



25 May 2022

## ***Administration Update***

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

We refer to our appointment as Joint and Several Administrators of DASS on 19 January 2022.

This update provides creditors of DASS with a high level overview of the administration.

### **Second Meeting of Creditors**

A second meeting of creditors will be convened on or before 17 August 2022. At that meeting, creditors will have three options to choose from in order to determine the future of DASS. The options include:

- The administration ends, with control of the Company reverting to its directors.
- The Company is wound up (i.e. placed into liquidation).
- The Company entering into a Deed of Company Arrangement (**DOCA**) (if a proposal is obtained). A DOCA is a binding agreement between a company and its creditors, governing how the company's affairs will be dealt with. A DOCA typically aims to provide a better return to creditors than the winding up of the company.

Prior to the second meeting of creditors, a comprehensive report will be issued to creditors detailing our investigations and findings, as well as providing an opinion on which of the above options we believe is in the best interests of creditors.

### **Extension of Convening Period**

A second meeting of creditors is ordinarily convened within 20 business days after the administration began. As creditors may be aware, we obtained Court approval for the extension of the convening period for the second meeting of creditors up to and including 17 August 2022. A copy of the orders, and the originating process lodged with the Court, has been posted to the Administrators' website for DASS and can be found at:

<https://insolvency.pwc.com.au/singleEntityCases/dixon-advisory-superannuation-services-pty-ltd/casePage>.

### **Suspension of Australian Financial Services Licence (AFSL)**

On 8 April 2022, we received a "Notice of Suspension of Australian Financial Services Licence" (**Notice**) from the Australian Securities and Investments Commission (**ASIC**), suspending the Company's AFSL until 8 April 2023. The conditions of the Notice require DASS to cease providing financial services to existing clients from 10 May 2022. Accordingly, no further financial advice or financial services can be provided to DASS clients who have not transitioned to an alternative provider.

At the time the AFSL was suspended, there were less than 35 ongoing advice clients (of the original 4,066) who had not nominated an alternative service provider. These clients had received multiple letters/emails outlining their options and the consequences of failing to transition to an alternative provider before the Company's AFSL was suspended.

**PricewaterhouseCoopers, ABN 52 780 433 757**  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: +61 3 8603 1000, F: +61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



If you are one of the clients who have not transferred to an alternative service provider, your DASS contact can still assist you with the transfer process, however they will not be able to provide you with financial advice or financial services.

### **Cancellation of AFSL**

Whilst the AFSL is suspended, ASIC has advised that DASS is still required to comply with a number of statutory compliance obligations in relation to holding an AFSL, most of which place a cost burden on DASS which the Administrators do not have funding to meet.

Given that no party has signalled an intent to purchase the business of DASS and retain the use of the AFSL, we are currently investigating the process of cancelling the Company's AFSL to avoid incurring unnecessary costs associated with holding an AFSL.

### **Administrators' investigations into the affairs of DASS**

Our role as Administrators requires us to undertake investigations into the Company's business, property, affairs and financial circumstances. The findings of these investigations will be included in our Administrators' report to creditors which is to be issued prior to the second meeting of creditors.

The purpose of these investigations include:

- determining whether any offences have been committed by the Company's officers or others prior to our appointment;
- assessing what assets are available to creditors, including any actions which could be pursued if the Company is placed into liquidation; and
- assessing any DOCA proposals that may be forthcoming, including estimating the likely return to creditors (and the timing thereof) compared to the estimated return from liquidation.

We anticipate completing the majority of our investigation in early June 2022, subject to the timing and outcome of the ASIC investigation discussed below.

### **ASIC Investigation**

In March 2022 ASIC commenced an investigation into the events leading up to DASS entering administration in January 2022.

We expect ASIC's investigation will cover many of the same areas of inquiry as the Administrators' investigations and, as such, we have agreed to assist ASIC's investigations by providing information and sharing the results of our findings once our investigations have been completed.

Given the similar areas of investigation, we believe it appropriate that the Administrators' do not issue the findings of our investigations until ASIC has also completed its investigation.

### **Quantification of Client Claims**

Our investigations also include reviewing potential claims that DASS's clients may have in respect of "related party" investments that they invested in, such as the US Masters Residential Property Fund. Establishing an estimate of the quantum of potential client claims is important in order to provide creditors with an estimated return in the event of the Company's liquidation or in any DOCA scenario. We are also hopeful that the work we are currently undertaking will streamline the process for clients who have a valid claim against DASS to be recognised as creditors.



### **Deed of Company Arrangement**

E&P Financial Group Limited (**EP1**) intends to propose a DOCA for the consideration of creditors. While a formal DOCA proposal has not yet been submitted, we understand from discussions with EP1 that the key terms of its proposal will:

- include a contribution of funds from EP1 in the order of \$8.2m, in addition to any insurance settlement proceeds that may be available; and
- require a comprehensive settlement of the two representative proceedings (i.e. the class actions), together with all other claims against DASS, EP1 and the former officers joined in the class actions.

The progress of EP1's DOCA proposal has been limited by confidentiality restrictions contained in the relevant insurance policy which prevent details of the policy being provided to any third party.

### **Status of Class Actions**

There are two representative proceedings (or class actions) against DASS, EP1 and others. Shine Lawyers acts for the applicant in the Watson & Co Superannuation Pty Ltd proceeding and Piper Alderman acts for the applicant in the Kosen-rufu Pty Ltd proceeding.

On 13 May 2022 the Federal Court of Australia heard a "carriage motion" to determine whether the two representative proceedings should be consolidated. The outcome of the hearing, which was handed down on 19 May 2022, was that the Court stayed the Kosen-rufu proceeding and allowed the Watson & Co proceeding to continue against EP1 and DASS's former directors. The proceeding will not continue against DASS as that was automatically stayed following our appointment as Administrators. Following the stay of the Kosen-rufu proceeding, Piper Alderman has advised us that Martin del Gallego will no longer participate as a member of the Committee of Inspection.

### **Creditors' proofs of debt**

The Administrators **do not need** clients or creditors to submit details of their claims or formal proofs of debt at this point in time. We will provide detailed instructions to creditors on what information we require them to submit prior to the second meeting of creditors.

### **Creditor queries**

If creditors have any questions regarding the administration of DASS, please send your queries to [au\\_dass\\_queries@pwc.com](mailto:au_dass_queries@pwc.com).

Yours faithfully

A handwritten signature in black ink, appearing to read "S Longley", written over a horizontal line.

**Stephen Longley and Craig Crosbie**  
Administrators