

ASIC v Brite Advisors Pty Ltd

WAD 262 of 2023

Investigative Accountants' Report for the Federal Court of Australia

8 December 2023



McGrathNicol

Contents

	Page
Glossary.....	4
 Report sections	
1 Executive Summary.....	6
1.1 Introduction.....	6
1.2 Books and records.....	6
1.3 Available books and records and limitations of Report.....	6
1.4 Summary of Brite Advisors and the Brite Group	6
1.5 Structure of Report	7
1.6 Key findings.....	7
1.7 Qualifications and experience.....	9
1.8 Disclaimer.....	10
2 Response – Sub-paragraph 1(a) of the Court Orders – Identification of the assets and liabilities of Brite Advisors	11
2.1 Scope and approach	11
2.2 Findings – Summary financial position	12
2.3 Findings – Assets.....	12
2.4 Findings – Liabilities	20
2.5 Finding – Contingent liability – IB Credit Facility.....	21
2.6 Finding – Contingent liability – Income Tax.....	21
2.7 Finding – Margin loans owed by Brite Advisors	22
3 Response – Sub-paragraph 1(b) of the Court Orders – Identification of amount and whereabouts of Client AuM	23
3.1 Scope and approach	23
3.2 Findings – Summary of Client AuM verified to third party statements	23
3.3 Findings – Summary of Westpac Client Accounts and HSBC Hong Kong Client Accounts.....	24
3.4 Findings – Summary of Interactive Brokers accounts.....	24
3.5 Findings – Summary of Beneficiary positions disclosed in Client AuM and Salesforce	26
3.6 Findings – Difference of Client AuM held	28
3.7 Findings – Summary of Client AuM position.....	30
3.8 Findings – Other observations in relation to Client AuM Data Pack.....	31
4 Response – Sub-paragraph 1(c) of the Court Orders – Solvency of Brite Advisors	33
4.1 Scope and approach	33
4.2 Findings.....	33
5 Response – Sub-paragraph 1(d) of the Court Orders – Return to creditors/investors in the event Brite Advisors was wound up.....	35
5.1 Scope and approach	35
5.2 Findings.....	35

6	Response – Sub-paragraphs 1(e) and 1(f) of the Court Orders – Books and records	36
6.1	Scope and approach	36
6.2	Findings - Sub-paragraph 1(e) of the Court Orders	36
6.3	Findings – Sub-paragraph 1(f) of the Court Orders.....	36
7	Response – Sub-paragraphs 1(g) and 1(h) of the Court Orders – Suspected contraventions of the Act	37
7.1	Scope and approach	37
7.2	Response – Sub-paragraphs 1(g) and 1(h)	37
7.3	Matters that require further investigation.....	38

Appendices

A	Documents relied upon.....	40
B	Investigative Accountant CVs	50
C	Key staff and qualifications.....	53
D	Books and records	54
D.1	Books and records used for the Report.....	54
D.2	Steps taken by Investigative Accountants to obtain records from Brite Advisors.....	56
D.3	Access to Brite Advisors' books and records.....	58
D.4	Listing of Brite Advisors' Bank Accounts and Statements.....	61
D.5	Listing of Interactive Brokers Accounts and Statements.....	63
D.6	Schedule of Outstanding information	65
E	Background and Processes	67
E.1	Company details.....	67
E.2	Brite Advisors and its related entities.....	68
E.3	Fees.....	69
E.4	Brite Advisors internal systems – Salesforce and AutoRek.....	69
E.5	Brite Advisors internal systems – Xero Limited	69
F	Interactive Brokers Margin Loan Facilities.....	70
G	Transfer of Client AuM to Hong Kong.....	71

Glossary

Term	Meaning
\$/AUD	Australian Dollar
\$'000	Thousands of Australian Dollars
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
Administrators	Pension scheme administrators, as defined by the Finance Act 2004 (UK), acting on behalf of the Beneficiaries
AFSL	Australian Financial Services Licence
APTA	Appropriate pension transfer analysis
Asset Preservation Orders	Asset Preservation Orders made by the Federal Court of Australia on 27 October 2023
ASIC	Australian Securities and Investment Commission
ATO	Australian Taxation Office
Auditor	DM Advisory Services Pty Ltd
AutoRek	AutoRek Process Integration Limited
Client AuM	Client Assets under management
Beneficiaries	Individual clients of the Brite Group, whose funds are managed by Brite Advisors
Brite Advisors	Brite Advisors Pty Ltd
Brite Group	Brite HK and its subsidiaries and related entities including Brite Advisors
Brite HK	Brite Hong Kong Limited (formerly Genesis Investment Management Limited) (Hong Kong Incorporation Number 16332233)
CHF	Swiss Franc
Client AuM Data Pack	Microsoft Excel Workbook – <i>McGrathNicol Audit_20231109.xlsx</i> – Provided by Mr Lymer on 24 November 2023 in response to the Investigative Accountants' request for Client AuM information
Client AuM Workbook	Microsoft Excel Workbook prepared by the Investigative Accountants, from data extracted from the Client AuM Data Pack
COB	Close of business
Court	Federal Court of Australia
Court Orders	Court orders dated 9 November 2023 in Federal Court Proceedings WAD262 of 2023 as varied by subsequent orders
CRM	Customer Relationship Management
Directors	The directors of Brite Advisors, being Keith Sedergreen, Dean Clarke and John Lymer
EUR	Euro
FCA	Financial Conduct Authority
FYXX	Financial year ended 30 June 20XX
GBP	Great British Pound
IB Credit Facility	Loan agreement between IB Global Investments LLC and Brite Advisory Group Ltd dated 15 March 2019
IBA	Interactive Brokers Australia Pty Ltd
IBHK	Interactive Brokers Hong Kong Limited
Interactive Brokers	IBA, IBHK and affiliates

Term	Meaning
Investigative Accountants	Linda Smith and Rob Kirman of McGrathNicol
IT	Information Technology
LPP	Legal professional privilege
MFA	Multi-factor authentication
Mr Lightfoot	Mr Michael Lightfoot, employee of the Brite Group assisting Mr Lymer
Mr Lymer	Mr John Lymer, Director of Brite Advisors and operations manager
NZD	New Zealand Dollar
Proceedings	Australian Securities and Investment Commission (ASIC) v Brite Advisors Pty Ltd WAD 262 of 2023
Property	The Property of Brite Advisors as defined in the Court Orders
Report	This report dated 8 December 2023
ROW	Rest of World (Brite Advisors' Beneficiaries excluding those located in the UK, US or Australia)
Salesforce	Salesforce, Inc.
SIPP	Self-invested personal pensions
Subsidiary Guarantee Agreement	Subsidiary Guarantee Agreement in favour of IB Global Investments LLC dated 21 March 2019
Trustees	Pension scheme trustees acting on behalf of the Beneficiaries
UK	United Kingdom
US / USA	United States / United States of America
USD / US\$	United States Dollar
US\$'000	Thousands of United States Dollars
Westpac	Westpac Banking Corporation
Westpac Client Account(s) / Client Account(s)	Brite Advisors multi-currency bank accounts for managing client funds
Westpac Operating Account(s) / Operating Account(s)	Brite Advisors multi-currency bank accounts for managing operating funds
YTD	Year to date
ZAR	South African Rand

1 Executive Summary

1.1 Introduction

1.1.1 Linda Smith and Rob Kirman, partners of McGrathNicol, were appointed to act as Investigative Accountants pursuant to orders of the Federal Court of Australia made on 9 November 2023 in proceedings Australian Securities and Investment Commission v Brite Advisors Pty Ltd WAD 262 of 2023. A copy of the Court Orders is enclosed at **Document 001**.

1.1.2 The Investigative Accountants are required by the Court Orders to conduct investigations in relation to certain aspects of Brite Advisors and issue a report to the Court pursuant to sub-paragraph 1(i) of the Court Orders.

1.1.3 This Report contains the Investigative Accountants' **findings** and opinions in relation to the matters referred to in sub-paragraphs 1(a) to 1(h) of the Court Orders, in accordance with sub-paragraph 1(i) of the Court Orders.

1.1.4 The Investigative Accountants provide this Report on 8 December 2023 in accordance with paragraph 3 of the Court Orders, addressing the matters set out in paragraph 1(a) - (h) of the Court Orders to the extent that the Investigative Accountants have been able to ascertain or form opinions in respect of those matters.

1.2 Books and records

1.2.1 The books and records that the Investigative Accountants have had regard to in preparing this Report are set out at Appendix A. The steps taken to obtain access to those books and records and the outstanding information required by the Investigative Accountants in order to investigate the affairs of Brite Advisors is set out at Appendix D.

1.2.2 In this Report, where we refer to our knowledge, information or belief obtained based on having reviewed the books and records of Brite Advisors, we are referring to the books and records set out at Appendix A.

1.3 Available books and records and limitations of Report

1.3.1 Paragraph 8 of the Court Orders required Brite Advisors to immediately deliver up all books, records and other papers (including all files, computer records and other data) in its possession, custody or control which relate to the property of Brite Advisors. "Property" for that purpose was defined in the Court Orders in a broad manner and extends to property held by Brite Advisors other than in a beneficial capacity, including the Client AuM.

1.3.2 We are of the opinion that Brite Advisors has not provided us with all of the books and records that were required to be delivered up to the Investigative Accountants under the Court Orders. Further, access to and provision of those books and records that have been delivered up by Brite Advisors was delayed.

1.3.3 The limited books and records provided and delays in accessing information have limited the Investigative Accountants' ability to investigate the affairs of Brite Advisors as contemplated by the Court Orders. The Investigative Accountants have had insufficient time to conduct an exhaustive review of all books and records provided.

1.3.4 Restrictions in the books and records provided to the Investigative Accountants are set out at Appendix D.

1.3.5 In light of these issues, the Investigative Accountants have been unable to reach a concluded opinion in relation to several scope items as required by the Court Orders.

1.3.6 The Investigative Accountants have not considered any documents received after 7 December 2023 in finalising this Report.

1.4 Summary of Brite Advisors and the Brite Group

1.4.1 We understand from review of the documents at Appendix A, including the Brite Group's website (refer extract at **Document 002**) that:

- (a) the Brite Group provides asset management, advisory and pension administration services to individual clients (Beneficiaries) seeking to invest their retirement funds, primarily UK pensions;
- (b) Brite Advisors offers personalised investment plans and a platform to assist pension providers, recognised overseas pension schemes and self-managed superannuation funds to invest **Beneficiaries'** retirement savings; and
- (c) Brite Advisors acts as the asset manager within the Brite Group and holds agreements associated with **management of the Beneficiaries' funds with Beneficiaries, Trustees and Administrators.**

This is consistent with our discussions with Mr Lymer.

1.4.2 The Investigative Accountants' review of information obtained from Brite Advisors and third parties discloses that the Client AuM managed by Brite Advisors as at 9 November 2023 was US\$612.9 million (or AUD\$962.7 million) on behalf of 2,085 Beneficiaries.

1.4.3 The Investigative Accountants consider that the Client AuM, which are characterised by Brite Advisors in its financial statements as current assets of Brite Advisors, are likely to be impressed with a trust, including being held by Brite Advisors in its capacity as the Discretionary Account Manager on trust for the Beneficiaries, as provided by the terms and conditions set out in the Platform Agreements (**Document 003 to Document 007**).

1.4.4 The Investigative Accountants have provided further information in relation to the background and processes of the Brite Group at Appendix E, including in relation to the group structure, fees and key systems.

1.5 Structure of Report

1.5.1 The remainder of this Report is structured as follows:

- (a) Section 2 – response to sub-paragraph 1(a) of the Court Orders, identification of the assets and liabilities of Brite Advisors.
- (b) Section 3 – response to sub-paragraph 1(b) of the Court Orders, identification of the amount and whereabouts of Client AuM.
- (c) Section 4 – response to sub-paragraph 1(c) of the Court Orders, opinion as to the solvency of Brite Advisors.
- (d) Section 5 – response to sub-paragraph 1(d) of the Court Orders, opinion as to the likely return to creditors/investors in the event Brite Advisors was wound up.
- (e) Section 6 – response to sub-paragraph 1(e) and (f) of the Court Orders, providing an opinion in relation to the books and records and the other information necessary to enable the financial position of Brite Advisors to be assessed.
- (f) Section 7 – response to sub-paragraphs 1(g) and (h) of the Court Orders in relation to suspected contraventions of the Act.

1.6 Key findings

1.6.1 A summary of the Investigative Accountants' **key findings** is provided below. Particulars in relation to these findings can be found at the relevant section, along with the source documents relied upon:

- (a) **Books and records provided are insufficient to confirm the financial position of Brite Advisors** (refer section 2) – Brite Advisors uses Xero to maintain the financial position of the company on an ongoing basis and the Investigative Accountants have reviewed the financial position disclosed therein and the financial position reported in the FY22 and FY23 financial statements.

The Investigative Accountants require additional information to understand how commercial agreements between Brite Advisors and parties including Beneficiaries, Trustees and Brite Advisory Group Limited are reflected in the Xero file and FY22 and FY23 financial statements.

(b) **Difference in Client AuM** (refer section 3) – the Investigative Accountants have identified US\$612.9 million of Client AuM in HSBC, Westpac and Interactive Brokers Accounts as at 9 November 2023. The Client AuM Data Pack provided by Brite Advisors discloses that the total Client AuM reported to individual Beneficiaries as the value of their investments as at 9 November 2023 via the Salesforce platform is US\$682.0 million, resulting in a difference of US\$69 million.

As detailed at section 3.6, Mr Lymer has acknowledged a difference of US\$69 million exists between the amounts verified to third party statements and disclosed in the Client AuM Data Pack. Further information is required to understand the difference.

Brite Advisors' FY22 Financial Statements were the subject of a qualified audit opinion on the basis that the auditor was unable to determine the completeness and accuracy of the Client AuM.

(c) **Client AuM are comingled** – Client AuM was comingled in seven Westpac bank accounts, four HSBC Hong Kong bank accounts in the name of Brite HK, four IBA accounts and two IBHK accounts in the name of Brite HK as at 9 November 2023.

(d) **Investigative Accountants have been unable to reconcile Client AuM at individual Beneficiary level** (refer section 3.8) – As a result of the difference between the Client AuM disclosed in the Client AuM Data Pack and the third party statements and the comingling of Client AuM, the Investigative Accountants have been unable to effectively 'trace' Client AuM to accounts on a Beneficiary level. We have not been provided with sufficient information to form a view as to whether there is a reliable and accurate system in place to identify or desegregate the comingled Client AuM attributable to each individual Beneficiary.

(e) **Late and outstanding statutory lodgements** – Brite Advisors has:

- (i) lodged late income tax returns for FY21 and FY22 (we understand on 6 December 2023, but have not been provided with a copy);
- (ii) lodged late audited FY22 financial statements (which included a qualified audit opinion); and
- (iii) outstanding lodgement for audited FY23 financial statements.

(f) **Margin loans effectively 'cross-collateralised' by Beneficiaries** (refer Appendix F) – the Investigative Accountants understand from the review of the documents at Appendix A that margin loan facilities exist to fund the upfront payment of certain fees payable by Beneficiaries to Brite Advisors. This is consistent with discussions with Mr Lymer.

As at 9 November 2023, the Client AuM Data Pack states that outstanding margin loans totalled \$36.9 million (refer section 3).

The terms of the IBA Leverage Facility Agreement (refer **Document 008**) disclose that IBA can liquidate funds held in any of the Interactive Brokers accounts held by Brite Advisors to satisfy the requirements of the IBA Leverage Facility.

(g) **Transfer of Client AuM to Hong Kong** (refer Appendix G) – the Investigative Accountants understand from a review of the Xero file, Westpac bank statements and HSBC bank statements that Client AuM totalling \$129.3 million was transferred from Westpac accounts in the name of Brite Advisors to accounts in the name of Brite HK between 10 July 2023 and 25 October 2023.

(h) **Suspected Contraventions of the Act identified** (refer section 7) – the investigations undertaken by the Investigative Accountants to date have identified that there is evidence, at least on a *prima facie* basis, of suspected contraventions of the Act, as set out below:

- (i) Failure to lodge financial statements when due.
- (ii) The Investigative Accountants would need to undertake further investigations to form a view and report on further suspected contraventions (refer section 7.2) including in relation to the matters set out below:
 - (i) **The extent of the Directors' control and oversight** over Brite Advisors and/or whether Brite Advisors had any shadow and/or de-facto directors requires further investigation.

- (ii) Transactions with related parties, including drawdowns of Client AuM and payment of related party expenses, which are recorded via related party loan accounts.
- (iii) **Extracts from Brite Advisors' Xero file discloses that a US\$5.0 million loan repayment of the IB Credit Facility was made from Brite Advisors' client accounts.** Further investigations are required to understand whether Client AuM was used to facilitate the US\$5.0 million loan repayment.
- (iv) **The Investigative Accountants' investigations indicate that the margin loan facilities used to fund the upfront payment of certain fees payable by Beneficiaries to Brite Advisors are effectively cross-collateralised by Beneficiaries.**
- (v) Between 10 July 2023 and 9 November 2023, Client AuM totalling \$129.3 million was transferred from Brite Advisors' Westpac Client Accounts to Brite HK's HSBC bank accounts.
- (vi) The Investigative Accountants have identified a US\$69 million difference in Client AuM between the Client AuM Data Pack and third party records.
- (vii) The Investigative Accountants have made several observations in respect of the Client AuM Data Pack which require further investigation.
- (viii) The income tax position of Brite Advisors requires further investigation, including (i) the tax structure of the Brite Group, such as whether there were any tax and/or revenue sharing agreements in place, and (ii) noting the Investigative Accountants have not been provided with lodged income tax returns for FY21 and FY22 and we understand that the FY23 tax return has not been filed.
- (ix) **Brite Advisors' FY22 Financial Statements disclose that the Directors have formed a view that Brite Advisors is not a reporting entity, meaning the financial statements were prepared as a special purpose report.**
- (x) The Investigative Accountants have not received sufficient information in relation to the financial position of Brite Advisors to form a concluded view of the solvency of the company, therefore Brite Advisors' solvency requires further investigation.

1.7 Qualifications and experience

1.7.1 The CVs of Ms Linda Smith and Mr Rob Kirman are enclosed at Appendix B.

1.7.2 The qualifications and experience of Ms Smith is provided below:

- (a) Ms Smith is a qualified Chartered Accountant, a Partner at McGrathNicol (Chartered Accountants) and a Registered Liquidator. Ms Smith specialises in restructuring and insolvency.
- (b) **Ms Smith's training, study and experience includes:**
 - (i) Completion of a Bachelors of Arts Degree (Honours) in Finance and Marketing, University of Strathclyde, UK.
 - (ii) Completion of the Institute of Chartered Accountants Scotland professional examinations (ICAS) and current Membership of ICAS.
 - (iii) Membership of Chartered Accountants Australia and New Zealand (CAANZ);
 - (iv) Registered Liquidator;
 - (v) Membership of the Australian Restructuring Insolvency and Turnaround Association;
 - (vi) Membership of the Turnaround Management Association; and
 - (vii) More than 18 years training and experience in firms of Chartered Accountants in Australia and the United Kingdom.

1.7.3 The qualifications and experience of Mr Kirman is provided below:

- (a) Mr Kirman is a qualified Chartered Accountant, a Partner at McGrathNicol (Chartered Accountants) and a Registered Liquidator. Mr Kirman specialises in restructuring and insolvency and is the Partner in charge of McGrathNicol's Perth Office.

(b) Mr Kirman's training, study and experience includes:

- (i) Completion of a Bachelor of Science (Honours) in Special Mathematics at University of Hull, UK;
- (ii) Completion of the Association of Chartered Certified Accountants (ACCA) professional examinations (UK):
- (iii) Membership of Chartered Accountants Australia and New Zealand (CAANZ);
- (iv) Registered Liquidator;
- (v) Membership of the Australian Restructuring Insolvency and Turnaround Association;
- (vi) Membership of the Turnaround Management Association; and
- (vii) More than 25 years training and experience in firms of Chartered Accountants in Australia and the United Kingdom.

1.7.4 The Investigative Accountants were assisted by staff of McGrathNicol in preparing this report. The key staff and their relevant experience is set out at Appendix C. The opinions expressed in this report are those of the Investigative Accountants.

1.8 Disclaimer

- 1.8.1 This Report has been prepared pursuant to the Court Orders.
- 1.8.2 The information contained in this Report has been prepared on the basis of the documents listed in Appendix A. The documents used in support of our findings are identified throughout the Report.
- 1.8.3 We have not carried out an audit, nor have we verified any of the information provided to us, except where expressly stated. We have disclosed the source materials and/or assurances relied upon throughout this report.
- 1.8.4 The information in this Report may not include all possible or relevant information in relation to the matter we have been instructed to investigate. In issuing this Report, we are not certifying that we have identified all relevant events and information. We have sought to identify all significant events from the information provided, but provide no assurance that all such significant events and information have been identified.
- 1.8.5 The financial information is presented in Australian dollars unless otherwise specified.

2 Response – Sub-paragraph 1(a) of the Court Orders – Identification of the assets and liabilities of Brite Advisors

2.1 Scope and approach

2.1.1 Sub-paragraph 1(a) of the Court Orders requires the Investigative Accountants to identify the assets and liabilities of Brite Advisors.

2.1.2 To identify **Brite Advisors'** assets and liabilities we relied on the following information:

- (a) Reports generated from the **Brite Advisors' Xero file** on 29 November 2023;
- (b) Bank statements provided by Westpac as at 9 November 2023 (refer **Document 009**); and
- (c) Responses from Mr Lymer to **the Investigative Accountants'** requests for further information.

2.1.3 **The Investigative Accountants' analysis in relation to Client AuM is provided at section 3.**

2.1.4 As detailed in the relevant sections below, the Investigative Accountants have not received all information which they consider is necessary to identify the assets and liabilities of Brite Advisors, including the following:

- (a) The limitations in information relating to Client AuM disclosed at section 3.8 and the difference disclosed at section 3.6.
- (b) Information to understand the accounting treatment of revenue, expenses and related party loan account and how this aligns with agreements that Brite Advisors has entered into with third parties.
- (c) The information to understand the transactions recorded with related parties, including:
 - (i) any loan agreements between Brite Advisors and related parties;
 - (ii) supporting documents for related entity transactions recorded in the Xero loan account;
 - (iii) supporting workpapers, in relation to the manual entries referred to at paragraph 2.3.3(e); and
 - (iv) invoices.
- (d) Information relating to the income tax position of Brite Advisors as detailed at section 2.6, noting we do not have copies of the income tax returns for FY21, FY22 and FY23.
- (e) Information to understand what assets and liabilities are those of Brite Advisors in its own right, and which are those of Brite Advisors acting in a non-beneficial capacity, including as trustee for the Beneficiaries, Trustees and/or Administrators. This distinction impacts upon the analysis of Brite Advisors' solvency position (discussed further at Section 4).

2.2 Findings – Summary financial position

2.2.1 Provided below is a summary of Brite Advisors' balance sheet as at 9 November 2023, extracted from the Xero file on 29 November 2023. A copy of the report from Xero is provided at **Document 010**.

Brite Advisors - Balance sheet as at 9 November 2023

\$'000	Report reference	
Westpac Operating Accounts	2.3.1	88
Westpac Client Accounts	2.3.1	4,305
Client AuM	2.3.2	1,960,410
Loan - Brite Advisory Group Limited	2.3.3	0
Loan - Brite Advisory Holdings Limited	2.3.4	1,149
Other assets	2.3.5	61
Total assets		1,966,013
Accounts payable	2.4.1	(469)
Advisor compensation accrual	2.4.3	(316)
Client funds held on trust	2.4.4	(1,960,410)
Transit account	2.4.5	(4,401)
Other liabilities	2.4.6	(20)
Total liabilities		(1,965,615)
Net assets		398

Commentary in relation to the financial position of Brite Advisors is provided below.

2.3 Findings – Assets

2.3.1 Westpac has provided bank statements for 13 bank accounts, which are classified in the books and records of Brite Advisors and by reference to account names as follows:

- (a) Seven client accounts – used primarily for the transfer of client funds between Trustees and Interactive Brokers.
Accounts are held in USD, GBP, AUD, EUR, ZAR, CHF and NZD currencies.
- (b) Six operational accounts – funds held by Brite Advisors for operational purposes, including the receipt of fee revenue from Interactive Brokers Accounts and disbursements to related entities within the Brite Group.
Accounts are held in USD, GBP, AUD, EUR, ZAR and CHF currencies.

As at 9 November 2023, the Westpac bank accounts held a total balance of \$4,392,297 as set out in the table below. The balances reconcile to Brite Advisors' Xero file. The exchange rates are disclosed in Brite Advisors' Xero file.

Westpac bank accounts as at 9 November 2023				
Account number	Currency	Balance in foreign currency	Exchange rate (AUD)	Balance (AUD)
Client accounts				
████████549	AUD	n/a	n/a	27,795
████████769	CHF	26	1.74	45
████████019	ZAR	500	0.08	42
████████500	EUR	1,181	1.67	1,973
████████274	USD	2,192,305	1.56	3,426,702
████████086	GBP	442,208	1.92	847,491
████████163	NZD	499	0.93	462
Total client accounts		2,636,719		4,304,510
Operating accounts				
████████905	AUD	n/a	n/a	66,980
████████857	CHF	138	1.74	240
████████649	ZAR	3,981	0.08	334
████████737	EUR	31	1.67	51
████████939	USD	7,472	1.56	11,678
████████840	GBP	4,436	1.92	8,502
Total operating accounts		16,058		87,786
Total		2,652,777		4,392,297

Source: Westpac letter dated 4 December 2023

The Investigative Accountants have been provided with bank statements for four HSBC Hong Kong Client Accounts, which hold cash on behalf of Brite Advisors (refer section 3.3). The bank accounts are in the name of Brite HK and not reflected in Brite Advisors' Xero file.

The Investigative Accountants note that the Client Accounts appear to hold funds that are held in a non-beneficial capacity and have not had sufficient information or time to form a view as to whether it is appropriate that the Client Accounts be recorded as a current asset in the financial statements of Brite Advisors in its own right.

The Investigative Accountants have not had sufficient information or time to form a view as to whether the funds held in the operating accounts are funds to which Brite Advisors has a beneficial entitlement and have therefore been unable to form a view as to whether it is appropriate that the Operating Accounts are recorded as a current asset in the financial statements of Brite Advisors in its own right.

2.3.2 A review of the Xero file discloses that the Client AuM balance and Client funds held on trust balances are updated via a manual journal entry on an irregular basis to reflect an updated position at the end of each financial year. The balance was most recently updated in the Xero file as at 30 June 2023, by way of a manual journal entry and has not been updated to reflect the Client AuM as at 9 November 2023 or any other date since 30 June 2023.

The balance was increased in Xero as at 30 June 2023 by way of a \$1,104.3 million debit journal entry to the account, increasing the value of Client AuM to \$1,972.2 million. The Investigative Accountants have made further enquiries in this regard with the Directors, noting the difference with the value of Client AuM as confirmed by third parties (refer section 3). **In response to the Investigative Accountants' request for further support for this adjustment, Mr Lymer advised:**

These are the numbers submitted for the 2022 audit and qualified by the auditor and which has been submitted, and the 2023 audit which is subject to sign-off.

The Investigative Accountants have obtained a copy of the FY23 financial statements of Brite Advisors from the affidavit of Ms Samantha Crane dated 6 November 2023 filed in the Proceedings (refer **Document 011**), which disclosed total Client AuM of \$1,104.3 million. The Investigative Accountants consider that the Client AuM and Client funds held on trust balances were updated erroneously in Xero and are overstated by \$856.1 million.

The Investigative Accountants have not formed a view as to whether the Client AuM should be reported in the accounts of Brite Advisors as an asset of the company noting the Client AuM is likely impressed with a trust.

The **Investigative Accountants'** response to sub-paragraph 1(b) of the Court Orders, in relation to the amount of Client AuM as at 9 November 2023, is provided at section 3.

2.3.3 The Xero file discloses an intercompany loan account with a balance of \$15 owing from Brite Advisory Group Limited (Hong Kong Company Number 2202650) to Brite Advisors. On 22 December 2021, the balance of the account (\$399,549) was transferred to the loan account with Brite Advisory Holdings Limited and no further transactions were posted after this date.

A summary of the transactions in this account from 19 July 2016 to 22 December 2021, prepared by the Investigative Accountants, is provided below. A copy of the detailed transaction listing extracted from the Xero file on 29 November 2023 is enclosed at **Document 012**.

Loan to Brite Advisory Group Limited								
\$'000	Ref	FY17	FY18	FY19	FY20	FY21	FY22	Total
Opening balance		-	(0)	744	6,557	7,600	(68)	-
Cash advances	a	605	1,625	5,805	25,145	20,200	12,853	66,233
Cash receipts	b	(298)	(799)	(1,584)	(10,305)	(1,275)	(780)	(15,041)
M&C Donnelly expenses	c	-	1,356	263	244	345	-	2,208
Receipts from Interactive Brokers	d	-	-	-	-	(14,353)	(18,085)	(32,438)
Manual adjustments (journal entries)	e	(2)	(7)	(1)	(15,443)	(19,555)	3	(35,004)
Payment of expenses	f	1	785	2,367	5,006	6,995	6,532	21,687
Payment of Brite Advisors' expenses	g	(307)	(2,217)	(1,037)	(3,605)	(25)	(55)	(7,245)
Reclassification of loan	h	-	-	-	-	-	(400)	(400)
Closing balance		(0)	744	6,557	7,600	(68)	0	0

The Investigative Accountants have not been provided with a loan agreement between Brite Advisors and Brite Advisory Group Limited (or any related entities of Brite Advisors).

As detailed below and in Appendix D, the Investigative Accountants have not been provided with access to the books and records required to review and consider the transactions reflected in the loan account.

The Investigative Accountants make the following comments in relation to the loan account to Brite Advisory Group Limited.

(a) The loan account discloses cash payments of \$66.2 million from Brite Advisors. Payments of \$7.6 million were made from the Westpac Client Accounts and \$58.6 million from the Westpac Operating Accounts.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 014**.

(b) The loan account discloses total payments to Brite Advisors of \$15.0 million. The Xero file discloses that \$2.7 million was received into the Westpac Client Accounts, \$8.6 million into the Westpac Operating Accounts and \$3.7 million directly into the Interactive Brokers account.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 015**.

(c) The loan account discloses \$2.2 million in funds advanced to Mr Mark Donnelly and Mrs Carole Donnelly, which is not recorded in a separate loan account within the Xero file of Brite Advisors. The Xero file discloses that payments of \$1.1 million were made from the Westpac Operating Accounts and \$1.1 million from the Westpac Client Accounts.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 016**.

(d) The Xero file discloses that between 6 July 2020 and 20 December 2021, Brite Advisors received 132 deposits totalling \$32.4 million from Interactive Brokers, which are recorded as repayments of the Brite Advisory Group Limited loan. The Xero file indicates that \$1.7 million was received into the Westpac Client Accounts and \$30.7 million into the Westpac Operating Accounts.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 018**.

The Investigative Accountants have obtained samples of the following commercial agreements between Brite Advisors and third parties:

- (i) Brite Advisors Platform Agreements between Brite Advisors and Trustees (refer examples at **Document 003 to Document 007**).
- (ii) Acknowledgement of Fees Agreements between Brite Advisors and the Beneficiaries (refer example at **Document 017**).
- (iii) The Outsourcing and Servicing Agreement between Brite Advisors and Brite Group Limited (refer examples at **Document 013**). This agreement sets out terms in relation to payment of fees, performance bonuses and other amounts (refer to clause 5 in particular).

From a review of the terms of sample Platform Agreement and Acknowledgement of Fees documents, Brite Advisors is named as the party contractually entitled to receive revenue generated from fees for undertaking its role as the Discretionary Account Manager. The Investigative Accountants have not had sufficient time to confirm that a signed Platform Agreement and Acknowledgement of Fees document is in place for each individual Beneficiary or to form a view as to whether those agreements give rise to a valid and enforceable right on the part of Brite Advisors to receive that revenue or to draw it from the Client AuM.

The quantum of revenue reported in the financial statements of Brite Advisors is \$1.3 million in FY22 (\$1.3 million FY21) and the quantum of the expenses reported in the financial statements of Brite Advisors is \$1.4 million in FY22 (\$1.4 million FY2021) (refer affidavit of Ms Samantha Crane at **Document 011**).

The Investigative Accountants require additional information, including internal working papers, to understand the reconciliation of the treatment of payments from Interactive Brokers as a repayment of the Brite Advisory Group Limited loan account to the commercial agreements, which disclose that Brite Advisors has a contractual right to the revenue from Beneficiaries.

(e) The Brite Advisory Group Limited loan account includes manual journal entries of \$35.0 million which have the effect of reducing the loan account owing by Brite Advisory Group Limited.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 019**.

(f) The Brite Advisory Group loan account discloses payment of expenses by Brite Advisors totalling \$21.7 million. The descriptions in the Xero file indicate that, *prima facie*, these expenses relate to expenses of Brite Group entities (excluding Brite Advisors), including (but not limited to) advisor fees, and other overheads.

\$17.1 million in payments were made from the Westpac Operating Accounts and \$0.8 million from the Westpac Client Accounts. The balance of \$3.7 million is expensed and recorded as an increase in the loan account.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 020**.

(g) The loan account discloses transactions totalling \$7.2 million which, *prima facie*, reflect expenses paid by related entities on behalf of Brite Advisors' expenses, including pension transfer fees, advisory fees and other overhead costs. The Investigative Accountants have not been provided with evidence that these payments were made by other entities and/or that they were genuine expenses of Brite Advisors.

A schedule prepared by the Investigative Accountants of these purported expenses is included at **Document 021**.

(h) On 22 December 2021, the balance of the loan account repayable by Brite Advisory Group Limited (\$399,549) was reclassified to the loan account repayable by Brite Advisory Holdings Limited. The Investigative Accountants have obtained a copy of the ASIC Form 484 – Change to company details, which discloses that the single share in Brite Advisors was transferred from Brite Advisory Group Limited to Brite Advisory Holdings Limited on 22 December 2021 (refer **Document 022**).

The Investigative Accountants have not been provided with evidence disclosing the assignment of the debt owed by Brite Advisory Group Limited to Brite Advisory Holdings Limited.

(i) The Investigative Accountants requested supporting documentation in relation to the Brite Advisory Group Limited loan transactions on 28 November 2023, including invoices, supporting workpapers, schedules and loan agreements. In response to this request, Mr Lymer provided a letter on 3 December 2023 (refer **Document 023**) and certain additional information including:

- (i) A schedule of transactions in an Excel workbook that provide a narration in relation to loan transactions greater than \$250,000 (refer **Workbook 1**). The schedule confirms that funding of more than \$31 million **was transferred to related parties for 'cash flow' support, acquisitions and capital injections and allocated to the Brite Advisory Group Limited loan account**.
- (ii) Brief descriptions of the manual entries referred to at paragraph 2.3.3(e).
- (iii) 55 documents addressed to Brite Advisory Group Limited (refer **Document 024**). The documents note that they are not legal tax invoices, contain no invoice numbers or payment details, and disclose Brite Advisors on some documents and other entities on others.
- (iv) In relation to the payments referring to Mark and Carole Donnelly, Mr Lymer advised the following:

On review it appears that, whilst some payments were executive loans, some were – as an example – advanced expenses, payment of salaries, purchase of technology and hardware, commission payments, etc. Once we are able to have all of our personnel back onboard, we will review the matter further.

(j) The Investigative Accountants have not been provided the following support to facilitate further investigation into the transactions included in this loan account:

- (i) Loan agreement between Brite Advisors and Brite Advisory Group Limited;
- (ii) An explanation and supporting workpapers in relation to the treatment of transfers from Interactive Brokers as a reduction to the loan account with Brite Advisory Group Limited, having regard to the commercial agreements between Brite Advisors, Trustees, Beneficiaries and Brite Advisory Group Limited;
- (iii) Supporting documents for payments made by Brite Advisors to each of the related Brite entities and to Mark and Carole Donnelly and an explanation was to why these payments were recorded as a loan to Brite Advisory Group Limited;
- (iv) Support for calculating any allocation of Brite Group expenses to Brite Advisors;
- (v) Supporting workpapers, particularly in relation to the manual entries referenced at paragraph 2.3.3(e) above; and
- (vi) Supporting tax invoices.

2.3.4 The Xero file discloses an intercompany loan account with a balance of \$1.1 million owing as at 9 November 2023 from Brite Advisory Holdings Limited (British Virgin Islands Company Number 492166) to Brite Advisors.

On 22 December 2021, the balance of the loan account repayable by Brite Advisory Group Limited (\$399,549) was reclassified to the loan account repayable by Brite Advisory Holdings Limited. The Investigative Accountants have obtained a copy of the ASIC Form 484 – Change to company details, which discloses that the single share in Brite Advisors was transferred from Brite Advisory Group Limited to Brite Advisory Holdings Limited on 22 December 2021 (refer **Document 022**).

A summary of the transactions in this account from 22 December 2021 to 9 November 2023, prepared by the Investigative Accountants, is provided below. A copy of the detailed transaction listing extracted from the Xero file on 29 November 2023 is enclosed at **Document 025**.

Loan to Brite Advisory Holdings Limited					
\$'000	Ref	FY22	FY23	FY24YTD	Total
Opening balance		-	43	529	-
Cash advances	a	3,897	9,588	195	13,681
Cash receipts	b	(908)	(1,675)	(1,181)	(3,764)
Payment of expenses	c	10,901	22,637	5,398	38,936
Payment of Brite Advisors' expenses	d	(8)	(5)	(178)	(192)
Receipts by Interactive Brokers	e	(14,239)	(30,060)	(3,614)	(47,912)
Adjustments - Reclassification of loan	f	400	-	-	400
Closing balance at year-end		43	529	1,149	1,149

The Investigative Accountants have not been provided with any loan agreement between Brite Advisors and Brite Advisory Holdings Limited (or any related entities of Brite Advisors).

The Investigative Accountants have not been provided with an outsourcing and servicing (or similar) agreement between Brite Advisors and Brite Advisory Holdings Limited.

As detailed below and in Appendix D, the Investigative Accountants have not been provided with access to the books and records required to review and consider the transactions reflected in the loan account.

The Investigative Accountants make the following comments in relation to the loan account to Brite Advisory Holdings Limited:

- (a) The loan account discloses cash payments of \$13.7 million from Brite Advisors. The Xero file discloses that payments of \$0.4 million were made from the Westpac Client Accounts and \$13.3 million from the Westpac Operating Accounts.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 026**.

- (b) The loan account discloses total payments to Brite Advisors of \$3.8 million. The Xero file discloses that \$0.2 million was received into the Westpac Client Accounts and \$3.6 million into the Westpac Operating Accounts.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 027**.

- (c) The loan account evidences payment of expenses by Brite Advisors totalling circa \$38.9 million. The descriptions in the Xero file indicate that, *prima facie*, these expenses relate to expenses of Brite Group entities (excluding Brite Advisors), including (but not limited to) advisor fees, and other overheads of the Brite Group (excluding Brite Advisors).

\$35.8 million in payments were made from the Westpac Operating Accounts and \$24,550 from the Westpac Client Accounts. The balance of \$3.1 million is expensed and recorded as an increase in the loan account.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 028**.

(d) The loan account discloses **payment of Brite Advisors' expenses totalling \$0.2 million** which, *prima facie*, reflect expenses paid by related entities on behalf of Brite Advisors' expenses, including wages and overhead costs. The Investigative Accountants have not been provided with evidence that these payments were made by other entities and/or that they were expenses of Brite Advisors.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 029**.

(e) The Xero file discloses that Brite Advisors received 162 deposits totalling circa \$47.9 million from Interactive Brokers, which are recorded as repayments of the Brite Advisory Holdings Limited loan. \$4.1 million was received into the Westpac Client Accounts and \$43.8 million into the Westpac Operating Accounts.

The Investigative Accountants have obtained examples of the Brite Advisors Platform Agreement (refer **Document 003 to Document 007**) and Acknowledgement of Fees (refer **Document 017**), which are agreements between the Trustees or Beneficiaries and Brite Advisors. Neither Brite Advisory Group Limited nor Brite Advisory Holdings Limited are parties to the agreements.

A schedule of these transactions, prepared by the Investigative Accountants, is included at **Document 030**.

From a review of the terms of sample Platform Agreement and Acknowledgement of Fees documents, Brite Advisors is named as the party contractually entitled to receive revenue generated from fees for undertaking its role as the Discretionary Account Manager. The Investigative Accountants have not had sufficient time to confirm that a signed Platform Agreement and Acknowledgement of Fees document is in place for each individual Beneficiary or to form a view as to whether those agreements give rise to a valid and enforceable right on the part of Brite Advisors to receive that revenue or to draw it from the Client AuM.

The quantum of revenue reported in the financial statements of Brite Advisors is \$1.3 million in FY2022 and the quantum of the expenses reported in the financial statements of Brite Advisors is \$1.4 million in FY2022 (refer affidavit of Ms Samantha Crane at **Document 011**).

The Investigative Accountants require additional information, including internal working papers, to understand the reconciliation of the treatment of payments from Interactive Brokers as a repayment of the Brite Advisory Holdings Limited loan account (i.e. instead of revenue) to the commercial agreements, which disclose that Brite Advisors has a contractual right to the revenue from Beneficiaries and an Outsourcing and Servicing Agreement with Brite Advisory Group Limited.

(f) On 22 December 2021, the balance of the loan account repayable by Brite Advisory Group Limited (\$399,549) was reclassified to the loan account repayable by Brite Advisory Holdings Limited. The Investigative Accountants have obtained a copy of the ASIC Form 484 – Change to company details, which discloses that the single share in Brite Advisors was transferred from Brite Advisory Group Limited to Brite Advisory Holdings Limited on 22 December 2021 (refer **Document 022**).

The Investigative Accountants have not been provided with evidence disclosing the assignment of the debt owed by Brite Advisory Group Limited to Brite Advisory Holdings Limited

(g) The Investigative Accountants requested supporting documentation in relation to the Brite Advisory Holdings Limited loan transactions on 28 November 2023, including invoices, supporting workpapers, schedules and loan agreements.

(h) In response to the Investigative Accountants' request of 28 November 2023, Mr Lymer provided a schedule of transactions in an Excel workbook that provide a narration in relation to loan transactions greater than \$250,000 (refer **Workbook 1**).

The schedule indicates that funding of more than \$22.9 million was transferred to related parties for 'cash flow' support, acquisitions and capital injections and allocated to the Brite Advisory Holdings Limited loan account.

- (i) The Investigative Accountants have not been provided with the following support which we consider would be required to consider the accuracy of the transactions included in this loan account:
 - (i) Loan agreement between Brite Advisors and Brite Advisory Holdings Limited;
 - (ii) An explanation and supporting workpapers in relation to the treatment of transfers from Interactive Brokers as a reduction to the loan account with Brite Advisory Holdings Limited (i.e. as opposed to revenue), having regard to the commercial agreements between Brite Advisors, Trustees, Beneficiaries and Brite Advisory Group Limited;
 - (iii) Support for calculating any allocation of Brite Group expenses to Brite Advisors;
 - (iv) Supporting workpapers; and
 - (v) Supporting tax invoices.

2.3.5 The Xero file discloses other assets of \$61,321, comprising:

- (a) prepayments of \$2,002;
- (b) a company printer carried at a cost of \$193 (net of depreciation);
- (c) ATO refunds of \$25,848; and
- (d) retainer prepayments for advisors of \$33,279.

2.4 Findings – Liabilities

2.4.1 A summary of the aged payables as at 9 November 2023 extracted from the Xero file on 29 November 2023 (refer **Document 031**), prepared by the Investigative Accountants, is set out below.

Brite Advisors - Accounts payable								
\$'000	Current	< 1 Month	1 Month	2 Months	3 Months	Older	Total	
Basi & Basi Financial Planning Ltd	-	-	(4)	(4)	-	(15)	(22)	
Genesis Investment Management Ltd	-	(47)	(47)	(47)	(47)	-	(188)	
Dean Clarke	(11)	-	-	-	-	-	(11)	
Total related entities	(11)	(47)	(51)	(51)	(47)	(15)	(221)	
Allan James Sene	-	(0)	(0)	-	-	-	(1)	
Amphlett Pty Ltd	-	-	-	-	-	(3)	(3)	
ASIC	-	-	-	-	-	(0)	(0)	
Business 1300	-	-	-	-	-	(0)	(0)	
Gerry Duffy	(2)	-	-	-	-	-	(2)	
Financial Advice Association Australia	-	(1)	-	-	-	-	(1)	
Financial Planning Association of Australia Ltd	-	-	-	-	-	(0)	(0)	
Jeremy Gordon	-	(0)	-	(0)	-	-	(1)	
Hunter Premium	-	-	-	-	-	(16)	(16)	
Impact Training Corporation Pty Ltd	-	-	-	-	-	(4)	(4)	
JMD Ross Insurance Brokers	(89)	-	-	-	-	-	(89)	
KD Legal	(21)	-	-	-	-	-	(21)	
Morningstar Research Inc.	-	-	-	-	-	(76)	(76)	
O'Loughlin Westhoff	-	-	-	-	-	(4)	(4)	
Onvestor Advisory Ltd	(5)	(2)	(2)	-	(3)	-	(12)	
Solve Law Unit Trust	-	-	(11)	-	-	-	(11)	
Total Care Accounting Solutions	-	-	-	-	-	(0)	(0)	
WeWork Perth	-	(1)	-	-	-	(1)	(2)	
Work Club Sydney	(1)	(1)	(1)	(1)	(0)	(1)	(6)	
Total unrelated entities	(118)	(5)	(14)	(2)	(3)	(107)	(248)	
Total	(129)	(52)	(65)	(52)	(50)	(121)	(469)	
Creditor ageing - Unrelated entities		(47%)	(2%)	(6%)	(1%)	(1%)	(43%)	(100%)

2.4.2 Brite Advisors' Xero file recorded 22 creditors totalling \$468,850, including three related party creditors.

2.4.3 As at 9 November 2023, Brite Advisors recorded \$315,698 in advisor compensation accruals, comprising:

- (a) \$285,514 in accrued compensation owing to Mr Joe Kerwin; and
- (b) \$30,184 in accrued compensation owing to Mr Richard Johnsson.

2.4.4 As summarised at section 2.3.2, the Client AuM and corresponding Client liabilities amounts have not been updated since the 30 June 2023 balance date.

The Investigative Accountants have not formed a view as to whether Client AuM (and corresponding Client liabilities) should be reported in the accounts of Brite Advisors as an asset of the company noting the Client AuM is likely impressed with a trust.

2.4.5 The Investigative Accountants understand from a review of the Xero file that the liability disclosed as 'Transit account' relates to the funds held in the Westpac Operating Accounts on behalf of Beneficiaries. The \$96,397 difference requires further investigation. The Investigative Accountants note that regular high value transactions are posted through this account which require further investigation.

2.4.6 The Xero file records other liabilities of \$19,658, comprising:

- \$9,658 in relation to outstanding superannuation and wages; and
- \$10,000 in relation to set up fees.

2.5 Finding – Contingent liability – IB Credit Facility

2.5.1 The Investigative Accountants have considered the terms of the IB Credit Facility (refer **Document 032**) and the accompanying Subsidiary Guarantee Agreement (refer **Document 033**).

2.5.2 The Investigative Accountants note the terms of the IB Credit Facility and Subsidiary Guarantee Agreement and make the following observations:

- The limit disclosed in the IB Credit Facility is US\$10 million with interest of 6.0% per annum.
- The facility was due for repayment on 1 July 2020. The Investigative Accountants have not identified any extension to the repayment terms executed by IB Global Investments LLC.
- The Subsidiary Guarantee Agreement provides that Brite Advisors and other entities within the Brite Group have provided an unlimited and irrevocable guarantee in relation to the IB Credit Facility.

2.5.3 Mr Lymer has provided a schedule of the interest calculation in support of the September 2023 payment (refer **Document 034** and **Document 035**) which states that:

- US\$5.0 million was repaid in December 2020 and the balance of the facility is US\$5.0 million as at 9 November 2023; and
- Interest of US\$76,667 was payable for the September 2023 quarter, consistent with the 6.0% per annum interest cost disclosed in the IB Credit Facility.

2.5.4 Extracts from the Xero file discloses that the US\$5.0 million loan repayment was made from Brite Advisors' USD Westpac Client Account, to Brite Advisors' USD Westpac Operating Account (refer **Document 036**), and then transferred to Interactive Brokers LLC (refer **Document 037**). The Investigative Accountant require further information to understand whether Client AuM was used to facilitate the US\$5.0 million loan repayment.

2.6 Finding – Contingent liability – Income Tax

2.6.1 The Investigative Accountants make the following observations in relation to the income tax position of Brite Advisors:

- Brite Advisors' tax returns for FY21 and FY22 have not been provided to the Investigative Accountants. The Investigative Accountants were provided with validation reports from Brite Advisors' tax agent, Ms Thu Le Huynh, advising of the lodgement of the FY21 and FY22 income tax returns (refer **Document 038**). We understand from emails from Ms Thu Le Huynh of 7 December 2023 and 8 December 2023 that the FY23 tax return has not been filed (refer **Document 039**).
- The Outsourcing and Servicing Agreement between Brite Advisors and Brite Advisory Group Limited (refer **Document 013**) includes at paragraph 5 that:
 - All fees, performance bonuses, and other deductibles of the Brite Platform are owed to the Company [Brite Advisory Group Limited] by the Licensee [Brite Advisors] on the request of [Brite Advisory Group Limited];*
 - [Brite Advisory Group Limited] will redistribute all revenue of the Brite Platform;*
 - Invoices submitted by [Brite Advisors] to [Brite Advisory Group Limited] under section 5.2 are due within 30 days of receipt; and*
 - The Licensee [Brite Advisors] will be responsible for all income tax liabilities or similar liabilities and contributions relating to the Payment.*
- The Investigative Accountants have not been provided with information relating to the tax structure of the Brite Group, such as a tax and/or revenue sharing agreements.

(d) The Investigative Accountants have not been provided with tax advice or correspondence from the Australian Taxation Office in relation to the Outsourcing and Servicing Agreement between Brite Advisors and Brite Advisory Group Limited.

2.6.2 The Investigative Accountants have not obtained independent tax advice and further investigation is required to confirm the income tax position of Brite Advisors.

2.7 Finding – Margin loans owed by Brite Advisors

2.7.1 The Investigative Accountants have not identified the disclosure of margin loans in the Xero file or the FY22 and FY23 financial statements included in the affidavit of Ms Samantha Crane of 6 November 2023 (refer **Document 011**).

2.7.2 As detailed at section 3, the statements provided by Interactive Brokers disclose margin loans of US\$19.9 million and the Client AuM Data Pack discloses margin loans of US\$36.9 million.

2.7.3 The Investigative Accountants require additional information to understand the margin loan position of Brite Advisors.

3 Response – Sub-paragraph 1(b) of the Court Orders – Identification of amount and whereabouts of Client AuM

3.1 Scope and approach

3.1.1 The Investigative Accountants have obtained the following third-party information in relation to the Client AuM as at 9 November 2023:

- (a) IBA statements provided by IBA that disclose the investments held in the four IBA accounts as at 9 November 2023 (refer **Documents 040 to 043**).
- (b) IBHK statements provided by Mr Lymer that disclose the investments held in the two IBHK accounts as at 9 November 2023 (refer **Document 044 and Document 045**).
- (c) HSBC bank statements provided by Mr Lymer that disclose the quantum of cash held in HSBC Client Accounts as at 9 November 2023 (refer **Document 046**).
- (d) Westpac bank statements that disclose the quantum of cash in the Westpac Client Accounts as at 9 November 2023 (refer **Document 009**).

3.1.2 In addition to third-party information, the Investigative Accountants have been provided with the Client AuM Data Pack on 24 November 2023 (**Client AuM Data Pack**) (refer **Workbook 2**).

The Client AuM Data Pack contains information relating to the funds managed by Brite Advisors on behalf of 2,085 Beneficiaries (refer section 3.5.5(a) for detail in relation to the contents of the Client AuM Data Pack).

Viewing access was provided to the **Brite Advisors' Salesforce** platform on 17 November 2023. Further information about the operations of Salesforce is provided at Appendix E.4.

3.1.3 The Investigative Accountants issued a request for information to each of the 17 parties who they understand represent the Trustees and requested their confirmation of the Client AuM in relation to the Beneficiaries for whom they act (refer **Document 047**). Responses have been received from eight Trustees (refer **Documents 057 to 061 and Documents 145 to 149**).

3.1.4 Noting the timing of the provision of the Client AuM Data Pack on 24 November 2023 and the differences between third party documentation and the Client AuM Data Pack, there has not been sufficient time for the Investigative Accountants to make independent enquiries of the underlying Beneficiaries, to independently verify the quantum of funds invested, withdrawn, fees paid, details of margin loans and current value of Client AuM at Beneficiary level.

3.2 Findings – Summary of Client AuM verified to third party statements

3.2.1 The Investigative Accountants have identified Client AuM held in the following types of accounts:

- (a) Westpac Client Accounts;
- (b) HSBC Hong Kong Client Accounts in the name of Brite HK;
- (c) IBA accounts; and
- (d) IBHK accounts in the name of Brite HK.

3.2.2 A summary of the funds identified as at 9 November 2023 is provided below.

Summary of Client AuM as at 9 November 2023				
US\$'000	Ref	Gross funds	Margin loans	Client AuM
Westpac Client Accounts	3.3	2,752	-	2,752
HSBC Hong Kong Client Accounts	3.3	1,834	-	1,834
Total funds held in Westpac Client Accounts and HSBC Client Accounts		4,586	-	4,586
IBA Accounts	3.4	554,279	(19,770)	534,509
IBHK Accounts	3.4	73,939	(161)	73,778
Total funds held in Interactive Brokers accounts		628,218	(19,931)	608,287
Total Client AuM reconciled to third party statements		632,804	(19,931)	612,873

3.2.3 The Investigative Accountants understand from their discussions with Interactive Brokers that the amounts disclosed on the Interactive Brokers Statements (refer **Documents 040 to 045**) as 'Cash – Short' represent the outstanding margin loans as at 9 November 2023.

The statements disclose total margin loans of US\$19.9 million.

3.3 Findings – Summary of Westpac Client Accounts and HSBC Hong Kong Client Accounts

3.3.1 The Investigative Accountants have obtained copies of bank statements for the Westpac Client Accounts (refer **Document 009**) and the HSBC Hong Kong Client Accounts (refer **Document 046**). A summary of the funds held as at 9 November 2023 is provided below.

Summary of Westpac Client Accounts and HSBC Hong Kong Client Accounts as at 9 November 2023					
Account	Currency	Balance in denom. currency ('000)	USD ex rate	Balance in US\$'000	
Westpac Client Account - [REDACTED] 549	AUD	28	0.637	18	
Westpac Client Account - [REDACTED] 769	CHF	0	1.108	0	
Westpac Client Account - [REDACTED] 019	ZAR	1	0.054	0	
Westpac Client Account - [REDACTED] 500	EUR	1	1.067	1	
Westpac Client Account - [REDACTED] 274	USD	2,192	1.000	2,192	
Westpac Client Account - [REDACTED] 086	GBP	442	1.222	541	
Westpac Client Account - [REDACTED] 163	NZD	0	0.589	0	
Total Westpac Client Accounts				2,752	
HSBC Client Account - [REDACTED] 274	USD	1,386	1.000	1,386	
HSBC Client Account - [REDACTED] 275	EUR	123	1.067	132	
HSBC Client Account - [REDACTED] 276	GBP	259	1.222	316	
HSBC Client Account - [REDACTED] 277	AUD	1	0.637	1	
Total HSBC Client Accounts				1,834	
Total Client Accounts				4,586	

3.4 Findings – Summary of Interactive Brokers accounts

3.4.1 As at 9 November 2023, Brite Advisors managed Beneficiaries' investments via Interactive Brokers (IBA and IBHK). An overview of the use of the services provided by Interactive Brokers to Brite Advisors is provided below:

- (a) The Interactive Brokers website indicates that Interactive Brokers is an affiliate of entities that provide broker/dealer services and operate in over 150 markets worldwide. Interactive Brokers provides direct trade execution and clearing services to institutional and professional traders. Interactive Brokers trades most financial products including but not limited to stocks, bonds, commodities, and currencies. An extract of Interactive Broker's website is contained at **Document 048**.
- (b) The Investigative Accountants have obtained a copy of an intermediary agreement between IBA and Brite Advisors, dated 1 August 2019. The Investigative Accountants understand this document relates to the creation of an omnibus brokers account by Interactive Brokers on behalf of Brite Advisors (**Document 049**). The Investigative Accountants have not identified any broker accounts held by other platforms and understand from our correspondence with Mr Lymer that Interactive Brokers act as Brite Advisors' only trading platform through which trades are facilitated on behalf of Beneficiaries.
- (c) The Investigative Accountants understand from a review of a discretionary account application (refer **Document 050**) that Brite Advisors acts as a discretionary asset manager for the Trustees and invests through Interactive Brokers. The appointment of Brite Advisors as a discretionary asset manager is also documented in the Platform Agreement (refer examples at **Documents 003 to 007**), which is executed by a Trustee. The Platform Agreement discloses to the Trustee that Brite Advisors has an agreement with Interactive Brokers for settling, clearing and holding investments and cash on behalf of the Trustees.
- (d) Based on discussions with Mr Lymer and staff of IBA, the Investigative Accountants understand securities trading is performed by a different entity in the Brite Group.
- (e) The Investigative Accountants separately wrote to IBA and IBHK to request particulars of accounts held by the Brite Group (refer **Document 051** and **Document 052**).
- (f) IBA confirmed that Brite Advisors maintains four accounts containing 11 sub-accounts with IBA and has provided information relating to these accounts (discussed further in this report). IBA also confirmed that IBHK held an omnibus account with two accounts and five sub-accounts with Brite HK, however, was not able to provide further information.
- (g) **IBHK did not respond to the Investigative Accountants' request for information.**
- (h) **Beneficiaries' funds are comingled in the Interactive Brokers' accounts.** As Interactive Brokers only operates directly with Brite Advisors and Brite HK and not Trustees and/or Beneficiaries, they are unable to provide a breakdown of the assets held beyond what is held at company level for Brite Advisors.

3.4.2 A summary of the funds held as at the 9 November 2023, extracted from the IBA statements, is set out below.

IBA - Account reconciliation as at 9 November 2023

Asset type	IBA - [REDACTED] 939		IBA - [REDACTED] 256		IBA - [REDACTED] 295		IBA - [REDACTED] 976		Total
	GBP Account	US\$'000	USD Account	US\$'000	USD Account	US\$'000	USD Account	US\$'000	
Cash (long)	72	88	1,208	1,208	25,483	25,483	14,924	14,924	41,704
Cash (short) ¹	-	-	(1)	(1)	(12,816)	(12,816)	(6,953)	(6,953)	(19,770)
Stock	-	-	30,353	30,353	115,784	115,784	363,658	363,658	509,794
Bonds	-	-	-	-	1,863	1,863	854	854	2,717
Broker Interest Accruals	0	0	1	1	13	13	10	10	25
Bond Interest Accruals	-	-	-	-	12	12	0	0	13
Dividend Accruals	-	-	2	2	5	5	21	21	27
Total	72	88	31,563	31,563	130,344	130,344	372,514	372,514	534,509

Note 1 - The Investigative Accountants understand from their discussions with Interactive Brokers that the amounts disclosed on the Interactive Brokers Statements as 'Cash - Short' represent the outstanding margin loans as at 9 November 2023

3.4.3 As detailed in Appendix G, between 14 July 2023 and 25 October 2023, Brite Advisors transferred total funds of AUD\$129.3 million from accounts located in Australia in the name of Brite Advisors to accounts located in Hong Kong in the name of Brite HK.

3.4.4 A summary of the funds held as at 9 November 2023, extracted from the IBHK statements provided by Mr Lymer, is set out below.

IBHK - Account reconciliation as at 9 November 2023					
Asset type	IBHK - [REDACTED] 396		IBHK - [REDACTED] 830		Total
	USD Account	US\$'000	GBP Account	£'000	
Cash (long)	20,224	20,224	3	4	20,228
Cash (short) ¹	(161)	(161)	-	-	(161)
Stock	53,406	53,406	-	-	53,406
Bonds	282	282	-	-	282
Broker Interest Accruals	21	21	-	-	21
Bond Interest Accruals	0	0	-	-	0
Dividend Accruals	2	2	-	-	2
Total	73,774	73,774	3	4	73,778

Note 1 - The Investigative Accountants understand from their discussions with Interactive Brokers that the amounts disclosed on the Interactive Brokers Statements as 'Cash - Short' represent the outstanding margin loans as at 9 November 2023

3.5 Findings – Summary of Beneficiary positions disclosed in Client AuM and Salesforce

3.5.1 As detailed at Appendix E.4, Client AuM data is held in the 'live' Salesforce environment.

3.5.2 The Investigative Accountants have been advised by Mr Lymer and Mr Lightfoot that the data contained within Salesforce represents Brite Advisors' outstanding liability position as disclosed to Beneficiaries.

3.5.3 Beneficiaries can access certain reports from the Salesforce platform, including the value of their portfolio.

3.5.4 As Salesforce is a 'live environment' (i.e. it updates daily) and historical reports cannot be generated, Mr Lymer provided the Client AuM Data Pack in response to the Investigative Accountants' request for the data that supports the Client AuM position reported to Beneficiaries as at 9 November 2023.

3.5.5 The Investigate Accountants make the following comments in relation to the Client AuM Databook:

- The Client AuM Databook contains 11 separate sheets which are broadly summarised as follows:
 - IB Statements – A summary of the six Interactive Brokers accounts held with IBA and IBHK.
 - Withdrawals – A schedule of 1,794 withdrawals on a Beneficiary level.
 - Client Valuation – A schedule of the cash, stock position and total dividends received on a Beneficiary level.
 - Dividend Txns – A schedule of 184,661 dividends received on a Beneficiary level.
 - Client Holdings – A schedule of 28,674 securities (i.e. stock) held on a Beneficiary level.
 - Surrender Rebate – A schedule of the surrender rebate position on a Beneficiary level, including upfront rebate, amount repaid and amount outstanding.
 - Fees – A schedule of the Transfer fee paid by each Beneficiary.
 - Client Deposits – A schedule of 3,336 deposits made to Brite Advisors on a Beneficiary level (i.e. each transaction).
 - Brite Received – A schedule that summarises the total deposits made by each Beneficiary.
 - FX – A schedule of historical exchange rates.

- (xi) cnumber exits – A schedule of the outstanding exit fee for each Beneficiary (refer Appendix E.3 for further information). **Based on the Investigative Accountants' review of the Acknowledgement of Fees** (refer **Document 017**), the Investigative Accountants understand th3. this amount reflects the margin loan outstanding that is allocated to each Beneficiary in relation to the Transfer Fee. This is consistent with discussions with Mr Lymer.
- (b) The value of the Dividends received by each Beneficiary at section 3.5.5(a)(iii) (US\$42.5 million) is not equal to the amount disclosed at section 3.5.5(a)(iv) (US\$29.2 million). Further information is required for the Investigative Accountants to understand the difference.
- (c) The Client AuM Data Pack did not disclose the total amount of portfolio management/advisory fees paid by Beneficiaries. The Investigative Accountants generated a report from Salesforce which they understand discloses the total portfolio management/advisory fees paid by each Beneficiary (refer **Workbook 3**) and requested further support from the Directors on 1 December 2023, to which detailed response has not been received.

3.5.6 The Investigative Accountants have prepared the Client AuM Workbook (refer **Workbook 004**), based on the (i) third party information received in relation to the Client Accounts and Interactive Brokers Accounts, (ii) data provided in the Client AuM Data Pack, and (iii) report generated from Salesforce referenced at section 3.5.5(c).

3.5.7 The Investigative Accountants have taken steps to reconcile the Client AuM position reflected in the Client AuM Data Pack as at 9 November 2023. The analysis undertaken by the Investigative Accountants and their staff is contained in the Client AuM Workbook (refer **Workbook 004**), including detail on a 'Beneficiary level'.

The two different methods of analysis are provided below.

- (a) Current position summary – The Investigative Accountants have reviewed the assets (securities and cash) and liabilities (margin loans) disclosed in the Client AuM Data Pack as at 9 November 2023.

The current positions disclosed in the Client AuM Data Pack are summarised by the Investigative Accountants below.

Summary of liabilities disclosed in Client AuM Data Pack as at 9 November 2023

Item	Source sheet - Client AuM Data Pack	US'\$000
Value of open positions (shares and bonds)	Client Valuation	634,473
Cash	Client Valuation	84,457
Total assets under management		718,930
Surrender rebate margin loan outstanding	Surrender Rebate	(16,933)
Transfer fee margin loan outstanding	cnumber exits	(19,979)
Total margin loan position		(36,912)
Net position		682,018

The analysis above discloses total Client AuM of US\$682.0 million as at 9 November 2023. This amounts to a difference of US\$69.1 million when compared to the Client AuM verified at section 3.2.2.

The analysis above discloses total margin loan positions of US\$36.9 million as at 9 November 2023. This amounts to a difference of US\$17.0 when compared to the position verified at section 3.2.2.

Further detail in relation to the use of margin loans by Brite Advisors is provided at Appendix F.

The Client AuM Data Pack allocates Beneficiaries to one of three regions, US (clients of Brite Advisors USA, Inc.), UK (UK SIPP clients that are not clients of Brite Advisors USA, Inc.), and Rest of World (all other clients). A summary of the net position per region per the Client AuM Data Pack is provided below.

Summary of net position by region as at 9 November 2023

Region	Client AuM (US\$'000)			Total
	Cash	Shares and bonds	Margin loans	
US	23,066	396,821	(20,931)	398,956
UK	19,786	67,590	(3,473)	83,903
Rest of World	41,605	170,062	(12,508)	199,159
Total	84,457	634,473	(36,912)	682,018

(b) Client transactions position – The Investigative Accountants have reviewed the transactions between the Beneficiaries and Brite Advisors disclosed within the Client AuM Data Pack and the portfolio management fees (refer Appendix E.3.1(b)) disclosed in Salesforce to 9 November 2023.

A summary of the transactions prepared by the Investigative Accountants is provided below.

Summary of transactions in Client AuM Data Pack and Salesforce as at 9 November 2023

Item	Source sheet - Client AuM Data Pack	US\$'000
Deposits	Client Deposits	804,519
Dividends	Client Valuation	42,522
Gain/loss on investment	Client Holdings	(17,058)
Withdrawals	Withdrawals	(76,910)
Net position before fees		753,074
Transfer Fee	Fees	(41,408)
Surrender Rebate Fee paid in advance	Surrender Rebate	(23,632)
Total up front fees paid		(65,039)
Advisory fees	N/A (Salesforce)	(17,392)
Total ongoing fees paid		(17,392)
Net position		670,643

The analysis above discloses total Client AuM of US\$670.6 million as at 9 November 2023. This amounts to a difference of US\$57.8 million when compared to the Client AuM verified at section 3.2.2.

The analysis above discloses the total up-front fees paid by the Beneficiaries disclosed in the Client AuM Data Pack is US\$65.0 million.

This method of analysis does not disclose the outstanding margin loan position as at 9 November 2023.

3.6 Findings – Difference of Client AuM held

3.6.1 The Investigative Accountants disclosed their preliminary findings to the Directors on 1 December 2023 in relation to the difference in the sum of US\$69.1 million (based on the method set-out at section 3.5.7(a)) and US\$57.8 million (based on the method set-out at section 3.5.7(b)) between the funds in fact held in Interactive Brokers accounts, Westpac Client Accounts and HSBC Hong Kong Client Accounts compared to the funds recorded as held in the Client AuM Data Pack (refer **Document 053**). The funds recorded as held in the Client AuM Data Pack is what Beneficiaries understand to be the position of their investments with Brite Advisors, as this data is disclosed in the Salesforce platform to which the Beneficiaries have access.

3.6.2 Mr Lymer provided a written response on 3 December 2023 (refer **Document 054**), an extract of which is below.

The variance is because client positions have remained on the settlement system throughout the transfer of ROW funds to HSBC and IBHK and, subsequently, back to Westpac by Court Order. Since Q2 of 2023 the business has been at the behest of asset segregation (UK SIPP from ROW and transfer of ROW etc). On 9th November the variance was \$69m but due to the asset freeze we continue to be out of the markets on behalf of the beneficiaries, which is compounding the issue. The variance as of 20th November has risen further to \$74m and if markets continue to move higher this will compound and restrict our ability to complete the IB-to-beneficiary rebalancing. The rationale for maintaining Beneficiary positions was as follows:

- *Repeated buy/sell would be at the detriment of the Beneficiary;*
- *The Asset Management Team was coordinating the strategy for reinvestment back into market positions; and*
- *New Model Portfolios (i.e. a complete rebalancing) was due to be released and implemented in November 2023 and all positions rebalanced accordingly regardless.*

3.6.3 Mr Lymer further advised the following in relation to the Investigative Accountants' request for further information in relation to the variance in his written correspondence of 3 December 2023:

To follow. However, the Group has been impeded by lack of fee withdrawals and consequent payments of salaries and the longer this continues, the harder it will be to provide.

3.6.4 Mr Lymer provided further correspondence on 7 December 2023 (refer **Document 144**). Having regard to the timing of the correspondence, the Investigative Accountants have not considered in detail.

3.6.5 The Investigative Accountants make the following comments in relation to the analysis detailed at sections 3.4 and 3.5 and the responses by Mr Lymer disclosed at section 3.6.2 – 3.6.3:

- (a) The difference acknowledged by Mr Lymer (US\$69 million) is consistent with the difference between the funds in fact held in the Interactive Brokers accounts, Westpac Client Accounts and HSBC Hong Kong Accounts and the positions disclosed in the Client AuM Data Pack and summarised at section 3.5.7(a).
- (b) In relation to the Interactive Brokers statements identified by the Investigative Accountants, Mr Lymer has confirmed in the letter of 3 December 2023 (refer **Document 054**) that "*There are no missing [Interactive Brokers] statements*". The Investigative Accountants have not been provided with evidence of Client AuM held in accounts other than those disclosed at section 3.1.1. The Investigative Accountants have not been advised of any additional Client AuM (i.e. funds in transit or Client AuM invested out with the Westpac bank accounts, HSBC bank accounts and IBA/IBHK accounts).
- (c) The Investigative Accountants note that the FY22 audit was qualified on the basis that the auditor was unable to independently verify the value of Client AuM as at the 30 June 2022.
- (d) The Investigative Accountants have not been provided with evidence in support of Mr Lymer's comments in his letters of 1 December 2023 and 7 December 2023. The Investigative Accountants will be required to make further investigations to understand the reason for the difference.
- (e) The Investigative Accountants have not been provided with sufficient evidence to reconcile the difference between the analysis summarised at sections 3.2 and 3.5.7 and, by extension, confirm the total amount of ongoing fees paid by Beneficiaries pursuant to sub-paragraph 1(b)(v) of the Court Orders.

3.6.6 Having regard to the discrepancies disclosed at section 3.8.1(c) and the comingled nature of the Interactive Brokers accounts, Westpac Client Accounts and HSBC Hong Kong Client Accounts, the Investigative Accountants have not been able to reconcile the US\$69 million difference to individual Beneficiaries.

3.7 Findings – Summary of Client AuM position

3.7.1 The Investigative Accountants have not been able to verify the information provided by Brite Advisors in the Client AuM Data Pack to third party statements (Westpac, HSBC and Interactive Brokers).

3.7.2 A summary of the findings as relevant to the Court Orders is provided below.

Summary of findings

Court Orders reference	Item	Report ref.	Investigative Accounts' response
1(b)(i)	Total value of assets held by Brite Advisors as at 9 November 2023 on behalf of the clients - Gross amount (i.e. excluding margin loans)	3.2 3.5.7(a)	The third party statements disclose US\$632.8 million and the Client AuM Data Book (current position method) discloses US\$718.9 million. The Investigative Accountants require further information to understand the difference.
1(b)(i)	Total value of assets held by Brite Advisors as at 9 November 2023 on behalf of the clients - Net amount (i.e. net of margin loans)	3.2 3.5.7(a) 3.5.7(b)	The third party statements disclose US\$612.9 million, the Client AuM Data Book (current position method) discloses US\$682.0 million and the Client AuM Data Book (client transactions method) discloses US\$670.6 million. The Investigative Accountants require further information to understand the difference.
1(b)(ii)	Total amount of funds invested by the clients	3.5.7(b)	The Client AuM Data Book (client transactions method) discloses US\$804.5 million.
1(b)(iii)	Extent to which the difference between the total in 1(b)(i) and 1(b)(ii) is attributable to market movement - <i>Note (includes dividends)</i>	3.5.7(b)	The Client AuM Data Book (client transactions method) discloses US\$25.5 million.
1(b)(iv)	Total amount of fees paid by the client or by Brite Advisors on behalf of the client at the commencement of contract with Brite Advisors (including exit fees paid to any previous scheme), with a breakdown description of all fees	3.5.7(b)	The Client AuM Data Book (client transactions method) discloses US\$65.0 million.
1(b)(v)	The total amount of all ongoing fees paid by the client, with a breakdown description of all fees ¹	3.5.7(b)	The Client AuM Data Book (client transactions method) discloses US\$174 million.
1(b)(vi)	Total amount of funds withdrawn by or paid to each client	3.5.7(b)	The Client AuM Data Book (client transactions method) discloses US\$76.9 million.
1(b)(vii)	The net balance of each client's investment as at 9 November 2023, having regard to the matters in 1(b)(i) to 1(b)(vi) above	3.2 3.5.7(a) 3.5.7(b)	Refer reference 1(b)(i) above
1(b)(viii)	The extent to which the net balance of each client's investment is not explained by the amounts in 1(b)(ii) to 1(b)(vi) above	Not applicable	Not applicable
1(b)(ix)	Initial opening balance of margin facilities created for or in respect of clients	3.5.7(b)	The Client AuM Data Book (client transactions method) discloses US\$65.0 million.
1(b)(ix)	Balance of margin facilities created for or in respect of clients as at 9 November 2023	3.2 3.5.7(a)	The third party statements disclose US\$19.9 million and the Client AuM Data Book (current position method) discloses US\$36.9 million. The Investigative Accountants require further information to understand the difference.

Note 1 - The Investigative Accountants' generated the report in relation to ongoing fees from Salesforce. The information was not provided in the Client AuM Data Pack

3.8 Findings – Other observations in relation to Client AuM Data Pack

3.8.1 The Investigative Accountants have made observations below in relation to the information received and matters requiring further investigation:

(a) The Client AuM Data Pack states that eight Beneficiaries have not made any deposit, but have total funds under management by Brite Advisors on behalf of those Beneficiaries are recorded as totalling \$3.9 million.

Beneficiaries without deposits		Deposits (US\$'000)	Withdrawals (US\$'000)	Summary position (US\$'000)
Client name				
[REDACTED]		-	-	179
[REDACTED]		-	-	94
[REDACTED]		-	-	61
[REDACTED]		-	(517)	(0)
[REDACTED]		-	-	77
[REDACTED]		-	-	63
[REDACTED]		-	-	66
[REDACTED]		-	-	3,341
Total		-	(517)	3,880

(b) summary at **Workbook 2**).

(c) The Client AuM Data Pack discloses three Interactive Brokers accounts, however the Investigative Accountants have been provided with Interactive Brokers statements for six accounts.

Having regard to the differences summarised below, the Investigative Accountants have not been able to reconcile Beneficiary funds to individual Interactive Brokers accounts.

Interactive Brokers Account Variances				
Account disclosed in Salesforce	Interactive Brokers Account	Client AuM Data Pack (US\$'000)	Interactive Brokers (US\$'000)	Variance (US\$'000)
IBHK - [REDACTED] 396	IBHK - [REDACTED] 396	297,402	73,935	(223,467)
IBA - [REDACTED] 976	IBA - [REDACTED] 976	421,492	379,467	(42,025)
IBA - [REDACTED] 295	IBA - [REDACTED] 295	36	143,160	143,125
N/A	IBHK - [REDACTED] 830	-	4	4
N/A	IBA - [REDACTED] 939	-	88	88
N/A	IBA - [REDACTED] 256	-	31,564	31,564
Total		718,930	628,218	(90,712)

Note - The above analysis excludes margin loan positions

(d) Hong Kong Client Accounts on a Beneficiary basis.

(e) The Investigative Accountants have not been able to reconcile the information provided by the Trustees (refer **Documents 057 to 061** and **Documents 145 -149**) to the Client AuM Data Pack, for the following reasons:

(i) The Investigative Accountants understand that the Information provided to us by the Trustees in relation to the Client AuM of each Beneficiary has **been exported from Brite Advisors' Salesforce platform**, as confirmed by the below extract from the response from MC Trustees (Malta) Limited (refer **Document 062**).

The information you are requesting needs to be obtained from Brite directly i.e. the information Brite are providing you is exactly the same information they will provide us when we ask them for updated valuations.

Therefore, the information provided by the Trustees has not been independently verified.

- (ii) **Information in relation to the Client's net position disclosed in the responses by** certain Trustees is not as at 9 November 2023, despite the request from the Investigative Accountants; and
- (iii) Information in relation to deposits and withdrawals by Beneficiaries are disclosed in USD in the Client AuM Data Pack, however the Trustees have reported in a number of different currencies.

3.8.2 The Investigative Accountants consider that the next steps in relation to reconciling the Client AuM position would include issuing correspondence to each Beneficiary and seeking their confirmation of key particulars of their investments.

4 Response – Sub-paragraph 1(c) of the Court Orders I– Solvency of Brite Advisors

4.1 Scope and approach

4.1.1 Sub-paragraph 1(c) of the Court Orders requires the Investigative Accountants to provide an opinion as to the solvency of Brite Advisors.

4.1.2 The Investigative Accountants have not received sufficient information in relation to the financial position of Brite Advisors to form a concluded view of the solvency of the company. Ordinarily a solvency assessment would be based on a balance sheet test, cash flow test, and consideration of capital adequacy.

4.1.3 In particular, the Investigative Accountants do have the information required to form a view in relation to how the financial records of Brite Advisors align from a revenue, expense and related party loan perspective with the agreements that Brite Advisors has entered into with third parties.

4.1.4 In addition, any solvency analysis would necessarily be impacted by the characterisation of the capacity in which Brite Advisors' assets are held, and liabilities owed, as well as the capacity in which revenue is earned and expenses are incurred. Any assets held, or revenue earned, in a non-beneficial capacity is not a source of liquidity for Brite Advisors in its own right.

4.2 Findings

4.2.1 From the information currently available, the Investigative Accountants make the following observations in relation to points that will be relevant to form a view on the solvency of Brite Advisors, requiring further investigation:

- (a) The difference between the Client AuM in fact held in the Westpac Client Accounts, HSBC Hong Kong Client Accounts and Interactive Brokers accounts and the Client AuM disclosed in the Client AuM Data Pack is US\$69 million (refer section 3.6). The Investigative Accountants do not currently have an understanding as to how this difference has occurred.
- (b) The Client AuM is likely impressed with a Trust, noting the arrangements entered into with third parties. As a general rule, funds held on Trust for another party would be excluded from an insolvency analysis for the purposes of undertaking a balance sheet test of solvency.
- (c) The Investigative Accountants do not have visibility as to the current balance of the 'Rest of the World' Client AuM transferred to Brite HK, which we understand were subject to an order of the Federal Court on 30 November 2023 requiring the repatriation of the funds to Australia.
- (d) **Brite Advisors' auditor issued a qualified audit opinion in respect of the FY22 financial statements** in relation to being unable to independently verify the values of funds from the respective fund Administrators. (refer **Document 063**).
- (e) Brite Advisors has not complied with its statutory reporting requirements in a timely manner, including:
 - (i) late submission of income tax returns for FY21, FY22 and audited financial statements for FY22 (refer **Document 038, Document 039 and Document 063**); and
 - (ii) outstanding and late audited FY23 financial statements.
- (f) From a cash flow perspective, the Investigative Accountants have not been provided with sufficient documents to determine the revenue available to Brite Advisors in a beneficial capacity to pay its debts as and when they fall due.
- (g) From a cash flow perspective, the Investigative Accountants have not been provided with sufficient information to determine what expenses of Brite/the Brite Group are expenses which Brite Advisors, in its own right is obligated to pay.
- (h) As detailed at section 2.6, the Investigative Accountants have not been able to determine the tax liabilities of Brite Advisors which are due and payable by Brite Advisors.

- (i) Other entities within the Brite Group have historically relied on Brite Advisors for funding (refer section 2.3) and the financial capacity of these entities to provide funding to Brite Advisors is uncertain.
- (j) Brite Advisors' fee structure is such that the first five years of management fees can be paid upfront to Brite Advisors upon establishment of a Beneficiaries' investment. 98% of Beneficiaries have established their investment with Brite in the previous five years and the Investigative Accountants have not been able to ascertain why fee revenue is not reported in the financial statements of Brite Advisors.
- (k) Other entities across the Brite Group are subject to legal claims and regulatory investigations which exposes Brite Advisors to contagion risk.
- (l) The ability of Brite Advisors to secure additional external funding is uncertain, noting (i) Brite Advisors is unable to provide the Client AuM as security for additional borrowing, and (ii) no other assets have been identified.
- (m) Available cash held in the Westpac Operating Accounts as at 9 November 2023 was \$87,786, which is insufficient to meet unrelated trade creditors aged beyond 30 days of \$125,162 (refer section 2.4.2).

5 **Response – Sub-paragraph 1(d) of the Court Orders – Return to creditors/investors in the event Brite Advisors was wound up**

5.1 **Scope and approach**

- 5.1.1 Sub-paragraph 1(d) of the Court Orders requires the Investigative Accountants to determine the return to creditors in the event that Brite Advisors was wound up.
- 5.1.2 The Investigative Accountants' analysis in relation to the financial position of Brite Advisors is provided at section 2.
- 5.1.3 The Investigative Accountants' analysis in relation to the Client AuM position is provided at section 3.

5.2 **Findings**

- 5.2.1 The Investigative Accountants are currently unable to provide an estimated return to creditors in the event that Brite Advisors was wound up. This is in view of the Investigative Accountants' inability to form a concluded opinion in respect of the following matters:
 - (a) The ability of Brite Advisors to realise and distribute the Client AuM in an insolvency situation, in absence of receiving appropriate orders from the Court.
 - (b) Verification of the Beneficiary data included in the Client AuM Data Pack, including verification of amounts invested, funds withdrawn and fees at Beneficiary level.
 - (c) Confirmation of the quantum of the Client AuM once the ROW funds are returned from Hong Kong.
 - (d) Brite Advisors' entitlement to receive accrued fee and interest revenue.
 - (e) Brite Advisors' contractual obligations to meet the outstanding operating costs of the broader Brite Group which would result in a liability to Brite Advisors.
 - (f) The quantum and recoverability of loan accounts with various entities in the Brite Group.
 - (g) Brite Advisors' taxation liabilities.
 - (h) Liabilities in relation to the Subsidiary Guarantee in relation to a USD\$10 million credit facility provided by Interactive Brokers LLC to Brite Advisory Group Limited.
 - (i) Appropriate characterisation of creditors and investors, including identification of assets from which their debts and claims could be paid.

6 Response – Sub-paragraphs 1(e) and 1(f) of the Court Orders – Books and records

6.1 Scope and approach

6.1.1 The Investigative Accountants are required to consider the adequacy and accuracy of the financial records of Brite Advisors in accordance with sub-paragraph 1(e) of the Court Orders.

6.1.2 The Investigative Accountants are also required to identify any other information necessary to enable the financial position of Brite Advisors to be assessed in accordance with sub-paragraph 1(f) of the Court Orders.

6.1.1 Paragraph 8 of the Court Orders required Brite Advisors to immediately deliver up all books, records and other papers (including all files, computer records and other data) in its possession, custody or control which relate to the property of Brite Advisors. "Property" for that purpose was defined in the Court Orders in a broad manner and extends to property held by Brite Advisors other than in a beneficial capacity, including the Client AuM.

6.1.2 We are of the opinion that Brite Advisors has not provided us with all of the books and records that were required to be delivered up to the Investigative Accountants under the Court Orders as set out at Appendix D.6. Further, access to and provision of those books and records that have been delivered up by Brite Advisors was delayed.

6.1.3 As explained at **Appendix D**, in view of the time afforded to the Investigative Accountants and delay in access to books and records, an exhaustive review of the book and records has not been undertaken. The Investigative Accountants have been provided books and records including the following:

- (a) **Brite Advisors' Xero file;**
- (b) **Brite Advisors' Salesforce system;**
- (c) Information provided by Mr Lymer via the Google Drive information repository;
- (d) Information obtained by ASIC pursuant to their investigations and provided to the Investigative Accountants; and
- (e) Documents relating to Brite Advisors that were obtained from an image of the laptop devices provided by Mr Joe Kerwin, Mr Dean Clarke, Mr Keith Sedergreen and Mr Gerard Duffy.

6.1.4 The Investigative Accountants have not considered any documents received after 7 December 2023 in finalising this Report.

6.2 Findings - Sub-paragraph 1(e) of the Court Orders

6.2.1 Based on the records obtained to date and noting the Investigative Accountants comments at section 6.1, the Investigative Accountants consider the books and records provided are insufficient for us to confirm the financial position of Brite Advisors (refer section 2). Brite Advisors uses Xero to maintain records of the financial position of the company on an ongoing basis and the Investigative Accountants have reviewed the financial position disclosed therein as well as **the financial position reported in the company's Financial Statements**.

6.2.2 The Investigative Accountants require more information to understand how the financial records align from a revenue, expense and related party loan perspective with the agreements that Brite Advisors has entered into with third parties.

6.3 Findings – Sub-paragraph 1(f) of the Court Orders

6.3.1 Appendix D.6 sets out the information the Investigative Accountants require in order to enable the financial position of Brite Advisors to be assessed in accordance with sub-paragraph 1(f) of the Court Orders.

7 Response – Sub-paragraphs 1(g) and 1(h) of the Court Orders – Suspected contraventions of the Act

7.1 Scope and approach

7.1.1 In accordance with Order 1(g) and 1(h) of the Court Orders, the Investigative Accountants are required to provide an opinion as to whether there are any suspected contraventions of any provisions of the Act by Brite Advisors and/or any of its directors and officers.

7.2 Response – Sub-paragraphs 1(g) and 1(h)

7.2.1 **The Investigative Accountants' investigations have been limited by both the delay in obtaining access to Brite Advisors' critical systems and certain of its books and records, and the fact that the Investigative Accountants do not have access to all of the books and records of Brite Advisors as detailed at Appendix D.6.**

Noting these limitations, the investigations undertaken by the Investigative Accountants to date have identified that there is evidence, at least on a *prima facie* basis, of suspected contraventions of the sections of the Act as set out in the table below. We note that the Investigative Accountants have not had sufficient time to obtain legal, tax or any other specialist advice in respect of the suspected contraventions.

We note that the matters noted below are not exhaustive and further conduct and/or suspected contraventions of sections of the Act not listed below may be identified if further investigations were conducted.

Suspected contraventions identified

Summary of relevant conduct	Suspected contravened sections	Relevant Entity/Person(s)	Supporting documents
Failure to lodge: <ul style="list-style-type: none">▪ FY22 P&L, balance sheet and auditors report by the deadline (30 November 2022) (lodged on 2 November 2023); and▪ FY23 financial statements by 30 October 2023.	989B	▪ Brite Advisors	Refer to affidavit of Trevor Ross Leach dated 7 November 2023

Note: The Investigative Accountants have not determined whether Brite Advisors had any shadow and/or de-facto directors and this would be the subject of further investigation. If any shadow and/or de-facto directors were identified, they may also be relevant persons for any suspected contraventions.

7.3 Matters that require further investigation

7.3.1 Noting the limitations and delays referred to at section 7.2.1 above, the following matters require further investigation by the Investigative Accountants once the outstanding information (refer Appendix D.6) is obtained.

In order to investigate and identify suspected contraventions of the Act, the undernoted matters require further investigation.

Matters that require further investigation	
Summary of matters	Section
The extent of the directors' control and oversight over Brite Advisors and/or whether Brite Advisors had any shadow and/or de-facto directors requires further investigation.	n/a
The Investigative Accountants have identified a large volume of transactions with related parties, including drawdowns of Client AuM and payment of related party expenses, which are recorded via related party loan accounts. This related party expenditure and accounting treatment requires further investigation in order to form a view on (i) entitlement to use or draw from the Client AuM for those purposes, (ii) accounting treatment of revenue, expenses and related party loan account and how this aligns with agreements that Brite Advisors has entered into with third parties, and (iii) disclosure to Beneficiaries.	Refer to Sections 2.3.3 and 2.3.4
Extracts from Brite Advisors' Xero file discloses that a US\$5.0 million loan repayment of the IB Credit Facility was made from Brite Advisors' client accounts. Further investigations are required to understand whether Client AuM was used to facilitate the US\$5.0 million loan repayment.	Section 2.5
The Investigative Accountants' investigations indicate that the margin loan facilities used to fund the up-front payment of certain fees payable by Beneficiaries to Brite Advisors are effectively cross-collateralised by Beneficiaries. Further investigations are required in respect of the position with disclosure of the above to Beneficiaries.	Appendix F
Between 10 July 2023 and 9 November 2023, funds totalling \$129.3 million were transferred from Brite Advisors' Westpac Client Accounts to Brite HK's HSBC bank accounts. The Investigative Accountants have not been provided with evidence that indicates the relevant Beneficiaries have been made aware by Brite Advisors that the investments to which they have a beneficial interest were transferred to Hong Kong which requires further investigation.	Appendix G
The Investigative Accountants have identified a US\$69 million difference in Client AuM between the Client AuM Data Pack and third party records. Further investigations are required to understand the US\$69 million difference and reconcile it to individual Beneficiaries. In addition, the difference above indicates that AutoRek does not effectively reconcile the position of each Beneficiary to third party statements. This also indicates there could be limitations with Brite Advisors' financial reporting and auditing processes around verification of Client AuM, given Trustees appear to rely on Client AuM information as reported by Brite Advisors in verifying Client AuM balances.	Section 3.6 and 3.8

Matters that require further investigation

The Investigative Accountants have made several observations in respect of the Client AuM Data Pack which require further investigation.

Section 3.8

Having regard to the differences identified, the Investigative Accountants have not been able to reconcile Beneficiary funds to individual Interactive Brokers accounts.

The Investigative Accountants are therefore also unable to allocate the difference to specific Interactive Brokers accounts and/or Beneficiaries.

The income tax position of Brite Advisors requires further investigation, including (i) the tax structure of the Brite Group, such as whether there was any tax and/or revenue sharing agreements in place, and (ii) **the position with Brite Advisors' tax returns**, noting the Investigative Accountants have not been provided with lodged income tax returns for FY21 and FY22 and we understand that the FY23 tax return has not been filed.

Section 2.6

Brite Advisors' FY22 Financial Statements disclose that the Directors have taken the view that Brite Advisors is not a reporting entity, meaning the financial statements were prepared as a special purpose report.

Document 063

Further investigation is required as to whether Brite Advisors is a reporting entity in view of the following:

- Brite Advisors holds an AFSL;
- Brite is owned by an overseas parent company; and
- The nature of Brite Advisors' business.

The Investigative Accountants have not received sufficient information in relation to the financial position of Brite Advisors to form a concluded view of the solvency of the company, **therefore Brite Advisors' solvency requires further investigation.**

Section 4

A Documents relied upon

A Documents relied upon

Schedule of documents relied upon		
Doc #	Document name	Details
001	Document 001 - Court Orders	Orders of the Federal Court of Australia in matter WAD 262 of 2023 made 9 November 2023
002	Document 002 - Extract of Brite Group's website	Extract from Brite Group's website
003	Document 003 - MC Trustees - Platform Agreement	Example of Brite Advisors Platform Agreement with MC Trustees (Malta) Ltd
004	Document 004 - PSG SIPP Limited - Platform Agreement	Example of Brite Advisors Platform Agreement with PSG SIPP Limited
005	Document 005 - Relay Admin- Platform Agreement	Example of Brite Advisors Platform Agreement with Relay Administration Limited
006	Document 006 - Sovereign (UK) - Platform Agreement	Example of Brite Advisors Platform Agreement with Sovereign Pension Services (UK) Limited
007	Document 007 - STM Malta - Platform Agreement	Example of Brite Advisors Platform Agreement with STM Malta Pension Services Limited
008	Document 008 - IBA Leverage Agreement	IBA Leverage Agreement
009	Document 009 - Westpac Bank Statements	Letter from Westpac dated 4 December 2023 including (i) Brite Advisory bank account balances as at 9 November 2023, (ii) account signatories, and (iii) bank statements for the Westpac Operating Accounts and Westpac Client Accounts for the prior 6-month period up to 30 November 2023 where available
010	Document 010 - Brite Balance Sheet at 9 November 2023	Balance sheet of Brite Advisors as at 9 November 2023, extracted from the Brite Advisors Xero file on 29 November 2023
011	Document 011 - Affidavit of Ms Samantha Crane 6 November 2023	Affidavit of Ms Samantha Crane 6 November 2023
012	Document 012 - Loan Account - Brite Advisory Group Ltd Transactions	Xero extract of transactions made through the related party loan account 'Loan Account - Brite Advisory Group Ltd' during the period from 19 July 2016 to 22 December 2021
013	Document 013 - O&S Agreement - Brite Advisors and BAG	An outsourcing and services agreement between Brite Advisory and Brite Advisory Group Limited dated 14 April 2017
014	Document 014 - Cash payments made by Brite Advisors and allocated to Brite Advisory Group Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Group Ltd' relating to cash payments made by Brite Advisors from the Westpac Client Accounts and Westpac Operating Accounts
015	Document 015 - Cash received by Brite Advisors and allocated to Brite Advisory Group Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Group Ltd' relating to cash received into the Westpac Client Accounts, Westpac Operating Accounts, and Interactive Brokers accounts
016	Document 016 - Payments from Brite Advisors referencing Mark and Carole Donnelly and allocated to the Brite Advisory Group Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Group Ltd' referencing payments to Mark and Carole Donnelly
017	Document 017 - Acknowledgement of fees	Brite Advisors client acknowledgement of fees and advisor compensation form

Schedule of documents relied upon		
018	Document 018 - Cash received by Brite Advisors from Interactive Brokers and allocated to reductions to the Brite Advisory Group Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Group Ltd' relating to cash receipts from Interactive Brokers
019	Document 019 - Manual adjustments to the Brite Advisory Group Limited loan account	Summarised schedule of manual journal entries into the related party loan account 'Loan Account - Brite Advisory Group Ltd'
020	Document 020 - Payments of expenses by Brite Advisors on behalf of related parties and allocated to the Brite Advisory Group Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Group Ltd' relating to related party expenses paid by Brite Advisors
021	Document 021 - Payments of expenses by related parties on behalf of Brite Advisors and allocated to the Brite Advisory Group Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Group Ltd' relating to Brite Advisors expenses paid by related parties
022	Document 022 - Form 484 Change of company details	Form 484 Changing company details disclosing that the single share in Brite Advisors was transferred from Brite Advisory Group Limited to Brite Advisory Holdings Limited
023	Document 023 - Letters dated 3 December 2023 from Mr Lymer	Mr Lymer's response dated 3 December 2023 in relation to the Investigative Accountants preliminary findings and request for information provided on 1 December 2023
024	Document 024 - 55 documents addressed to Brite Advisory Group Limited referencing Brite Group expenses	Amalgamation of 55 documents including inter-entity invoices which either include no information in relation to goods / services or appear to relate to Brite Group expenses.
025	Document 025 - Loan Account - Brite Advisory Holdings Ltd (BVI) Transactions	Xero extract of transactions made through the related party loan account 'Loan Account - Brite Advisory Holdings Ltd (BVI)' during the period from 22 December 2021 to 9 November 2023
026	Document 026 - Cash payments made by Brite Advisors and allocated to Brite Advisory Holdings Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Holdings Ltd (BVI)' relating to cash payments made by Brite Advisors from the Westpac Client Accounts and Westpac Operating Accounts
027	Document 027 - Cash received by Brite Advisors and allocated to Brite Advisory Holdings Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Holdings Ltd (BVI)' relating to cash received into the Westpac Client Accounts and Westpac Operating Accounts
028	Document 028 - Payments of expenses by Brite Advisors on behalf of related parties and allocated to the Brite Advisory Holdings Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Holdings Ltd (BVI)' relating to related party expenses paid by Brite Advisors
029	Document 029 - Payments of expenses by related parties on behalf of Brite Advisors and allocated to the Brite Advisory Holdings Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Holdings Ltd (BVI)' relating to Brite Advisors expenses paid by related parties
030	Document 030 - Cash received by Brite Advisors from Interactive Brokers and allocated to reductions to the Brite Advisory Holdings Limited loan account	Summarised schedule of transactions through the related party loan account 'Loan Account - Brite Advisory Holdings Ltd (BVI)' relating to cash receipts from Interactive Brokers
031	Document 031 - Aged payables	Xero extract of Brite Advisors aged payables as at 9 November 2023
032	Document 032 - IB Credit Facility - Loan Agreement	Executed loan agreement dated 15 March 2019 between IB Global Investments LLC and Brite Advisory Group Limited in relation to a US\$10 million credit facility
033	Document 033 - Subsidiary Guarantee Agreement	Subsidiary Guarantee Agreement dated 21 March 2019 executed by Brite Advisors and others in favour of IB Global Investments LLC
034	Document 034 - IB Loan - Interest Schedule	IB loan Interest schedule in relation to Q3 2023 interest and a US\$5 million repayment of the US\$10 million IB credit facility

Schedule of documents relied upon		
035	Document 035 - 2023.10.25 - IB Global Investments LLC (2023 Q3 interest)	HSBC payment authorisation for USD 76,666.67 with description 'Q3 2023 Interest'
036	Document 036 - Xero Extract - Westpac Client to Westpac Operating	Xero extract disclosing US\$5 million loan repayment from Brite Advisors USD Westpac Client Account to Brite Advisors USD Operating Account
037	Document 037 - Westpac Operating to IB LLC	Xero extract disclosing US\$5 million loan repayment from Brite Advisors USD Westpac Operating Account to Interactive Brokers LLC
038	Document 038 - Validation report for FY21 and FY22 Tax Return	Validation reports indicating that Brite Advisors lodged their 2021 and 2022 tax returns on 6 December 2023
039	Document 039 - Email from Ms Thu Le Huynh on 7 & 8 December (RE_ Request for information in relation to Brite Advisors Pty Ltd tax returns)	Email from Ms Thu Le Huynh on 7 & 8 December confirming the status of Brite Advisors tax return lodgements for FY21, FY22 and FY23
040	Document 040 - Brite Advisors PTY Ltd - IB FD - [REDACTED] 939 - MULTI_20231109	Interactive Brokers Activity Statement dated 9 November 2023 for Brite Advisors account [REDACTED] 939
041	Document 041 - Brite Advisors PTY Ltd - IB Omnibus 3rd - [REDACTED] 256 - MULTI_20231109	Interactive Brokers Activity Statement dated 9 November 2023 for Brite Advisors account [REDACTED] 256
042	Document 042 - Brite Advisors PTY Ltd - IB Omnibus UKSIPP - [REDACTED] 295 - MULTI_20231109	Interactive Brokers Activity Statement dated 9 November 2023 for Brite Advisors account [REDACTED] 295
043	Document 043 - Brite Advisors PTY Ltd - IB Omnibus USA - [REDACTED] 976 - MULTI_20231109	Interactive Brokers Activity Statement dated 9 November 2023 for Brite Advisors account [REDACTED] 976
044	Document 044 - Brite Hong Kong Limited - IB Omnibus ROW - [REDACTED] 396 - MULTI_20231109	Interactive Brokers Activity Statement dated 9 November 2023 for Brite HK account [REDACTED] 396
045	Document 045 - Brite Hong Kong Ltd - IB ND - [REDACTED] 830 - MULTI_20231109	Interactive Brokers Activity Statement dated 9 November 2023 for Brite HK account [REDACTED] 830
046	Document 046 - HSBC CombiNations Account Bank Statement (30 June 2023 to 30 November 2023)	HSBC Statement of Account for period between 30 June 2023 and 30 November 2023 including account numbers 741-[REDACTED]-274, 741-[REDACTED]-275, 741-[REDACTED]-276, 741-[REDACTED]-277
047	Document 047 - 231115-BRITADV02- Circular to Trustees-AB	Circular to corporate trustees dated 20 November 2023 advising trustees in relation to the appointment of the Investigative Accountants and requesting information
048	Document 048 - IB Website Extract	Extract from Interactive Brokers website
049	Document 049 - IB Intermediary Agreement	Interactive Brokers Intermediary Agreement in relation to Omnibus Accounts which governs the relationship between the Omnibus Holder and Interactive Brokers Australia Pty Ltd in relation to the provision of wholly customer directed brokerage and custody services to customers
050	Document 050 - Discretionary account application	Brite Advisors institutional discretionary account application form
051	Document 051 - 1st Letter to Interactive Brokers Australia	Letter dated 9 November 2023 from the Investigative Accountants to Interactive Brokers Australia Pty Ltd advising of the appointment of the Investigative Accountants and requesting account information relating to Brite Advisors
052	Document 052 - 1st Letter to Interactive Brokers HK	Letter dated 9 November 2023 from the Investigative Accountants to Interactive Brokers Hong Kong Ltd advising of the appointment of the Investigative Accountants and requesting account information relating to Brite Advisors
053	Document 053 - Investigative Accountants' preliminary findings dated 1 December 2023	Investigative Accountants' letter to the Directors dated 1 December 2023

Schedule of documents relied upon

054	Document 054 - Mr Lymer's response to the Investigative Accountants' preliminary findings letter dated 1 December 2023	Mr Lymer's response to the Investigative Accountants' letter to the Directors dated 1 December 2023
057	Document 057 - Brite Advisors Pty Ltd (Brite) (The Pensioneer Trustee Company (Guernsey) Limited)	Information provided by Trustees in response to Investigative Accountants request for information
058	Document 058 - FW Brite Advisors Pty Ltd (Brite Advisors) - Notification of appointment of Investigative Accountants (Sovereign Group)	Information provided by Trustees in response to Investigative Accountants request for information
059	Document 059 - Information request - Brite Advisors Pty Ltd (Mattioli Woods)	Information provided by Trustees in response to Investigative Accountants request for information
060	Document 060 - RE Brite Advisors Pty Ltd (Brite Advisors) - Notification of appointment of Investigative Accountants (Options Pensions)	Information provided by Trustees in response to Investigative Accountants request for information
061	Document 061 - RE Brite Advisors Pty Ltd (Brite Advisors) - Notification of appointment of Investigative Accountants (Options Pensions - Password)	Information provided by Trustees in response to Investigative Accountants request for information
062	Document 062 - Response from MC Trustees	Email from Helen Murdoch of MC Trustees (Malta) Limited dated 27 November 2023 responding to Investigative Accountants request for information
063	Document 063 - FY22 Audited Financial Statements	Brite Advisors Pty Ltd Financial Report for the year ending 30 June 2022, audited by DM Advisory Services
064	Document 064 - 231108-BRITADV01- Letter to company	Letter from Investigative Accountants to Brite Advisors
065	Document 065 - 231108-BRITADV01- Letter to Mr Sedergreen-AB	Letter from Investigative Accountants to Keith Sedergreen
066	Document 066 - 231108-BRITADV01- Letter to Mr Clarke-AB	Letter from Investigative Accountants to Dean Clarke
067	Document 067 - 231108-BRITADV01- Letter to Mr Lymer-AB	Letter from Investigative Accountants to John Lymer
068	Document 068 - 231108-BRITADV01- Letter to Mr Kerwin-AB	Letter from Investigative Accountants to Joe Kerwin
069	Document 069 - 231108-BRITADV01- Letter to Mr Duffy-AB	Letter from Investigative Accountants to Gerard Duffy
070	Document 070 - 231113-BRITADV01- Correspondence with Kevin Dundo	Email from Linda Smith to Kevin Dundo and response from Kevin Dundo
071	Document 071 - 231114-1-BRITADV02- File Note-Meeting with Directors	Microsoft Teams meeting between Linda Smith, members of her staff and the Directors
072	Document 072 - 231114-L Smith Email to Directors	Email from Linda Smith to the Directors
073	Document 073 - 231115-J Lymer 3x Emails to L Smith	Email from John Lymer to Linda Smith
074	Document 074 - 231115-1-L Smith Email to Directors	Email from Linda Smith to John Lymer
075	Document 075 - 231115-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
076	Document 076 - 231115-J Lymer Email to L Smith	Email from John Lymer to Linda Smith

Schedule of documents relied upon

077	Document 077 - 231115-L Smith Email to Directors	Email from Linda Smith to John Lymer
078	Document 078 - J Lymer Email to L Smith	Email from John Lymer to Linda Smith
079	Document 079 - 231115-Salesforce email to B Payne	Email from Salesforce to Brendan Payne
080	Document 080 - 231116-L Smith Email to J Lymer	Email from Linda Smith to John Lymer
081	Document 081 - 231116-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
082	Document 082 - 231116-3-BRITADV02-File note-Call with J Lymer	Microsoft Teams meeting between Linda Smith, Andrew Boys and John Lymer
083	Document 083 - 231116-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
084	Document 084 - 231116-L Smith Email to J Lymer	Email from Linda Smith to John Lymer
085	Document 085 - 231116-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
086	Document 086 - 231116-L Smith Email to J Lymer	Email from Linda Smith to John Lymer
087	Document 087 - 231116-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
088	Document 088 - 231116-L Smith Email to J Lymer	Email from Linda Smith to John Lymer
089	Document 089 - 231116-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
090	Document 090 - 231116-B Payne emails with [REDACTED] and J Lymer	Several emails between Brendan Payne, John Lymer and [REDACTED]
091	Document 091 - 231117-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
092	Document 092 - 231117-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
093	Document 093 - 231117-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
094	Document 094 - 231117-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
095	Document 095 - 231117-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
096	Document 096 - 231117-L Smith Email to J Lymer	Email from Linda Smith to John Lymer
097	Document 097 - 231117-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
098	Document 098 - 231117-J Lymer Email to L Smith	Email from Linda Smith to John Lymer
099	Document 099 - 231117-J Lymer Email to L Smith	Email from John Lymer to Linda Smith

Schedule of documents relied upon

100	Document 100 - 231117-[REDACTED] email to B Payne	Email from [REDACTED] to Brendan Payne
101	Document 101 - 231117-[REDACTED] emails with B Payne and A McMaster	Email from [REDACTED] to Brendan Payne and Andrew McMaster
102	Document 102 - 231118-L Smith Email to J Lymer	Email from Linda Smith to John Lymer
103	Document 103 - 231120-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
104	Document 104 - 231121-B Payne Email to J Lymer	Email from Brendan Payne to John Lymer
105	Document 105 - 231121-L Smith Email to J Lymer	Email from Linda Smith to John Lymer
106	Document 106 - 231122-A Boys Email to J Lymer	Email from Andrew Boys to John Lymer
107	Document 107 - 231122-A Boys Email to J Lymer	Email from Andrew Boys to John Lymer
108	Document 108 - 231122-A Boys Email to J Lymer	Email from Andrew Boys to John Lymer
109	Document 109 - 231122-J Lymer Email to L Smith	Email from John Lymer to Linda Smith
110	Document 110 - 231122-J Lymer Email to A Boys	Email from John Lymer to Andrew Boys
111	Document 111 - 231122-J Lymer Email to A Boys	Email from John Lymer to Andrew Boys
112	Document 112 - 231122-J Lymer Email to A Boys	Email from John Lymer to Andrew Boys
113	Document 113 - 231122-L Burton Email to J Lymer	Email from Lauren Burton to John Lymer
114	Document 114 - 231122-K Dundo Email to L Burton	Email from Kevin Dundo to Lauren Burton
115	Document 115 - 231122-J Lymer Email to A Boys	Email from John Lymer to Andrew Boys
117	Document 117 - 231123-J Lymer Email to L Smith	Email from John Lymer to Investigative Accountants
118	Document 118 - 231123-L Burton Email to K Dundo	Email from Lauren Burton to Kevin Dundo
119	Document 119 - 231123-K Dundo Email to L Burton	Email from Kevin Dundo to Lauren Burton
120	Document 120 - 231124-L Burton Email to K Dundo	Email from Lauren Burton to Kevin Dundo
121	Document 121 - 231124-K Sedergreen Email to Investigative Accountants	Email from Keith Sedergreen
122	Document 122 - 231124-J Lymer Email to A Boys	Email from John Lymer to Andrew Boys
123	Document 123 - 231128-J Lymer Email to Investigative Accountants	Email from John Lymer to Investigative Accountants

Schedule of documents relied upon

124	Document 124 - 231128-BRITADV02-L to Directors re Records and Info	Letter from Investigative Accountants to Directors dated 28 November 2023
125	Document 125 - 231201-Letter to Directors (1)	Letter from Investigative Accountants to Directors dated 1 December 2023
126	Document 126 - 231201-Letter to Directors (2)	Letter from Investigative Accountants to Directors dated 1 December 2023
127	Document 127 - 231205-B Payne emails with [REDACTED]	Email from Brendan Payne to [REDACTED] and [REDACTED] response
128	Document 128 - 231205-BRITADV02-Letter to Directors	Letter from Investigative Accountants to Directors
129	Document 129 - Brite Advisors - missing information summary - IA updated 20231205 [Clean]	Schedule of information not provided in the Google Drive (updated as at 5 Dec 23)
130	Document 130 - 20231205-BRITADV02-Letter to Directors	Letter from Investigative Accountants to Directors dated 5 December 2023
131	Document 131 - ASIC Company Search	ASIC Current and Historical Organisation Extract extracted on 17 November 2023
132	Document 132 - AFSL licence	Brite Advisory AFSL Licence (number 337670)
133	Document 133 - Group Structure	Group Structure Diagram
134	Document 134 - Salesforce Website Extract	Extract from Salesforce website
135	Document 135 - AutoRek Website Extract	Extract from AutoRek website
136	Document 136 - Managed Discretionary Account Contract	Managed Discretionary Account Contract
137	Document 137 - Brite Advisors - Financial Services Guide	Brite Advisors - Financial Services Guide
138	Document 138 – 20230622 GIML Outsourcing and Servicing Agreement	Outsourcing and Servicing Agreement dated 22 June 2023
139	Document 139 - Xero extract of Westpac Client bank accounts	Xero extract of Westpac Client bank accounts
140	Document 140 - Response to ASIC from J Lymer	Response to ASIC from J Lymer
141	Document 141 - IB Cashier Cheque	Transaction details in relation to GBP 45.5 million transfer from Interactive Brokers to Brite Advisors Westpac client account
142	Document 142 - Transfer of client funds - Xero extract	Xero extract of Westpac GBP Client Account between 13 July 2023 and 14 July 2023
143	Document 143 - Brite HK Transfers	Schedule summarising \$129.3 million of transfers from Brite Advisory Westpac Client Accounts to Brite Hong Kong
144	Document 144 - 20231205-BRITADV02-Letter to Directors_Response	Letter from John Lymer to Investigative Accountants dated 7 December 2023
145	Document 145 - RE Brite Advisors Pty Ltd (Brite Advisors) - Notification of appointment of Investigative Accountants (MC Trustees (Malta) Limited)	Information provided by Trustees in response to Investigative Accountants request for information
146	Document 146 - RE Brite Advisors Pty Ltd (Brite Advisors) - Notification of appointment of Investigative Accountants (PSG SIPP Limited - Password)	Information provided by Trustees in response to Investigative Accountants request for information

Schedule of documents relied upon

147	Document 147 - RE Brite Advisors Pty Ltd (Brite Advisors) - Notification of appointment of Investigative Accountants (PSG SIPP Limited)	Information provided by Trustees in response to Investigative Accountants request for information
148	Document 148 - Re Brite Advisors Pty Ltd (Brite Advisors) - Notification of appointment of Investigative Accountants (STM Malta Pension Services Limited)	Information provided by Trustees in response to Investigative Accountants request for information
149	Document 149 - RE Brite Advisors Pty Ltd (Brite Advisors) - Notification of appointment of Investigative Accountants (Trireme Pension Services (Malta) Limited)	Information provided by Trustees in response to Investigative Accountants request for information

Schedule of documents relied upon

Work-book#	Workbook file name	Details
1	Workbook 1 - Annexure G - Payments made to related party companies (greater than AUD\$250k equivalent).xlsx	Schedule of transactions exceeding \$250,000 and allocated to the loan accounts with Brite Group Limited and Brite Group Holdings Limited, provided by Mr Lymer on 3 December 2023
2	Workbook 2 - McGrathNicol Audit_20231109.xlsx	Client AuM Data Pack provided by Mr Lymer on 24 November 2023
3	Workbook 3 - Fee summary.xlsx	Report generated from Salesforce by the Investigative Accountants disclosing portfolio management/advisory fees per Beneficiary and summary by Beneficiary prepared by Investigative Accountants
4	Workbook 4 - Client AuM Workbook.xlsx	Client AuM Workbook prepared by the Investigative Accountants

B Investigative Accountant CVs



McGrathNicol



Linda Smith

POSITION Partner
PHONE +61 8 6363 7633
EMAIL lsmith@mcgrathnicol.com
WEBSITE mcgrathnicol.com

PERTH OFFICE
Level 19
2 The Esplanade
Perth WA 6000

Qualifications & Memberships

- Registered Liquidator
- Member, CA ANZ
- Member, ARITA
- ARITA, WA Division Committee Member
- Member, Institute of Chartered Accountants Scotland
- Certified Proficiency in Insolvency (Insolvency Practitioners Association, UK)
- BA (Hons) in Finance and Marketing

Linda is a highly skilled restructuring and insolvency professional, with extensive experience in leading complex restructuring matters and conducting independent business reviews.

Linda's experience includes leading a number of high-profile formal insolvency appointments, managing business trade on scenarios and recovery actions.

She has also led significant forensic investigations, providing reports to regulators. Linda provides practical advice to companies experiencing financial difficulties, conducting independent business reviews and implementing turnaround strategies.

Recent engagements include managing the liquidation of ASX listed Continental Coal Limited and undertaking an independent business review of an ASX listed mining company. During her career, Linda has worked across a broad range of industries including mining, property, construction and retail in Australia and the United Kingdom.

Engagement Experience

- Managed a range of large and complex formal insolvency appointments involving significant forensic investigations, reporting to regulators. Recent matters include the Caratti Group and the Chris Marco 'ponzi' Scheme, along with the liquidation of ASX listed Continental Coal Limited.
- Managed a range of Liquidator recovery actions for the benefit of creditors, with experience in director examinations, voidable transactions and transfer of assets to phoenix companies.
- Conducts independent business reviews for lenders, assessing the financial position of borrowers and determining strategies for restructuring or reducing debt. Recent assignments include a review of ASX listed mining operations.
- Voluntary administration of gold producer GMK Exploration Pty Ltd, including the trade on and business sale.
- Voluntary administration of Midwest Vanadium, an ASX listed mine in remote WA.
- Receivership of ASX listed Apex Minerals NL, involving the business sale of gold operations.
- Previous corporate restructuring experience in the UK included the implementation of the successful restructure of some high-profile retail chains such as The Gadget Shop and USC.



McGrathNicol



Rob Kirman

POSITION	Partner	PERTH OFFICE
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WEBSITE	mcgrathnicol.com	Perth WA 6000

Qualifications & Memberships

- Registered Liquidator
- Member, ARITA
- Member, TMA
- Member, CA ANZ
- Bachelor of Science (Honours) in Special Mathematics

Board Roles

- Board Member, McGrathNicol

Rob has over 25 years' of restructuring experience and is the Partner in charge of the McGrathNicol Perth office. Prior to joining McGrathNicol in 2004, Rob worked for an international advisory and restructuring firm in the UK.

As a national firm with representation on the panel of each of Australia's big four banks, McGrathNicol is known for its commercial acumen, exceptional leadership and our highly regarded specialists.

Rob has a proven reputation for providing his clients with strategic and innovative solutions to challenging situations and is highly skilled at considering issues from the perspective of different stakeholders.

He has led teams in financial assignments such as restructuring, insolvency, business improvement and transactions. He has also conducted numerous business reviews, assisted companies with business improvement, strategic planning, working capital management and capital reorganisation.

Rob has been an appointee in relation to a range of recent high-profile matters including The Chris Marco Scheme, the related entities of Alan Caratti, Tiger Resources Ltd, Alita Resources Ltd and MZI resources Ltd.

Rob's sector experience is broad and includes mining, property, construction, hospitality, transport and logistics, agribusiness and manufacturing.

Engagement Experience

- Numerous business reviews and restructurings including performance improvement, strategic planning, working capital management and capital reorganisation.
- Due diligence and transaction services support.
- Voluntary Administrator of Tiger Resources Ltd, an ASX listed company with an investment in a copper mine in the Democratic Republic of Congo.
- Voluntary Administrator of Alita Resources Ltd, an SGX listed company with an investment in a lithium mine in WA.
- Voluntary Administrator of MZI Resources, an ASX listed company Mineral Sands producer.
- Liquidator and Receiver & Manager of the Chris Marco Scheme, an unregistered and alleged 'ponzi' scheme of more than 300 investors.
- Liquidator of the related entities of Alan Caratti, an appointment that has included the investigation of a number of significant contraventions of the Corporations Act.

C Key staff and qualifications

Assisting staff		
Name	Position	Years' experience
Linda Smith	Partner, Investigative Accountant	18
Robert Kirman	Partner, Investigative Accountant	26
Lauren Burton	Director	10
Andrew Boys	Senior Manager	8
Michael Holmes	Senior Manager	9
Annie Purbrick	Assistant Manager	5
Antoine Cleuet	Assistant Manager	3

D Books and records

D.1 Books and records used for the Report

Steps taken to secure records

Pursuant to Order 8 of the Court Orders, Brite Advisors was required to immediately deliver up to the Investigative Accountants all books and records in their possession, custody or control which relate to the Property of Brite Advisors. The steps taken by the Investigative Accountants to obtain the relevant records in accordance with Order 8, are set out at Appendix D.2 and a high-level summary of the key records obtained from Brite Advisors by the Investigative Accountants are set out at Appendix D.3.

We note that Appendix D.2 represents a summary of the key correspondence regarding records access and is not an exhaustive listing of all correspondence between the parties. We note that in view of the time afforded to the Investigative Accountants and delay in access to books and records, an exhaustive review of book and records has not been undertaken.

The Investigative Accountants have not considered any documents received after 7 December 2023 onwards in finalising this Report.

Information from third parties

The Investigative Accountants have issued written books and records requests to a range of third parties who they considered may have information and records which relate to the Property of Brite Advisors. A high-level summary of the key parties written to and the information received is set out below. We note that the Investigative Accountants also issued correspondence to a range of other parties, including banking institutions, share registries, government departments, and Trustees to assist in determining **Brite Advisors' assets** and liabilities position. As no additional assets and/or liabilities were identified, these parties have been excluded from the schedule below.

Summary of responses to books and records requests issued to third parties

Third party	Relationship to Brite Advisors	Books and records received
Total Care Accounting and Business Solutions	Accounting advisor	<ul style="list-style-type: none">Monthly business activity statements lodged for the period from January 2020 to September 2023.Financial statements for FY16, FY17, FY18, FY19, FY20.Income tax returns for FY16, FY17, FY18, FY19, FY20.Notice of amended assessment issued by the ATO for FY18.Extract from ATO portal reporting current balances of Brite Advisors' taxation liabilities.Running balance account for the period 9 November 2019 to 9 November 2023 for Brite Advisors' (i) GST and PAYG account, and (ii) income tax account.Validation reports advising lodgement of FY21 and FY22 income tax returns
DM Advisory Services	Accounting advisor (Auditor)	<ul style="list-style-type: none">Audit working files.Correspondence regarding audit preparation.Draft Financial statements for FY19, FY20, FY21, FY22.Draft and executed ASIC lodgements.Some taxation records.Some bank statements.
KD Legal	Legal advisor	<ul style="list-style-type: none">Advised they are the solicitor on the record for Brite Advisors in respect of the Proceedings, the documents held relate to the Proceedings and are part of the Court documents to be provided by ASIC.

Summary of responses to books and records requests issued to third parties

		<ul style="list-style-type: none"> ▪ Advised that the Investigative Accountants should contact them if seeking specific documents which would otherwise be provided by the Directors.
IBA	Online broker	<ul style="list-style-type: none"> ▪ Lists of accounts held by Brite Advisors and other Brite Group entities with IBA and IBHK. ▪ Account information for IBA accounts. ▪ Activity statements as of 8 November 2023 and 9 November 2023 for all IBA accounts with recent activity. ▪ Statements of all cash transfers for the 12 months preceding 9 November 2023, including corresponding cashier entries. ▪ Leverage facility agreement. ▪ Disclosure of margin trading.
IBHK	Online broker	<ul style="list-style-type: none"> ▪ No response received.
Westpac	Banking institute	<ul style="list-style-type: none"> ▪ Bank statements for Brite Advisors' accounts. The bank statements received from Westpac and other sources are set out at Appendix D.4.
HSBC HK	Banking institute	<ul style="list-style-type: none"> ▪ No response received. The bank statements received from other sources are set out at Appendix D.4.
Trustees	Clients	<ul style="list-style-type: none"> ▪ No response received from nine Trustees. ▪ Responses from eight Trustees mainly comprised spreadsheets containing the contact details and investment details (including current or recent valuation, fees and charges, etc) for each of the Beneficiaries who are members of the Trustee's scheme(s).

In addition, ASIC provided the Investigative Accountants with books and records in accordance with Order 9 from the Court Orders. A high-level summary of the key records is below:

- Various bank statements and payment details reports relating to Brite Advisors' **accounts**.
- Various activity statements **relating to Brite Advisors' IBA accounts**.
- Various correspondence and other records.
- The affidavits sworn by Mr Trevor Leach dated 25 October 2023, 6 November 2023, 7 November 2023 and 8 November 2023 and the affidavit sworn by Ms Samantha Crane dated 6 November 2023.

Bank statements

The Investigative Accountants have obtained bank statements for Brite Advisors' accounts. The listing of the bank statements received for each respective account is set out at Appendix D.4. Due to the volume, the Investigative Accountants have only enclosed the bank statements relevant to the matters set out in the Report.

Interactive Brokers statements

The Investigative Accountants have obtained activity **statements for Brite Advisors' Interactive Brokers accounts**. The listing of the statements received for each respective account is set out at Appendix D.5.

Outstanding information

Appendix D.6 sets out the outstanding information the Investigative Accountants require in order to fully investigate the affairs of Brite Advisors.

D.2 Steps taken by Investigative Accountants to obtain records from Brite Advisors

Steps taken by Investigative Accountants to obtain records		
Date	Relevant details	Document Number
9-Nov-23	Letter from Investigative Accountants to Brite Advisors	064
9-Nov-23	Letter from Investigative Accountants to Keith Sedergreen	065
9-Nov-23	Letter from Investigative Accountants to Dean Clarke	066
9-Nov-23	Letter from Investigative Accountants to John Lymer	067
9-Nov-23	Letter from Investigative Accountants to Joe Kerwin	068
9-Nov-23	Letter from Investigative Accountants to Gerard Duffy	069
10-Nov-23	Telephone call between Kevin Dundo and Linda Smith	n/a
10-Nov-23	Email from Linda Smith to Kevin Dundo and return	070
14-Nov-23	Microsoft Teams meeting between Linda Smith, members of her staff and the Directors	071
14-Nov-23	Email from Linda Smith to the Directors	072
15-Nov-23	Three emails from John Lymer to Linda Smith	073
15-Nov-23	Email from Linda Smith to John Lymer	074
15-Nov-23	Email from John Lymer to Linda Smith	075
15-Nov-23	Email from John Lymer to Linda Smith	076
15-Nov-23	Email from Linda Smith to John Lymer	077
15-Nov-23	Email from John Lymer to Linda Smith	078
15-Nov-23	Email from Salesforce to Brendan Payne	079
16-Nov-23	Email from Linda Smith to John Lymer	080
16-Nov-23	Email from John Lymer to Linda Smith	081
16-Nov-23	Microsoft Teams meeting between Linda Smith, Andrew Boys and John Lymer	082
16-Nov-23	Email from John Lymer to Linda Smith	083
16-Nov-23	Email from Linda Smith to John Lymer	084
16-Nov-23	Email from John Lymer to Linda Smith	085
16-Nov-23	Email from Linda Smith to John Lymer	086
16-Nov-23	Email from John Lymer to Linda Smith	087
16-Nov-23	Email from Linda Smith to John Lymer	088
16-Nov-23	Email from John Lymer to Linda Smith	089
16 Nov-23	Several emails between Brendan Payne, John Lymer and [REDACTED]	090
17-Nov-23	Email from John Lymer to Linda Smith	091
17-Nov-23	Email from John Lymer to Linda Smith	092
17-Nov-23	Email from John Lymer to Linda Smith	093
17-Nov-23	Email from John Lymer to Linda Smith	094
17-Nov-23	Email from John Lymer to Linda Smith	095
17-Nov-23	Email from Linda Smith to John Lymer	096
17-Nov-23	Email from John Lymer to Linda Smith	097
17-Nov-23	Email from Linda Smith to John Lymer	098

Steps taken by Investigative Accountants to obtain records		
17-Nov-23	Email from John Lymer to Linda Smith	099
17 Nov-23	Email from [REDACTED] to Brendan Payne	100
17 Nov-23	Email from [REDACTED] to Brendan Payne and Andrew McMaster	101
18-Nov-23	Email from Linda Smith to John Lymer	102
20-Nov-23	Email from John Lymer to Linda Smith	103
21-Nov-23	Email from Brendan Payne to John Lymer	104
21-Nov-23	Google Meets meeting between Linda Smith, members of her staff and Brite Advisors' IT team, [REDACTED] and [REDACTED] regarding Salesforce	n/a
21-Nov-23	Email from Linda Smith to John Lymer	105
22-Nov-23	Email from Andrew Boys to John Lymer	106
22-Nov-23	Email from Andrew Boys to John Lymer	107
22-Nov-23	Email from Andrew Boys to John Lymer	108
22-Nov-23	Email from John Lymer to Linda Smith	109
22-Nov-23	Email from John Lymer to Andrew Boys	110
22-Nov-23	Email from John Lymer to Andrew Boys	111
22-Nov-23	Email from John Lymer to Andrew Boys	112
22-Nov-23	Email from Lauren Burton to John Lymer	113
22-Nov-23	Email from Kevin Dundo to Lauren Burton	114
22-Nov-23	Email from John Lymer to Andrew Boys	115
23-Nov-23	Email from John Lymer to Investigative Accountants	117
23-Nov-23	Email from Lauren Burton to Kevin Dundo	118
23-Nov-23	Email from Kevin Dundo to Lauren Burton	119
23-Nov-23	Email from Lauren Burton to Kevin Dundo	120
24-Nov-23	Email from Keith Sedergreen	121
24-Nov-23	Email from John Lymer to Andrew Boys	122
28-Nov-23	Email from John Lymer to Investigative Accountants	123
28-Nov-23	Letter from Investigative Accountants to Directors	124
1-Dec-23	Letter from Investigative Accountants to Directors	125
1-Dec-23	Letter from Investigative Accountants to Directors	126
3-Dec-23	Two letters from John Lymer to Investigative Accountants	023
5-Dec-23	Emails between Brendan Payne and [REDACTED]	127
5-Dec-23	Letter from Investigative Accountants to Directors	128
5-Dec-23	Information provided by [REDACTED] via Hightail file transfer software	n/a
7-Dec-23	Letter from John Lymer to Investigative Accountants	144

Note: Appendix D.2 represents a summary of the key correspondence regarding records access and is not an exhaustive listing of all correspondence between the parties.

D.3 Access to Brite Advisors' books and records

Access to Brite Advisors' books and records			
Date	Data source	Overview of documents	Comments
14-Nov-23	Joe Kerwin's laptop	<ul style="list-style-type: none"> ▪ Draft financial statements for FY19, FY20, FY21 ▪ Various documents relating to Mr Kerwin's clients ▪ Charging structures for Onvester and Pension Schemes ▪ Various guides, information sheets and checklists for incoming Beneficiaries ▪ Template documents for use by clients ▪ Historical IBA activity statements ▪ Email correspondence with Beneficiaries and Brite Group staff ▪ Various other records 	Due to Mr Kerwin's concerns around accessing personal records, the Investigative Accountants undertook a review of the laptop image and identified a folder which appears to contain all of Mr Kerwin's Brite Advisors records and that folder has been loaded into the document review platform.
15-Nov-23	John Lymer provided via email	<ul style="list-style-type: none"> ▪ Various IBA and IBHK activity statements as of 9-Nov-23 ▪ Bank account details for HSBC HK accounts ▪ Example Platform Agreement and Investment Mandate ▪ Stock yield enhancement program derivatives disclosure with IBA ▪ Copies of requests sent to ASIC ▪ Summary workbook of fee drawdowns ▪ Various presentations and guides relating to Brite Advisors' business and operations ▪ Documents relating to Client withdrawal requests ▪ Documents relating to Third party payment requests 	Further records and information relating to Client withdrawal requests, Third party payment requests and Fee drawdowns were provided in tranches during the period 16 November 2023 to 3 December 2023
17-Nov-23	Salesforce system	<ul style="list-style-type: none"> ▪ Live portal for viewing current valuation of individual beneficiaries' portfolio ▪ Historical account movements including changes in portfolio valuations and pension withdrawals ▪ Beneficiary contact details 	<p>Brite Advisors' IT staff, [REDACTED] and [REDACTED] provided an overview of the Salesforce system to the Investigative Accountants via a Google Meets meeting on 21-Nov-23.</p>
17-Nov-23	G-Drive folder	Refer to Document 129 for a summary of the documents contained in the G-Drive.	<p>On 5-Dec-23, the Investigative Accountants were provided with an export of CSV files.</p>
21-Nov-23	Xero system	Provided with access to Brite Advisors' Xero file without authority to access any payroll Xero data on 21-Nov-23.	We consider that the records contained in the G-Drive folder do not comprise all books and records of Brite Advisors and key records such as email correspondence and agreements with some Trustees has not been provided.

Access to Brite Advisors' books and records

On 5-Dec-23, we were subsequently provided with **additional access to Brite Advisors' payroll function in Xero**.

24-Nov-23	Keith Sedergreen's laptop	<ul style="list-style-type: none"> ▪ Invoices for services provided by Mr Sedergreen to Brite Advisors ▪ Policies and procedures for Brite Advisors ▪ Internal correspondence with other directors ▪ PwC report on client asset processes ▪ Various correspondence ▪ Westpac online administrator form ▪ Various other records 	<p>The Investigative Accountants agreed with Mr Sedergreen that due to his concerns around LPP and accessing personal records that we would (i) utilise search terms to identify records relating to Brite Advisors, and (ii) segregate any records responsive to certain LPP search terms provided by Mr Kevin Dundo. Once the search terms were run, only data that was responsive to the Brite Advisors search terms and not responsive to the LPP search terms were loaded into the document review platform.</p>
24-Nov-23	Dean Clarke's laptop	<ul style="list-style-type: none"> ▪ Invoices for services provided by Mr Clarke to Brite Advisors ▪ Various consulting agreements and letters of offer to consultants ▪ Draft and final versions of compliance meeting minutes ▪ Various guides, information sheets and checklists for incoming Beneficiaries ▪ Various agreements and terms of business sheets with trustees ▪ Various supplier invoices ▪ Dealing instructions and other Beneficiary correspondence ▪ Various other records 	<p>The Investigative Accountants undertook a similar process as above for Mr Sedergreen to identify relevant records from Mr Clarke's laptop.</p>
30-Nov-23	Gerard Duffy's laptop	<ul style="list-style-type: none"> ▪ Invoices for services provided by Mr Duffy to Brite Advisors ▪ Various documents relating to Mr Duffy's clients including identification documents, discharge forms, applications and other letters of authority ▪ Various guides, information sheets and checklists for incoming Beneficiaries ▪ Various other records 	<p>The Investigative Accountants undertook a similar process as above for Mr Sedergreen to identify relevant records from Mr Duffy's laptop.</p>
3-Dec-23	John Lymer provided via email	<ul style="list-style-type: none"> ▪ Various IBHK activity statements ▪ Westpac and HSBC payment summaries ▪ HSBC statements ▪ IB Credit Facility schedules ▪ Documents relating to related party transactions, including invoices and schedules ▪ Beneficiaries schedule ▪ Contract notes ▪ Documents/workbook relating to fee drawdowns 	

Access to Brite Advisors' books and records

6-Dec-23 John Lymer ■ Validation reports advising lodgement of
provided via FY21 and FY22 income tax returns
email

D.4 Listing of Brite Advisors' Bank Accounts and Statements

Summary of Bank statements held for Brite Advisors' bank accounts

Account information	Availability of bank statements
Account owner: Brite Advisors Pty Ltd Banking institution: Westpac Account name: Brite Advisors Pty Ltd AUD Client BSB/Account number: [REDACTED] 549 Currency: AUD	Bank statements available for the period from 17 October 2019 to 17 October 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Banking institution: Westpac Account name: Brite Advisors Pty Ltd AUD Operational BSB/Account number: [REDACTED] 905 Currency: AUD	Bank statements available for the period 29 June 2018 to 30 November 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Banking institution: Westpac Account name: Brite Advisors Pty Ltd CHF Client BSB/Account number: [REDACTED] 769 Currency: CHF	Bank statements available for the period from 16 September 2019 30 November 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Banking institution: Westpac Account name: Brite Advisors Pty Ltd CHF Operational BSB/Account number: [REDACTED] 857 Currency: CHF	Bank statements available for the period from 31 December 2019 to 30 November 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Banking institution: Westpac Account name: Brite Advisors Pty Ltd ZAR Client BSB/Account number: [REDACTED] 019 Currency: ZAR	Bank statements available for the period from 31 December 2019 to 30 November 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Banking institution: Westpac Account name: Brite Advisors Pty Ltd ZAR Operational BSB/Account number: [REDACTED] 649 Currency: ZAR	Bank statements available for the period from 11 September 2019 to 30 November 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Banking institution: Westpac Account name: Brite Advisors Pty Ltd NZD Client BSB/Account number: [REDACTED] 163 Currency: NZD	Bank statements available for the period from 3 February 2023 to 30 November 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Banking institution: Westpac Account name: Brite Advisors Pty Ltd EUR Client BSB/Account number: [REDACTED] 500 Currency: EUR	Bank statements available for the period from 18 July 2019 to 30 November 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Banking institution: Westpac Account name: Brite Advisors Pty Ltd EUR Operational BSB/Account number: [REDACTED] 737	Bank statements available for the period from 31 October 2019 to 30 November 2023. Statements not held for other periods.

Summary of Bank statements held for Brite Advisors' bank accounts

Currency: EUR

Account owner: Brite Advisors Pty Ltd

Banking institution: Westpac

Account name: Brite Advisors Pty Ltd

GBP Client

BSB/Account number: [REDACTED] 086

Currency: GBP

Bank statements available for the period from 29 June 2018 to 30 November 2023.

Statements not held for other periods.

Account owner: Brite Advisors Pty Ltd

Banking institution: Westpac

Account name: Brite Advisors Pty Ltd

GBP Operational

BSB/Account number: [REDACTED] 840

Currency: GBP

Bank statements available for the period from 29 June 2018 to 30 November 2023.

Statements not held for other periods.

Account owner: Brite Advisors Pty Ltd

Banking institution: Westpac

Account name: Brite Advisors Pty Ltd

USD Client

BSB/Account number: [REDACTED] 274

Currency: USD

Bank statements available for the period from 28 June 2019 to 30 November 2023.

Statements not held for other periods.

Account owner: Brite Advisors Pty Ltd

Banking institution: Westpac

Account name: Brite Advisors Pty Ltd

USD Operational

BSB/Account number: [REDACTED] 939

Currency: USD

Bank statements available for the period from 18 July 2019 to 30 November 2023.

Statements not held for other periods.

Summary of bank statements held for other Brite Group accounts

Account information

Availability of bank statements

Account owner: Brite Hong Kong

Limited (formerly Brite Advisors

Limited)

Banking institution: HSBC

Account name: Client account

BSB/Account number: [REDACTED] 292

Currency: HKD

Bank statements available for the period from 7 May 2020 to 29 September 2023.

Statements not held for other periods.

Account owner: Brite Hong Kong

Limited (formerly Genesis Investment

Management Limited)

Banking institution: HSBC

Account name: CombiNations Account

BSB/Account number: [REDACTED] 274

Currency: USD

Bank statements available for the period 27 June 2023 to 30 November 2023.

Statements not held for other periods.

Account owner: Brite Hong Kong

Limited (formerly Genesis Investment

Management Limited)

Banking institution: HSBC

Account name: CombiNations Account

BSB/Account number: [REDACTED] 275

Currency: EUR

Bank statements available for the period 14 July 2023 to 30 November 2023.

Statements not held for other periods.

Account owner: Brite Hong Kong

Limited (formerly Genesis Investment

Management Limited)

Banking institution: HSBC

Account name: CombiNations Account

Bank statements available for the period 14 July 2023 to 30 November 2023.

Statements not held for other periods.

Summary of bank statements held for other Brite Group accounts

BSB/Account number: [REDACTED] 276
Currency: GBP

Account owner: Brite Hong Kong Limited (formerly Genesis Investment Management Limited)
Banking institution: HSBC
Account name: CombiNations Account
BSB/Account number: [REDACTED] 277
Currency: AUD

Bank statements available for the period 31 July 2023 to 30 November 2023.
Statements not held for other periods.

Account owner: Brite Hong Kong Limited (formerly Brite Advisors Limited)
Banking Institution: HSBC
Account name: HSBC Business Direct / Operational
BSB/Account number: [REDACTED] 836

Bank statements available for the period 7 December 2018 to 7 November 2023.
Statements not held for other periods.

D.5 Listing of Interactive Brokers Accounts and Statements

Summary of statements held for Brite Advisors' Interactive Brokers accounts

Account information	Availability of statements
IB Australia	
Account owner: Brite Advisors Pty Ltd Account number: [REDACTED] 295 Account type: Master account Currency: USD	Statements available for the period from 1 October 2018 to 30 September 2023. Additional consolidated statements (consolidated with accounts [REDACTED] 311 and [REDACTED] 312) available for the period from 1 July 2019 to 31 October 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Account number: [REDACTED] 311 Account type: Sub-account Currency: USD	Statements available for the period from 1 October 2018 to 30 September 2023. Additional consolidated statements (consolidated with accounts [REDACTED] 312 and [REDACTED] 295) available for the period from 1 July 2019 to 31 October 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Account number: [REDACTED] 312 Account type: Sub-account Currency: USD	Statements available for the period from 1 October 2018 to 30 September 2023. Additional consolidated statements (consolidated with accounts [REDACTED] 311 and [REDACTED] 295) available for the period from 1 July 2019 to 31 October 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Account number: [REDACTED] 939 Account type: Master account Currency: USD	Statements available for the period from 1 September 2019 to 30 September 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Account number: [REDACTED] 940 Account type: Sub-account Currency: GBP	Statements available for the period from 1 September 2019 to 30 September 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Account number: [REDACTED] 256 Account type: Master account Currency: USD	Statements available for the period from 1 August 2023 to 30 September 2023. Additional consolidated statements (consolidated with accounts [REDACTED] 189 and [REDACTED] 190) available for the period from 1 August 2023 to 31 October 2023. Statements not held for other periods.
Account owner: Brite Advisors Pty Ltd Account number: [REDACTED] 190 Account type: Sub-account Currency: USD	Statements available for the period from 1 August 2023 to 30 September 2023. Additional consolidated statements (consolidated with accounts [REDACTED] 256 and [REDACTED] 189) available for the period from 1 August 2023 to 31 October 2023. Statements not held for other periods.

Summary of statements held for Brite Advisors' Interactive Brokers accounts

Account owner: Brite Advisors Pty Ltd
Account number: [REDACTED] 189
Account type: Sub-account
Currency: USD

Statements available for the period from 1 August 2023 to 30 September 2023.
Additional consolidated statements (consolidated with accounts [REDACTED] 256 and [REDACTED] 190) available for the period from 1 August 2023 to 31 October 2023.
Statements not held for other periods.

Account owner: Brite Advisors Pty Ltd
Account number: [REDACTED] 976
Account type: Master account
Currency: USD

Statements available for the period from 1 May 2021 to 30 September 2023.
Additional consolidated statements (consolidated with accounts [REDACTED] 948 and [REDACTED] 949) available for the period from 4 May 2021 to 31 October 2023.
Statements not held for other periods.

Account owner: Brite Advisors Pty Ltd
Account number: [REDACTED] 948
Account type: Sub-account
Currency: USD

Statements available for the period from 1 May 2021 to 30 September 2023.
Additional consolidated statements (consolidated with accounts [REDACTED] 976 and [REDACTED] 949) available for the period from 4 May 2021 to 31 October 2023.
Statements not held for other periods.

Account owner: Brite Advisors Pty Ltd
Account number: [REDACTED] 949
Account type: Sub-account
Currency: USD

Statements available for the period from 1 May 2021 to 30 September 2023.
Additional consolidated statements (consolidated with accounts [REDACTED] 948 and [REDACTED] 976) available for the period from 4 May 2021 to 31 October 2023.
Statements not held for other periods.

IB Hong Kong

Account owner: Brite Hong Kong Limited
Account number: [REDACTED] 830
Account type: Master account
Currency: GBP

Statements (consolidated with account [REDACTED] 831) available for the period from 1 June 2023 to 31 October 2023, and as of 9 November 2023.
Statements not held for other periods.

Account owner: Brite Hong Kong Limited
Account number: [REDACTED] 831 (sub-account of [REDACTED] 830)
Account type: Sub-account (Client account)
Currency: GBP

Statements (consolidated with account [REDACTED] 830) available for the period from 1 June 2023 to 31 October 2023, and as of 9 November 2023.
Statements not held for other periods.

Account owner: Brite Hong Kong Limited
Account number: [REDACTED] 396
Account type: Master account
Currency: USD

Statements available for the period from 1 June 2023 to 30 November 2023.
Additional consolidated statements (consolidated with accounts [REDACTED] 937 and [REDACTED] 936) available for the period from 20 July 2023 to 20 October 2023.
Statements not held for other periods.

Account owner: Brite Hong Kong Limited
Account number: [REDACTED] 937 (sub-account of [REDACTED] 396)
Account type: Sub-account (Client account)
Currency: USD

Statements (consolidated with accounts [REDACTED] 396 and [REDACTED] 936) available for the period from 20 July 2023 to 20 October 2023.
Statements not held for other periods.

Account owner: Brite Hong Kong Limited
Account number: [REDACTED] 936 (sub-account of [REDACTED] 396)
Account type: Sub-account (Client account)
Currency: USD

Statements (consolidated with accounts [REDACTED] 396 and [REDACTED] 937) available for the period from 20 July 2023 to 20 October 2023.
Statements not held for other periods.

IB Australia - Closed accounts

Account owner: Brite Advisors Pty Ltd
Account number: [REDACTED] 493
Account type: Master account
Currency: n/a

Statements available for the period from 1 December 2022 to 31 August 2023.
Statements not held for other periods.

Summary of statements held for Brite Advisors' Interactive Brokers accounts

Account owner: Brite Advisors Pty Ltd Statements available for the period from 1 December 2022 to 30 June 2023.

Account number: [REDACTED] 586 Statements not held for other periods.

Account type: Sub-account

Currency: n/a

Account owner: Brite Advisors Pty Ltd Statements available for the period from 1 December 2022 to 30 June 2023.

Account number: [REDACTED] 585 Statements not held for other periods.

Account type: Sub-account

Currency: n/a

Account owner: Brite Advisors Pty Ltd No statements have been obtained.

Account number: [REDACTED] 295

Account type: Master account

Currency: n/a

Account owner: Brite Advisors Pty Ltd No statements have been obtained.

Account number: [REDACTED] 014

Account type: Sub-account

Currency: n/a

Account owner: Brite Advisors Pty Ltd No statements have been obtained.

Account number: [REDACTED] 015

Account type: Sub-account

Currency: n/a

D.6 Schedule of Outstanding information

Schedule of Outstanding information

Outstanding information	Relevance
<p>G-Suite – access has not been provided.</p> <p>G-Drive – Does not comprise all books and records of Brite Advisors and key records such as email correspondence has not been provided. Refer to the schedule at Document 129.</p>	<p>The Investigative Accountants have not been provided with unfettered access to Brite Advisors' G-Suite system and instead were provided with localised access to a G-Drive folder containing documents selected by Brite Advisors.</p> <p>As a result, the Investigative Accountants have not had the opportunity to fulsomely review Brite Advisors' records (including email correspondence) to identify what is relevant for our investigations and this Report.</p>
<p>The Investigative Accountants have not been provided with access to the electronic devices of John Lymer and any Brite Advisors staff member other than Keith Sedergreen, Dean Clarke, Joe Kerwin and Gerard Duffy.</p>	<p>The Investigative Accountants have not had the opportunity to consider any records (including email correspondence) contained on the electronic devices of John Lymer and any Brite Advisors staff member other than Keith Sedergreen, Dean Clarke, Joe Kerwin and Gerard Duffy.</p> <p>As a result, the Investigative Accountants have not had the opportunity to fulsomely review Brite Advisors' records (including email correspondence) to identify what is relevant for our investigations and this Report.</p>
<p>The Investigative Accountants have not been provided with sufficient information to understand the loan accounts recorded with related parties (refer to section 2), including:</p> <ul style="list-style-type: none"> ▪ any loan agreements between Brite Advisors and related parties; ▪ supporting documents for related entity transactions; ▪ supporting workpapers, in relation to certain manual entries; and ▪ invoices. <p>Refer to Document 130, Section 2, Items 11 to 18.</p>	<p>This impacts the Investigative Accountants ability to fulsomely undertake their investigations to understand the related party expenditure and accounting treatment, including</p> <ul style="list-style-type: none"> ▪ whether there is / was any entitlement to use or draw from the Client AuM for those purposes, ▪ accounting treatment of revenue, expenses and related party loan account and how this aligns with agreements that Brite Advisors has entered into with third parties, and ▪ disclosure to Beneficiaries.

Schedule of Outstanding information

<p>The Investigative Accountants have not been provided with sufficient information to account for the Client AuM while in the custody of Brite HK (refer section 3 and Appendix G), including:</p> <ul style="list-style-type: none"> ▪ A reconciliation showing the use and allocation of the Client AuM between June 2023 to when the funds are returned to Australia. ▪ Bank statements/IBHK/Xero records for the full period to date. ▪ Supporting documents for expenses paid from Client AuM while in HK, including (at a minimum) invoices. ▪ Documents in relation to the margin loan in HK. <p>Refer to Document 130, Section 2, Item 19.</p>	<p>This impacts the Investigative Accountants ability to account for the Client AuM while in the custody of Brite HK.</p>
<p>The Investigative Accountants have not been provided with sufficient information to investigate the transfer of ROW Client AuM to HK (refer section 3 and Appendix G).</p> <p>Refer to Document 130, Section 2, Item 8.</p>	<p>This impacts the Investigative Accountants ability to investigate the transfer of ROW Client AuM to HK.</p>
<p>The limitations in information relating to Client AuM disclosed at sections 3.6 and 3.8 and set out at Document 130, Section 1 and Section 2, Item 21.</p>	<p>This impacts the Investigative Accountants ability to investigate and understand the difference in Client AuM of US\$69 million and reconcile it to individual Beneficiaries and to individual Interactive Brokers accounts.</p>
<p>The Investigative Accountants have not been provided with current loan statements for the IB Credit Facility and information relating to the expiry of the facility and \$5m repayment (refer section 2.5).</p> <p>Refer to Document 130, Section 2, Item 5.</p>	<p>This impacts the Investigative Accountants ability to investigate and understand whether Client AuM was used to facilitate the US\$5.0 million loan repayment.</p>

E Background and Processes

E.1 Company details

E.1.1 A copy of the ASIC Current & Historical Organisation Extract extracted on 17 November 2023 is enclosed at **Document 131**.

E.1.2 The key particulars of Brite Advisors are below:

Company details

Details	Description
Full name	Brite Advisors Pty Ltd
ACN	135 024 412
Former company names	Buzz Advisors Pty Ltd, Strategies 4 Wealth Pty Ltd
Incorporation date	21 January 2009
Registered office	c/- Thu Huynh, 39 Lateral Loop, Beldon WA 6027
Principal place of business	Level 8, 99 Elizabeth Street, Sydney NSW 2000
Share Capital	\$1 (fully paid)

Source: ASIC database

E.1.3 The office holders of Brite Advisors since incorporation are as follows:

Current and former office holders

Name	Position held	Status	Appointment date	Cease date
John Charles Lymer	Director	Current	14 March 2023	Ongoing
Dean Lionel Clarke	Director	Current	29 August 2016	Ongoing
Keith Henry Sedergreen	Director	Current	29 June 2023	Ongoing
Christer Birger Richard Johnsson	Director	Former	12 September 2017	22 March 2023
John Charles Lymer	Director	Former	14 March 2023	14 March 2023
Carole Donnelly	Director	Former	16 January 2020	16 January 2020
John Charles Lymer	Director	Former	20 January 2016	12 December 2017
Murray Walter Seymour	Director	Former	21 January 2009	29 August 2016
Carole Donnelly	Director	Former	08 April 2016	29 August 2016
James Norbury	Director	Former	28 May 2014	11 September 2014
James Norbury	Director	Former	21 January 2009	28 May 2014
Matthew Glen Tutton	Director	Former	21 January 2009	23 February 2010
Simon Stephen James Nuttall	Director	Former	21 January 2009	04 November 2009
John Charles Lymer	Secretary	Former	20 January 2016	12 December 2017
Murray Walter Seymour	Secretary	Former	21 January 2009	29 August 2016

Source: ASIC database

E.1.4 The shareholders of Brite Advisors since incorporation are as follows:

Shareholder details					
Shareholder	Status	Class	Number held	%	
Brite Advisory Holdings Ltd (BVI)	Current	Ordinary	1	100%	
Brite Advisory Group Limited	Former	Ordinary	1	n/a	
Strategies Australasia Pty Ltd	Former	Ordinary	1	n/a	
Strategies 4U Pty Ltd	Former	Ordinary	1	n/a	

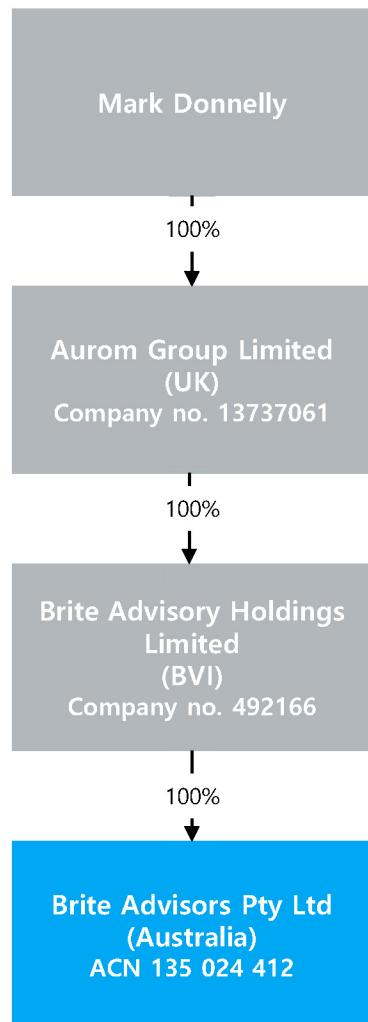
Source: ASIC database

E.1.5 Brite Advisors is the holder of an AFSL with licence number 337670. **Document 132** contains a copy of the AFSL.

E.2 Brite Advisors and its related entities

E.2.1 We understand that Brite Advisors and its related entities operate in 12 jurisdictions including the US, UK, Hong Kong, Gibraltar, Malta and Australia. **Document 133** outlines the ownership structure of the Brite Group.

E.2.2 A summary of the ownership structure of Brite Advisors is provided below:



E.3 Fees

E.3.1 The standard fee structure for the management of a Beneficiary's portfolio is documented in both the Acknowledgement of Fees form (**Document 017**) and the Platform Agreement form (**Documents 003 to 007**). We understand from our review of these documents that Brite Advisors commonly charge a variety of fees including portfolio management, transfer, exit and surrender rebate fees.

E.3.2 We understand that 50% of the Transfer Fee and Portfolio management fee is payable to the advisor who introduces the Beneficiary to Brite Advisors.

E.3.3 We understand that fees are collected from the Beneficiary's managed portfolio in the Interactive Broker accounts. If there is sufficient cash held in the Beneficiary's managed portfolio, fees will be drawn from this cash pool. If there is insufficient cash, Brite Advisors is entitled to sell investments held in the portfolio to discharge the fees.

E.3.4 From a review of the terms of sample of Platform Agreement and Acknowledgement of Fees documents, we note that Brite Advisors is named as the party contractually entitled to receive revenue generated from fees for undertaking its role as the Discretionary Account Manager.

E.4 Brite Advisors internal systems – Salesforce and AutoRek

E.4.1 Brite Advisors utilises Salesforce as CRM tool. Salesforce provides a cloud-based CRM software and application focused on customer details, sales and data analytics (refer to **Salesforce's** website extract at **Document 134**).

E.4.2 The data in Salesforce includes but is not limited to (i) Beneficiary details, (ii) initial investment (less initial transfer costs if applicable), (iii) percentage return on initial investment, (iv) assets invested by Brite Advisors including stocks, bonds, cash etc, (v) withdrawal requests and amounts, and (vi) management fees paid to date.

E.4.3 Beneficiaries are assigned a unique client number and can access details of their investment via Brite Advisors' website or app which is hosted by Salesforce. The data visible to Beneficiaries includes current investment balance, percentage return on initial investment, fees charged, and initial investment.

E.4.4 We have been advised by Mr Lymer that Brite Advisors implemented the AutoRek software on 9 August 2023 to assist with reconciling CAuM at a Beneficiary level. In the letter from Mr Lymer of 7 December 2023 (refer **Document 144**), Mr Lymer has advised that "*AutoRek is not reconciling back to [Interactive Brokers], it is reconciling against [Interactive Brokers] trading activity on a post-August 9th basis.*" Further investigation is required to understand this statement.

E.5 Brite Advisors internal systems – Xero Limited

E.5.1 Brite Advisors uses Xero for bookkeeping and financial reporting purposes.

E.5.2 From our review of Xero, we note that Xero is used to maintain the financial records of Brite Advisors on a day to day basis.

E.5.3 Xero can be utilised to generate historical financial reports in relation to Brite Advisors, such as balance sheet and profit and loss statements and obtain data on individual transactions.

E.5.4 Xero does not interact with Salesforce or AutoRek and certain accounts, including assets under management are updated on an annual basis via year end manual journal entries.

F Interactive Brokers Margin Loan Facilities

F.1.1 The Investigative Accountants have considered margin loan facilities entered into with Interactive Brokers in the context of sub-paragraph 1(b) of the Court Orders at section 3.

F.1.2 The Investigative Accountants have also considered these facilities in the context of sub-paragraph 1(g) by reviewing:

- (a) The terms of the Platform Agreements entered into between Brite Advisors and Trustees (refer **Documents 003 to 007**);
- (b) Brite Advisors Discretionary Fund Management Terms and Conditions (refer **Document 136**) and accompanying Financial Services Guide (refer **Document 137**) which we understand that Beneficiaries acknowledge to have read and received upon executing the Acknowledgement of Fees (refer **Document 017**); and
- (c) IBA Leverage Agreement Facility obtained from IBA (refer **Document 008**).

F.1.3 The IBA Leverage Facility Agreement sets out the terms of Brite Advisors' margin loan arrangements with IBA.

F.1.4 As at 9 November 2023, our analysis calculates outstanding margin loans owed totalling \$36.9 million (refer section 3).

F.1.5 The IBA Leverage Facility Agreement includes the following clause:

E. If at any time your Account does not meet the margin requirements specified by IBAU, IBAU may, without limiting its other rights, sell, close out or otherwise liquidate all or part of your positions in any of your accounts held with IBAU or any international broker or Affiliate of IBAU with no prior notice to you. This liquidation will usually occur automatically but notwithstanding the foregoing, IBAU has no obligation to take any action if your Account does not meet the margin requirements.

F.1.6 Whilst there are certain disclosures in the Platform Agreement and Acknowledgement of Fees relating to the use of margin loans to meet the payment of Beneficiary fees, the nature of the cross-collateralisation of the securities is not disclosed.

G Transfer of Client AuM to Hong Kong

G.1.1 The Investigative Accountants have reviewed the Outsourcing and Servicing Agreement between Brite Advisors and Brite HK dated 22 June 2023 and the subsequent transfer of \$129.3 million from IBA to IBHK by considering the following documents:

- (a) The terms of the Outsourcing and Servicing Agreement (refer **Document 013**);
- (b) Reviewing, for the period from 10 July 2023 to 9 November 2023, the bank statements for the GBP, EUR, AUD and USD-denominated Westpac Client Accounts (refer **Document 009**), the Xero file extract of those bank accounts (refer **Document 139**) and the Brite HK HSBC bank statements (refer **Document 046**);
- (c) The terms of the Platform Agreements entered into between Brite Advisors and Trustees (**Documents 003 to 007**);
- (d) Brite Advisors' Discretionary Fund Management Terms and Conditions (refer **Document 136**) and accompanying Financial Services Guide which we understand that Beneficiaries acknowledge to have read and received upon executing the Acknowledgement of Fees (refer **Document 017**); and
- (e) **Mr Lymer's response to ASIC's request pursuant to section 33 of the Act** (refer **Document 140**).

The Investigative Accountants further comments below in relation to the above documents.

G.1.2 On 22 June 2023, Brite Advisors entered into an Outsourcing Agreement (refer **Document 138**) with Brite HK.

G.1.3 Pursuant to the Outsourcing Agreement, Brite Advisors engaged Brite HK to provide "*all custodial and discretionary management services*" to certain clients who are permitted to be serviced under a licence issued by the Securities and Futures Commission on behalf of, and under the instruction of, Brite Advisors.

G.1.4 **Brite HK is entitled to receive a fee of US\$30,000 per month for the services provided to Brite Advisors'** clients under the Outsourcing Agreement.

G.1.5 On 10 July 2023, £45.5 million (AUD\$88.8 million) was transferred from the Interactive Broker Account to the GBP-denominated Westpac Client Account (refer **Document 141** and **Document 142**).

G.1.6 Between 10 July 2023 and 9 November 2023, the bank statement for the Westpac Client Accounts (refer **Document 009**) and Brite Advisors' Xero file (refer **Document 143**) disclose that funds totaling \$129.3 million (including the amounts referred at G.1.5) were transferred from the Westpac Client Accounts to Brite HK's HSBC bank accounts. The Investigative Accountants reviewed the HSBC bank statements (refer **Document 046**) and matched the transfers to the Westpac bank statements.

G.1.7 Refer **Document 143** for a summary of these payments prepared by the Investigative Accountants. Note, the 'original currency' referred to in **Document 143** refers to the value as per the bank statements. The AUD value is translated pursuant to the exchange rate in the Xero file.

G.1.8 We understand that Mr Lymer has advised ASIC that the Beneficiaries who are subject to the Outsourcing and Servicing Agreement are the 'Rest of World' clients.

G.1.9 The Investigative Accountants have been unable to confirm that the '**Rest of the World**' funds have been segregated as Mr Lymer reports, noting the following:

- (a) As detailed at section 3, the Client AuM Data Pack discloses funds under management in relation to rest of world Beneficiaries of US\$199.2 million, which compares to US\$75.6 million held in the IBHK and HSBC Hong Kong Client Accounts.
- (b) The Client AuM Data Pack discloses that 11 '**Rest of the World**' Beneficiaries held a total of US\$1.1 million in IBA Account IBA - [REDACTED] 976 as at 9 November 2023.
- (c) The Client AuM Data Pack discloses that 951 'UK' Beneficiaries held a total of US\$86.8 million in IBHK Account - [REDACTED] 936 as at 9 November 2023.

G.1.10 The Financial Services Guide does not disclose IBHK as a Broking Service or Brite HK as a provider of portfolio management services to Brite Advisors.

G.1.11 The Investigative Accountants have not been provided with evidence that indicates the relevant Beneficiaries have been made aware by Brite Advisors that the investments to which they have a beneficial interest were transferred to Hong Kong.

G.1.12 The Investigative Accountants do not have visibility as to the current balance of the '**Rest of the World**' Funds transferred to Brite HK, which we understand were subject to an order of the Federal Court on 30 November 2023 requiring the repatriation of the funds to Australia.