondence with employees	Correspondence with employees
	Calculation of entitlements	Liaising with the Company's bookkeeper in relation to outstanding employee entitlements Preliminary calculations of employee entitlements Liaising with the Company's employees and contractor in relation to collating employee contracts and payroll information Reviewing employee contracts Internal discussions in relation to assessment of outstanding employee entitlements	Updating calculations of employee entitlements Reviewing employee contracts Reviewing awards Liaising with employees regarding queries to assist with calculation of outstanding employee entitlements Internal discussions in relation to assessment of outstanding employee entitlements

Investigation	FEG	Correspondence with FEG Preparing FEG quotations Preparing initial FEG questionnaire Preparing FEG verification spreadsheet Liaising with FEG regarding any discrepancies	Liaising with FEG regarding any discrepancies
	Employee dividend	N/A	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Receipting and adjudicating POD Preparing distribution
	Other employee issues	Organise payment of payroll and contractor fees Prepare and authorise payment forms	N/A
		358.4 hours \$200,786.00	\$80,000.00
	Conducting Investigation	Conducting ASIC searches on Company and Directors Conducting and summarising statutory searches Collect, list and review physical records of the Company Discussions with staff regarding Company records required Obtain and secure copies of the Company's electronic records Liaising with external providers Review electronic records of the Company including email correspondence	Liaising with pre-appointment solicitors and accountants for the Company/funds to obtain background to the matter initially and subsequently in relation to specific matters Meeting with management and staff to address appointment and trading position Conducting initial investigations in relation to the Company's business and affairs

		<p>Correspondence with Directors regarding background and financial position of the Company</p> <p>Liaising with Company's bookkeeper to update management accounts</p> <p>Preparing comparative analysis of available financial statements for the Company</p> <p>Preparing deficiency statement and estimated outcome statement</p> <p>Issuance and follow up of statutory notices to pre-appointment solicitors, accountants and other parties for the Company seeking the provision of Company records</p> <p>Liaising with Directors regarding queries of financial statements</p> <p>Consider ROCAP completed by Directors and make further resulting enquiries of Directors and pre-appointment accountant for the Company</p> <p>Review of specific transactions</p> <p>Investigating and considering potential preference claims against third parties</p> <p>Liaising with pre-appointment solicitors and accountants for the Company/funds to obtain background to the matter initially and subsequently in relation to specific matters</p> <p>Meeting with management and staff to address appointment and trading position</p> <p>Liaising with Company's third-party suppliers to secured the records of the Company</p>	<p>Review ROCAP provided by the Director</p> <p>Liaising with the Director to obtain further information in relation to the completion of ROCAP</p> <p>Correspondence with the Director in relation to Company's books and records</p> <p>Liaising with the Company's employee and contractor to arrange storage of the Company's records</p> <p>Correspondence with the Former Director requesting delivery of the Company's records</p> <p>Liaising with solicitors regarding issuance of correspondence to the Former Director requesting delivery of the Company's records</p>
	ASIC Reporting	Liaising with ASIC with respect to its Australian Financial Services Licence	Continue to liaise with ASIC with respect to its Australian Financial Services Licence

		<p>Liaising with ASIC in relation to the investigations conducted on the Company and the proceedings conducted by ASIC in the Federal Court of Australia</p> <p>Review of Court documents filed in ASIC proceedings</p>	<p>Liaising with ASIC in relation to the investigations conducted on the Company and the proceedings conducted by ASIC in the Federal Court of Australia</p> <p>Review of Court documents filed in ASIC proceedings</p> <p>Preparing statutory investigation reports</p>
	Litigation and Recoveries	<p>Engage and liaise with lawyer to obtain legal advice on various matters</p> <p>Liaising with lawyers to recover monies held by liquidity provider</p> <p>Liaising with lawyers and counsel in relation to the judicial application</p> <p>Review affidavit in relation to judicial application</p>	<p>Liaising with lawyer to obtain legal advice on various matters</p> <p>Liaising with lawyers to recover monies held by liquidity provider</p> <p>Liaising with lawyers and counsel in relation to the judicial application</p> <p>Review and finalise affidavit in relation to judicial application</p>
	Examinations	N/A	<p>Consider conducting examinations</p> <p>Preparing brief to solicitor</p> <p>Liaising with solicitors re-examination preparation</p> <p>Attendance at examinations</p>
Dividend		6.5 hours \$4,619.00	\$50,000.00
	Processing proofs of debt	<p>Preparation of correspondence to potential creditors inviting lodgement of POD</p> <p>Maintain POD register on creditor portal</p> <p>Adjudicating PODs</p> <p>Request further information from claimants regarding POD</p>	<p>Preparation of correspondence to potential creditors inviting lodgement of POD</p> <p>Maintain POD register on creditor portal</p> <p>Adjudicating PODs</p> <p>Request further information from claimants regarding POD</p>

			Preparation of correspondence to claimant advising outcome of adjudication
	Dividend Procedures	<p>Liaising with Link Market Services regarding for distribution to clients</p> <p>Seeking legal advice regarding the distribution to clients</p>	<p>Continue to liaise with Link Market Services regarding for distribution to clients</p> <p>Preparation of correspondence to creditors advising of intention to declare dividend</p> <p>Advertisement of intention to declare dividend</p> <p>Obtain clearance from ATO to allow distribution of company's assets</p> <p>Preparation of dividend calculation</p> <p>Preparation of distribution</p> <p>Preparation of dividend file</p> <p>Preparation of payment vouchers to pay dividend</p> <p>Preparation of correspondence to creditors enclosing payment of dividend</p>
Administration		<p>142.2 hours</p> <p>\$61,618.00</p>	\$15,000.00
	ASIC Forms and lodgements	<p>Preparing and lodging ASIC forms including 505</p> <p>Preparing and lodging PNW advert regarding notice of appointment</p>	<p>Preparing and lodging ASIC forms including 507, 5601 5602, 5022, 5011 and 5603</p> <p>Correspondence with ASIC regarding statutory forms</p> <p>Preparation of PNW</p> <p>Advert for meeting of creditors</p>
	Books and records/ storage	<p>Liaising with the Company's employee and contractors to arrange storage of the Company's records</p>	<p>Dealing with books and records</p> <p>Considering available storage options for the Company's records</p>

	Correspondence with storage company to arrange storage of the Company's records Liaising with the Company's employee and contractors in relation to prepare books and records listing	Sending books and records to storage Prepare books and records listing
Correspondence	Preparing and issuing notifications of appointment to banks, utilities and statutory bodies Preparing and issuing letter to Director regarding their obligations	General correspondence with stakeholders
Document maintenance/file review/checklist	Filing of documents Updating checklists	Filing of documents File review Updating checklists
Bank account administration	Preparing correspondence opening accounts Prepare receipts and payment vouchers	Bank account reconciliations Prepare receipts and payment vouchers Preparing correspondence closing accounts
Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurance broker regarding initial and ongoing insurance requirements	Correspondence with Insurance broker regarding ongoing insurance Requirements Cancel insurance policies
ATO and other statutory reporting	Notification of appointment	Preparing BAS and STP lodgements Requesting taxation documents
Planning / Review	Discussion regarding status of administration Internal meetings to discuss progress of the Liquidation Teleconference with the Director and the Company's external accountant in relation to the progress of the Liquidation	Discussion regarding status of administration Internal meetings to discuss progress of the Liquidation Teleconference with the Director and the Company's external accountant in relation to the progress of the Liquidation
Finalisation	N/A	Notifying ATO of finalisation

		<p>Cancelling ABN/GST/PAYG registration Completing checklists Finalising WIP</p>
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SCHEDULE B – TIME SPENT BY STAFF ON MAJOR TASKS (COMPLETED WORK)

Prospero Markets Pty Ltd (In Liquidation)
ACN 145 048 577

For the period 10 April 2024 to 30 June 2024

Staff Classification	Name	Hourly Rate \$ (ex GST)	Staff Location	Administration Hrs	Assets Hrs	Creditors Hrs	Dividend Hrs	Employees Hrs	Investigation Hrs	Total Hrs	Total \$							
Appointee	Andrew Cummins	730	NSW	4.7	3,431.00	3.3	2,409.00	0.3	219.00	18.6	13,578.00	31.4	22,922.00					
Appointee	Peter Krejci	730	NSW	12.1	8,833.00	23.1	16,863.00	-	-	28.8	21,024.00	65.4	47,742.00					
Appointee	Jonathon Keenan	730	NSW	9.0	6,570.00	53.4	38,982.00	1.7	1,241.00	32.9	24,017.00	126.0	91,980.00					
Principal	David Cocker	730	NSW	0.3	219.00	0.5	365.00	-	-	-	-	0.8	584.00					
Senior Manager	Pauline Yeow	590	NSW	17.6	10,384.00	126.4	74,576.00	1.3	767.00	119.9	70,741.00	287.8	169,802.00					
Senior Manager	Katherine La	590	NSW	8.1	4,779.00	119.7	70,623.00	1.6	944.00	12.3	7,257.00	143.9	84,901.00					
Manager	Savio Monis	550	NSW	10.2	5,610.00	48.4	26,620.00	0.9	531.00	79.5	43,725.00	166.5	91,575.00					
Manager	Joshua May	500	VIC	-	-	-	-	-	-	11.1	5,550.00	14.8	7,400.00					
Senior 1	Nicole Feng	380	NSW	2.1	798.00	75.8	28,804.00	18.5	7,030.00	0.7	266.00	97.1	36,898.00					
Senior 2	Blair Sanderson	300	VIC	0.2	60.00	-	-	-	-	-	-	0.2	60.00					
Intermediate 1	Sushma Mandira	330	NSW	-	-	3.2	1,056.00	-	-	-	-	3.2	1,056.00					
Intermediate 1	Sharon Thomas	250	VIC	0.4	100.00	-	-	-	-	1.0	250.00	1.4	350.00					
Intermediate 2	Mankirih Mandair	280	NSW	42.4	11,872.00	163.8	45,864.00	0.7	196.00	37.3	10,444.00	252.5	70,700.00					
Intermediate 2	Hugh Matthews	280	NSW	13.3	3,724.00	53.0	14,840.00	5.1	1,428.00	5.8	1,624.00	79.2	22,176.00					
Intermediate 2	Frane Babic	280	NSW	0.9	252.00	118.5	33,180.00	-	-	-	-	119.4	33,432.00					
Intermediate 2	Ben Dixon	280	NSW	-	-	86.7	24,276.00	-	-	-	-	86.7	24,276.00					
Intermediate 2	Tiarnan Teague	280	NSW	-	-	89.5	25,060.00	-	-	-	-	89.5	25,060.00					
Intermediate 2	Zachary George	280	NSW	0.5	140.00	-	-	-	-	-	-	0.5	140.00					
Intermediate 2	Sophie Connell	220	VIC	2.5	550.00	-	-	-	-	10.5	2,310.00	13.0	2,860.00					
Senior Administration	Ashleigh Hartigan	240	NSW	5.1	1,224.00	3.9	936.00	-	-	-	-	9.0	2,160.00					
Senior Administration	Andrea Moulikova	240	NSW	0.6	144.00	2.0	480.00	-	-	-	-	2.6	624.00					
Senior Administration	Sarita Gurung	240	NSW	8.6	2,064.00	3.4	816.00	0.2	48.00	-	-	12.2	2,928.00					
Senior Administration	Sonia Stelmach	240	NSW	3.6	864.00	-	-	0.5	120.00	-	-	4.1	984.00					
Total				142.2	61,618.00	95.5	55,879.00	974.1	405,385.00	6.5	4,619.00	30.5	12,323.00	358.4	200,786.00	1,607.2	740,610.00	
													GST					
															Total (incl GST)		814,671.00	

SCHEDULE C – RESOLUTIONS

We will be seeking approval of the following resolutions to approve our remuneration and disbursements. Details to support these resolutions are included in section 3 and 4 and in the attached Schedules.

Resolution 1: Liquidators' Remuneration for the period 10 April 2024 to 30 June 2024

"That the remuneration of the Liquidators, their partners and staff for the period 10 April 2024 to 30 June 2024, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidators' Statutory Report to Creditors dated 10 July 2024, be fixed and approved at \$740,610.00 (plus GST), and that the Liquidators be authorised to draw that amount as required."

Resolution 2: Liquidators' Remuneration for the period 1 July 2024 to Conclusion

"That the remuneration of the Liquidators, their partners and staff for the period 1 July 2024 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidators' Statutory Report to Creditors dated 10 July 2024 and approved to an interim cap of \$300,000.00 (plus GST) and that the Liquidators be authorised to draw that amount as and when incurred."

Resolution 3: Liquidators' Internal Disbursements for the period 10 April 2024 to Conclusion

"That the Liquidators be allowed internal disbursements for the period 10 April 2024 to the conclusion of the Liquidation at the rates of charge annexed to the Liquidators' Statutory Report to Creditors dated 10 July 2024, up to an amount of \$2,000.00 (plus GST) and that the Liquidators be authorised to draw that amount as accrued."

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SCHEDULE D – DISBURSEMENTS

Disbursements are divided into three types:

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

We advise that to date, we have not paid any disbursements incurred during this Liquidation by our Firm.

We are not obliged to seek creditor approval for disbursements paid to third parties, but must account to creditors, this includes providing details of the basis of charging for these types of disbursements to creditors as part of the Remuneration Approval Report. We have incurred the following disbursements paid to third parties:

Disbursement Type	Rate	Amount (\$, excl GST)
Externally provided non-professional costs		
Statutory Searches	At cost	243.11
Travel	At cost	185.55
IT/Phone Subscriptions	At cost	800.43
Postage and Courier	At cost	264.15
TOTAL		1,493.36

We are required to seek creditor approval for internal disbursements where there could be a profit or advantage. We have incurred the following internal disbursements to date:

Disbursement Type	Rate	Amount (\$, excl GST)
Internal disbursements		
Staff vehicle use	\$0.85/Km X 154Km	130.90
TOTAL		130.90

Accordingly, we will be seeking approval from creditors for **Resolution 3**, of which details are provided in **Schedule C** of this Remuneration Approval Report.

Future disbursements provided by our Firm will be charged to the administration on the following basis:

Disbursement Type	Rate (excl. GST)
Externally provided professional services	At cost
Externally provided non-professional costs	At cost
Internal disbursements	
ASIC Charges for appointments and notifiable events	At cost
Faxes and Photocopying	\$0.25 per page
Postage	At cost
Staff vehicle use	In accordance with ATO mileage allowance

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green diagonal stripe is on the right side of the rectangle.

BRI Ferrier

**Prospero Markets Pty Ltd
(In Liquidation)
ACN 145 048 577**

**Annexure "I"
Advice to Creditors About
Remuneration**

ADVICE TO CREDITORS ABOUT REMUNERATION

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

PROSPERO MARKETS PTY LTD (IN LIQUIDATION)
ACN 145 048 577
("THE COMPANY")

A REMUNERATION METHOD

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

▲ Time based / hourly rates or "Time Cost"

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

▲ Fixed Fee

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

▲ Percentage

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

▲ Contingency

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

B. METHOD CHOSEN

Given the nature of this administration, we propose that our remuneration be calculated on the time based / hourly rates method. In our opinion, this is the fairest method for the following reasons:

- ▲ We will only be paid for work done, subject to sufficient realisations of the Companies' assets.
- ▲ It ensures creditors are only charged for work that is performed. Our time are recorded and charged in six-minute increments and staff are allocated to duties according to their relevant experience and qualifications.
- ▲ We are required to perform a number of tasks which do not relate to the realisation of assets, including responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.

BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted below remain current to 30 June 2025. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date. If hourly rates are increased, we will seek approval from creditors.

C. EXPLANATION OF HOURLY RATES

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

Title	Description	NSW	NSW	VIC
		Hourly Rate (ex GST) 1 July 23	Hourly Rate (ex GST) 1 July 24	Hourly Rate (ex GST) 1 July 23
Principal	Senior member of the firm. May be a Registered Liquidator and/or Registered Trustee. A senior accountant with over 10 years' experience who brings specialist skills and experience to the appointment. Leads staff carrying out appointments.	\$730	\$750	\$650
Director	An accountant with more than 10 years' experience. May be a Liquidator. Fully qualified and able to control all aspects of an appointment. May have specialist industry knowledge or skills. Assists with all facets of appointment.	\$640	\$670	\$570
Senior Manager	An accountant with more than 7 years' experience. Qualified and answerable to the Team Leader. Self-sufficient in completing and planning all aspects of large appointments.	\$590	\$620	\$530
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$550	\$580	\$500
Supervisor	An accountant with more than 4 years' experience. Typically qualified with sound knowledge of insolvency principles and developing commercial skill. Assists to plan and control specific tasks on medium to larger appointments. Often undertaking post qualification study specialising in Insolvency and Reconstruction.	\$480	\$510	\$400
Senior 1	An accountant with more than 2 years' experience. Typically a graduate undertaking study leading to professional qualification as a Chartered Accountant or CPA. Able to complete work on appointments with limited supervision.	\$420	\$450	\$350
Senior 2	An accountant with less than 2 years' experience. Typically a graduate who has commenced study leading to professional qualifications. Able to complete many tasks on medium to large appointments under supervision.	\$380	\$400	\$300
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$330	\$350	\$250
Intermediate 2	An accountant with less than 1 year's experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$280	\$300	\$220
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$240	\$300	\$200
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$180	\$200	\$150

D. DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.

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

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

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

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

BRI Ferrier NSW Office

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

BRI Ferrier VIC Office

Disbursements with a potential profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Printing and Photocopying	\$0.25 per page



**Prospero Markets Pty Ltd
(In Liquidation)
ACN 145 048 577**

**Annexure "J"
ARITA Information Sheet –
Offences, Recoverable Transactions
and Insolvent Trading**

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by liquidators or administrators:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4) / 453F 475(9)) / 497(4) / 530A – 530B	Failure by directors to assist, deliver records and provide information.
438C(5) / 477(3) / 530B	Failure to assist, deliver up books and records and provide information.
588G	Incurring liabilities while insolvent
588GAB	Officer's duty to prevent creditor-defeating disposition
588GAC	A person must not procure a company to make a creditor-defeating disposition
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.
596AB	Entering into an agreement or transaction to avoid employee entitlements.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation, or three months if a simplified liquidation process is adopted. The company must have been insolvent at the time of the transaction or become insolvent because of the transaction.

Where a creditor receives a preference*, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

**Must be greater than \$30,000 for unrelated creditors in a simplified liquidation*

Creditor-defeating disposition

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to the benefit or detriment to the company; the respective benefits to other parties; and any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person or from members of a corporate group (Contribution Order).

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest within six months of the liquidation, unless it secures a subsequent advance
- unregistered security interests
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The director may also be able to avail themselves of safe harbour, if they meet certain conditions.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Queries about the external administration should be directed to the insolvency practitioner's office.

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

BRI Ferrier

Prospero Markets Pty Ltd

(In Liquidation)

ACN 145 048 577

Annexure "K"

**ASIC Information Sheet – Insolvency
Information for Directors,
Employees, Creditors and
Shareholders**

**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: 01/09/2017 10:57

TAB 8

NOTICE OF FILING

Details of Filing

Document Lodged:	Affidavit - Form 59 - Rule 29.02(1)
Court of Filing	FEDERAL COURT OF AUSTRALIA (FCA)
Date of Lodgment:	20/03/2024 1:51:56 PM AEDT
Date Accepted for Filing:	20/03/2024 1:52:01 PM AEDT
File Number:	VID171/2024
File Title:	AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION v PROSPERO MARKETS PTY LTD ACN 145 048 577
Registry:	VICTORIA REGISTRY - FEDERAL COURT OF AUSTRALIA



Sia Lagos

Registrar

Important Information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date of the filing of the document is determined pursuant to the Court's Rules.



Form 59
Rule 29.02(1)

Affidavit

No. VID171 of 2024

Federal Court of Australia
District Registry: Victoria
Division: General

IN THE MATTER OF PROSPERO MARKETS PTY LTD ACN 145 048 577

BETWEEN

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Plaintiff

PROSPERO MARKETS PTY LTD ACN 145 048 577

Defendant

Affidavit of: **Xuehao Zhou**
Address: Level 4, 990 Whitehorse Road, Box Hill, Victoria 3128
Occupation: Director
Date: 20 March 2024

Contents

Document number	Details	Paragraph	Page
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2	Annexure "XZ-1", being a copy of the Commonwealth Bank of Australia's letter to the Company dated 24 November 2023.	14	1 - 3

Signed: **hal zhou**
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email=hal@prosperohou@gmail.
com, c=AU
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Taken by:

Filed on behalf of Prospero Markets Pty Ltd ACN 145 048 577, the Defendant
Prepared by Mark Schneider
Law firm Hamilton Locke
Tel +61 410 096 168 Fax _____
Email mark.schneider@hamiltonlocke.com.au
Address for service Hamilton Locke, Level 19, 123 Eagle Street, Brisbane, Queensland 4000

[Version 3 form approved 02/05/2019]

I, Xuehao Zhou of Level 4, 990 Whitehorse Road, Box Hill, Victoria 3128, Director, affirm:

1. I am the sole director and secretary of the Defendant (**Company**) following my appointment as director on 27 October 2023.
2. I am authorised to make this affidavit on behalf of the Company in support of:
 - (a) the Company's request to adjourn the winding up application (**ASIC Application**) to allow it more time to address ASIC's concerns; and
 - (b) the Company's opposition to the ASIC Application.
3. To people who do not speak Chinese, I am usually called "Hal".
4. I refer to the two affidavits sworn by Ms Niemiec in support of ASIC's Application and the exhibits thereto, to which contain materials I also refer.

Background

5. I have only recently been appointed as a director of the Company.
6. Shortly after I commenced my role as a director of the Company, ASIC commenced an investigation into the Company on or around 16 November 2023. ASIC's notice to the company dated 17 November 2023 states that the investigation relates to sections 912A, 981B, 981C, 989B, 989C, 1041G and 1308 of the *Corporations Act 2001* (Cth) by the Company, but also by three other entities in respect of which I am not a director. A copy of that notice is located in ASIC's affidavit materials filed with this application at page 66 of Exhibit **TLN-1** at Tab 8.
7. Since 17 November 2023, I have spent considerable time dealing with ASIC's investigation and assisting it with its enquiries.

Restraining Orders

8. Prior to ASIC's investigation, on or about 1 November 2023, the Company had received a letter from the Australian Financial Security Authority enclosing orders of the Supreme Court of Victoria (**Restraining Orders**). The Restraining Orders do not relate to ASIC's investigation and restrain dealings of the shares of the Company. The orders do not restrain the assets of the Company. A copy of the Restraining Orders and covering letter notifying the Company is contained within ASIC's materials filed with this application at page 184-198 of Exhibit **TLN-1** at Tab 25.
9. However, on or about 2 November 2023 the Company received a notification from the Commonwealth Bank of Australia (**CBA**) who had also been provided with the Restraining Orders, stating that it had decided to freeze the Company's accounts as a

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10. From around this time, the Company began receiving complaints from customers because they could not access their funds.
11. On or about 15 November 2023, the Company, through its solicitors, requested the CBA reinstate the operation of its CBA accounts. A copy of Hamilton Locke's letter to the CBA together with the attachments is contained at page 696-717 of Exhibit **TLN-1** Tabs 56 to 60.
12. On 16 November 2023, CBA wrote to the Company's lawyers and confirmed it would agree to lift the freeze on the Company's accounts on certain conditions. A copy of CBA's letter is contained at page 718-719 of Exhibit **TLN-1** at Tab 61.
13. At about this time, ASIC requested the Company voluntarily suspend its Australian Financial Services Licence (**AFSL**) during a meeting on 15 November 2023. A copy of an email and letter sent after the meeting on 17 November 2023 is at page 723-725 of Exhibit **TLN-1**. In response, the Company voluntarily provided an undertaking to ASIC that it would not deal with funds in its own accounts, deal with client monies held by CBA and would not provide financial services.
14. On 24 November 2023, CBA confirmed, among other things, that I replaced the previous signatory on the Company's accounts and it outlined when payments were permitted to be made from the Company's accounts. A copy of CBA's letter to the Company dated 24 November 2023 is at page 1 of Exhibit **XZ-1**.
15. From this time, the Company has continued to field numerous complaints from customers regarding their inability to access funds held by the Company on their behalf. I have been working with others at the Company and seeking to address their concerns so that eventually funds can be returned to customers and the business of the Company remain intact to its greatest extent. A previous team leader of the Company, Fulai Sun (**Flynn**) has assisted with this and I will ask him to continue to do so, if ASIC's Application is not granted.
16. The orderly return of client funds is very important to me because this will heavily impact upon the Company's goodwill with those customers and the potential for the business to operate in the future.

17. In late 2023 until the end of February 2024, the Company has been asked by ASIC to extend an undertaking which it voluntarily provided to ASIC that it would not deal with

Taken by:

funds in its own accounts, or deal with client monies held by CBA and further would not engage in financial services. Each time, the Company has agreed to do so. That undertaking remains in place.

18. In the week before Christmas:
- (a) CBA decided it would cease providing banking services to the Company. A copy of that correspondence is at page 682-684 of Exhibit **TLN-1**; and
 - (b) ASIC requested an undertaking be provided by the Company until 8 February 2024 to allow it more time to conclude its investigation. A copy of that email is at page 764 of Exhibit **TLN-1**
19. Throughout January and February, the Company has continued to respond to notices issued by ASIC and to cooperate with its investigations. During this period, I have suggested options such as that the return of client funds be overseen by the appointment of an independent third party, such as a chartered accountant.

ASIC's Application

20. Many of the matters raised in ASIC's application relate to historical issues before my involvement in the Company. These will take me some time to investigate and if granted further time by the Court, I will work toward investigating all of them further and seeking to alleviate ASIC's concerns.
21. There are further investigations I intend to undertake with various stakeholders, such as legal advisers, Wei Hong (**David**), Head of Institutional Partnerships and Responsible Manager of the Company, and other past and present employees including Flynn (the previous team leader) and Hui Wen Zhang (**Wendy**) (the Company's bookkeeper) to try to address the concerns raised in the ASIC Application.
22. For example, if the adjournment is granted, the Company will seek to obtain further information from:
- (a) TRAction, who is an external service provider who reports trades to ASIC by tracking data automatically on MT4, in relation to the matters raised at paragraphs 134 to 148 of the affidavit of Ms Niemiec about alleged failures to report derivative transaction data. The failure in reporting of those transactions is a failure by TRAction to track the correct server data which led to reports being logged with incorrect information on trades after a server migration at the Company. After the server migration, the Company continued to receive "handbacks", by which TRAction confirmed to the Company that trades had been reported to ASIC. I believe that those concerns were rectified by early January 2024 because we instructed TRAction to track the correct

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server and produce reports for the previous period (ie retrospective report) that I had thought had already been provided. A breach report was lodged. Until ASIC's investigation, the Company was unaware of any failure to report this information and has promptly addressed the situation;

(b) other key third parties and former employees involved in operational aspects of the Company. These include the former director, shareholder and compliance officers including representatives of Sigma, Jenny Mulders at Source, Victor Ringor, Kyle Rui and Remy Ji, in relation to:

- (i) the alleged failures to lodge annual client money declarations and monthly reconciliations with ASIC outlined at paragraphs 123 to 128 of Ms Niemiec's First Affidavit; and
- (ii) the alleged failure to appoint an auditor within the prescribed timeframe outlined at paragraphs 129 to 133 of Ms Niemiec's First Affidavit.

23. As for some of the other matters raised in the ASIC Application, I note the following:

- (a) As to the alleged failures to designate accounts as client money accounts (paragraphs 104 to 108 of Ms Niemiec's First Affidavit, the Company cannot change the names on the accounts because the funds are frozen and CBA has terminated its banking services. If these circumstances were to change, I would immediately rectify the names of the accounts. I note since my appointment as director I believe that all client monies are and have been kept separately and ASIC has not identify missing money or any substantive failings insofar as client funds are dealt with;
- (b) As to the alleged failures to lodge financial statements (paragraphs 109 – 122 of the affidavit of Ms Niemiec) and the alleged failures to lodge profit and loss and auditor's reports with ASIC, I note that the licensee's financial statements for FY2022 were lodged on 30 November 2022 and an extension of time was requested within the time required for the financial statements for FY2023 (see paragraphs 2, 4 and 10 of page 923 of Exhibit **TLN-1**); Further, ASIC has been provided with draft financial statement for FY2023 (see page 926-968 of **TLN-1**).
- (c) As to the alleged failure to appoint an auditor within the prescribed timeframe outlined at paragraphs 129 to 133 of Ms Niemiec's First Affidavit, the Company has actively sought to find a replacement auditor so we could provide this information to ASIC. I refer to these matters below.
- (d) As to the allegations that we will not have adequate resources to continue to operate, the Company has sufficient cash reserves with its liquidity providers and has operated profitably during July, August and September 2023 (ie prior to the

Signed: hal zhou
Signature verified by eScriber
eScriber Pty Ltd (ACN 606 450 698)
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Restraining Order). It is in a position to recruit staff and advisers as needed to manage its affairs into the future.

CBA freezing of accounts

24. ASIC's Application includes concerns relating to client complaints. ASIC has not stated that these complaints relate the matters the subject of its investigation. I refer above to complaints received by the company and I believe that they relate to those customers inability to access their funds. As far as I am aware, all of the client complaints followed the CBA's decision to freeze the Company's accounts.
25. This decision was made independently by CBA in relation to a separate AFP investigation into money laundering. The accounts were not frozen as a result of ASIC's investigations into the Company.
26. In any event, the Company had voluntarily undertaken to ASIC not to deal with any of its funds including client funds and operational accounts.
27. During the past 4 months since the ASIC investigation commenced, there has been considerable strain placed on the Company's relationships with its banks (although it remains a customer of National Australia Bank Limited).
28. There have been difficulties obtaining a new auditor to complete financial accounts. In relation to this, I note:
 - (a) the Company's former auditor, Daniel Dalla of Rothsay, has declined to complete the financial statements and audit report for the Company, even though he had been engaged since the time I commenced as director. Mr Dalla said words to me to the effect that he was concerned about ASIC's investigations and the risk to his firm's reputation if it were involved, Mr Dalla was overseas over the Christmas break and it was not until January 2024 that I became aware of Mr Dalla's position and that needed to find another auditor.
 - (b) throughout January and February 2024, the Company explored options for replacement auditors by requesting recommendations from our advisers and our own networks. The Company contacted Bent Ley Accountants Pty Ltd, Les Pine, RSM Bird Cameron and Mr Kerpai Singh;
 - (c) in February 2024, Mr Kerpai Singh of Charterhouse & Co Auditors Pty Ltd agreed to undertake the audit and finalise financial statements. I was told by Mr Singh that he could complete and lodge with ASIC the audit and financial statements by 27 February 2024, which at that time was the deadline for ASIC's delegate to consider the suspension of the Company's AFSL; and

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(d) at the end February 2024, Mr Singh confirmed he would not act as auditor of the Company. We then engaged another auditor, John Findlay of RSM Bird Cameron, that we had identified prior to engaging Mr Singh. At the same time, we were served with ASIC's Application. Following this, the Company paused the engagement with the new auditor to deal with ASIC's application because I understood that may lead to the AFSL being cancelled.


29. CBA's decision to freeze the accounts prevented the Company from being able to pay wages. The Company was able to obtain approval to process one payroll one for October 2023, later than these obligations were due, I had to make a decision about the ongoing financial strain on the Company in light of the inability of the Company to trade. Accordingly, there was a reduction in employees of the Company.

The Company's resources & plans for the future

30. The Company's highest priority is to return client funds swiftly and accurately to protect and salvage what goodwill may remain.
31. I believe the best way to achieve this outcome is for the Company to return these funds itself.
32. My belief is based on:
- (a) that I now have a significant understanding of the background of the Company, its clients and its affairs and I have been focussed on understanding these matters since I was appointed in October 2023. I believe I would be better placed to attend to the orderly return of client funds than a liquidator; and
 - (b) the appointment of liquidators will result in a significant delay to the clients being paid any money as they have other legal duties to perform.
33. I believe the Company will be able to procure relevant resources to undertake the exercise. Returning client funds is not a people-intensive process, and only a small number of accounts personnel are required, particularly when undertaken with oversight of people who know the Company and its business. That includes Wendy who is still employed on a casual basis and others the Company can engage as contractors in order to assist it.

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Taken by: 

Affirmed by the deponent
at Box Hill
in Victoria
on 20 March 2024
Before me:



Thomas Daniel Robert Goodwin
Australian Legal Practitioner

hal
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Date: 2024.03.20 13:36:53 +1100

Signature of deponent

A person authorised under section 19(1) of the Oaths and Affirmations Act 2018 to take an affidavit.

In accordance with section 27(1A) of the Oaths and Affirmations Act 2018, this affidavit was signed and sworn by the deponent by audio visual link and the authorised affidavit taker has used a scanned or electronic copy of the affidavit and not the original in completing the jurat requirements.

Certificate of Exhibit

No. VID171 of 2024

Federal Court of Australia

District Registry: Victoria

Division: General

IN THE MATTER OF PROSPERO MARKETS PTY LTD ACN 145 048 577

BETWEEN

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Plaintiff

PROSPERO MARKETS PTY LTD ACN 145 048 577

Defendant

Exhibit **XZ-1** to the affidavit of Xuehao Zhou affirmed 20 March 2024 in the presence of:



Thomas Daniel Robert Goodwin

Australian Legal Practitioner

Filed on behalf of	Prospero Markets Pty Ltd ACN 145 048 577, the Defendant		
Prepared by	Mark Schneider		
Law firm	Hamilton Locke		
Tel	+61 410 096 168	Fax	
Email	mark.schneider@hamiltonlocke.com.au		
Address for service	Hamilton Locke, Level 19, 123 Eagle Street, Brisbane, Queensland 4000		

Commonwealth Bank
Commonwealth Bank of Australia
ABN 48 123 123 124



Group Services Legal

Commonwealth Bank Place South
Level 3, 11 Harbour St
Sydney NSW 2000

24 November 2023

Prospero Markets Pty Ltd
Suite 602, 160 Queen St
Melbourne Vic 3000

Attention Mr Xuehao Zhou

By email only: hal@prosperoglobal.com

Dear Mr Zhou

Restraint of accounts of Prospero Markets Pty Ltd ACN 145 048 577 (Company)

I refer to recent communication concerning the Company's accounts, including CBA's recent letter to your legal representatives, Hamilton Locke, dated 16 November 2023 (copy attached for your reference).

Status of Accounts

Mr Ding Wang has been removed as an authorised operator and signatory to the Company's Accounts.

Mr Xuehao Zhou is the sole signatory to the following Company accounts:

Account Number ending	Account name	Account Type
0119	Prospero Markets Pty Ltd	Cheque Acct Bearing Interest
0135	Prospero Markets Pty Ltd	Cheque Acct Bearing Interest
9842	Prospero Markets Pty Ltd	Cheque Acct Bearing Interest
9981	Prospero Markets Pty Ltd	Cheque Acct Bearing Interest
0143	Prospero Markets Pty Ltd	Business Foreign Currency Acct
0151	Prospero Markets Pty Ltd	Business Foreign Currency Acct
9670	Prospero Markets Pty Ltd	Standard Term Deposit
4326	Prospero Markets Pty Ltd	Standard Term Deposit

CBA is preparing to remove the stops which are currently in place on the above accounts, noting accounts 9670 and 4326 have not been stopped.

Request under Section 92 of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Act)

In releasing the stops on the above accounts, CBA requires information from you in relation to transactions performed on the Company's accounts up to and including 11 December 2023.

The information will be required for all transactions undertaken on the following accounts, with account numbers ending:

1. 0119
2. 0135
3. 9842
4. 9981
5. 0143
6. 0151

CBA requests that a detailed written response to the following questions concerning the classes of transactions within 2 business days of the transaction being submitted.

1. For business related expenses, please provide:
 - (a) Full purpose of the payment and what goods and/or services are involved.
 - (b) A supporting invoice which includes the name of the beneficiary and amount to be paid; or
 - (c) A payment ledger including the full name of any beneficiary and the amount(s) to be paid;
2. For any other withdrawal or transfer, please provide details of:
 - (a) The order or transaction request from the customer and any other supporting documents for the transaction;
 - (b) The full purpose of the payment and what goods and/or services are involved;
 - (c) The country of origin and final destination of the services/payments;
 - (d) Full details of the beneficiary, including details of:
 - (i) any relationship to:
 1. Prospero Markets Pty Ltd
 2. Mr Ding Wang;
 3. Mr Sheng Yin Wang; or
 4. Mr Xuehao Zhou.

Pursuant to the power conferred in section 92(4) of the AML/CTF Act, if you do not provide the requested information in a satisfactory form within 2 business days, CBA may refuse to continue to provide a service, refuse to commence to provide a service and/or restrict or limit the provision of a service to you, including releasing funds from your account, until you provide the information requested in a satisfactory form. The determination of whether information provided is in a satisfactory form is to be exercised by CBA in its sole discretion.

Method of operation

In exercising the power conferred under section 92(4) of the AML/CTF Act, CBA will process individual payments subject to considering the information provided by you.

This will be achieved by:

1. The Company submitting payment requests directly to your relationship manager, either through delivering documents in branch or via email.
2. To assist with the facilitating the process of the payment, we would also seek your assistance in providing the information in accordance with section 92 of the AML/CTF Act at the same time, or at least within two business days as requested above.
3. The transaction request and supporting information will then be assessed by CBA and subject to being satisfied with the supporting information, will proceed to process the payment directly and provide confirmation to you.
4. If there any issues CBA reserves its rights to request further or additional information.


In undertaking this, CBA confirms that it will be necessary to de-link Mr Xuehao Zhou's NetBank facility from the Company's NetBank.

CBA appreciates that this may cause inconvenience in terms of viewing accounts and will seek to accommodate this through your relationship manager.

If you have any questions regarding this process, please email me or your relationship manager.

CBA otherwise reserves its rights, including in respect of the matters set out in on our letter to Hamilton Locke 16 November 2023.

Yours sincerely,



Richard Lewin
Senior Legal Counsel
Commonwealth Bank of Australia

CC: Hamilton Locke – Attn Mark Schneider and Ben Fisher, by email only:
mark.schneider@hamiltonlocke.com.au and ben.fisher@hamiltonlocke.com.au

TAB 9

NOTICE OF FILING

Details of Filing

Document Lodged:	Affidavit in Support of Application for Winding Up - Form 59 - Rule 29.02(1)
Court of Filing	FEDERAL COURT OF AUSTRALIA (FCA)
Date of Lodgment:	29/02/2024 3:22:37 PM AEDT
Date Accepted for Filing:	29/02/2024 4:25:25 PM AEDT
File Number:	VID171/2024
File Title:	AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION v PROSPERO MARKETS PTY LTD ACN 145 048 577
Registry:	VICTORIA REGISTRY - FEDERAL COURT OF AUSTRALIA



Sia Lagos

Registrar

Important Information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date of the filing of the document is determined pursuant to the Court's Rules.



Form 59
Rule 29.02(1)

Affidavit

No. of 2024

Federal Court of Australia
District Registry: Victoria
Division: General

IN THE MATTER OF PROSPERO MARKETS PTY LTD ACN 145 048 577

BETWEEN

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Plaintiff

PROSPERO MARKETS PTY LTD ACN 145 048 577

Defendant

Affidavit of: **Tracey Louise Niemiec**
Address: Level 5, 100 Market Street, Sydney, NSW 2000
Occupation: Investigator
Date: 29 February 2024

Contents

Document number	Details	Paragraph	Page
1	Affidavit of Tracey Louise Niemiec in support of ASIC's application for the winding up of Prospero Markets Pty Ltd affirmed on 29 February 2024	[1]-[188]	1-47
2	Exhibit TLN-1 , being an electronic bundle of documents referred to in the affidavit	[5]	2
3	Exhibit TLN-2 , being a spreadsheet in native Excel format titled 'ASIC Client Reconciliation'	[28(a)], [148]	8, 36
4	Exhibit TLN-3 , being a spreadsheet in native Excel format titled 'OC capital injection-2022'	[151(b)]	37

Filed on behalf of (name & role of party) Australian Securities and Investments Commission, Plaintiff
Prepared by (name of person/lawyer) Conrad Gray, Litigation Counsel
Tel (02) 9911 2313 Fax (02) 9911 2279
Email conrad.gray@asic.gov.au
Address for service Level 7, 120 Collins St, Melbourne VIC 3000
(include state and postcode)

[Version 3 form approved 02/05/2019]

Tracey Louise Niemiec *mc*

Document number	Details	Paragraph	Page
5	Exhibit TLN-4 , being a spreadsheet in native Excel format titled 'General ledger'	[167(a)]	41
6	Exhibit TLN-5 , being a spreadsheet in native Excel format titled 'Draft Balance sheet 30062023'	[167(b)]	41
7	Exhibit TLN-6 , being a spreadsheet in native Excel format titled 'Draft P&L 30062023'	[167(c)]	41
8	Exhibit TLN-7 , being a spreadsheet in native Excel format titled 'STAFF-Termination HL edit 1'	[173]	42

I **TRACEY LOUISE NIEMIEC** of Level 5, 100 Market Street, Sydney NSW 2000, Investigator, of the Australian Securities and Investments Commission (**ASIC**) affirm:

1. I am a staff member of ASIC within the meaning of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**), and I am authorised to make this affidavit on behalf of the Plaintiff.
2. In the course of my employment with ASIC, I conduct, or assist in the conduct of investigations into suspected contraventions of the laws regulated by ASIC, including the *Corporations Act 2001* (Cth) (**Corporations Act**).
3. Pursuant to section 102 of the ASIC Act, ASIC has delegated to me certain functions and powers including its functions and powers under Part 3 of the ASIC Act relating to the conduct of investigations.
4. Unless stated otherwise:
 - (a) this affidavit is based on information within my own knowledge and obtained from an examination of records of, or in the possession of, ASIC;
 - (b) where I depose to matters on information or belief, I do so having made all relevant enquiries and I believe those matters to be true and correct; and
 - (c) where I depose to matters which are concerns or suspicions of ASIC, I do so on the basis of my knowledge obtained in my role as a member of the investigation team described at paragraph [2] above.
5. At the time of affirming this affidavit, I was shown an electronic bundle of documents marked 'Exhibit TLN-1' containing electronic copies of the documents referred to in this affidavit. Where I refer to a document at a Tab number in this affidavit, I am referring to the document behind the numbered Tab in Exhibit TLN-1. Separate exhibits, Exhibit TLN-2, TLN-3, TLN-4, TLN-5, TLN-6 and TLN-7, are spreadsheets in native Excel format.



6. I make this affidavit in support of the Originating Process.

PURPOSE OF THIS APPLICATION

7. ASIC seeks the winding up of Prospero Markets Pty Ltd (ACN 145 048 577) (**Prospero**) on just and equitable grounds pursuant to section 461K(1) of the Corporations Act.
8. As a result of an investigation into Prospero, ASIC has formed the view that it has a justifiable lack of confidence in the conduct and management of Prospero's affairs which presents a risk to the public interest that warrants protection.
9. I set out the history and result of ASIC's investigation below.

Background

10. From late 2022 to mid-2023, ASIC conducted a surveillance of Prospero which held an Australian Financial Services Licence (**AFSL**).
11. On 25 October 2023, the AFP charged seven individuals for their roles in relation to alleged money laundering through The Changjiang Currency Exchange money remitting chain.
- A copy of an AFP media release dated 26 October 2023 relating to the charges barcoded [PSM.0003.0002.0432] is at **Tab 1 of Exhibit TLN-1 at pages 1-11**.
12. Two of the persons charged by the AFP in relation to the activities of the Changjiang Currency Exchange were, or had held themselves out to be, directors, officers or responsible managers of Prospero.

AFP investigation

13. On 25 October 2023, the AFP charged seven individuals for their roles in relation to alleged money laundering through the Changjiang Currency Exchange money remitting chain as part of Operation Avarus-Nightwolf. Of those seven individuals, two appear to have (or had) a direct relationship to Prospero. Those individuals are:
- (a) Ding Wang, the former signatory to Prospero's bank accounts held with the CBA;
and
- (b) Ye Qu, the former director and Responsible Manager of Prospero.
14. Prior to the charges being laid, the Commissioner of the AFP filed an application in the Supreme Court of Victoria on 23 October 2023 for restraining orders under sections 18 and 19 of the *Proceeds of Crime Act 2002* (Cth) relating to the property of the individuals



charged (**Restraining Orders**). The Supreme Court of Victoria made orders on 24 October 2023 restraining, among other things, any dealings with property:

(a) in relation to Ding Wang:

- i. of specified property including any right, title and interest in shares in Prospero, presently held in the name of Sheng Yin Wang;
- ii. all other property legally or beneficially owned by Ding Wang;

(b) in relation to Ye Qu:

- i. of specified property including any right, title and interest in shares in the Prospero;
- ii. all other property legally or beneficially owned by Ye Qu.

15. On 1 November 2023, Harris Carlson Lawyers, lawyers for the Official Trustee in Bankruptcy, sent a letter to ASIC summarising the Restraining Orders, a copy of which is barcoded [PSM.0003.0003.0001] and is at **Tab 2 of Exhibit TLN-1 at pages 12-26**. The letter enclosed copies of orders relating to Ding Wang and Ye Qu, copies of which are barcoded [PSM.0003.0003.0016; PSM.0003.0003.0023] and are at **Tabs 3-4 of Exhibit TLN-1 at pages 27-39**.

ASIC Investigation

16. On 16 November 2023, ASIC commenced an investigation (**Investigation**) under section 13 of the ASIC Act into suspected contraventions by Prospero (and other entities) of provisions of the Corporations Act in the period 1 March 2021 to the date of this affidavit and ongoing.
17. On the basis of the Investigation to date, ASIC is concerned that Prospero has or may have contravened its obligations under the Corporations Act in respect to:
- (a) the designation of its bank accounts as client money accounts;
 - (b) filing certain declarations and reports with ASIC or other bodies within the prescribed timeframe, including profit and loss statements, balance sheets, auditors' reports, directors' declarations, monthly client money reconciliations, and derivative trading transaction reports;
 - (c) the appointment of auditors within the prescribed timeframe following the vacancy of the company auditor;
 - (d) its general obligations as an AFSL holder including its obligation to:



- i. comply with the stipulated conditions of its AFSL by failing to lodge with ASIC an opinion of a registered auditor each financial year within the required time limit;
 - ii. comply with financial services laws; and
 - iii. have available resources to continue to provide the financial services authorised by its AFSL; and
- (e) failing to report information about Reportable Transactions by the next business day in the period between 22 December 2021 and 13 November 2023 in contravention of the Derivative Transaction Rules.
18. As part of the Investigation ASIC has also learnt that:
- (a) Prospero's major banker, the Commonwealth Bank of Australia (**CBA**) de-banked Prospero on 21 December 2023, although it continues to hold funds on behalf of Prospero in certain accounts subject to an undertaking provided by Prospero to ASIC on 19 December 2023 not to deal in those funds. Those accounts have a balance of approximately AUD19,396,224 as at 26 February 2024;
 - (b) the vast majority of Prospero's clients are retail clients for the purposes of the Corporations Act (**Retail Clients**);
 - (c) AUD17,349,393 is held in a CBA account described as a Retail Client account;
 - (d) Prospero is not currently providing any financial services and is winding down its business; and
 - (e) Prospero has relied on 'owner's contributions' to fund aspects of its operation and Prospero no longer expects to receive those contributions.

ASIC'S INFORMATION ON PROSPERO

19. During the course of its investigation into Prospero, ASIC has collected evidence from multiple sources. The relevant evidence and its sources are set out below.

Statutory basis of ASIC's investigation of Prospero

20. As set out in paragraph [13] above, some of the persons charged by the AFP were directors, officers or responsible managers of Prospero.
21. As set out in paragraph [16] above, on 16 November 2023, ASIC commenced the Investigation under section 13 of the ASIC Act into suspected contraventions by a number of entities (including Prospero) of provisions of the Corporations Act in the period 1 March 2021 and ongoing, including:



- (a) section 912A(1) for failing to comply with the general obligations of AFSL holders under subsections 912A(1)(a), (b), (c), (d) and (h);
 - (b) section 981B for failing to ensure that the only money paid into Prospero's client money accounts were monies paid by, on behalf of, or for the benefit of its clients;
 - (c) section 981C by not ensuring that the payments made out of client money accounts were made only in circumstances permitted by the applicable regulations;
 - (d) section 989B by failing to lodge with ASIC their annual profit and loss statements and balance sheets;
 - (e) section 1041G by engaging in dishonest conduct in relation to financial products and services; and
 - (f) section 1308 by lodging documents with ASIC which are materially false or misleading.
22. On 8 December 2023, ASIC expanded the Investigation to also include suspected contraventions of the following provisions of the Corporations Act:
- (a) section 901E for failing to comply with rule 2.2.1 of the ASIC Derivative Transaction Rules (Reporting) 2013 and 2022 in respect of reporting certain derivative trade data to the relevant body; and
 - (b) section 981M for failing to comply with rule 3.1.2 of the ASIC Client Money Reporting Rules 2017 in respect of failing to prepare and give ASIC a certain declarations/reports within the prescribed timeframe.

Sources of information

23. The sources of information contained in this affidavit include:
- (a) documents and information provided voluntarily to ASIC;
 - (b) documents produced pursuant to compulsory notices that ASIC has issued in the course of the Investigation;
 - (c) documents received prior to the commencement of, or in the course of the Investigation, from various sources;
 - (d) information contained in ASIC's Companies Database (discussed below); and
 - (e) information available on publicly accessible databases.



Reports of misconduct made to ASIC

24. Between 1 November 2023 and 28 February 2024, ASIC has received approximately 71 reports of misconduct made by members of the public relating to Prospero.
25. Based on my review of the reports of misconduct:
- (a) the complaints generally relate to an inability to withdraw funds given to Prospero for trading purposes;
 - (b) the complainants each indicate that the amount of money that they will lose as a result varies between the amounts of \$1,000 and \$430,000; and
 - (c) all complainants provided an address in Australia when making the report.
26. A review of the spreadsheet titled 'ASIC Client Reconciliation' provided by Prospero to ASIC as part of the First Prospero Notice Response (as referred to in paragraph [28(a)] below) indicated that the clients who lodged the reports of misconduct referred to in paragraph [24]–[25] above also registered an Australian address with Prospero.

Compulsory Notices

27. The table below lists notices issued by ASIC which are referred to in this affidavit:

Tab of Exhibit TLN-1	Notice date	Notice description	Notice barcode
"Tab 5"	30 March 2023	Notice issued to CBA pursuant to section 33 of the ASIC Act	NTC2317920
"Tab 6"	14 April 2023	Notice issued to National Australia Bank (NAB) pursuant to section 33 of the ASIC Act	NTC2318354
"Tab 7"	1 November 2023	Notice issued to CBA pursuant to section 912C of the Corporations Act	NTC2320796
"Tab 8"	17 November 2023	Notice issued to Prospero under section 19(2)(a) of the ASIC Act (First Prospero Notice)	NTC2321121
"Tab 9"	21 November 2023	Notice issued to NAB under section 19(2)(a) of the ASIC Act	NTC2321175
"Tab 10"	22 November 2023	Notice issued to Bank of China Limited under section 19(2)(a) of the ASIC Act	NTC2321199
"Tab 11"	22 November 2023	Notice issued to CBA under section 19(2)(a) of the ASIC Act	NTC2321203
"Tab 12"	22 November 2023	Notice issued to CBA under section 30 of the ASIC Act	NTC2321196
"Tab 13"	23 November 2023	Notice issued to Bank of China (Australia) Limited under section 19(2)(a) of the ASIC Act	NTC2321237
"Tab 14"	8 December 2023	Notice issued to Prospero under section 19(2)(a) of the ASIC Act (Second Prospero Notice)	NTC2321532

 *enc*

"Tab 15"	12 December 2023	Notice issued to CBA under section 30 of the ASIC Act	NTC2321602
"Tab 16"	15 December 2023	Notice issued to Prospero under section 19(2)(a) of the ASIC Act (Third Prospero Notice)	NTC2321647
"Tab 17"	21 December 2023	Notice issued to Prospero under section 19(2)(a) of the ASIC Act (Fourth Prospero Notice)	NTC2321688
"Tab 18"	16 January 2024	Notice issued to Prospero under section 19(2)(a) of the ASIC Act (Fifth Prospero Notice)	NTC2321646
"Tab 19"	29 January 2024	Notice issued to Prospero under section 19(2)(a) of the ASIC Act (Sixth Prospero Notice)	NTC2421828
"Tab 20"	9 February 2024	Notice issued to Bendigo and Adelaide Bank Limited (Bendigo) under section 19(2)(a) of the ASIC Act	NTC2422008
"Tab 21"	16 February 2024	Notice issued to CBA under section 30 of the ASIC Act	NTC2422122
"Tab 22"	16 February 2024	Notice issued to NAB under section 30 of the ASIC Act	NTC2421844
"Tab 23"	16 February 2024	Notice issued to NAB under section 19(2)(a) of the ASIC Act	NTC2421845

28. Prospero responded to the First Prospero Notice by email dated 20 November 2023 (**First Prospero Notice Response**), a copy of which is barcoded [PSM.1000.0001.0001] and is at **Tab 24 of Exhibit TLN-1 at pages 182-183**, attaching:
- (a) a spreadsheet titled 'ASIC Client Reconciliation', a copy of which is barcoded [PSM.1000.0001.0003] and is **Exhibit TLN-2**;
 - (b) a letter from the Australian Financial Security Authority (**AFSA**) to Prospero dated 1 November 2023, enclosing Restraining Orders relating to Ding Wang and Ye Qu, a copy of which is barcoded [PSM.1000.0001.0004] and is at **Tab 25 of Exhibit TLN-1 at pages 184-198**;
 - (c) a document titled 'Client Notification updated (Retail)', a copy of which is barcoded [PSM.1000.0001.0019] and is at **Tab 26 of Exhibit TLN-1 at pages 199-200**;
 - (d) a document titled 'Client Notification updated (Wholesale)', a copy of which is barcoded [PSM.1000.0001.0021] and is at **Tab 27 of Exhibit TLN-1 at pages 201-202**; and
 - (e) a letter dated 20 November 2023 from Prospero's legal representatives, Hamilton Locke, to ASIC, a copy of which is barcoded [PSM.1000.0001.0023] and is at **Tab 28 of Exhibit TLN-1 at pages 203-206**.



Companies Database

29. ASIC is responsible for maintaining a registry of company records which include, amongst other information, details of companies and their officers (**Companies Database**). The function of maintaining the registry records stored in the Companies Database is performed by staff of the Commonwealth Registrar, on behalf of ASIC, and the records are kept in ASIC's technology systems. As an officer of ASIC, I am familiar with these technology systems and have access to the Companies Database in the normal course of my duties.
30. When documents are lodged with ASIC, they are affixed with or allocated a unique nine-digit numerical, or alphanumerical, barcode prior to being scanned and registered onto the Companies Database.
31. I have reviewed information and documents in the Companies Database for the purpose of making this affidavit. During the investigation a number of selected documents have been extracted from the Companies Database and stored in ASIC's document management system and assigned a Document ID.

Document Management System

32. ASIC operates a document management system of applying individual document identification numbers (**Document ID**) to documents so that documents can be identified by ASIC through electronic means when entering the document into ASIC's evidence management system (**NUIX Discover**). This is a necessary step with respect to all documents received by ASIC when produced by a party in the context of an investigation. Each document I refer to in this affidavit has been affixed with a unique Document ID. The Document ID is generally affixed to the document in the top right-hand side of the page. The final four digits of the Document ID are references to the page number of the document.

Examinations

33. ASIC has conducted examinations pursuant to section 19 of the ASIC Act, including:
- (a) an examination of the current sole director of Prospero, Xuehao Zhou, on 28 November 2023 (**Zhou Examination**);
 - (b) an examination of the current responsible manager of Prospero, Wei Hong, on 27 November 2023 (**Hong Examination**); and
 - (c) an examination of the current responsible manager of Prospero, Fulai Sun, on 6 December 2023 (**Sun Examination**).



34. Each examination was recorded. Following the examination:
- (a) the recording was provided to an external provider for the purpose of preparing a transcript;
 - (b) the transcript was reviewed by an ASIC officer against the recording to ensure the transcript was a complete and accurate record of the examination; and
 - (c) the transcript was uploaded to Nuix Discover, assigned a Document ID, and made available to me.
35. A copy of the transcript of the Zhou Examination barcoded [PSM.0005.0001.0001] is at **Tab 29 of Exhibit TLN-1 at pages 207-294.**
36. A copy of the transcript of the Hong Examination barcoded [PSM.0005.0003.0001] is at **Tab 30 of Exhibit TLN-1 at pages 295-431.**
37. A copy of the transcript of the Sun Examination barcoded [PSM.0005.0002.0001] is at **Tab 31 of Exhibit TLN-1 at pages 432-585.**
38. During the Sun Examination, a Mandarin interpreter was present to assist Fulai Sun in understanding and responding to questions directed to him by ASIC. The transcript:
- (a) records when Fulai Sun, or the interpreter, on his behalf and after conversing with him in Mandarin, gave a response in English to a question directed to him; and
 - (b) does not record when Fulai Sun and the interpreter conversed in Mandarin for the purposes of Fulai Sun or the interpreter, on his behalf, responding to a question directed to him.

Webcaptures

39. I am informed by Micaela Lusa, Lawyer, Enforcement and Compliance at ASIC and verily believe that on 9 February 2024:
- (a) she requested that ASIC's Evidence Services team webcapture Prospero's TMD dated 9 December 2022 (**Prospero TMD**) available at https://www.prosperomarkets.com/public/pdf/Target_Market_Determination.pdf; and
 - (b) the Evidence Services team subsequently:
 - i. completed a webcapture of the Prospero TMD; and
 - ii. uploaded the webcapture to Nuix Discover.



PROSPERO'S BUSINESS

Prospero's business

40. At **Tab 32 of Exhibit TLN-1 at pages 586-608** is a copy of Prospero's AFSL numbered 423034, as extracted from the Companies Database [**PSM.0003.0001.0001**].
41. It shows that, from 14 July 2020, Prospero was relevantly authorised to carry on a financial services business to:
 - (a) provide general financial product advice for derivatives and foreign exchange contracts;
 - (b) deal in a financial product by issuing, applying for, acquiring, varying or disposing of a financial product in respect of derivatives and foreign exchange contracts;
 - (c) deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of derivatives and foreign exchange contracts; and
 - (d) make a market for foreign exchange contracts and derivatives, to retail and wholesale clients.
42. At **Tab 33 of Exhibit TLN-1 at pages 609-610** is a copy of an extract from the AFSL register within the Companies Database dated 26 February 2024 barcoded [**PSM.0003.0001.0681**]. It shows that:
 - (a) Prospero's AFSL with number 423034 commenced on 19 December 2012; and
 - (b) the role of 'Auditor of FS Licensee' was held by Charterhouse & Co Auditors Pty Ltd since 23 February 2024.
43. A copy of the Prospero TMD dated 9 December 2022, as captured by ASIC's Evidence Services team on 9 February 2024, is barcoded [**PSM.0003.0002.2259**] and is at **Tab 34 of Exhibit TLN-1 at pages 611-622**. The Prospero TMD states, among other things:
 - (a) the Prospero TMD applies to retail clients only and does not apply to wholesale clients as defined by sections 761G and 761GA of the Corporations Act; and
 - (b) Contracts for Difference (CFDs), one of the financial products identified in the TMD, will generally not be suitable for retail clients outside the target market, including those who:
 - i. do not have the ability and willingness to lose the sum of their deposits and any profits held in their trading account;
 - ii. do not understand the key features or risks of CFDs;



- iii. solely derive their income from benefits and/or borrowings;
 - iv. have failed to satisfy the client qualification policy;
 - v. have low levels of financial and technological literacy;
 - vi. are vulnerable, including those who are:
 - 1. unemployed or who have recently experienced job loss;
 - 2. suffering any form of cognitive impairment; or
 - 3. suffering from mental or other serious illness affecting capacity.
44. Prospero's legal representatives Hamilton Locke wrote to ASIC on 20 November 2023 in response to the First Prospero Notice, advising among other things that as at 17 November 2023, Prospero:
- (a) had 2,498 retail clients and was holding AUD16,856,690.46 and USD286,433.07 on behalf of these clients;
 - (b) had 53 wholesale clients and was holding AUD2,032,554.96 on behalf of these clients;
 - (c) had closed all open positions held by its clients on 10 November 2023, the same day that Prospero's professional indemnity insurance lapsed; and
 - (d) had sent correspondence to all clients prior to closing the positions with that correspondence (see copy of letter from Hamilton Locke to ASIC dated 20 November 2023 barcoded **[PSM.1000.0001.0023]** at **Tab 28 of Exhibit TLN-1 at pages 203-206**, together with copies of the correspondence sent to retail and wholesale clients referred to above).
45. On 13 November 2023, Prospero emailed ASIC confirming that all open positions were closed on 13 November 2023 at market prices. It is unclear why Prospero later stated in the First Prospero Notice Response, in the letter at paragraph [28(e)] above, that all open positions were closed on 10 November 2023.
- A copy of the email from Prospero to ASIC dated 13 November 2023 is barcoded **[PSM.0003.0006.0208]** and is at **Tab 35 of Exhibit TLN-1 at pages 623-624**.
46. On 9 February 2024, Prospero responded to the Sixth Prospero Notice by letter from Hamilton Locke to ASIC, a copy of which is barcoded **[PSM.1059.0001.0002]** and is at **Tab 36 of Exhibit TLN-1 at pages 625-626**.
47. The letter states, among other things, that Prospero intends to wind down its business operations in an orderly fashion.



Prospero's corporate history

48. At **Tab 37 of Exhibit TLN-1 at pages 627-642** is a copy of the current and historical company extract for Prospero dated 26 February 2024, as extracted from the Companies Database barcoded [**PSM.0003.0001.0665**].
49. It shows that:
- (a) Prospero was registered on 6 July 2010 with the name Intercapital Markets Co Pty Ltd, and relevantly has been registered under the name 'Prospero Markets Pty Ltd' since 14 July 2020.
 - (b) The current sole director of Prospero is Xuehao Zhou appointed on 27 October 2023.
 - (c) Prior to 27 October 2023:
 - i. Ye Qu was appointed director on 25 May 2020 and was sole director between 1 June 2020 and 15 March 2021.
 - ii. Sheng Yin Wang and, another individual, Xin Sheng Chen, were directors between 15 March 2021 and 9 June 2021.
 - iii. Sheng Yin Wang was the sole director between 9 June 2021 and 27 October 2023.
 - (d) Sheng Yin Wang is the current sole shareholder of Prospero.
 - (e) The appointed auditor of Prospero for the purpose of Part 2M.4 of the Corporations Act is Frank Vrachas of Rothsay Chartered Accountants (**Vrachas**) who was appointed on 1 July 2017 (although whether Vrachas remains appointed auditor is discussed further below from paragraphs [129] to [133]).
50. The letter from Harris Carlson Lawyers referred to at paragraph [15] states that Sheng Ying Wang's shares in Prospero have been restrained by the Court (i.e. cannot be disposed of).
51. The following table lists the relevant change to company details (Form 484) between 1 March 2021 and 26 February 2024 relating to Prospero, as extracted from the Companies Database.

#	Date lodged	Barcode	Tabs and pages of Exhibit TLN-1
1	22 March 2021	PSM.0003.0001.0383	Tab 38, pages 643-645
2	9 June 2021	PSM.0003.0001.0386	Tab 39, pages 646-648
3	18 October 2021	PSM.0003.0001.0389	Tab 40, pages 649-650
4	30 November 2022	PSM.0003.0001.0391	Tab 41, pages 651-652
5	30 October 2023	PSM.0003.0004.0005	Tab 42, pages 653-654

52. Documents 1-4 show:

- (a) on 15 March 2021, Xin Sheng Chen became the sole shareholder of Prospero;
 - (b) on 9 June 2021, Xin Sheng Chen ceased to be a shareholder and Sheng Yin Wang became the sole shareholder; and
 - (c) Sheng Yin Wang holds all additional shares issued in Prospero, which were reported to ASIC after 9 June 2021.
53. Document 5 shows, consistent with the current and historical company extract, that on 27 October 2023, Sheng Yin Wang ceased to be a director of Prospero and Xuehao Zhou was appointed as director.
54. The letter from Hamilton Locke to ASIC dated 9 February 2024, referred to at paragraph [46] above, states that Sheng Yin Wang is the father of Ding Wang.
55. The following table lists the relevant change of details of an AFSL holder (Form FS20) documents relating to Prospero, as extracted from the Companies Database.

#	Date lodged	Barcode	Tabs and pages of Exhibit TLN-1
1	15 March 2021	PSM.0003.0001.0400	Tab 43, pages 655-658
2	29 October 2021	PSM.0003.0001.0396	Tab 44, pages 659-662

56. These documents show:
- (a) Ye Qu and Wei Hong were appointed as responsible managers of Prospero on 15 March 2021; and
 - (b) Fulai Sun was appointed as responsible manager of Prospero on 29 October 2021.
57. I am informed by Micaela Lusa and verily believe that, on or about 26 February 2024, they conducted a search of the Companies Database and did not identify documents lodged with ASIC that provide notice of Ye Qu, Wei Hong or Fulai Sun having ceased as responsible managers of Prospero.

PROSPERO'S BANK ACCOUNTS

58. The First Prospero Notice Response contained a list of bank accounts, together with a description of the use of those accounts in the letter dated 20 November 2023 from Prospero's legal representatives, Hamilton Locke, to ASIC, a copy of which is barcoded [PSM.1000.0001.0023] and is at Tab 28 of Exhibit TLN-1 at pages 203-206.

Prospero's CBA client money accounts

59. Based on Prospero's descriptions of the accounts in the letter, I believe that the accounts in the table below are CBA accounts which contain money paid to Prospero by its clients in connection with a financial service that has been provided or that will be provided to those clients by Prospero (collectively, the **Client Money Accounts**), being:

List of Prospero's client money bank accounts

No.	Bank	Account Number	Description of use
1	CBA	1336-0135	Retail clients' funds in AUD (including sophisticated and wholesale clients).
2	CBA	1336-0151	Retail clients' funds in USD (including sophisticated and wholesale clients).
3	CBA	1336-0143	Wealth wholesale clients' funds in USD.
4	CBA	1336-9981	Wealth wholesale clients' funds in AUD.

Prospero's operating and excess accounts

60. Based on Prospero's list and descriptions of accounts in the letter dated 20 November 2023, I believe that, in addition to the Client Money Accounts, Prospero also used the following accounts to run its business:
- (a) an operating account held with CBA with account number 1336-0119 (**CBA Operating Account**);
 - (b) a further operating account held with NAB with account number RLGROUSD02 (**NAB Operating Account**); and
 - (c) an account with CBA that was used to match client equity with account number 1336-9842 (**CBA Excess Account**).
61. The letter lists an account held with Bendigo with account number 18525-7524 (**Bendigo Operating Account**). Although the letter describes the use of this account as having been previously used for receiving clients' deposits made by BPay, I believe that since on or around 21 December 2023, this account has been used by Prospero as an operating account after CBA closed the CBA Operating Account.
62. Based on the response received from Bank of China entities (**BOC**) on 23 November 2023 to notices barcoded [NTC2321237] and [NTC2321199], I believe that Prospero also held account number 100000500007255 with BOC (**BOC Operating Account**) which was closed on 2 November 2022. A copy of the notice response is barcoded [PSM.1008.0001.0001; PSM.1008.0001.0003; PSM.1008.0001.0011] and is at **Tabs 45-47 of Exhibit TLN-1 at pages 663-680.**




Position of Prospero's bank accounts

63. For the period 22 November 2023 to 15 February 2024:
- (a) the notice issued to CBA barcoded [NTC2422122] relevantly required CBA to produce lists of transactions for the CBA Client Money Accounts, CBA Operating Account and CBA Excess Account; and
- (b) the notice issued to NAB barcoded [NTC2421844] relevantly required NAB to produce lists of transactions for the NAB Operating Account.
64. On 16 February 2024, CBA produced its response to that notice.
65. In summary, I believe that the status of Prospero's bank accounts is as follows:

#	Account no. or description	Balance as at 15 February 2024	Source of information regarding latest balance	Status of account
Client Money Accounts				
1	1336-0135	AUD17,349,393.14	List of Transactions dated 22 November 2023 to 1 February 2024 barcoded [PSM.1061.0001.0017] produced in response to notice barcoded [NTC2422122] at Tab 48 of Exhibit TLN-1 at page 681.	Stopped by CBA until 1 March 2024 pursuant to Further Propsero Undertaking (see [80]-[83] below)
2	1336-0151	USD208,758.46	Letter from CBA to ASIC dated 24 November 2023 barcoded [PSM.1010.0001.0002] in response to the notice barcoded [NTC2321203] at Tab 49 of Exhibit TLN-1 at pages 682-684 stating balances as at 22 November 2023. No transaction listings were produced by CBA in response to notice barcoded [NTC2422122] for these accounts. I believe that no transactions occurred between 22 November 2023 and 15 February 2024.	
3	1336-0143	USD186.99		



4	1336-9981	AUD2,046,831.00	List of transactions dated 1 December 2023 to 1 February 2024 barcoded [PSM.1061.0001.0016] produced in response to notice barcoded [NTC2422122] at Tab 50 of Exhibit TLN-1 at page 685.	
Other accounts				
5	CBA Excess Account	AUD20,253.50	List of Transactions dated 29 November 2023 to 1 February 2024 barcoded [PSM.1061.0001.0012] produced in response to notice barcoded [NTC2422122] at Tab 51 of Exhibit TLN-1 at pages 686-689.	As above
6	CBA Operating Account	\$0	List of Transactions dated 1 December 2023 to 22 December 2023 barcoded [PSM.1061.0001.0011] produced in response to notice barcoded [NTC2422122] at Tab 52 of Exhibit TLN-1 at page 690.	Closed on or around 21 December 2023 (see [80(c)] below)
7	NAB Operating Account	USD115,161.35	Statement of Account dated 22 December 2023 to 25 January 2024 barcoded [PSM.1063.0001.0009] produced by NAB in response to notice barcoded [NTC2421844] at Tab 53 of Exhibit TLN-1 at page 691.	Frozen by NAB (see [84]-[87] below)
8	BOC Operating Account	\$0	See [62] above	Closed on 2 November 2022 (see [62] above)
9	Bendigo Operating Account	AUD1,206,675.82	Transaction History dated 15 February 2024 barcoded [PSM.1062.0001.0005] produced by Bendigo in response to	To be dealt with only for critical payments and with agreement



			[NTC2422008] at Tab 54 of Exhibit TLN-1 at page 692.	with ASIC pursuant to Further Prospero Undertaking (see [79(b)], [81]-[82] below)

66. I have set out in more detail at paragraphs [67] to [87] key events affecting the position of Prospero's CBA and NAB accounts from 25 October 2023 to the date of this affidavit.

CBA Accounts

67. On 1 November 2023, ASIC issued a notice of direction under s912C(1) of the Corporations Act barcoded [NTC2320796] to CBA, a copy of which is at **Tab 7 of Exhibit TLN-1 at pages 55-62.**
68. On 3 November 2023, CBA produced a response to the notice of direction barcoded [NTC2320796], a copy of which is barcoded [A6S.1002.0001.0003] and is at **Tab 55 of Exhibit TLN-1 at pages 693-695.** The response stated the following:
- (a) on 25 October 2023, CBA was served with a copy of the Restraining Orders; and
 - (b) by way of implementation of the Restraining Orders, CBA stopped the accounts held in the name of the Prospero, which Ding Wang held an authority to operate at the time the Restraining Orders were made (i.e. the Client Money Accounts, CBA Operating Account and CBA Excess Account).
69. On 17 November 2023, ASIC obtained from Prospero copies of correspondence exchanged between CBA and the legal representatives of Prospero concerning the restrictions placed on the accounts.

A copy of an email from Hamilton Locke to CBA dated 15 November 2023 barcoded [PSM.1002.0002.0008] and the following attachments are at **Tabs 56-60 of Exhibit TLN-1 at pages 696-717:**

- (a) letter from Hamilton Locke to CBA dated 15 November 2023 [PSM.1002.0002.0027];
- (b) an undated email from the AFP to Prospero with the subject "Very Important: Client Notification" [PSM.1002.0002.0024];
- (c) an email from AFSA to Wei Hong dated 13 November 2023 with the subject "Constitution of RLG" [PSM.1002.0002.0025]; and
- (d) letter from AFSA to Prospero dated 1 November 2023 enclosing a copy of the Restraining Orders in respect of Ding Wang and Ye Qu [PSM.1002.0002.0009].



70. On 16 November 2023, CBA responded to Hamilton Locke, copying the AFP, in which CBA said they would agree to lift the freeze on the accounts on the basis that:
- (a) Ding Wang is removed as an authorised operator of the accounts;
 - (b) any assets owned by Ding Wang remain restrained;
 - (c) CBA reserves its rights to restrain one or more of the accounts in accordance with its contractual terms and conditions, as appropriate; and
 - (d) CBA will further review its position in response to any further or other order served on it.

A copy of a letter from CBA to Hamilton Locke, copying the AFP, dated 16 November 2023 barcoded [PSM.1002.0002.0002] is at **Tab 61 of Exhibit TLN-1 at pages 718-719.**

71. On 17 November 2023, Jenny Mulders of Source Services, Compliance Manager of Prospero, sent an email to ASIC barcoded [PSM.1002.0002.0001] at **Tab 62 of Exhibit TLN-1 at page 720**, stating that Prospero were in the process of having the freeze on the CBA accounts lifted.

72. On 17 November 2023, Jenny Mulders sent a further email to ASIC barcoded [PSM.0003.0006.0213] at **Tab 63 of Exhibit TLN-1 at pages 721-722**, stating that signatories for the CBA accounts had been updated.

73. On 17 November 2023, ASIC wrote to Prospero and sought an undertaking that Prospero would not deal with the Client Money Accounts, CBA Operating Account and CBA Excess Account or provide financial services (**Initial Prospero Undertaking**). Prospero initially agreed to provide ASIC with the Initial Prospero Undertaking until 2pm on 20 November 2023.

A copy of the correspondence exchanged between ASIC and Prospero concerning the Initial Prospero Undertaking dated 17 November 2023 barcoded [PSM.0003.0006.0001 attaching PSM.0003.0006.0002; PSM.0003.0006.0004] is at **Tabs 64-66 of Exhibit TLN-1 at pages 723-730.**

74. Between 20 November 2023 and 15 December 2023, Prospero agreed to extensions of the Initial Prospero Undertaking, subject to Prospero making what it considered to be critical payments from its operational accounts, until 21 November 2023, 24 November 2023, 1 December 2023, 15 December 2023 and finally 18 December 2023.

Copies of the correspondence exchanged between ASIC and Prospero concerning the Initial Prospero Undertaking dated 20 November 2023, 21 November 2023, 24 November 2023, 1 December 2023 and 15 December 2023 barcoded [PSM.0003.0006.0015, PSM.0003.0006.0029, PSM.0003.0006.0056,

PSM.0003.0006.0086 and **PSM.0003.0006.0217**] are at **Tabs 67-71 of Exhibit TLN-1 at pages 731-759.**

75. On 22 November 2023, ASIC issued a s19(2)(a) notice barcoded **[NTC2321203]** to CBA, a copy of which is at **Tab 11 of Exhibit TLN-1 at pages 87-94.**
76. On 24 November 2023, CBA produced a response to the notice barcoded **[NTC2321203]**. The response stated that CBA intends to issue a letter to Prospero on 1 December 2023 which:
- (a) advises that CBA has made a commercial decision to terminate the banking relationship;
 - (b) will inform Prospero that the Client Money Accounts, CBA Operating Account and CBA Excess Account will be closed on 21 December 2023; and
 - (c) will inform Prospero that Term Deposit account numbers 310950739670 and 346450164326, will continue to be held as security for Contingent Liability facility no.00300689 supporting the two bank guarantees.

A copy of CBA's response dated 24 November 2023 is barcoded **[PSM.1010.0001.0002]** and is at **Tab 49 of Exhibit TLN-1 at pages 682-684.**

77. On 12 December 2023, ASIC issued a s30 notice barcoded **[NTC2321602]** to CBA, a copy of which is at **Tab 15 of Exhibit TLN-1 at pages 117-123.**
78. In response, CBA produced a letter it wrote to Prospero on 4 December 2023 advising them that, among other things:
- (a) CBA had decided to close Client Money Accounts, CBA Operating Account and CBA Excess Account at 4pm on 21 December 2023 under relevant terms and conditions for the accounts; and
 - (b) on 22 December 2023, CBA will:
 - i. issue a bank cheque to an address nominated by Prospero for the amounts held in the accounts; or
 - ii. remit the amounts to an account nominated by Prospero at another financial institution in Prospero's name.

A copy of the letter from CBA to Prospero dated 4 December 2023 barcoded **[PSM.1037.0001.0002]** is at **Tab 72 of Exhibit TLN-1 at pages 760-762.**

79. On 19 December 2023, Prospero provided a further undertaking to ASIC signed by Xuehao Zhou (**Further Prospero Undertaking**). Prospero undertook that until 8 February 2024 it would not:



- (a) unless otherwise agreed by ASIC, deal with any monies held in the Client Money Accounts or CBA Excess Account;
- (b) deal with any monies held in the Bendigo Operating Account unless ASIC agrees for the monies in those accounts to be dealt with, including to make critical payments for the continued operation of Prospero's business; or
- (c) provide any Financial Services (within the meaning of section 766A of the Corporations Act) in relation to retail or wholesale clients.

A copy of an email chain between ASIC and Hamilton Locke regarding the Further Prospero Undertaking barcoded [PSM.1002.0004.0001] attaching the Further Prospero Undertaking barcoded [PSM.1002.0004.0007] is at **Tabs 73-74 of Exhibit TLN-1 at pages 763-769.**

80. On 21 December 2023, CBA sent an email to Prospero, copying myself and other ASIC officers, attaching a letter to Prospero. The letter acknowledged receipt of the Further Prospero Undertaking and confirmed that CBA:
- (a) placed 'stops' on the Client Money Accounts and CBA Excess Account;
 - (b) on expiration of the Further Prospero Undertaking, will disburse the funds in accordance with any agreement between ASIC and Prospero, hold or pay the funds into court subject to service of a court order, or otherwise disburse the funds to Prospero; and
 - (c) in respect of the CBA Operating Account:
 - i. at Prospero's request, transferred AUD1,099,736.40 from the CBA Operating Account to the Client Money Account ending in 9981 and the balance to the Bendigo Operating Account; and
 - ii. closed the account in accordance with the letter dated 4 December 2023 referred to above at paragraph [78].

A copy of the email from CBA to Prospero, copying ASIC, dated 21 December 2023 and barcoded [PSM.1041.0001.0006] and the attached letter to Prospero dated 21 December 2023 and barcoded [PSM.1041.0001.0008] are at **Tabs 75-76 of Exhibit TLN-1 at pages 770-773.**

81. On 6 February 2024, ASIC sent an email to Hamilton Locke attaching a letter of the same date requesting an extension of the Further Prospero Undertaking until 28 February 2024. A copy of the email from ASIC to Hamilton Locke, dated 6 February 2024 and barcoded [PSM.0003.0006.0296] and the attached letter barcoded [PSM.0003.0006.0297] is at **Tabs 77-78 of Exhibit TLN-1 at pages 774-776.**



82. On 8 February 2024, Hamilton Locke sent an email to ASIC confirming Prospero agreed to extend the Further Prospero Undertaking until 28 February 2024. A copy of the email from Hamilton Locke to ASIC dated 8 February 2024 and barcoded [PSM.0003.0006.0309] is at **Tab 79 of Exhibit TLN-1 at pages 777-778.**
83. On 8 February 2024, ASIC sent an email to CBA, copying Hamilton Locke, confirming the Further Prospero Undertaking had been extended until 28 February 2024.
- NAB Account**
84. On 21 November 2023, ASIC issued a s19(2)(a) notice barcoded [NTC2321175] to NAB, a copy of which is at **Tab 9 of Exhibit TLN-1 at pages 71-78.**
85. On 23 November 2023, NAB produced a response to the notice barcoded [NTC2321175]. The response stated, among other things, that the accounts of Prospero have been blocked since 8 June 2023 and that the blocks will not be removed until Prospero completes KYC verification. A copy of the response from NAB barcoded [PSM.1009.0001.0005] is at **Tab 80 of Exhibit TLN-1 at pages 779-781.**
86. The notice barcoded [NTC2421845] required NAB to, among other things, provide the status of the NAB Operating Account as at close of business on 15 February 2024, including if the account is frozen by the company and the time frame the account is frozen.
87. On 26 February 2024, NAB produced a response to the notice barcoded [NTC2421845] which stated that the NAB Operating Account is frozen and the date of the restriction is 31 January 2024 to present. It is unclear why the response refers to the restriction being in place only from 31 January 2024 in light of NAB's previous response set out at paragraph [85]. A copy of the response from NAB barcoded [PSM.1064.0001.0006] is at **Tab 81 of Exhibit TLN-1 at pages 782-783.**

PROSPERO'S ACCOUNTS WITH LIQUIDITY PROVIDERS

88. On 5 December 2023, ASIC received a letter from Hamilton Locke, a copy of which is barcoded [PSM.1002.0005.0002] and is at **Tab 82 of Exhibit TLN-1 at pages 784-785,** which provided information regarding Prospero's accounts with liquidity providers.
89. The letter enclosed correspondence between Hamilton Locke and various liquidity providers barcoded [PSM.1002.0005.0004; PSM.1002.0005.0005; PSM.1002.0005.0008; PSM.1002.0005.0010; PSM.1002.0005.0011 attaching PSM.1002.0005.0014; PSM.1002.0005.0018] copies of which are at **Tabs 83-89 of Exhibit TLN-1 at pages 786-800.**
90. Based on my review of the letter and enclosures, I believe that as at 1 December 2023, the position of Prospero's accounts with liquidity providers was as follows:

Liquidity provider	Funds (AUD) available as at 1 December 2023
IsPrime	\$848,219.73
Finalto	\$1,124,853.70
CMC	\$1,118,030.82
CIMB	\$696,324.84
26 Degrees	\$2,628,335.25
Vantage	\$149,816.73
TOTAL	\$6,565,581.07

91. On 6 December 2023, ASIC received an email from 26 Degrees Global Markets Pty Ltd (**26 Degrees**) stating they had received a formal withdrawal request from Prospero to transfer the funds available into the CBA Operating Account. The email stated that 26 Degrees was processing the withdrawal request. A copy of the email from 26 Degrees to ASIC dated 6 December 2023 and barcoded [PSM.1019.0002.0001] is at **Tab 90 of Exhibit TLN-1 at pages 801-802**.
92. As a result, I believe that Prospero has no further funds available with 26 Degrees as at the date of this affidavit.
93. On 23 February 2024, Hamilton Locke wrote to ASIC advising that, among other things, Prospero has AUD2,819,215.00 to be returned to it from various liquidity providers. A copy of the email from Hamilton Locke dated 23 February 2024 and barcoded [PSM.0003.0006.0355] is at **Tab 91 of Exhibit TLN-1 at pages 803-812**.

SUSPENSION OF PROSPERO'S AFSL

94. On 1 December 2023, ASIC served a notice of hearing under section 915C of the Corporations Act on Prospero, a copy of which is barcoded [PSM.0003.0006.0126] is at **Tab 92 of Exhibit TLN-1 at pages 813-823**, which sets out:
- (a) that ASIC is considering whether Prospero's AFSL should be suspended or cancelled under section 915C of the Corporations Act;
 - (b) that ASIC is taking this action because:
 - i. it appears that Prospero may not have complied with its obligations under section 912A of the Corporations Act; and
 - ii. ASIC may have reason to believe that Prospero is likely to contravene its obligations under section 912A of the Corporations Act,



both of which are matters that are a basis for ASIC to suspend or cancel an AFSL under sections 915C(1)(a) and 915C(1)(aa) of the Corporations Act; and

(c) that Prospero may make submissions about the matter on Monday 18 December 2023 at a hearing to take place in Melbourne.

95. On 18 December 2023, representatives of Prospero attended a hearing before the ASIC delegate in Melbourne.
96. On 20 December 2023, the ASIC delegate decided to suspend Prospero's AFSL under section 915C(1) of the Corporations Act until 28 February 2024 because Prospero had not lodged a profit and loss statement, balance sheet, audit report and audit opinion for the financial year ending 30 June 2023.
97. A copy of a letter from the ASIC Delegate to Prospero dated 20 December 2023 enclosing copies of the suspension order dated 20 December 2023, statement of reasons for making the order and an information sheet setting out Prospero's rights in relation to the decision is barcoded [PSM.0003.0001.0522] and is at **Tab 93 of Exhibit TLN-1 at pages 824-835**.
98. On 20 December 2023:
 - (a) I was informed by Stefan Curcio, Lawyer, Enforcement & Compliance and verily believe that on this date he handed the letter and enclosures in paragraph [97] to Quoc Nguyen at Prospero's registered office at 186 Bellair Street, Kensington VIC 3031; and
 - (b) ASIC sent an email to Hamilton Locke attaching a copy of the letter and enclosures in paragraph [97].
99. On 16 February 2024, I was informed by the ASIC Delegate that Hamilton Locke informed her that an auditor has been engaged to prepare the outstanding documents and they will likely be lodged by 28 February 2024.
100. On 22 February 2024, the ASIC delegate provided me with copies of the following correspondence the delegate received from Hamilton Locke:
 - (a) email from Daniel Dalla to "auditor.maintenance@asic.gov.au" dated 21 February 2024 barcoded [PSM.0003.0012.0003] attaching "Application for consent from ASIC to resign as an auditor of an Australian financial services licensee" barcoded [PSM.0003.0012.0004], copies of which are at **Tabs 147-148 of Exhibit TLN-1 at pages 1130-1138**; and
 - (b) email from Jenny Mulders of Source Services to "auditor.maintenance@asic.gov.au" dated 21 February 2024 barcoded [PSM.0003.0012.0001] attaching confirmation of



document lodgement for form "Form FS06 Notification of appointment of an AFS auditor" barcoded [PSM.0003.0012.0002], copies of which are at **Tabs 149-150 of Exhibit TLN-1 at pages 1139-1140**. The email requested that ASIC expedite the appointment of replacement auditor "Charterhouse & Co Auditors Pty Ltd".

101. On 23 February 2024, a further hearing before the ASIC delegate occurred. I have been informed by, Julia Wheeler, Acting Senior Manager at ASIC who attended the hearing, and verily believe that, submissions were made on behalf of Prospero at that hearing by Ben Fisher of Hamilton Locke to the effect that:
- (a) Prospero has engaged an auditor to undertake an audit of Prospero's financial statements for the year ending 30 June 2023; and
 - (b) Prospero expects that the audited financial statements will be completed in time to be lodged on or before 27 February 2024.
102. As at the date of this affidavit, I am not aware that:
- (a) Prospero has applied to the Administrative Appeals Tribunal for review of the decision; or
 - (b) Prospero has lodged audited financial statements for the financial year ending 30 June 2023.

ASIC'S CONCERNS

103. Based on the matters set out at paragraphs [7] to [102] above I now set out on the detailed bases for ASIC's concerns (listed at paragraph [17] above).

Failure to designate accounts as client money accounts

104. I understand that, in accordance with section 981B(1) of the Corporations Act, the bank accounts that Prospero holds client money in must be designated as an account for this purpose.
105. As referred to in paragraph [59] above, based upon the First Prospero Notice Response, I understand that Prospero maintains four Client Money Accounts with CBA being:
- (a) Retail clients:
 - i. CBA account with number 1336-0135; and
 - ii. CBA account with number 1336-0151.
 - (b) Wholesale clients:
 - i. CBA account with number 1336-9981; and



ii. CBA account with number 1336-0143.

106. On 30 March 2023, ASIC issued a notice pursuant to s33 of the ASIC Act to CBA barcoded [NTC2317920], a copy of which is at **Tab 5 of Exhibit TLN-1 at pages 40-47**, requesting documents in relation to Prospero's accounts held with CBA.

107. CBA's covering letter in response to the notice is dated 19 April 2023 and barcoded [A6S.1000.0001.0003] and a copy is at **Tab 94 of Exhibit TLN-1 at pages 836-839**.
The table below lists the 'Account Type' as specified in that letter and in relevant account opening documents and authority forms produced to ASIC by CBA.

No.	Bank	Account Number	Account type specified in 19/4/23 CBA letter	Account type specified in account opening/authority forms	Account type specified in account confirmation document
1	CBA	1336-0135	'DDA – Cheque Acct Bearing Interest' with start dated 29/03/2021	'Business Transaction Account' Tab 95 of Exhibit TLN-1 at pages 840-843 and document barcoded [A6S.1000.0001.0151] and dated 29/03/2021	'Business Transaction Account' Tab 96 of Exhibit TLN-1 at pages 844-845 and document barcoded [A6S.1000.0001.0155] and dated 29/03/2021
2	CBA	1336-0151	'DDA – Business Foreign Currency Acct' with start date 29/03/2021	'Business Foreign Currency Account USD' Tab 97 of Exhibit TLN-1 at pages 846-849 and document barcoded [A6S.1000.0001.0170] and dated 29/03/2021	'USD Business Foreign Currency Account' Tab 98 of Exhibit TLN-1 at page 850 and document barcoded [A6S.1000.0001.0174] and dated 29/03/2021

No.	Bank	Account Number	Account type specified in 19/4/23 CBA letter	Account type specified in account opening/authority forms	Account type specified in account confirmation document
3	CBA	1336-9981	'DDA – Cheque Acct Bearing Interest' with start date 11/06/2021	'Business Transaction Account' Tab 99 of Exhibit TLN-1 at pages 851-853 and document barcoded [A6S.1000.0001.0206] and dated 11/06/2021	'Business Transaction Account' Tab 100 of Exhibit TLN-1 at pages 854-855 and document barcoded [A6S.1000.0001.0211] and dated 11/06/2021
4	CBA	1336-0143	'DDA – Business Foreign Currency Acct' with start dated 29/03/2021	'Business Foreign Currency Account USD' Tab 101 of Exhibit TLN-1 at pages 856-859 and document barcoded [A6S.1000.0001.0161] and dated 29/03/2021	'USD Business Foreign Currency Amount' Tab 102 of Exhibit TLN-1 at page 860 and document barcoded [A6S.1000.0001.0165] and dated 29/03/2021

108. On the basis of my review of the information and documents provided by CBA to ASIC, I have not identified that any of the retail or wholesale client money accounts were designated as client money accounts.

Failure to lodge profit and loss and auditor's reports with ASIC

109. I understand that:

- (a) in accordance with sections 989B(1) and (2) and 989D(1)(b) of the Corporations Act, Prospero as the holder of an AFSL must prepare a true and fair profit and loss statement and balance sheet and lodge it with ASIC within 3 months after the end of each financial year (**Form FS70**);
- (b) at the time of lodging a Form FS70, and in accordance with section 989B(3), Prospero must lodge an auditor's report with ASIC containing information and matters required by the regulations (**Form FS71**).



FY2021 reports

110. On 30 October 2021, Prospero lodged Form FS70 and Form FS71 for the financial year ending 30 June 2021, which included:
- (a) a directors' declaration signed by Sheng Yin Wang which, among other things, states that in the directors' opinion, there are reasonable grounds to believe that Prospero will be able to pay its debts as and when they become due and payable; and
 - (b) an independent auditors' report signed by Frank Vrachas of Rothsay Chartered Accountants, who also signed the Form FS71, stating the audit completed considered whether there were any events or conditions that may cast significant doubt on Prospero's ability to continue as a going concern.

A copy of Form FS70 and Form FS71 for the financial year ending 30 June 2021 obtained from the Companies Database barcoded [PSM.0003.0001.0120] is at **Tab 103 of Exhibit TLN-1 at pages 861-897.**

FY2022 reports

111. On 30 November 2022, Prospero lodged a Form FS70 and Form FS71 with ASIC for the financial year ending 30 June 2022, with no accompanying materials.

A copy of Form FS70 and Form FS71 for the financial year ending 30 June 2022 obtained from the Companies Database with no accompanying materials is barcoded [PSM.0003.0001.0095] is at **Tab 104 of Exhibit TLN-1 at pages 898-922.**

112. I am informed by Kate Dluzniak, Delegate of ASIC and verily believe that on 12 December 2023, Prospero's solicitors Hamilton Locke set out in a letter to her that Prospero's financial statements for the year ending 30 June 2022 were lodged with ASIC on 30 November 2022, and attached:

- (a) an automated response from ASIC acknowledging lodgement of the Form FS70 and Form FS71 on 30 November 2022;
- (b) a copy of the completed Form FS70 and Form FS71 it lodged with ASIC; and
- (c) a copy of Prospero's financial statements for the year ending 30 June 2022 it claims were lodged with the Forms FS70 and FS71.

A copy the 12 December 2023 letter from Hamilton Locke to ASIC and attachments referred to above are barcoded [PSM.1033.0001.0002; PSM.1033.0001.0005; PSM.1033.0001.0006; PSM.1033.0001.0012; PSM.1033.0001.0030] is at **Tabs 105-109 of Exhibit TLN-1 at pages 923-968.**



113. I am informed by Yon Astar, Senior Lawyer, Enforcement & Compliance at ASIC and verily believe that on 18 December 2023, at approximately 12:59am, an email was sent to him from Xuehao Zhou which attached:
- (a) a Form 492 *Request for correction* signed by him on 17 December 2023;
 - (b) a Form 492 signed by Victor Ringor, in his capacity as an 'External Compliance Consultant on 15 December 2023';
 - (c) a *Document Acknowledgement* notification received from ASIC on 30 November 2022 as to lodgement by Prospero of Forms FS70 and FS71;
 - (d) a Form FS70 for the financial year ending 30 June 2022;
 - (e) Prospero's financial statements for the year ending 30 June 2022 which included an auditor's report signed by Daniel Dalla;
 - (f) a Form FS71 for the financial year ending 30 June 2022; and
 - (g) an audit opinion as to whether Prospero's internal controls ensure compliance with the Client Money Reporting Rules for the year ending 30 June 2022 signed by Daniel Dalla.

A copy of the email from Xuehao Zhou to ASIC dated 18 December 2023 and the attachments referred to above are barcoded [**PSM.1002.0003.0051; PSM.1002.0003.0101; PSM.1002.0003.0085; PSM.1002.0003.0052; PSM.1002.0003.0079; PSM.1002.0003.0058; PSM.1002.0003.0086; PSM.1002.0003.0056**] and are at **Tabs 110-117 of Exhibit TLN-1 at pages 969-1022.**

FY2023 reports

114. I am informed by Micaela Lusa and verily believe that, on or about 26 February 2024, they conducted a search of the Companies Database and identified no record of Prospero having lodged a Form FS70 or Form FS71 with ASIC for the financial year ending 30 June 2023.
115. On 31 October 2023, in a letter to ASIC signed by Xuehao Zhou, the current director Prospero, and Daniel Dalla of Rothsay Audit & Assurance Pty Ltd, Prospero requested an extension of time to file the Form FS70 and FS71 until 30 November 2023 due to the following circumstances:
- (a) the AFP are investigating Changjiang Currency Exchange for laundering illegal funds through the business over the past three years;
 - (b) Ye Qu, the CEO of Prospero, and Ding Wang, the son of Sheng Yin Wang, have been arrested; and



(c) Prospero's auditors have not had an opportunity to consider the implications of the matters to the financial statements.

A copy of an email from Jenny Mulders to ASIC dated 31 October 2023 with the subject "Request for Extension - FS70/71" and the attached letter from Xuehao Zhou and Daniel Dalla dated 30 October 2023 obtained from the Companies Database barcoded [PSM.0003.0001.0331] is at **Tab 118 of Exhibit TLN-1 at pages 1023-1025.**

116. On 9 November 2023, ASIC informed Prospero that it was unable to consider the application because the application must be signed by both Prospero and the auditor, or the auditor must submit a separate letter indicating support for the extension of time.

A copy of an email from ASIC to Jenny Mulders with the subject "Application for extension of time to lodge AFS Annual Accounts" dated 9 November 2023 and the attached letter dated 9 November 2023 to Daniel Dalla obtained from the Companies Database barcoded [PSM.0003.0001.0334] is at **Tab 119 of Exhibit TLN-1 at pages 1026-1027.**

117. On 12 December 2023 Hamilton Locke set out, in the same letter to ASIC referred to at paragraph [112] above, that Prospero's application for an extension of time was signed by a director and its auditor, who was 'Daniel Dalla of Rothsay Audit and Assurance Pty Ltd', and therefore ASIC erred in rejecting the application on the basis that it had not been signed by both Prospero and its auditor.

118. I am informed by Micaela Lusa and verily believe that, on or about 26 February 2024, they conducted a search of the Companies Database and identified that, according to forms lodged by Prospero, 'Rothsay Audit and Assurance Pty Ltd' was only appointed as auditor on 4 December 2023 for the purposes of Prospero's obligation as an AFSL holder to do so in accordance with section 990B of the Corporations Act.

A copy of the Form FS06 'Add An Auditor' lodged with ASIC on 5 December 2023 barcoded [PSM.0003.0004.0003] is at **Tab 120 of Exhibit TLN-1 at page 1028.**

Observations in relation to declarations and auditor's reports

119. Having reviewed the materials set out above in paragraphs [114] to [118], I believe that:

(a) Prospero failed to lodge its Form FS70 and Form FS71 for the year ending 30 June 2022 within the prescribed timeframe and, although a lodgement was made after the prescribed timeframe (ending on 30 November 2022), according to ASIC's records that lodgement was incomplete. This was rectified on 18 December 2023 when the complete documents were lodged with ASIC by email.

(b) Prospero failed to lodge its Form FS70 and Form FS71 for the year ending 30 June 2023 with ASIC within the prescribed timeframe, Prospero has still not lodged its



financials as at the date of this affidavit, and ASIC reasonably refused its application for extension because the application did not refer to Prospero's registered auditor.

Failure to comply with conditions on AFSL

120. I understand that, in accordance with section 912A(1)(b) of the Corporations Act, Prospero as the holder of an AFSL has a general obligation to comply with the conditions on its AFSL.
121. Condition 17 of Prospero's AFSL requires it to lodge with ASIC an opinion by a registered company auditor for each financial year by the same time the licensee is required to lodge a balance sheet under Part 7.8 of the Corporations Act (ie. within 3 months of the end of each financial year as prescribed by section 989D(1)(b) of the Corporations Act).

A copy of Prospero's AFSL numbered 423034, as extracted from the Companies Database barcoded [PSM.0003.0001.0001] is at **Tab 32 of Exhibit TLN-1 at pages 586-608.**

122. In light of the observations I have made at paragraph [119] above, I believe that Prospero has failed to comply with Condition 17 of its AFSL in respect of the financial years ending 30 June 2022 and 30 June 2023.

Failure to lodge 'client money' annual declaration with ASIC

123. I understand that in accordance with rule 3.1.2 of the ASIC Client Money Reporting Rules 2017 (**Client Money Rules**), and pursuant to section 981M of the Corporations Act, the holder of an AFSL must prepare and give to ASIC within 4 calendar months of the end of each financial year:
- (a) a directors' declaration that states whether, in the directors' opinion, the licensee has complied with the Client Money Rules; and
 - (b) an external auditor's report in the form prescribed by the Client Money Rules, (together, **Client Money Annual Declaration**).
124. I am informed by Elisabeth Saunders, Senior Specialist, Retail Complex Products and Investor Protection at ASIC and verily believe:
- (a) that Client Money Annual Declarations are lodged with ASIC through ASIC's Regulatory Portal; and



(b) on or about 26 February 2024, they conducted a search of the Regulatory Portal and identified no record of Prospero having lodged a Client Money Annual Declaration in respect of the financial year ending 30 June 2023.

125. In light of this, I believe that Prospero has failed to lodge Client Money Annual Declaration with ASIC for the financial year ending 30 June 2023 within the prescribed timeframe.

Failure to lodge 'client money' monthly reconciliation with ASIC

126. I understand that in accordance with rule 2.2.2 of the Client Money Rules, and pursuant to section 981M of the Corporations Act, the holder of an AFSL must:

- (a) on the last business day of each calendar month, perform a reconciliation of prescribed matters relating to the amount of client money held in client money accounts (**Client Money Reconciliation**); and
- (b) within 10 business days of the end of each calendar month, give the Client Money Reconciliation to ASIC.

127. I am informed by Elisabeth Saunders, and verily believe:

- (a) that Client Money Reconciliations are lodged with ASIC through ASIC's Regulatory Portal; and
- (b) on or about 26 February 2024, they conducted a search of the Regulatory Portal and identified no record of Prospero having lodged a Client Money Reconciliation in respect of the months of October, November and December 2023 and January 2024.

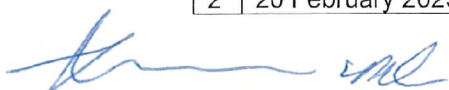
128. In light of this, I believe that Prospero has failed to lodge a Client Money Reconciliation with ASIC for October, November and December 2023 and January 2024 within the prescribed timeframe.

Failure to appoint replacement company auditor within prescribed timeframe

129. I understand that in accordance with section 990B(2) of the Corporations Act, Prospero as the holder of an AFSL must appoint an auditor within 14 days after a vacancy of its current auditor.

130. The following table lists auditor-related documents for Prospero, as extracted from the Companies Database.

#	Date lodged	Barcode	Tab and pages of Exhibit TLN-1
1	25 January 2013	PSM.0003.0004.0002	Tab 121, page 1029
2	20 February 2023	PSM.0003.0001.0456	Tab 122, page 1030



3	5 December 2023	PSM.0003.0004.0003	Tab 120, page 1028
4	5 December 2023	PSM.0003.0004.0004	Tab 123, page 1031
5	6 December 2023	PSM.0003.0004.0001	Tab 124, page 1032

131. These documents show:

- (a) on 25 January 2013, Prospero notified ASIC that it had appointed Vrachas, 'an ASIC Registered Auditor', on 1 January 2013 to audit its financial statements as a holder of an AFSL. It was required to do so within 1 month of holding the AFSL in accordance with section 990B(1) of the Corporations Act;
- (b) on 20 February 2023, ASIC confirmed to Vrachas that it had approved his request to cancel his registration as an auditor from that date;
- (c) on 5 December 2023, Prospero notified ASIC that Vrachas ceased as auditor of Prospero, specifying that Vrachas '*had become prohibited for reasons specified under subsection 990D(1) of the Corporations Act*' from 20 February 2023; and
- (d) between 5 and 6 December 2023, Prospero notified ASIC that it had appointed Rothsay Audit & Assurance Pty Ltd as 'a firm of auditors' and 'an ASIC Registered Auditor' on 4 December 2023.

132. I am informed by Micaela Lusa and verily believe that, on or about 26 February 2024, they searched the Companies Database and identified no forms lodged by Prospero notifying ASIC of appointment of any other auditor for the purpose of its AFSL other than those referred to in paragraph [130] above between 2013 and 6 December 2023.

133. Having reviewed the materials set out in paragraphs [129] to [132], I believe that Prospero's prior auditor Vrachas was unable to act in that role from 20 February 2023, and Prospero failed to appoint another auditor until 5 December 2023 in breach of section 990B(2) of the Corporations Act.

Failure to report derivative transaction data

134. Section 901A(1) of the Corporations Act empowers ASIC to make rules dealing with matters permitted by sections 901A(2) and (3), including requirements as to execution, reporting and clearing of derivative transactions.

135. On 9 July 2013, ASIC made the *ASIC Derivative Transaction Rules (Reporting) 2013* imposing reporting requirements on specified reporting entities for all classes of derivatives. Those rules were amended on 9 February 2015 and on 16 December 2022. ASIC made the *ASIC Derivative Transaction Rules (Reporting) 2022* which repealed and remade the *ASIC Derivative Transaction Rules (Reporting) 2013* in the same form.

136. Section 901E(1) of the Corporations Act requires a person to comply with provisions of the derivative transactions rules that apply to the person.

Failure to report OTC derivative transactions or positions

137. On 8 December 2023, ASIC issued the Second Prospero Notice to Prospero. The Second Prospero Notice required Prospero to, amongst other things, confirm if it has complied with the reporting requirements in section 2.2.1 of the *ASIC Derivative Transaction Rules (Reporting) 2013* and *ASIC Derivative Transaction Rules (Reporting) 2022* in the period between 21 December 2021 and 13 November 2023.
138. On 13 December 2023, Prospero responded to the Second Prospero Notice. In its response Prospero confirmed that 'there has been a failure in some of the reporting requirements in sections 2.2.1 of the *ASIC Derivative Transaction Rules (Reporting) 2013* and *ASIC Derivative Transaction Rules (Reporting) 2022* in the period between 21 December 2021 and 13 November 2023'. Prospero also confirmed that it would 'shortly lodge a breach report in accordance with its obligations'.

A copy of Prospero's response to the Second Prospero Notice barcoded [PSM.1035.0001.0002] is at **Tab 125 of Exhibit TLN-1 at page 1033-1034**.

139. I am informed by David Singleton, Analyst, Retail Complex Products and Investor Protection at ASIC, that:
- (a) The earliest transaction reported to DTCC Data Repository (Singapore) Pte Ltd (DDRS) by Prospero was reported on 19 April 2021. ASIC's post trade surveillance system KxAnalyst indicates that from 19 April 2021 to 20 December 2021, at least 938,243 transaction and position messages were made to DDRS with 227 distinct counterparty IDs, with 7 IDs consisting of Legal Entity Identifiers and 220 consisting of a numeric identifier that appear to be client codes generated by the Reporting Entity.
 - (b) As at 13 December 2023, in the period between 22 December 2021 and 13 November 2023 no transaction or position messages were reported by Prospero to DDRS with a counterparty that was not a valid Legal Entity Identifier, meaning that Prospero had not reported any transactions with client codes and only reported transactions with liquidity providers which had a valid Legal Entity Identifier.
 - (c) On 22 December 2023, Prospero reported 4,130,352 transaction messages to DDRS which contained 2,092,098 unique transaction identifiers for transactions that occurred between 22 December 2021 and 13 November 2023 and involved 1,578 counterparties that did not have a valid Legal Entity Identifier.
140. As a result, I believe that:
- (a) Prospero failed to report 2,092,098 transactions involving its clients in the period 22 December 2021 to 13 November 2023 until 22 December 2023; and



- (b) it failed to comply with its obligations under the *ASIC Derivative Transaction Rules (Reporting) 2013* or *ASIC Derivative Transaction Rules (Reporting) 2022* to report the transactions by the end of the next business day after they occurred.

Failure to report transactions with WX Trading

141. On 24 January 2024, Ben Fisher of Hamilton Locke sent me an email which referred to his client's response to notice NTC2321625. I believe that notice reference to be a mistake and it should instead refer to the Second Prospero Notice and Prospero's response to that notice (referred to at paragraph [137]-[138] above) which related to Prospero's failure to report OTC derivative transactions or positions.
142. A copy of the email dated 24 January 2024 barcoded [**PSM.1038.0002.0001**] and the attachments to that email barcoded [**PSM.1038.0002.0002**; **PSM.1038.0002.0003**; **PSM.1038.0002.0004**] are at **Tabs 126-129 of Exhibit TLN-1 at pages 1035-1038.**
143. The email stated:

"It has come to our client's attention that one of its customer's transactions were hosted and executed on a different system to MT4, which was the source of the information previously provided in response to the Notice. This client is WX Capital Pte Ltd and the relevant daily ledgers are stored on oneZero.

Our client has already generated the attached consolidated statements which respond to the Notice, however the daily ledgers will take some time. Our client has commenced the process and will revert shortly with updated daily ledgers.

Our client regrets the oversight and is doing what it can to assist ASIC's investigation."

144. The attachments to the 24 January 2024 email include:
- (a) a margin account consolidated statement in the name of WX Trading Pty Ltd; and
 - (b) two margin account consolidated statements in the name of WX Capital Pte Ltd.
145. I collectively refer to these entities as "WX Trading".
146. Based on Prospero's response to the Second Prospero Notice and the email dated 24 January 2024, it appears that:
- (a) transactions between Prospero and WX Trading were booked and executed on the trading platform 'OneZero';
 - (b) the trading data that was provided to DDRS was extracted from the 'MT4' trading platform which Prospero appears to have used for all other clients; and



- (c) in the period between 29 August 2022 and 18 January 2024, Prospero did not submit reports to DDRS in respect of trades undertaken by WX Trading. Based on the presence of trading profits and losses in Prospero's consolidated margin account statements during that period, I suspect that transactions were entered into between Prospero and WX Trading during that period.
147. As a result, I believe that:
- (a) Prospero failed to report historical transactions involving WX Trading for the period 29 August 2022 to 18 January 2024; and
 - (b) it failed to comply with its obligations under the *ASIC Derivative Transaction Rules (Reporting) 2013* or *ASIC Derivative Transaction Rules (Reporting) 2022* to report the transactions by the end of the next business day after they occurred.
148. Based on the client reconciliation provided by Prospero to ASIC (being Exhibit **TLN-2**), at the time that Prospero closed all client positions WX Trading was not owed any funds from Prospero.

Concerns relating to 'Owners' Contributions

149. On 16 January 2024, ASIC served Prospero with the Fifth Prospero Notice. That Notice required Prospero, in respect of certain deposits made into accounts controlled by Prospero, to:
- (a) provide the full name of entity or person who deposited the funds;
 - (b) a detailed explanation as to why the funds were deposited and what Prospero did with the funds;
 - (c) if the funds were loans, the terms of the loan and a copy of the loan agreement;
 - (d) if the funds were investments, a copy of the related trading statements and account opening forms; and
 - (e) details as to whether the funds were returned to the entity or person who deposited the funds.
150. Prospero responded to the Fifth Prospero Notice by letter from Hamilton Locke to ASIC dated 23 January 2024, a copy of which is barcoded [**PSM.1051.0001.0002**] and is at **Tab 130 of Exhibit TLN-1 at pages 1039-1040**. The letter stated:
- (a) The relevant deposits were made by BBH Trading Pty Ltd (as I explain below, I believe this is an error and the intended reference is to BBHH Trading Pty Ltd), CSQ Trading Pty Ltd, CF Group Sydney Trading Pty Ltd and Changjiang Financial Brisbane Pty Ltd through Paynow Technology Pty Ltd trading as "Finmo Tech".



(b) each of the deposits were:

- i. capital injections, including owners' contributions; or
- ii. loans, which were converted into capital injections on or before the end of the loan period; and

(c) the funds were used to pay Prospero's operating costs including:

- i. staffing;
- ii. funds provided to liquidity providers to hedge positions; and
- iii. marketing.

151. The letter enclosed:

(a) the following five loan agreements executed by Ye Qu on behalf of Prospero, which the letter stated had been converted to owner's contributions on or before the end of the loan term (**Loan Agreements**):

#	Date	Lender	Amount (\$)	Signatory for lender	Barcode	Tabs and pages of Exhibit TLN-1
1	25/08/21	CJ Consignment Pty Ltd	200,000	Yiwei Liu	PSM.1051.0001.0012	Tab 131 at pages 1041-1044
2	26/10/21	CHJFE Australia Pty Ltd	200,000		PSM.1051.0001.0008	Tab 132 at ages 1045-1048
3	22/11/21	LDM Import and Export Pty Ltd	200,000	Jing Zhu	PSM.1051.0001.0020	Tab 133 at pages 1049-1052
4	12/12/21		250,000		PSM.1051.0001.0016	Tab 134 at pages 1053-1056
5	16/06/22	BBHH Trading Pty Ltd	300,000	Hua Bai	PSM.1051.0001.0004	Tab 135 at pages 1057-1060

(b) an extract of Prospero's general ledger with the file name "OC capital injection-2022", a copy of which is barcoded [PSM.1051.0001.0024] and is **Exhibit TLN-3 (General Ledger Extract)**.

152. I believe the reference in the letter to "BBH Trading Pty Ltd" is an error and the intended reference is to "BBHH Trading Pty Ltd" as the transaction descriptions in the relevant account statements and Loan Agreement 5 refer to "BBHH Trading Pty Ltd".

Additional owner's contributions in the General Ledger Extract

153. The General Ledger Extract shows that between 9 July 2020 and 1 August 2023, Prospero received \$27,104,164.92 in owner's contributions as follows:

Financial year ending	Total owner's contribution
30 June 2021	\$4,616,712.00
30 June 2022	\$10,466,022.23
30 June 2023	\$8,471,430.69
30 June 2024	\$3,550,000.00
TOTAL	\$27,104,164.92

154. I calculated the contributions for each financial year in the table by adding together the amounts in the extract for any contributions dated within the financial year.

155. Based on the General Ledger Extract, I believe that owner's contributions were also made into the BOC Operating Account as "BOC Acc 7255" is referenced in several entries which appear in the extract.

Status and officers of contributing entities

156. I have reviewed ASIC current and historical extracts dated 23 February 2024 for each company identified in the letter as having deposited funds and/or referred to in the Loan Agreements.

157. The following table sets out the status of each entity and its current director and shareholder recorded in the extract.

Contributing Entity	Status	Current director & shareholder	Barcode	Tab and pages of Exhibit TLN-1
BBHH Trading Pty Ltd	Registered	Hua Bai	PSM.0003.0001.0551	Tab 136 at pages 1061-1063
CSQ Trading Pty Ltd	Registered	Hua Bai	PSM.0003.0001.0570	Tab 137 of pages 1064-1066
CF Group Sydney Trading Pty Ltd	Strike-Off Action In Progress	Peilin Liu	PSM.0003.0001.0554	Tab 138 of pages 1067-1069
Changjiang Financial Brisbane Pty Ltd	Registered	Dian Zheng	PSM.0003.0001.0557	Tab 139 of pages 1070-1074
CJ Consignment Pty Ltd	Deregistered	Yiwei Liu (prior to deregistration)	PSM.0003.0001.0566	Tab 140 of pages 1075-1078
CHJFE Australia Pty Ltd	Registered	Ding Wang	PSM.0003.0001.0562	Tab 141 of pages 1079-1082

LDM Import and Export Pty Ltd	Registered	Jing Zhu	PSM.0003.0001.0573	Tab 142 of pages 1083-1086
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158. Based on my review of the letter from Harris Carlson to ASIC dated 1 November 2023, a copy of which is barcoded [PSM.0003.0003.0001] and is at **Tab 2 of Exhibit TLN-1 at pages 12-26** the Restraining Orders restrain dealings in all shares in BBHH Trading Pty Ltd, CSQ Trading Pty Ltd, CHJFE Australia Pty Ltd and LDM Import and Export Pty Ltd.
159. Jing Zhu was one of the seven individuals arrested and charged by the AFP on 25 October 2023, in addition to Ye Qu and Ding Wang, as part of Operation Avarus-Nightwolf, for alleged money laundering through the Changjiang Currency Exchange.

No shares or other consideration received by entities who made contributions

160. Based on my review of the current and historical company extract for Prospero and the change to company details documents (Form 484) at paragraph [51], the entities listed in paragraph [157] have not been issued any shares in Prospero.
161. The Sixth Prospero Notice required Prospero to:
- (a) provide a list of individuals and companies who owned shares in Prospero between 1 March 2021 to 29 January 2024;
 - (b) in respect of the owners' contributions and capital contributions referenced in Prospero's response to the Fifth Prospero Notice, provide a list of benefits (including shares) each of the individuals and entities referenced in the response received for the contributions; and
 - (c) explain whether:
 - i. Prospero expects to receive similar contributions from those persons and entities in the future and, if so, from which ones; and
 - ii. the owner's contributions and capital contributions are required for Prospero to operate in the future.
162. As stated at paragraph [46] above, Prospero responded to the Sixth Prospero Notice by letter from Hamilton Locke to ASIC dated 9 February 2024, a copy of which is barcoded [PSM.1059.0001.0002] and is at **Tab 36 of Exhibit TLN-1 at pages 625-626**. The letter states:
- (a) in relation to Prospero's shareholders between 1 March 2021 and 29 January 2024:
 - i. CJ Prime Financial Pty Ltd held 100% of shares in Prospero, being 2,920,622 shares, between 1 June 2020 to 22 March 2021;

- ii. Xin Sheng Chen held 100% of shares in Prospero, being 2,920,622 shares, between 22 March 2021 and 30 November 2022; and
- iii. Sheng Yin Wang held 100% of shares in Prospero, being 18,003,356 shares, between 30 November 2022 and 29 January 2024; and

(b) in relation to the benefits received by the persons and entities for contributions:

- i. no shares have been issued on account of any contributions, or other direct and documented benefit;
- ii. the persons and entities obtained an indirect benefit arising from supporting their relatives and related party's investment in Prospero;
- iii. Sheng Yin Wang is the father of Ding Wang, who owns shares in:
 - 1. Changjiang Financial Brisbane Pty Ltd;
 - 2. BBH trading Pty Ltd (which, for the reasons set out at paragraph [152], I understand to be a reference to BBHH Trading Pty Ltd);
 - 3. CSQ Trading Pty Ltd; and
 - 4. CF Group Sydney Trading Pty Ltd;
- iv. loans were converted to capital contributions to ensure Prospero did not breach its "MTA requirements", which resulted in forgiving the loan on the understanding that if Prospero became profitable it may provide a return at some future time, but no contractual obligation existed to this effect.

(c) in relation to whether Prospero expected to receive similar contributions from those persons and entities in the future, Prospero's intention was to wind down its business operations in an orderly fashion so no future contributions were expected.

163. I believe that the reference in the letter to "MTA requirements" is a reference to "NTA requirements", which are imposed on Prospero as the holder of an Australian financial services license. "NTA" is a common abbreviation for net tangible assets.

164. The shareholdings stated in the letter are not consistent with the change of shareholdings reported to ASIC by Prospero in the change of company detail forms at paragraph [51]. Those forms indicate:

- (a) CJ Prime Financial Pty Ltd transferred 2,920,622 shares in Prospero to Xin Sheng Chen on 15 March 2021 (rather than 22 March 2021);
- (b) Xin Sheng Chen transferred 2,920,622 shares to Sheng Yin Wang on 9 June 2021 (rather than 30 November 2022); and



- (c) Sheng Yin Wang acquired an additional 4,616,712 shares on 9 July 2020 and a further 10,466,022 shares on 30 June 2022 and therefore held 18,003,356 shares from 30 June 2022 (rather than 30 November 2022).

165. Based on the above, ASIC is concerned that, given Prospero has:

- (a) previously relied on significant financial contributions (\$27,104,164.92 over the period 9 July 2020 and 1 August 2023, as set out in paragraph [153] above) from third parties in order to operate its business; and
- (b) confirmed that it does not expect to receive any future financial contributions because Prospero intends to wind down its business,

the Prospero business may not be viable as a going concern without access to those contributions in the future.

Prospero may not have adequate resources and competence to continue to operate in accordance with the requirements of the Corporations Act

166. In Prospero's response to the Sixth Prospero Notice, Prospero advised that Prospero intended to wind down its business operations in an orderly fashion' – no detail was provided as to when or how this would be achieved.

Financial position of Prospero

167. Prospero responded to the Fourth Prospero Notice by letter from Hamilton Locke to ASIC dated 12 January 2024, a copy of which is barcoded [PSM.1049.0001.0002] and is at **Tab 143 of Exhibit TLN-1 at page 1087**. The letter enclosed:

- (a) an unaudited general ledger with the file name "General ledger.XLSX", a copy of which is barcoded [PSM.1049.0001.0003] and is **Exhibit TLN-4**;
- (b) an unaudited draft balance sheet for the financial year ending 30 June 2023 with the file name 'Draft Balance sheet 30062023', a copy of which is barcoded [PSM.1049.0001.0004] and is **Exhibit TLN-5**; and
- (c) an unaudited draft balance sheet for the financial year ending 30 June 2023 with the file name 'Draft P&L 30062023', a copy of which is barcoded [PSM.1049.0001.0005] and is **Exhibit TLN-6**,

(together, the **Unaudited FY2023 Statements**).

168. I have reviewed:

- (a) audited financial statements for the financial year ending 30 June 2022 referred to at paragraph [113] above; and
- (b) Unaudited FY2023 Statements.



169. A summary of the financials are as follows:

Financial year ending	Revenue	Net income (loss)	Total equity	Total liabilities
30/06/21	\$582,351	(\$3,990,276)	\$1,770,097	\$2,431,684
30/06/22	\$4,849,458	(\$10,682,776)	\$1,553,343	\$18,538,849
30/06/23	\$28,456,887.30	(\$8,815,625.69)	\$1,213,280.53	\$21,867,912.71

170. The above demonstrates that for the last 3 financial years Prospero has been operating at a significant net loss.

Lack of human resources due to redundancies

171. The Third Prospero Notice required Prospero to:

- (a) provide a list of all employees between 25 October 2023 to 15 December 2023, that have been made redundant or notified that they will be made redundant and the date each redundancy took or would take effect; and
- (b) a list of all employees that have not been made redundant within that period, including staff that have been transitioned to casual employment.

172. Prospero responded to the Third Prospero Notice by letter dated 9 January 2024 from Hamilton Locke to ASIC, a copy of which is barcoded [PSM.1047.0001.0002] and is at **Tab 144 of Exhibit TLN-1 at pages 1088.**

173. The letter encloses a spreadsheet with the file name "STAFF-Termination HL edit 1", a copy of which is barcoded [PSM.1047.0001.0003] and is **Exhibit TLN-7 (Redundancy Spreadsheet).**

174. The letter states that:

- (a) the Redundancy Spreadsheet lists all employees of Prospero who have been terminated between 25 October 2023 to 15 December 2023, the date they were notified of the termination and the date the termination took effect; and
- (b) Prospero has retained Yi Tu and Weija Hou on a casual basis.

175. Based on my review of the letter and Redundancy Spreadsheet, I believe that:

- (a) Prospero made 52 employees redundant on 17 November 2023 as there are 52 employees listed in the spreadsheet and the "Termination date" for each employee is 17 November 2023;
- (b) all redundancies took effect and all employees ceased employment with Prospero between 24 November 2023 and 19 December 2023 as the "Last Day" for all employees in the spreadsheet falls within this date range; and



(c) Yi Tu and Weija Hou are the only employees who currently work at Prospero.

176. On 12 January 2024, Hamilton Locke sent a letter to ASIC in response to ASIC's request on 3 January 2024 for further information regarding payments Prospero had, given the existence of the Further Prospero Undertaking, sought ASIC's approval to make from its Bendigo Operating Account. A copy of the letter barcoded [PSM.1002.0006.0049] is at **Tab 145 of Exhibit TLN-1 at pages 1089-1091.**
177. The letter stated, among other things that Fulai Sun and Wei Hong had been made redundant, however, will continue in their role as responsible managers.
178. As a result of the redundancies, I believe that:
- (a) the only staff that currently remain at Prospero are:
 - i. Xuehao Zhou, as director of Prospero;
 - ii. Fulai Sun, as responsible manager only;
 - iii. Wei Hong, as responsible manager only;
 - iv. Yi Tu; and
 - v. Weija Hou; and
 - (b) Prospero may currently lack adequate human resources to perform critical functions required to carry on Prospero's financial services business.
179. Xuehao Zhou informed ASIC in the Zhou Examination [Tab 29] that the ability to retain any staff is dependent, at least in part, on the ability to merge with or raise funds from a third party [page 30, lines 17-21; page 57, lines 11-14].
180. I believe that it will be difficult for Prospero to merge with another company or obtain financing by selling shares in the company because the Restraining Orders, as set out in paragraph [15] above, expressly restrain dealings in right, title and interest in shares in Prospero.

Departure of Ye Qu as managing director and responsible manager

181. Based on the Zhou Examination [Tab 29], I believe that prior to 25 October 2023, Ye Qu was the Managing Director of Prospero and central to managing the business because he oversaw operations, compliance, sales and marketing [page 28, lines 17-18; page 29, lines 1-5].
182. I believe that Ye Qu is no longer working at Prospero, or fulfilling the role of responsible manager, because:
- (a) Xuehao Zhou, informed ASIC during the Zhou Examination [Tab 29] that:



- i. he had not spoken to or been able to contact Ye Qu since 25 October 2023 [page 13, line 11-13; page 21, lines 1-6];
 - ii. Eric Qu is not currently acting as managing director of Prospero [page 28, lines 19-21; page 29, lines 1-3]; and
- (b) as set out above, on 25 October 2023, Ye Qu, was charged with money laundering through the Changjiang Currency Exchange money remitting chain.

Concerns regarding current sole director

183. ASIC is concerned that the current sole director of Prospero, Xuehao Zhou, cannot properly discharge his responsibilities as a director of Prospero because he informed ASIC during the Zhou Examination [Tab 29]:
- (a) no one had provided him information about being a director of Prospero [page 19, lines 4-8];
 - (b) he had received the company registration of Prospero from ASIC, but had not received a handover or any financials [page 19, lines 9-13];
 - (c) although he provided consulting services to Prospero LLC, the offshore entity, since September 2022 and was paid by Prospero as a contractor, he spent limited time working for Prospero [page 7, lines 9-17; page 15, lines 7-21; page 16, lines 1-5];
 - (d) his main focus as director of Prospero is to coordinate with banks, AFP and the trustee to have accounts unfrozen and return funds to customers [page 18, lines 13-15; page 68, lines 5-10];
 - (e) when asked to explain his duties as a director of Prospero under Australian law [page 48, line 19-21; page 49, lines 1-9]:

So, I understand as part of ASIC there are lodgements that I do have to sign. And, then I believe my main duty is to – lies with the banks because they don't – they wouldn't talk to just anyone. You needed to be a director.

...

The main duties is [sic] what I've described before. You know, it lies with the different parties, including ASIC.

- (f) he does not receive any remuneration for being a director of Prospero [page 20, lines 1-7].
184. ASIC is concerned that Xuehao Zhou may not have the knowledge and skills required to become a responsible manager of Prospero, which are outlined in Section C of the current version of ASIC Regulatory Guide 105, AFS licensing: Organisational competence. This is because he informed ASIC in the Zhou Examination [Tab 29] that:



- (a) his only formal qualification is a Bachelor of Civil Engineering [page 4, lines 12-18; page 6, lines 6-8]; and
- (b) prior to September 2022, he had no experience in financial services [page 6, lines 9-21; page 7, lines 1-11].

A copy of Regulatory Guide 105, AFS licensing: Organisational competence dated June 2022 barcoded [PSM.0003.0005.0001] is at **Tab 146 of Exhibit TLN-1 at pages 1092-1129.**

Concerns about current responsible managers

185. ASIC is concerned that Wei Hong cannot properly discharge his responsibilities as a responsible manager of Prospero because he informed ASIC during the Hong Examination [Tab 30] that:
- (a) he started working at Prospero in June 2020 in a sales and marketing role [page 8, lines 19-20];
 - (b) when he was appointed as responsible manager in March 2021, he did not receive an increase in remuneration despite taking on that role [page 9, lines 1-3, 8-13];
 - (c) the following when asked about his responsibilities as responsible manager [page 10, lines 16-22; page 11, lines 1-3] (emphasis added):
- Privilege. So, my role changed so, the – the nature of my role didn't change much so, I was actually still focused on the sales side but, then I did have a – a watch of the, basically, knowledge of what was going on in the company on the compliance side as well so, but it's **not my main responsibility**. So, my role haven't changed much, since I become the RM. And, because usually, my role in the company, I take care of, as I've mentioned previously, **I take care of the offshore entities so, Prospero Markets LLC, mostly so, my role isn't in the Australian side, isn't as much.**
- (d) the following when asked about the allocation of responsibility between the three responsible managers [page 124, lines 3-7]:
- Privilege. So, I manage mostly the LLC asset so, the part of the business so, basically sales and basically, so the contents that's the sales, for example, designing of promotion, marketing, things like that, for offshore and our offshore entity, LLC. The onshore entity is managed by Flynn and Eric...
- (e) he has only spent 10-20% of his time working for Prospero, as opposed to the offshore entity [page 81, lines 1-8].
186. Based on other parts of the examination, I believe that when Wei Hong referred to "Flynn", he was referring to Fulai Sun, and when he referred to "Eric", he was referring to Ye Qu.



187. ASIC is concerned that Fulai Sun cannot properly discharge the full ambit of his responsibilities as responsible manager of Prospero because he informed ASIC during the Sun Examination [Tab 31] that his role at Prospero was related to customer sales, rather than managing other parts of the business [page 17, lines 5-13; page 22, lines 18-21; page 23, lines 1-3].

Concerns regarding resources to manage client money

188. ASIC is concerned that Prospero does not have the resources to handle client money and manage the process of returning funds to clients because:
- (a) Prospero has a limited amount of human resources due to the redundancies;
 - (b) the available resources may be insufficient given the significant number of clients and amount of funds Prospero held on behalf of those clients as at 26 February 2024;
 - (c) the staff remaining have limited experience in respect to dealing in client funds because:
 - i. Xuehao Zhou, who is a signatory of the Client Money Accounts, informed ASIC during the Zhou Examination [Tab 29] that:
 - 1. he has never seen any bank statements of Prospero [page 71, lines 19-20; page 72, lines 1-4];
 - 2. he has only recently been able to see the accounts since becoming signatory [page 20, lines 13-17];
 - 3. he is not sure how Prospero receives client money [page 63, lines 15-19];
 - 4. he does not know anything, or at least is not sure, about Prospero's obligations under the ASIC derivative client money rules [page 64, line 21; page 65, line 1-3];
 - 5. he was not sure how often client monies need to be reconciled or how Huiwen Zhang reconciles the accounts [page 65, lines 8-10; page 68, lines 1-3]; and
 - 6. he was not aware of the requirement to designate client money accounts in a certain way with the bank [page 69, lines 7-9].
 - ii. Wei Hong informed ASIC during the Hong Examination [Tab 30] that:
 - 1. he had a limited role in managing client money prior to 25 October 2023 and has only begun considering client money issues after Eric Qu's departure [page 75, lines 4-5; page 124, lines 16-22]; and



2. he has never seen statements of Prospero's client accounts and has only seen account balances for the first time after 25 October 2023 [page 75, lines 7-18; page 125, lines 1-14]; and
- iii. Fulai Sun informed ASIC during the Sun Examination [Tab 31] that:
 1. he did not have any oversight of the bank accounts for Prospero [page 49, lines 14-16];
 2. when asked if he is aware of what bank accounts are held by Prospero for retail and wholesale clients [page 88, lines 11-23; page 89, lines 1-5]:

As – privilege. As what I know is Eric of course, he knows everything, and our CB bank account signatory I think is Ding. It's Ding – Ding's father who is named Sheng Yin Wang. It's also the director of Prospero before the event. Our accountant can log in and have a look at our CB accounts. Only these two people I think they have the right to – to know that account and I'm not the person who can see the account. And, answer to your question about the type of account that we have, especially for the retail and for the wholesale, I think we have a couple of accounts. I'm not 100 percent sure but I know we – we've got one retail client account type and with AUD and USD and also we've got wholesale for AUD and USD as well, but maybe we have a couple of wholesale clients, not only one. That's the difference from the retail one. But, listen, you can check with our accountant. The money goes – the sophisticated client and the retail client, they use the same account and the wealthy clients use the particular one, or specific one bank account which we call it wholesale account. That's it.
 3. while he was aware there are certain restrictions on how retail client money is used, he could not describe those restrictions and had a limited understanding of the derivative client money rules [page 102, lines 1-17].

Affirmed by the deponent
at Sydney
in New South Wales
on 29 February 2024
Before me:

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)
)



Signature of deponent



Signature of witness

Micaela Ann Lusa
Australian Legal Practitioner