

**Dixon Advisory & Superannuation Services Pty Ltd
(Administrators Appointed) (the Company or DASS)
ACN 103 071 665**

**Minutes of the Third Committee of Inspection Meeting
held on Thursday, 10 March 2022 at 5:00pm AEDT
by Virtual Meeting Technology (the Meeting)**

Opening

Stephen Longley introduced himself and called the Meeting to order at 5:02pm AEDT.

Mr Longley acted as Chairperson of the meeting in accordance with Section 75-50 of the Insolvency Practice Rules (Corporations) 2016 (**IPR**).

The Chairperson confirmed that all members of the Committee of Inspection (**COI**) were in attendance via the Microsoft Teams videoconference platform and accordingly that a quorum was present.

Agenda

The Chairperson referred to the agenda outlined in the Notice of the Third Meeting of the Committee of Inspection dated 7 March 2022.

AFSL

The Chairperson advised that his understanding is that the Australian Securities and Investments Commission (**ASIC**) still intend on suspending or cancelling the Company's Australian Financial Services Licence (**AFSL**).

The Chairperson advised there remain two primary issues which appear to have stopped any decision being made to date by ASIC, being:

1. ASIC appears to be waiting for a greater proportion of clients to transition from DASS to a replacement service provider; and
2. ASIC is interested in ensuring that DASS can retain membership with the Australian Financial Complaints Authority (**AFCA**) upon suspension or cancellation of its AFSL.

The Chairperson advised that he had met with representatives of AFCA and ASIC shortly before the commencement of the Meeting. The Chairperson provided the following updates with regard to the meeting:

- AFCA confirmed that the suspension or cancellation of the Company's AFSL does not result in the Company's membership with AFCA being automatically cancelled; and
- ASIC's interest in DASS's AFCA membership relates to the possibility that membership is required for clients to be eligible to make a claim under the proposed Compensation Scheme of Last Report (**CSLR**).

With regard to the CSLR, the Chairperson advised:

- the CSLR is a proposed scheme that will provide compensation to eligible victims of financial misconduct who have not been paid;
- it has not been enacted and still requires government approval;
- it will likely not be introduced until after the Federal election;
- that there is limited information available with regard to the CSLR including what would constitute an eligible claim. Further, the Chairperson advised that as the CSLR is in draft bill format it is likely that there would be various changes before it is enacted; and
- that the Administrators would continue to liaise with ASIC and AFCA to obtain as much information relating to the CSLR as possible in an attempt to avoid any action being undertaken that would effect the potential rights of clients to claim under the CSLR.

ASIC Investigation

The Chairperson advised that:

- ASIC's enforcement team has commenced an investigation relating to the events around DASS entering into Administration;
- ASIC have advised that the investigation will consider whether any concerns arise regarding the conduct of officers of DASS, Evans & Partners Pty Ltd (**E&P**), and / or related entities, with a focus on the period from September 2021; and
- He understands that the investigation has been opened so that ASIC may better understand the group structure and the nature of contracting between entities.

Mr Martin del Gallego queried whether ASIC is aware that E&P has requested that clients transitioning from DASS to E&P are required to release the wider group of companies from any potential claims.

The Chairperson advised that expects ASIC is aware of this request given it was raised in the first Creditor's meeting and is published within the Frequently Asked Questions that has been made available to clients of DASS.

Monetising DASS's client list

The Chairperson referred to the:

- Administrators' Assessment of their ability to monetise the client list to deliver a net benefit to creditors dated 23 February 2022 (**Report**); and
- email circulated to the Administrators and committee members by Mr del Gallego seeking further information with regard to the Report.

The Chairperson had a general discussion with committee members regarding the contents of the Report and addressed the following specific questions raised by Mr del Gallego:

- Why the Commonwealth penalty was still accounted for as a liability in the balance sheet enclosed within the Report;
- What the insurance monies disclosed as a current asset in the balance sheet are made up of;
- How client revenue is split between DASS and E&P SMSF for bundled services;
- How the management fee charged by E&P Operations is calculated; and
- What investigations are being undertaken with regard to the intercompany transactions.

Status of DOCA Proposal

The Chairperson provided an update on the status of a potential DOCA proposal from E&P Financial Group Limited (**EP1**).

The Chairperson advised that EP1 or the Administrators had still not obtained the consent of the pre-appointment insurers to release details of any pre-appointment professional indemnity insurance policy(s).

The Chairperson had a general discussion with the committee members regarding:

- Work undertaken by the Administrators to obtain the consent of the insurers;
- Options available to the Administrators with regard to obtaining consent to release the details of the policy(s);
- Why the insurance policy is required in order for creditors to consider a DOCA proposal;
- Potential timelines with regard to a DOCA proposal and
- The potential pros and cons with entering Liquidation or signing a DOCA.

Mr del Gallego confirmed that if the insurers don't provide consent to the Administrators to release the details of the policy(s) to creditors, he would seek a court order to obtain a copy of the policy(s). However, Mr del Gallego caveated that it would be preferable to avoid the court process if possible.

Any other business

The Chairperson asked committee members if there was anything further they would like to discuss.

The Chairperson addressed further questions from the committee with regard to:

- Balance sheet items disclosed within the Report;
- the Administrators' investigations into the affairs of DASS, in particular with regard to its financial accounts;
- the quantification of creditor claims, and the investigations required in order to ascertain a methodology to calculate claims;
- creditor queries received by the Administrators; and
- the status of clients transferring out of DASS.

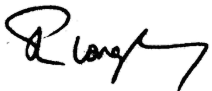
The Administrators advised committee members that he would not convene the next COI meeting until the Administrators' investigations are complete or there are further developments with regard to a potential DOCA proposal.

Closure:

The Chairperson thanked committee members for their attendance and declared the meeting closed at 6:02pm AEDT.

Signed as a correct record

DATED this 4th day of April 2022



Stephen Longley
Chairperson