

**Dixon Advisory & Superannuation Services Pty Ltd  
(Subject to Deed of Company Arrangement) (the Company or DASS)  
ACN 103 071 665**

**Minutes of the First Committee of Inspection Meeting  
held on Tuesday, 14 March 2023 at 4:00pm AEDT  
by Virtual Meeting Technology (the Meeting)**

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<b><u>Opening</u></b>	<p>Mr Stephen Longley introduced himself and other PricewaterhouseCoopers staff present before calling the Meeting to order at 4:05pm AEDT.</p> <p>Mr Longley acted as Chairperson of the Meeting in accordance with Section 75-50 of the Insolvency Practice Rules (Corporations) 2016 (<b>IPR</b>).</p>
<b><u>Members Present</u></b>	<p>The Chairperson confirmed that Committee of Inspection (<b>COI</b>) members were in attendance via the Microsoft Teams video conference platform. As a quorum was present the Meeting could proceed in accordance with IPR 80-5.</p> <p>The following COI Members were in attendance at the Meeting:</p> <ul style="list-style-type: none"><li>• Ms Jan Smith</li><li>• Ms Cathy Monro</li><li>• Ms Kate Gorham</li><li>• Mr Peter Fruend</li><li>• Ms Vicky Antzoulatos</li></ul>
<b><u>Minutes of Meetings</u></b>	<p>The Chairperson advised that minutes of the Meeting would be lodged with the Australian Securities and Investments Commission (<b>ASIC</b>) in accordance with IPR 75-145. The Chairperson noted that the Administrators reserve the right not to disclose in the minutes commercially sensitive information that may prejudice investigations and asset realisations.</p>
<b><u>Time and Place of Meeting Convenient</u></b>	<p>The Chairperson declared that the time and place for holding the Meeting was convenient in accordance with IPR 75-30.</p>
<b><u>Confidentiality</u></b>	<p>The Chairperson reminded members present that discussions in the Meeting were confidential and should not be disclosed to anyone other than COI members. Furthermore, the Chairperson confirmed that it was the Administrators' intention to retain legal privilege over all matters discussed during the Meeting.</p>
<b><u>Agenda</u></b>	<p>The Chairperson referred to the agenda outlined in the Notice of the First Meeting of the Committee of Inspection dated 7 March 2023.</p>
<b><u>Tabling of documents</u></b>	<p>The following documents were tabled:</p> <ul style="list-style-type: none"><li>• Notice of Meeting dated 7 March 2023.</li><li>• Remuneration Approval Report dated 7 March 2023.</li><li>• Amended Declaration of Independence, Relevant Relationships and Indemnities (<b>DIRRI</b>) dated 9 March 2023.</li></ul> <p>The Chairperson confirmed a copy of the Notice of Meeting and Remuneration Approval Report had been provided to the COI members on 7 March 2023 and a copy of the amended DIRRI had been provided to the COI members on 9 March 2023.</p>
<b><u>Motions and resolutions</u></b>	<p>The Chairperson confirmed that all motions proposed at the Meeting will be determined on a show of hands vote.</p>

### **Key next steps for the administration**

- The Chairperson handed over to Ms Rebecca Gill, who provided an update on the key priorities of the administration.
- Ms Gill noted that there were a number of different workstreams running concurrently, and that these workstreams need to be completed prior to the Deed Administrators making a distribution to creditors. Ms Gill provided an update on the workstreams as follows:
- Workstream 1 - application to the Federal Court of Australia (**Court**) to seek directions on applying the quantification of loss methodology.
  - Ms Gill reminded the COI members that Mr Campbell Jaski had prepared a report (the **Loss Quantification Methodology Report**), which would underpin the application to the Court. This report is currently in the process of being updated by Mr Jaski and his team, to include further details on the data utilised to quantify the loss calculation.
  - The Deed Administrators are also currently undertaking a process to test the accuracy of the data underpinning the loss calculation. As a first step, a breakdown of the loss calculation has been shared with the COI members. Ms Gill noted some discrepancies had been identified through this process, which are currently being further investigated. It is likely some other former clients will also be contacted to review a detailed breakdown of the loss calculation.
  - Once the above matters are resolved, this information will form the basis of the application to the Court.
  - The COI had a general discussion regarding the breakdown of the loss calculation data provided.
  - Ms Antzoulatos asked whether the Deed Administrators had sought directions from the Court regarding use of the loss quantification methodology proposed by Mr Jaski.
  - The Chairperson advised that the COI members would be consulted as part of this process, and the affidavit made to the Court would include the COI's position in relation to applying the loss quantification methodology.
- Workstream 2 - Ms Gill advised that at the same time as seeking directions in respect of the loss quantification, the Deed Administrators also plan to seek directions from the Court for various other matters that relate to the distribution, including:
  - Whether creditors who have either wound up their self managed superannuation funds (**SMSFs**), or are in the process of doing so, can make a claim in the Deed Administration. Ms Gill advised that the process of compiling the necessary information to obtain these directions was a complex task, as the reasons for creditors winding up their SMSFs are nuanced and varied in nature. As a result, there are many different categories of creditor circumstances which must be considered by the Court when giving directions.
  - Various technicalities and process oriented topics relating to the distribution process including, but not limited to, the timeframe of the distribution, the proposed approach, materiality considerations when reviewing claims made by creditors, and use of the Creditor Portal.
  - Ms Gill noted that although the process of seeking directions from the Court will take time, it would be cost efficient to go the Court once, for a single set of directions.
  - Ms Monro asked what the timeframe was for seeking directions from the Court.

- The Chairperson replied it was possible that directions would be sought by 30 June 2023.
- Workstream 3 - Ms Gill advised that the Deed Administrators were in the process of designing updates to the Creditor Portal ahead of the distribution, including enabling the sharing of loss calculation data with creditors, and adjusting some of the design elements based on creditor feedback. Ms Gill advised the COI that the proposed changes to the Creditor Portal would be shared with the COI in late April 2023.
  - Ms Monro asked whether the Deed Administrators' fees were still expected to remain in line with estimates of c\$1.5m.
  - Ms Gill confirmed that at this early stage, the fee estimate had not changed. However, if this changes at a later date, the COI would be advised as soon as possible.
  - Ms Smith noted it would be useful for the Deed Administrators to provide creditors with a tutorial video in advance of requesting proofs of debt, and provide as much time as possible for this process.
  - Ms Gill agreed with these suggestions.
- Workstream 4 - Ms Gill provided an update on the status of the class action proceedings, including:
  - *This section of the minutes has been redacted for legal and commercial-in-confidence reasons.*
  - Ms Gill noted that mediation was scheduled for 22 March 2023.
  - *This section of the minutes has been redacted for legal and commercial-in-confidence reasons.*
- Ms Gill advised that based on media updates, it appears the Compensation Scheme of Last Resort (CSLR) was introduced to Parliament last week, with a second reading moved on 8 March. The debate has been adjourned with no further information on timeline, but according to media reports, this progress appears positive.
- Ms Gill noted that the documents before Parliament still indicate the scheme will have a \$250m overall cap. Based on the Deed Administrators' analysis, assuming DASS creditors receive the higher of their loss claim or the \$150k individual cap, a total uncapped CSLR payout would amount to c\$290m. At this stage, it is unclear how this will be dealt with, and whether any pro-rata budget might apply. Under the \$150k individual cap (assuming no overall budget cap applies) approximately 85% of creditors would be paid in full if they can access the CSLR. The Deed Administrators will continue to monitor for any further updates and share as appropriate.
- Ms Gill advised that the Deed Administrators had also been working on the numerous other matters including, monitoring creditor queries, preparing and sending an update to creditors, updating Frequently Asked Questions (FAQ) documentation, resolving ongoing operational matters with E&P.
- *This section of the minutes has been redacted for legal and commercial-in-confidence reasons.*

### **Administrators' remuneration**

The Chairperson introduced the topic of Administrators' remuneration.

The Chairperson noted the fee approval included in the Remuneration Approval Report dated 7 March 2023 was material and thus provided reasons for increase of c\$449k compared to original estimate:

- Schedule A1 has grouped staff by grade, and that there are multiple staff members under each of Director, Senior Manager, Manager, Senior Consultant, and Consultant categories. In addition, the work days during this period were higher than usual due to weekend work required to respond to creditor enquiries.
- Other reasons for the increase in fees are:
  - Significant engagement with E&P prior to finalising the Administrators' Report including, a high degree of robust debate, which required former Administrators to consult Kings Counsel. This process resulted in iterations and changes made to the Administrators' Report and the DOCA.
  - *This section of the minutes has been redacted for legal and commercial-in-confidence reasons.*
  - Various updates made to the DOCA proposal before the Administrators' Report was issued. This process required significant extra negotiations, adjustments to the Administrators' Report, COI meetings and legal reworking to finalise the DOCA. Ms Gill noted that these updates were made to support creditors' ability to qualify for the CSLR, which is ultimately in the best interests of creditors from a financial perspective.
  - Between 30 November 2022 – 16 December 2022, the former Administrators received > 2,200 enquiries of a varied nature. This resulted in the decision to adjourn the second meeting of creditors. Adjourning the second meeting of creditors provided creditors the opportunity to have their enquiries addressed, and enable them to attend and vote at the meeting. The Chairperson noted that less than half of enquiries were Creditor Portal related. Most enquiring creditors sought someone to check that the claim they lodged was correct, and did not jeopardising their right to a future distribution.
  - The Chairperson noted that the former Administrators thought it was important to resolve enquiries from creditors prior to the meeting, so that creditors could attend on the basis that they had been given the opportunity to accurately lodge a complete claim. Furthermore, that this was an important step to mitigate the risk of the meeting's outcomes being put in dispute.
  - While there was some feedback on improvements needed to the Creditor Portal, it is still the Deed Administrators' view that the development of the Creditor Portal saved significant time and cost when compared to the alternative manual process.
  - The outcome of this extra work was that 2,900 former clients had accessed the Creditor Portal by the date of the meeting. In addition, on the day of the meeting there were 1,200 creditors present either in person or by proxy, who voted on the resolutions. There were also approximately 150 observers present.
  - Additional work than anticipated in reviewing the terms and operation of the DOCA, and the impact of same on the class action proceedings, with the class action lawyers.
  - *This section of the minutes has been redacted for legal and commercial-in-confidence reasons.*

- Ms Smith questioned whether some of the queries could have been avoided if the video tutorial was provided earlier.
- The Chairperson responded by noting that the alternative path to reviewing creditor claims would be manual process, which would have costed a far greater amount of money and time than developing and using the Creditors Portal.
- However, the Chairperson advised he was prepared to reduce the fees sought by \$100k, given a component of the fee increase was a result of creditors experiencing difficulties with the Creditor Portal.
- Ms Antzoulatos noted that Shine undertakes a similar process regularly and acknowledged that the process undertaken by the former Administrators was complex.
- The COI members had various discussions regarding whether or not a reduction in the Administrators' fees was reasonable.
- *This section of the minutes has been redacted for legal and commercial-in-confidence reasons.*
- Ms Antzoulatos left the Meeting at 5:11pm.

The Chairperson proposed the following resolution with respect to the Administrators' remuneration:

**Resolution 1:**

*"That the remuneration of the former Administrators is approved for the period from 16 November 2022 to 16 December 2022 totalling \$349,005.00 (plus GST) (in addition to the \$495,750.50 (plus GST) previously approved) as set out in the Remuneration Approval Report dated 7 March 2023 to be paid immediately or as funds become available."*

In accordance with IPR 75-70, the Chairperson allowed time for creditors presiding at the meeting to debate the proposed resolution.

No creditor wished to debate the proposed resolution, and the Chairperson put the proposed resolution to a vote.

The Chairperson declared that the resolution was passed unanimously on a show of hands.

The Chairperson proposed the following resolution:

**Resolution 2:**

*"That the remuneration of the Deed Administrators is approved for the period from 17 December 2022 to 31 December 2022 totalling \$34,505.50 (plus GST) as set out in the Remuneration Approval Report dated 7 March 2023 to be paid immediately or as funds become available."*

In accordance with IPR 75-70, the Chairperson allowed time for creditors presiding at the meeting to debate the proposed resolution.

No creditor wished to debate the proposed resolution, and the Chairperson put the proposed resolution to a vote.

The Chairperson declared that the resolution was passed unanimously on a show of hands.

The Chairperson proposed the following resolution:

**Resolution 3:**

*“That the internal disbursements claimed by PricewaterhouseCoopers for the period from 16 November 2022 to 31 December 2022, as set out in the Remuneration Approval Report dated 7 March 2023 are approved in the amount of \$6,600.00 (plus GST) to be paid immediately or as funds become available.”*

In accordance with IPR 75-70, the Chairperson allowed time for creditors presiding at the meeting to debate the proposed resolution.

No creditor wished to debate the proposed resolution, and the Chairperson put the proposed resolution to a vote.

The Chairperson declared that the resolution was passed unanimously on a show of hands.

**Amendment to  
DIRRI**


- The Chairperson referred to the updated DIRRI prepared and lodged with ASIC on 9 March 2023.
- The Chairperson explained that minor updates were made to the DIRRI provided to creditors on 20 January 2022 and 2 November 2022 to reflect that Rebecca Gill became a joint appointee of DASS on 16 December 2022.
- The Chairperson asked the COI if there were any questions regarding the updated DIRRI.

**Any other business**

- The Chairperson asked the COI if there were anything further they would like to discuss.
- Mr Peter Freund asked for an expected timeframe till the next COI meeting.
- The Chairperson advised that he expects the next COI meeting to occur no earlier than late April.
- Ms Gill noted that there may be updates issued to the COI in the meantime.

**Closure:**

The Chairperson thanked committee members for their attendance and declared the Meeting closed at 5:26pm AEDT.



**Signed as a correct record**

**DATED this 5<sup>th</sup> day of April 2023**

**Stephen Longley**  
Chairperson

**Meeting Attendance Register - Committee of Inspection**

**Dixon Advisory & Superannuation Services Pty Ltd (Subject to Deed of Company Arrangement)**

Committee of Inspection Meeting held by Virtual Meeting Technology at 4:00pm AEDT on 14th March 2023

Chairperson: Stephen Longley

<b>Committee of Inspection Member</b>	<b>Related Party?</b>	<b>Name of Proxy or Attorney</b>	<b>Type of Proxy (General / Specific)</b>	<b>Signature of Person Attending</b>
Jan Smith	No	N/A	N/A	Attended via virtual meeting technology
Kathryn Gorham	No	N/A	N/A	Attended via virtual meeting technology
Peter Freund	No	N/A	N/A	Attended via virtual meeting technology
Cathy Monro	No	N/A	N/A	Attended via virtual meeting technology
Vicky Antzoulatos	No	N/A	N/A	Attended via virtual meeting technology