

# Dixon Advisory & Superannuation Services Pty Limited (Administrators Appointed)

First Meeting of Creditors  
1 February 2022



# Meeting agenda

1. Purpose of meeting
2. Meeting formalities
3. Administrator's address to creditors
4. Questions
5. Alternative administrators
6. Committee of inspection
7. Administrators' remuneration
8. Any other business

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Purpose of  
Meeting

# Purpose of the meeting

- Update creditors and answer questions in relation to the administration
- Determine, whether to appoint a Committee of Inspection and if so appoint its members
- If an alternative Administrator has been proposed, creditors may consider and resolve to remove the Administrators from office and appoint alternative Administrator(s)

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## Meeting Formalities

# Meeting formalities

- Administrator to chair the meeting
- Attendance register, quorum and details of proxies received
- Minutes of meeting
- Tabling of documents and Notice of meeting
- Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)
- Process for resolutions and voting

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Administrator's  
Address

# Administrator's address to creditors

- Events leading up to appointment
- Company overview
- Financial performance & position
- Key focus of administration
- Proposed DOCA proposal from EP1
- Frequently asked questions
- Second meeting of creditors
- Extension of convening period



# Events leading up to appointment

- The Directors resolved to appoint Administrators to DASS due to the mounting actual and potential liabilities from:
  - Class actions led by Piper Alderman and Shine Lawyers
  - Claims against the Company being determined by the Australian Financial Complaints Authority (AFCA)
  - Regulatory penalties agreed with ASIC which are subject to approval by Court.

# Company overview

- Dixon Advisory & Superannuation Services Pty Limited (DASS) is a subsidiary of E&P Financial Group Limited (EP1 or the Group)
- DASS is an Australian Financial Services Licensee (AFSL) that provides investment advice, as part of bundled accounting and investment services, with Dixon Advisory Super Pty Ltd (now E&P SMSF Services Pty Limited)
- It services circa 4,000 clients which are mainly self-managed super funds
- Importantly for clients, DASS does not have custody over any client assets - these are held either by the clients themselves or by independent third party custodians
- DASS has limited operating assets of its own and is reliant on the Group and other third party providers for all critical services and staff, including execution services, advisors/authorised representatives, finance, risk and compliance and IT.

# Company overview, continued

- EP1 has committed to the Administrators that it will continue to support DASS and its clients until 30 June 2022. Without this commitment, DASS would not be able to continue operating
- The Administrators have also implemented review and oversight procedures with the Group in respect of DASS's operations during the administration period
- DASS is also unable to operate without an AFSL and the appointment of administrators could place the AFSL at risk. The Administrators are liaising with ASIC regarding the preservation of DASS's AFSL for the administration period.

# Financial performance & position

- Based on draft management accounts, the Company's trading performance for the six months ending 31 December 2021 included:
  - Revenue of \$5.56m
  - Expenses of \$11.75m (\$8.47m before the costs of the regulatory proceeding of \$3.28m)
  - Loss of \$6.18m (\$2.9m loss excluding regulatory proceeding costs)
- DASS has limited realisable assets
  - Cash of circa \$1m
  - Related party receivables estimated at circa \$1m

# Key focus of administration

1. Convene the first meeting of creditors using virtual meeting technology to accommodate up to 6,000 potential attendees
2. Assess whether DASS has a business which is capable of being sold as a going concern
3. Facilitate the transition of DASS clients to another financial service provider of their choice
4. Engage with ASIC in respect of the AFSL which is necessary for the orderly transition of clients to alternative service providers
5. Preserve and realise the available assets
6. Explore the terms of a Deed of Company Arrangement (DOCA) proposal from the Group or another party
7. Establish a process to verify and quantify creditor claims which treats all claims in a consistent and fair manner.

# Potential DOCA Proposal from EP1

- EP1's ASX release advises that it aims to propose a DOCA which provides for the comprehensive settlement of all DASS and related claims (including the representative proceedings) in a manner which provides for equitable treatment of all DASS clients/creditors
- We understand that any proposal from EP1 will:
  - require the release of all parties to the class actions
  - include the penalty agreed with ASIC as part of the DOCA settlement to be shared by all creditors
- It may be 2 to 3 months before EP1 is in a position to submit a DOCA proposal.

# Frequently asked questions

- Insurance
- Client fees
  - Fees paid in advance before 19 January
  - Fees paid in advance after 19 January
- AFCA & client complaints process
  - Internal dispute resolution
  - External dispute resolution
- Creditor claims

# Second Meeting of Creditors

- The Administrators are required to report and hold a second meeting of creditors by 24 February 2022
- At the second meetings, creditors will vote on the future of DASS. The options available for creditors to vote on are:
  - Deed of Company Arrangement
  - Liquidation
  - End the Administration
- The Administrators are also required to provide creditors with a comprehensive report prior to the meeting which includes details of the DOCA proposal and a recommendation on each of the three options listed above
- Given the complexity of the Administration, including the likely timeframe to receive the EP1 DOCA proposal, the Administrators intend to make an application to Court seeking an extension of time of up to six months to hold the second meeting.



# Estimated outcome for creditors

- The Administrators are unable to provide an estimate to creditors on a potential return at this stage
- We will provide an update on the estimated outcome for all creditors in the Administrators' Report to creditors pursuant to section 75-225 of the *Insolvency Practice Rules (Corporations) 2016*.

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## Questions?

Please lodge your question using the Q&A button and specify:

- Your name
- The company you represent

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Alternative  
Administrators

# Alternative Administrators

- We have not received any consents to act from potential alternative Administrators
- In the absence of any consents, Stephen Longley and Craig Crosbie remain as Joint and Several Administrators of DASS.

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Committee of  
Inspection

# Committee of Inspection

- The purpose of appointing a Committee of Inspection (COI) is primarily to allow the committee to consult the Administrators regarding key matters of interest during the administration, including any proposed Deed of Company Arrangement.

# Committee of Inspection

- We have had nominations from 3 people who wish to be a member of the COI:
  - Martin del Gallego of Piper Alderman
  - Jan Saddler of Shine Lawyers
  - Janice Smith
- As Martin del Gallego and Jan Saddler are representing creditors in the representative proceedings (class actions) and may earn fees in that capacity, we will need to pass a separate resolution waiving the requirement that members of the COI do not derive a direct or indirect benefit from the administration if they are to be on the COI
- Do any other creditors wish to be on the COI or do you have any question about the COI?

# Committee of Inspection

- Resolution – detailed

“Piper Alderman are the legal representatives of the class of complainants in Federal Court of Australia proceeding number VID640/2021 (Piper Alderman Class Action) and may earn professional fees for services provided in relation to that proceeding. Martin del Gallego is a partner at Piper Alderman and is seeking to be nominated to the committee of inspection for the Company on behalf of Piper Alderman's clients, Kosen-rufu Pty Ltd and Trudy Stott, who have submitted a proof of debt to the administrators.

Shine Lawyers are the legal representatives of the class of complainants in Federal Court of Australia proceeding number VID769/2021 (Shine Class Action) and may earn professional fees for services provided in relation to that proceeding. Jan Saddler is an employee of Shine Lawyers and is seeking to be nominated to the committee of inspection for the Company on behalf of Shine Lawyers' client, Watson & Co Superannuation Pty Ltd, which has submitted a proof of debt to the administrators.



# Committee of Inspection

- Resolution continued

The professional fees that may be earned by Mr del Gallego (as a partner of Piper Alderman) in relation to the Piper Alderman Class Action and by Ms Saddler (as an employee of Shine Lawyers) in relation to the Shine Class Action may constitute one or both of the following:

- a) a directly or indirectly derived profit or advantage from a transaction (including a sale or purchase) entered into for or on account of the company pursuant to s 80-55(2)(a) of the IPS; and
- b) a directly or indirectly derived profit or advantage from a creditor of the company pursuant to s 80-55(2)(b) of the IPS.

The creditors of the Company hereby resolve pursuant to section 80-55(3) of the Insolvency Practice Schedule to the Corporations Act 2001 (Cth) (IPS) that:

s 80-55(1) of the IPS does not apply in relation to the professional fees earned by Mr del Gallego (as a partner of Piper Alderman) in relation to the Piper Alderman Class Action and by Ms Saddler (as an employee of Shine Lawyers) in relation to the Shine Class Action.”

# Committee of Inspection

- Resolution – extract in the creditors portal:  
“That section 80-55(1) of the Insolvency Practice Schedule does not apply in relation to the professional fees earned by Mr Martin del Gallego (as a partner of Piper Alderman) in relation to the Piper Alderman Class Action and by Ms Jan Saddler (as an employee of Shine lawyers) in relation to the Shine Class Action.”

# Committee of Inspection

- Resolution:

“That a committee of inspection comprising:

- Martin del Gallego
- Jan Saddler
- Janice Smith
- Kathryn Gorham
- Peter Freund
- Cathy Monro

be appointed for Dixon Advisory & Superannuation Services Pty Limited (Administrators Appointed)”

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## Administrators' Remuneration

# Administrators' remuneration

- Administrators' fees are approved by creditors or the Court
- We are required to provide a remuneration report to creditors detailing our fees prior to the approval of any fees by creditors
- No remuneration will be paid until fees are approved by creditors or the Court
- We propose our fees for the DASS administration to be calculated on a time basis, using the following hourly rates (excluding GST):

Partner	785	Senior Consultant	475
Managing Director	750	Consultant	385
Director	685	Offshore Professional	250
Senior Manager	620	Specialist	210
Manager	575	Administration Support	210

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Any other business

# Thank you

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